

MEDIA RELEASE

IOSCO Issues Final Report on Updated Liquidity Risk Management Recommendations for Collective Investment Schemes

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IOSCO today published its [Final Report](#) on Revised Recommendations for Liquidity Risk Management for Collective Investment Schemes (“CIS”), alongside its [Implementation Guidance](#).

These publications are a culmination of many years’ work undertaken by IOSCO on strengthening effective liquidity risk management and serve to operationalize the Financial Stability Board’s (FSB’s) December 2023 *Recommendations to Address Structural Vulnerabilities from Liquidity Mismatch in Open-Ended Funds*.

The Final Report includes 17 recommendations across six sections: CIS Design Process, Liquidity Management Tools and Measures, Day-to-Day Liquidity Management Practices, Stress Testing, Governance and Disclosures to Investors and Authorities.

The Implementation Guidance should be read alongside the Revised Recommendations as it supplements the Revised Recommendations with more detailed guidance and good practices to support effective implementation.

IOSCO Board Chairman **Jean-Paul Servais**, who also serves as Chair of the Belgium Financial Services & Markets Authority, said: “These

publications are a major milestone on a very important topic in financial markets. Regulators should carefully review the Revised Recommendations alongside the Implementation Guidance, considering appropriate requirements for responsible entities, and how to supervise liquidity management practices on an ongoing basis.”

Christina Choi, Executive Director at the Securities & Futures Commission Hong Kong, who chairs IOSCO’s Committee on Investment Management, said: *“Promoting effective liquidity risk management is one of IOSCO’s key objectives. The Revised Recommendations and the Implementation Guidance fulfil our core aims of investor protection and financial stability. Today’s publication represents significant progress in taking forward the work we have carried out alongside the FSB and provides a clear and timely framework for investment managers to enhance liquidity management amidst current macro conditions and challenges.”*

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.

- Enhance investor protection;
- Ensure markets are fair and efficient;
- 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. Shigeru Ariizumi, Vice Minister for International Affairs, Financial Services Agency, Japan, and Dr Mohamed Farid Saleh, Executive Chairman of the Financial Regulatory Authority, Egypt, 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 is Chair of the GEM Committee. The Committee unites members from growth and emerging markets and communicates their views at other global regulatory discussions.

5. IOSCO counts four regional committees: (1) Africa / Middle-East (AMERC) chaired by Ms. Nezha Hayat Chairperson and CEO of the Moroccan Autorité Marocaine du Marché des Capitaux, (2) Asia & Pacific (APRC) chaired by Ms. Julia Leung Chief Executive Officer of the Hong-Kong Securities and Futures Commission, (3) European Regional Committee (ERC) chaired by Mr. Jean-Paul Servais and (4) Inter-American Regional Committee (IARC) chaired by Ms. Lucia Buenrostro Vice President of Regulatory Policy at the Mexican Comisión Nacional Bancaria y de Valores.

6. IOSCO and the FSB carried out follow-up policy work in 2023 to enhance the effectiveness of the 2017 FSB Policy Recommendations to Address Structural Vulnerabilities from Asset Management Activities (“FSB 2017 Recommendations”). The FSB, in consultation with IOSCO, undertook targeted revisions to the FSB Recommendations to Address Structural Vulnerabilities from Liquidity Mismatch in Open-Ended Funds (“Revised FSB Recommendations”). Alongside this, IOSCO developed, in consultation with the FSB, its Anti-dilution Liquidity Management Tools – Guidance for Effective Implementation of Recommendations for Liquidity Risk Management for Collective Investment Schemes (“ADT Guidance”).

7. IOSCO and the FSB concurrently published the respective reports in December 2023. <https://www.iosco.org/news/pdf/IOSCONEWS721.pdf>

8. The ADT Guidance was the first step in operationalizing the Revised FSB Recommendations, with the understanding that IOSCO would further operationalize the Revised FSB Recommendations through revisions, as appropriate, to IOSCO’s Recommendations for Liquidity Risk Management for Collective Investment Schemes (“IOSCO 2018 LRM Recommendations”), as supplemented by a set of related good practices published as Open-ended Fund Liquidity and Risk Management – Good Practices and Issues for Consideration (“IOSCO 2018 Good Practices”).

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