

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

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Madrid, 31 January 2023

IOSCO revises its 2011 Principles for the Regulation and Supervision of Commodity Derivatives Markets to ensure market integrity

The Board of the International Organization of Securities Commissions today has published a revised version of its 2011 [Principles for the Regulation and Supervision of Commodity Derivatives Markets](#). The aim of the revision is to ensure that these Principles continue to provide a resilient framework for the regulation and oversight of the commodity derivatives markets.

While the Principles reflected the characteristics of commodity derivatives markets in 2011, these markets have continued to evolve over the past decade, spurred by various market developments and international events in the form of external disruptions, such as the COVID-19 pandemic and the Russia-Ukraine conflict.

IOSCO Board Chair Jean-Paul Servais said: *“Various events last year highlighted how continued geopolitical tensions and heightened macroeconomic uncertainty can disrupt global commodity markets and create significant volatility, with potential knock-on effects on the broader financial system. Originally published in 2011 as a G-20 mandate, the IOSCO Principles aim to ensure the integrity of commodity derivatives markets. As recent events demonstrate, proper implementation of the Principles is essential for sound price formation in commodity derivatives markets and the underlying physical energy, metals and food markets, which all are core to the functioning of the global economy.”*

The 24 revised Principles seek to support the physical commodity derivatives markets in providing their fundamental price discovery and hedging functions, while operating free from manipulation and abusive trading schemes.

In revising its Principles, IOSCO focused on market surveillance; transparency; price discovery; the correlation with physical markets; addressing disorderly markets; responding to market abuse; and strengthening the enforcement powers of trading venues against end-user behaviors. The Principles in general and the revisions address various issues highlighted during the recent commodity markets turmoil and volatility. Specifically, the new Principle 16 on Unexpected Disruptions aims to guide regulators in restoring orderly markets in the case of an unexpected disruption and ensure market participants have a process and adequate plans to address these events.

IOSCO believes that relevant Market Authorities should review their policies and regulation to ensure that the Principles are put into effect.

NOTES TO THE EDITORS

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization'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, Chairman of the 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, Türkiye, the United Kingdom and the United States of America (both the U.S. Commodity Futures Trading Commission and the 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;

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- 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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