MEDIA RELEASE

International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores
المنظمة الدولية لهيئات الأوراق المالية

IOSCO/MR/33/2022

Sharm el-Sheikh, Egypt, 9 November 2022

IOSCO outlines regulatory priorities for sustainability disclosures, mitigating greenwashing and promoting integrity in carbon markets

The International Organization for Securities Commissions (IOSCO) today at COP 27 has outlined the actions it undertakes to protect investors by mitigating greenwashing in financial markets, to contribute to sustainability disclosure standards benefitting issuers and investors, and to promote well-functioning carbon markets.

Sustainability disclosures: timely disclosure and assurance standards

IOSCO has set out its expectations that both disclosures and assurance standards should be ready for use by corporates for their end-2024 accounts. Corporate disclosures underpin valuations in financial markets; sustainability disclosures will play the same role.

IOSCO Board Chair Jean-Paul Servais said, "*In 2023, the ISSB will issue its standard for climate disclosures and general requirements. IOSCO will move promptly to decide on endorsement and will develop a support program for its members to assist them in moving forward immediately should IOSCO decide to endorse these standards. IOSCO also supports the efforts of the ISSB in seeking to be inclusive through its capacity building partnership initiative.*"

The IOSCO Board Chairman also highlighted the importance of maximizing interoperability of standards and aligning key climate disclosures. Interoperability across the world will be an important factor in IOSCO's endorsement decision. IOSCO believes close alignment between the ISSB and those jurisdictions seeking to implement their own sets of standards is essential to ensure capital flows to where it is most needed.

Fair and efficient carbon markets

IOSCO Chairman Servais also stressed the importance of well-functioning carbon markets.

Speaking on stage at COP27, he said: "*Carbon markets have a big role to play in moving us to net zero, but they must be made efficient, liquid and free from conflicts of interests and undue political interference.*

We are committed to bringing liquidity, transparency and integrity to these markets, as we have done successfully with all other financial markets."

IOSCO has today published a consultation paper setting its recommendations on how to establish sound and well-functioning compliance carbon markets and a discussion paper seeking industry views on the role of financial markets regulators in voluntary carbon markets.

Ensuring investor trust by addressing greenwashing

Rodrigo Buenaventura, Vice Chair of the Sustainable Finance Task Force stressed the importance of mitigating greenwashing to ensure trust underpins sustainable finance. He said, "*Greenwashing can occur throughout the investment value chain. As a result, there is a need to involve all relevant stakeholders in preventing and addressing it. Through its Call for Action, IOSCO is now calling upon all voluntary standard setting bodies and industry associations operating in financial markets to promote specific good practices among their members to counter the risk of greenwashing*."

IOSCO published a call for action earlier this week, asking all voluntary standard setting bodies and industry associations operating in financial markets to promote good practices among their members to counter the risk of greenwashing related to asset managers and ESG rating and data providers.

Regulators and Market Participants must now step to the fore

Voluntary initiatives have thus far played an important role in seeking to build the foundations of a well-functioning sustainable finance markets, but IOSCO believes their actions are no longer sufficient. Governments and regulatory authorities must take further action and IOSCO will work with its members to use the tools within its remit to assist in building sound and well-functioning sustainable finance markets.

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Notes to the Editor:

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.

2. The IOSCO Board is the governing and standard-setting body of IOSCO and is made up of 35 securities regulators. Mr. Jean-Paul Servais, the Chair of Belgium's Financial Services and Markets Authority (FSMA), is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Australia, Bahamas, Bangladesh, Belgium, Brazil, China, Egypt, France, Germany, Greece, Hong Kong, India, Ireland, Italy, Japan, Korea, Kuwait, Malaysia, Mauritius. Mexico, Morocco, The Netherlands, Oman, Ontario, Peru, 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 10 of the G20 members. Dr Mohamed Farid Saleh, Executive Chairman of the Financial Regulatory Authority, Egypt is Chair of the GEM Committee. 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 are focused, amongst others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.

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.

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MEDIA ENQUIRIES

Carlta Vitzthum	+ 34 91 787 0419
Outside office hours	+ 34 697 449 639
Email:	carlta@iosco.org
Website:	www.iosco.org

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