



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
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المنظمة الدولية لهيئات الأوراق المالية

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Education on sustainable finance helps protect investors against fraud and greenwashing

The Board of the International Organization of Securities Commissions (IOSCO) today published a report that identifies recent developments in investor education on sustainable finance, with a view to enhancing investor education and protection and supporting the sound development of this growing financial market.

The report on [*Retail Investor Education in the Context of Sustainable Finance Markets and Products*](#) indicates that securities regulators have increasingly focused on whether sustainable finance claims are accurate and if investors have the information they need to evaluate sustainable finance products. To make informed decisions, retail investors need to understand the characteristics of such products.

Accordingly, the report identifies some of the main challenges and sound practices for developing educational content on these matters, informing investors of the features and risks of sustainable investments and fostering educational activities that create the conditions for better protecting and informing retail investors on the opportunities and risks related to sustainable finance products.

The report describes educational activities that regulators should consider, taking into account the level of sustainable finance and retail investor participation in their markets. This includes, for example:

- explaining to retail investors how to obtain sustainability-related information and to search and understand whether the offered product(s) matches their sustainability-related preferences; and
- supporting initiatives of market participants to help retail investors understand ESG certifications, labels and scores regarding the financial products offered to individuals and encouraging and/or facilitating training that helps financial advisors better understand greenwashing and how to protect investors against unsubstantiated or misleading sustainability claims.



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The report complements other IOSCO efforts in this area, including the work of the Sustainable Finance Task Force (STF), which has recommended that *“Securities regulators and/or policymakers, as applicable, should consider promoting financial and investor education initiatives relating to sustainability, or, where applicable, enhance existing sustainability related education initiatives”* (IOSCO Report on Recommendations on Sustainability-Related Practices, Policies, Procedures and Disclosure in Asset Management”, November 2021).

The report includes some key messages that securities regulators should consider for their financial education programs, to help retail investors understand how a *“smart investor”* would behave when faced with sustainable finance products.

Ashley Alder, Chair of the IOSCO Board and the Chief Executive Officer of the Hong Kong Securities and Futures Commission, said, *“Financial education is a key element to enhance investor protection, and it complements the policies, regulations, oversight and enforcement actions that securities regulators may undertake to support the sound and proper development of sustainable finance markets and products. Financial education also increases investor confidence to participate in innovative financial markets, such as sustainable finance, on a properly informed basis.”*

Pasquale Munaf , Chairman of the IOSCO Committee on Retail Investors, said, *“Sustainable finance offers new opportunities for retail investors, locally and globally. But it is crucial that they understand what a sustainable product is, as well as its different opportunities and risks, including the threat of greenwashing. The report intends to provide practical tools and messages to support financial education, but this is initial work as sustainable finance continues to develop and innovate worldwide.”*

NOTES TO THE EDITORS:

About IOSCO

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organisation's membership regulates more than 95% of the world's securities markets in some 130 jurisdictions, and it continues to expand.

MEDIA RELEASE



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2. The IOSCO Board is the governing and standard-setting body of IOSCO and comprises 34 securities regulators. Mr. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Bahamas, Belgium, Brazil, China, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Kenya, Korea, Malaysia, Mexico, Morocco, Nigeria, Ontario, Pakistan, Portugal, Quebec, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States of America (both the U.S. Commodity Futures Trading Commission and U.S. Securities and Exchange Commission). The Chair of the European Securities and Markets Authority and the Chair of IOSCO's Affiliate Members Consultative Committee are also observers.
3. The Growth and Emerging Markets (GEM) Committee is the largest committee within IOSCO, representing more than 75% per cent of the IOSCO membership, including ten of the G20 members. The committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions. The GEM Committee's strategic priorities focus on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building, among others.
4. IOSCO aims through its permanent structures:
 - to cooperate in developing, implementing and promoting internationally recognized and consistent standards of regulation, oversight and enforcement to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
 - to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
 - to exchange information at both global and regional levels on their respective experiences to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

MEDIA ENQUIRIES

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