

## IOSCO publishes Final Report on Leveraged Loans and CLOs Good Practices for Consideration

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IOSCO today published its Final Report: [Leveraged Loans and Collateralised Loan Obligations \(CLOs\) Good Practices for Consideration](#).

IOSCO has been following the evolution of the Leveraged Loans and CLO markets, including significant shifts in market practices that emerged during the ‘low-for-long’ interest rate environment. In its analysis IOSCO has focussed on examining the impact of fewer and looser covenants on investor protections, whether there is adequate transparency in these markets and the scope for potential conduct-related issues to arise.

The Final Report describes in detail 12 Good Practices which are designed to support market participants in their decision-making when operating in these markets, and which are grouped into five themes:

- (i) Origination and refinancing based on a sound business premise;
- (ii) EBITDA and loan documentation transparency;
- (iii) Strengthening alignment of interest from loan origination to end investors;
- (iv) Addressing interests of different market participants throughout the intermediation chain; and
- (v) Disclosure of information on an ongoing basis.

The Final Report reflects the results of the [public consultation](#) launched on 14 September 2023 which received valuable feedback from stakeholders.

James Andronis, Chair of the IOSCO Committee on Regulation of Market Intermediaries (Committee 3), said: *“While these measures will provide further support on the usage of existing industry best practices guides, they will also be of great help to jurisdictions that may be looking to develop or expand into these markets”*.

Christina Choi, Chair of the IOSCO Committee on Investment Management (Committee 5), said: *“These Good Practices are a set of important tools which will help mitigate the vulnerabilities identified during our work, particularly the possible conduct and conflicts of interest risks observed across the intermediation chain. I encourage market participants to embrace them when operating in the leveraged loans and collateralised loan obligations markets”*.

## Notes to Editors

1. IOSCO is the leading international policy forum for securities regulators and the global standard setter for financial markets regulation. It develops, implements and promotes adherence to internationally recognized standards for financial markets regulation and works closely with other international organizations on the global regulatory reform agenda.
2. The organization's membership regulates more than 95% of the world's securities markets in some 130 jurisdictions. By providing high quality technical assistance, education and training, IOSCO supports its members to come together to achieve the following three objectives.
  - a. Enhance investor protection;
  - b. Ensure markets are fair and efficient;
  - c. Promote financial stability by reducing systemic risk.
3. 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. Shigeru Ariizumi, Vice Minister for International Affairs, Financial Services Agency, Japan, Dr Mohamed Farid Saleh, Executive Chairman of the Financial Regulatory Authority, Egypt, and Rostin Behnam, Chair of the U.S. Commodity Futures Trading Commission, are the Vice-Chairs of IOSCO Board.
4. The Growth and Emerging Markets (GEM) Committee is the largest Committee within IOSCO, representing more than 75% of the IOSCO membership, including ten of the G20 members. Dr Mohamed Farid Saleh, Executive Chairman of the Financial Regulatory Authority, Egypt, is Chair of the GEM Committee. The Committee unites members from four growth and emerging markets and communicates their views at other global regulatory discussions.

5. This Final Report follows on from IOSCO's announcement in September 2023 which invited feedback on Proposed Good Practices on Leveraged Loans and CLOs.

## Press Enquiries

Susan Tether  
Head of Communications, IOSCO  
[s.tether@iosco.org](mailto:s.tether@iosco.org)