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IOSCO publishes Final Report on Neo-Brokers

The International Organization of Securities Commissions (IOSCO) today published its [Final Report \(“Report”\) on Neo-Brokers](#).

“Neo-brokers” are a sub-set of broker-dealers that provide services through a business model characterized by use of engaging client interfaces, leverage of social media, and provision of online-only investment services. They typically provide their services with limited or no human interaction, and their service offerings are frequently limited to only trade execution services.

They have created new opportunities for investors and frequently operate with lower costs. However, in order to address the challenges posed by emerging neo-broker business models, the Report proposes a set of recommendations as guidance for securities regulators to help foster a more transparent and accountable environment in which neo-brokers operate in compliance with securities regulations, including investor protection measures.

The Report sets forth five recommendations for IOSCO members and neo-brokers:

- **Acting honestly and fairly with retail investors** – Neo-brokers should act honestly, fairly and professionally with retail investors.
- **Appropriate disclosure of fees and charges to retail investors and advertising** – Neo-brokers should provide retail investors with fair, clear and simple disclosure of material charges that may occur by entering the trade.
- **Ancillary services** – Where neo-brokers offer ancillary services to core trade execution services, neo-brokers should:

- disclose to retail investors the material sources of revenue the firm derives from each service and, where relevant, the type of conflicts of interest arising from them; and
 - obtain retail investor consent before providing ancillary services.
- **Non-commission related trading revenue such as payment for order flow (PFOF)**
 - Neo-brokers should consider the impact of PFOF on the best execution of customer orders.
- **IT infrastructure** – Neo-brokers should ensure they have robust systems in place to promptly address disruptions that may prevent investors from using their platform effectively.

This report is the final milestone of IOSCO's Roadmap to Retail Investor Online Safety, concluding a year of spotlight on the new challenges to retail investor protection.

“Neo-brokers are reshaping the retail investment landscape through digital platforms, low-cost trading models, and new forms of investor engagement. This report provides regulators with a clear view of the risks and opportunities posed by these evolving business models, and offers practical recommendations to strengthen transparency, manage conflicts of interest, and protect retail investors in an increasingly digital market environment.”

– **Jean-Paul Servais**, *Chair of IOSCO's Board*

“In today's changing demographic and economic environment, broadening retail investor access to financial market is critical, and neo-brokers can play a positive role. However, their business models may introduce risks when products and services don't align with investors' best interests. IOSCO's recommendations provide clear guidance on how to mitigate these risks and ensure investor protection.”

– **James Adronis**, *Chair of IOSCO's Committee on Regulation of Market Intermediaries (C3)*

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; and
- 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, Special Advisor to the Minister of State for Financial Services, 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 H.E. Waleed Saeed Al Awadhi, Chief Executive Officer, Securities and Commodities Authority, United Arab Emirates; (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's General Secretariat is headquartered in Madrid, Spain. The Secretariat supports and coordinates the work of IOSCO and is comprised of permanent staff and member secondees. It is led by Rodrigo Buenaventura who was appointed IOSCO's Secretary General in January 2025.

Press Enquiries

Emilie Bernard

Communications Manager

e.bernard@iosco.org / www.iosco.org