The European Union's Role in International Economic Fora Paper 6: The IOSCO

STUDY for the ECON Committee

2015
The European Union's Role in International Economic Fora
Paper 6: The IOSCO

Abstract
This paper forms part of a series of nine studies on the role of the European Union in International economic fora, prepared by Policy Department A at the request of the Committee on Economic and Monetary Affairs. The focus of this document is the role of the European Union in the International Organization of Securities Commission (IOSCO). The first part presents the role of IOSCO in the G20 new global financial architecture. The second part explains the representation of the Commission, ESMA and authorities of Member States. The third part discusses the influence of the IOSCO on EU legislation as well as the influence of the EU in developing IOSCO principles and standards. The last part presents recommendations designed to enhance the role of the EU in IOSCO.
This document was requested by the European Parliament's Committee on Economic and Monetary Affairs. It is part of a series of nine papers which cover from the same scientific angle: G20, FSB, IMF, OECD, BCBS/Basel, IAIS, IOSCO, IASB, and IOPS.

**AUTHOR**
Pierre-Henri CONAC, Professor of Financial Markets Law, University of Luxembourg

**RESPONSIBLE ADMINISTRATORS**
Doris KOLASSA
Stephanie HONNEFELDER
Policy Department Economic and Scientific Policy
European Parliament
B-1047 Brussels
E-mail: Poldep-Economy-Science@ep.europa.eu

**EDITORIAL ASSISTANT**
Irene VERNACOTOLA

**LINGUISTIC VERSIONS**
Original: EN

**ABOUT THE EDITOR**
Policy departments provide in-house and external expertise to support EP committees and other parliamentary bodies in shaping legislation and exercising democratic scrutiny over EU internal policies.

To contact the Policy Department or to subscribe to its newsletter please write to:
Policy Department Economic and Scientific Policy
European Parliament
B-1047 Brussels
Poldep-Economy-Science@ep.europa.eu

Manuscript completed in July 2015
© European Union, 2015

This document is available on the Internet at:
http://www.europarl.europa.eu/studies

**DISCLAIMER**
The opinions expressed in this document are the sole responsibility of the author and do not necessarily represent the official position of the European Parliament.

Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the publisher is given prior notice and sent a copy.
CONTENTS

LIST OF ABBREVIATIONS 5

EXECUTIVE SUMMARY 7

1. THE ROLE OF IOSCO IN INTERNATIONAL FINANCIAL REGULATION AND SUPERVISION 9
   1.1. The objectives and mission of IOSCO 9
      1.1.1. Cooperation in enforcement and supervision 10
      1.1.2. International standards (development and implementation) 11
      1.1.3. Settlement of disputes in cross-border regulation 12
   1.2. The structure and governance of IOSCO 12
      1.2.1. The members of IOSCO 13
      1.2.2. The governance of IOSCO 14
      1.2.3. The decision making process at IOSCO and stakeholder involvement 18
      1.2.4. Reporting lines in IOSCO 19
      1.2.5. The financing of IOSCO 20
   1.3. The development of international standards by IOSCO 21

2. THE REPRESENTATION OF THE EU IN IOSCO 24
   2.1. The EU membership in IOSCO 24
   2.2. The EU membership in internal bodies of IOSCO 25
      2.2.1. The EU membership in the IOSCO Board 25
      2.2.2. The EU membership in the European Regional Committee 28
      2.2.3. The EU membership in the Consultative Committees, ad hoc Committees, Working Groups and Task Forces 28

3. THE ACTIVITY OF THE EU IN IOSCO 32
   3.1. The legal basis governing the role of the EU in IOSCO 32
   3.2. The coordination of EU participants in IOSCO 33
   3.3. The accountability of EU participants in IOSCO 34
   3.4. Conclusion on the evaluation of the EU in shaping IOSCO standards 35

4. EVALUATION OF CONFORMITY WITH ILA RECOMMENDATIONS AND PRACTICES 38

5. POLICY RECOMMENDATIONS TO ENHANCE THE EU's ROLE IN IOSCO 40
   5.1. Short term policy recommendations 40
   5.2. Long term policy recommendations 40

REFERENCES 42
LIST OF FIGURES

Figure 1: Governance Structure of IOSCO 14

LIST OF MAPS

Map 1: IOSCO Membership Map 13

LIST OF TABLES

Table 1: Overview of IOSCO fee levels (adjusted to GDP) 20
Table 2: IOSCO SWOT (Strenghts/Weaknesses/Opportunities/Threats) Analysis 35
LIST OF ABBREVIATIONS

AFM  Autoriteit Financiele Markten
AIFMD  Alternative Investment Fund Managers Directive
AMCC  Affiliate Members Consultative Committee
AMF  Autorité des marchés financiers
Bafin  Bundesanstalt für Finanzdienstleistungsaufsicht
BCBS  Basel Committee on Banking Supervision
BIS  Bank for International Settlements
BoS  Board of Supervisors
CCPs  Central Clearing Counterparties
CESR  Committee of European Securities Regulators
CFTC  Commodity Futures Trading Commission
CNMV  Comisión Nacional del Mercado de Valores
Commission  European Commission
COB  Commission des operations de bourse (the COB was merged in 2003 with the Conseil des marchés financiers to form the Autorité des marchés financiers (AMF))
Consob  Commissione Nazionale per le Società e la Borsa
CPMI  Committee on Payments and Market Infrastructures (ex CPSS)
CPSS  Committee on Payment and Settlement Systems (now CPMI)
CRAs  Credit Rating Agencies
CRD  Capital Requirements Directive (2013/36/EU)
DG FISMA  Directorate-General for Financial Stability, Financial Services and Capital Markets Union
ECB  European Central Bank
ECON  (European Parliament's) Economic and Monetary Affairs Committee
EEA  European Economic Area
EFAMA  European Fund and Asset Management Association
EMIR  European Market Infrastructure Regulation
ERC  European Regional Committee
ESAs  European Supervisory Authorities
ESMA  European Securities and Markets Authority
EU  European Union
FCA  Financial Conduct Authority
FSA  Financial Services Authority
FSAP  Financial Services Action Plan (European Commission 1999)
FSAPs  (IMF) Financial Sector Assessment Programs
FSMA  Financial Services and Markets Authority
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMIs</td>
<td>Financial Market Infrastructures</td>
</tr>
<tr>
<td>FSB</td>
<td>Financial Stability Board</td>
</tr>
<tr>
<td>FSF</td>
<td>Financial Stability Forum</td>
</tr>
<tr>
<td>G20</td>
<td>Group of Twenty</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GEM</td>
<td>Growth and Emerging Markets</td>
</tr>
<tr>
<td>IAIS</td>
<td>International Association of Insurance Supervisors</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>IFIs</td>
<td>International Financial Institutions</td>
</tr>
<tr>
<td>ILA</td>
<td>International Law Association</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IOSCO</td>
<td>International Organization of Securities Commissions</td>
</tr>
<tr>
<td>MMoU</td>
<td>Multilateral Memorandum of Understanding</td>
</tr>
<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>NCAs</td>
<td>National Competent Authorities</td>
</tr>
<tr>
<td>ODRG</td>
<td>OTC Derivatives Regulatory Group</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OICV</td>
<td>Organisation internationale des commissions de valeurs</td>
</tr>
<tr>
<td>OTC</td>
<td>Over-The-Counter</td>
</tr>
<tr>
<td>RRPss</td>
<td>Recommended Rules and Practices</td>
</tr>
<tr>
<td>SEC</td>
<td>Securities and Exchange Commission</td>
</tr>
<tr>
<td>SMSG</td>
<td>Securities and Markets Stakeholder Group</td>
</tr>
<tr>
<td>SRB</td>
<td>Single Rule Book</td>
</tr>
<tr>
<td>SROCC</td>
<td>Self-Regulatory Organisations Consultative Committee</td>
</tr>
<tr>
<td>TFSD</td>
<td>Task Force on the Review of IOSCO’s Strategic Direction</td>
</tr>
<tr>
<td>TFUFE</td>
<td>Task Force on Unregulated Financial Entities</td>
</tr>
<tr>
<td>TFUMP</td>
<td>Task Force on Unregulated Markets and Products</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
<tr>
<td>US CFTC</td>
<td>United States Commodity Futures Trading Commission</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

The International Organization of Securities Commissions (IOSCO), established in 1983, is the international association of securities commissions and gathers more than 95% of the world's securities markets' supervisors in more than 115 jurisdictions. Therefore, IOSCO is a truly international and democratic organisation, especially compared to the Basel Committee on Banking Supervision (BCBS). It can be described as the ‘United Nations of securities regulation’.

IOSCO is a forum for securities supervisors where they can meet and discuss issues of common interest. It is the international standard setter for securities regulation and its IOSCO Objectives and Principles of Securities Regulation have been endorsed by the Group of Twenty (G20) in 2009 as the relevant standards. However, IOSCO is not only an international standard setter. It is also a forum for technical cooperation regarding enforcement and supervision, and is designed to provide technical assistance for the development of securities markets and foster coordination among members.

Because of its worldwide membership, IOSCO is a very democratic organisation. Each authority receives one vote, although in practice decisions are almost always reached by consensus. This means that international principles and standards developed by IOSCO are usually not very granular, with some exceptions (e.g. on Financial Benchmarks and Money Market Funds) as they need to be supported by all supervisory authorities.

Because of its wide membership and consensus culture, which leads to a lack of granularity, the impact of IOSCO international principles and standards on EU legislation is not very strong. Even when those principles and standards are more granular, which has occurred since the 2008 financial crisis, they are still very general in comparison to EU directives and regulations. Therefore, IOSCO is not comparable to the Basel Committee.

The influence of Member States in IOSCO is strong due to their large presence in the Board of IOSCO as permanent members. Because each authority has one vote and decisions are taken by consensus, it is very unlikely that international standards in securities markets could be adopted by IOSCO which are in contradiction to existing or possible future EU legislation.

The EU is also well represented by the European Securities and Markets Authority (ESMA) which has gained quickly recognition as an Associate Member with observer status at the Board of IOSCO. This is an ad hoc status resulting from a political compromise, as IOSCO is not used to deal with supra-regional securities supervisors. Therefore, ESMA does not have a vote like an ordinary member. However, it is a remarkable and deserved success for ESMA and a satisfactory position. This observer status allows ESMA to participate in the executive body of IOSCO and have access to other major and emerging securities markets foreign supervisors. The Commission is also an Associate Member but has no observer status at the Board due to the fact that it is not considered to be a supervisor and to lingering concerns of overrepresentation of Europe.

In view of the excellent coordination between ESMA and the Commission IOSCO taking place on several levels, the fact that the Commission does not get the same access as ESMA is not problematic. Also, since IOSCO is more a technical than a political body, it seems logical that ESMA takes the lead, although the Commission is technical and political, too.
Short term recommendations

As an Associate Member of IOSCO, the Commission should have easier access to IOSCO Task Forces of interest to it because of its impact on considered or future EU legislation. This implies a decision by IOSCO, but the way to achieve this should be subject to further analysis as decisions have to be taken by IOSCO members and the new position of ESMA should not be put at risk. A close cooperation between ESMA and the Commission should be considered when/if the Commission is not accepted in a Task Force.

IOSCO is currently considering to move into the area of settlement of disputes in cross-border regulation. This is an important work stream for the future of global financial regulation. The EU should strongly support IOSCO in this effort to shape a global multilateral system. As many members of IOSCO, especially from Asia, are supporting this project, it would certainly strengthen considerably its influence within IOSCO if Europe would take the lead.

Long term recommendations

One possible issue is that the EU does not speak with one voice. However, even if IOSCO prepares and adopts international standards, it is an organisation of supervisors, with day-to-day supervisory responsibility, more than an organisation of regulators. Therefore, it has to be ruled out that ESMA should replace supervisory authorities from Member States in the Board. In addition, there would be no interest to move from nine votes in the board to just one vote.

A better coordination, when possible, could be achieved. This is all the more justified now that the EU has developed a Single Rule Book (SRB) so that all national authorities of Member States are applying the same rules. The place where this coordination of a possible EU position can take place is the Board of Supervisors (BoS) of ESMA where the Commission (and authorities from the European Economic Area (EEA)) is also an observer.

Better coordination through ESMA could be achieved when the ESMA regulation will be revised. This could be done through an amendment as suggested by the Securities and Markets Stakeholder Group (SMSG) of ESMA, as well as the European Parliament’s Economic and Monetary Affairs Committee (ECON), and the Commission review of the European Supervisory Authorities (ESAs), by giving a vote to the chair in the BoS of ESMA and having some appointed members in the Managing Board of ESMA with voting rights in the BoS, similar to the set-up in the European Central Bank (ECB). This should facilitate the framing and the taking into account of a unified EU position in the BoS of ESMA rather than the expression of national preferences.

Finally, the European Parliament should expand the role of ESMA as the ‘face of the EU’, together with the Commission, in all issues which require equivalence and discussion with the US or Asia. To summarise, ESMA should be the EU Securities and Exchange Commission outside the EU.
1. THE ROLE OF IOSCO IN INTERNATIONAL FINANCIAL REGULATION AND SUPERVISION

IOSCO (International Organisation of Securities Commissions) was created in 1983 when 11 securities regulators from North and South America agreed to transform the 'Inter-American Conference of Securities Commissions', created in 1974, into an international cooperative body. The Securities and Exchange Commission (SEC) of the United States (US) was the driving force behind the creation of the Inter-American conference of Securities Commissions and also supported the creation of IOSCO. In 1984, securities regulators from France, Indonesia, Korea and the United Kingdom (UK) joined the organisation. As a sign of its internationalisation IOSCO held its annual conference in 1986 in Europe (Paris) and members agreed to create a permanent General Secretariat.

IOSCO is a non-profit organisation incorporated under a private act in Canada recognised by the Quebec National Assembly (personne morale sans but lucratif). IOSCO is not an international organisation according to international public law. It is a private association under Quebec civil law. In 1987, a permanent General Secretariat was established and based in Montréal. In 2001, IOSCO changed its domicile to Madrid (Spain). It is recognised by the Spanish Government by means of the Third Additional Disposition of Law 55/1999. IOSCO is considered to be a non-profit association also under Spanish law (asociación de utilidad pública). However, it is still a non-profit organisation incorporated under Québec law. Antonio Marcacci provides an excellent definition of the legal nature of IOSCO: 'IOSCO can be classified as multilateral regulatory network of (usually public) regulators with the formal structure of a private-law based non-profit entity incorporated by a statutory act'.

In 2011, IOSCO signed a 'Headquarters Agreement' with the Kingdom of Spain upgrading and improving the current legal and tax framework for IOSCO in Spain. In this agreement, Spain provides IOSCO with a location to conduct its activities. The agreement also grants guarantees traditionally associated with international organisations such as inviolability of its seat, tax exemptions for IOSCO and its employees and freedom of access to Spanish territory.

1.1. The objectives and mission of IOSCO

The goal of IOSCO is, according to its by-laws:

'to cooperate in developing, implementing and promoting adherence to internationally recognised and consistent standards of regulation, oversight and enforcement in order 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;

---

1 http://www.iosco.org/
2 L.Q. 1987, Chapter 143.
3 Ley 55/1999, de 29 de diciembre, de Medidas fiscales, administrativas y del orden social (Disposición Adicional Tercera). BOE de 30 de diciembre de 1999.
5 Acuerdo de Sede entre el Reino de España y la Organización Internacional de Comisiones de Valores (OICV/IOSCO), hecho en Madrid el 23 de noviembre de 2011, BOE de 17 de diciembre de 2011, p. 138400.
6 IOSCO is located at Calle Oquendo 12, 28006 Madrid, Spain.
to exchange information at both global and regional levels on their respective experiences in order to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

IOSCO is active in four areas, the first two being of more particular interest to the EU:

- international standards (development and implementation), see section 1.1.1;
- cooperation in enforcement and supervision, see section 1.1.2;
- development of markets
- coordination, outreach and research

IOSCO is considering to move into the area of settlement of disputes in cross-border regulation. This is an important work stream for the future of global financial regulation, see section 1.1.3.

1.1.1. Cooperation in enforcement and supervision

Historically, IOSCO has been active in the area of cooperation in enforcement. This is due to the fact that the US Securities and Exchange Commission (SEC), which was one of the driving forces being the creation of IOSCO, is essentially an enforcement agency and wanted to develop exchange of information between securities regulators to investigate market abuses, especially insider trading, on a cross-border basis. Traditionally, the US SEC had been bared by banking secrecy regulations and blocking statutes. Cooperating with similarly minded foreign securities regulators was one way to circumvent this obstacle.

As soon as 1986 (Rio declaration), 21 authorities, including three from the EU (UK, France and Italy) committed to provide to one another the requested information under the condition of reciprocity and provided that their national legislation allowed such cooperation. In 2002, IOSCO went one step further and adopted a Multilateral Memorandum of Understanding (MMoU) ‘concerning consultation and cooperation and the exchange of information’. The MMoU provided for the establishment of a screening group charged with verifying the ability of an applicant to comply with each MOU provision cited in the questionnaire. A ‘monitoring group’ was also established in order to monitor possible changes ‘in the willingness or ability of a signatory to meet the provisions of the MoU’. In 2005, IOSCO decided that, until 2010, all Ordinary Members and Associate Members with primary responsibility for securities regulation in their jurisdictions should have applied for and been accepted as signatories of the MMoU or have expressed a commitment to seek legal authority to enable them to become signatories. To pursue implementation of the MMoU, IOSCO has decided to ask all members to apply to become full signatories to the MMoU by 1 January 2013. Since then, they face progressive loss of their participation in leadership positions, Policy Committees (from 30 September 2013 to 30 June 2014), and (starting from 30 September 2014) voting rights. From 1 October 2014, participation of non-signatory members in all other IOSCO Board Committees and Task Forces has been suspended. In addition, the Financial Sector Assessment Programs (FSAPs) by the IMF take into account compliance with the MMoU and the Financial

---

8 Annual report of the French COB 1987, p. 255.
10 OICV-IOSCO, Multilateral memorandum of understanding, p. 15.
12 IMF and World Bank, Experience with the Assessments of the IOSCO Objectives and Principles of Securities Regulation under the Financial Sector Assessment Program, approved by Stefan Ingves and Cesare Calari,
Stability Board (FSB) also encourages compliance with the MMoU. By end 2005, the total number of signatories of the IOSCO MMoU was 29. As of April 2015, the number was 105. This success is an illustration that peer pressure can be effective in certain circumstances.

Therefore this MMoU has become a quasi-binding benchmark. It is not an International Treaty and is not even a legally binding instrument either in national or international law. It is simply a statement of intent of the willingness of signatories to cooperate. Securities markets authorities of all Member States have signed the IOSCO MMoU. The MMoU of IOSCO serves as a model for signed MoUs among themselves and with third country regulators, as their cooperation can be more developed than envisioned by the MMoU. It serves also as a model for the MoUs signed by the European Securities and Markets Authority (ESMA). For instance, the MoUs signed by ESMA as supervisor of EU registered Credit Rating Agencies with six third-country authorities (Australia, Argentina, Canada, Dubai, Singapore, US) are modelled for the relevant parts on the IOSCO MMoU.

1.1.2. International standards (development and implementation)

One of the main roles of IOSCO is to develop international principles and standards for securities regulation. Since the 2008 financial crisis, IOSCO has been recognised as the international standard setter for securities regulation. However, these standards are, with some exceptions, not very granular. Therefore they generally have a limited substantial impact on EU legislation which is much more detailed.

Soon after its creation, IOSCO considered to become the equivalent of the Basel Committee for investment firms. As a follow up to the Basel I agreement, IOSCO - at that time with fewer members - attempted in 1989 to develop capital ratios for investment firms. However, this attempt failed in 1992 in the Technical Committee of IOSCO due to the opposition of the SEC which considered that the minimum capital ratio supported by some Europeans Member States such as the UK and France was much too low. This opposition was not surprising as the SEC was usually a very conservative prudential regulator of US broker-dealers. As noted by Ben Stein 'The ambitions of those in the Technical Committee and the General Secretariat who wished to see IOSCO assume the role of an international rule-making body, comparable to the Basel Committee, were dealt a severe blow. The SECs forthright rebuttal of the need for harmonised capital standards well illustrated the difficulties in establishing effective multilateral regimes when the dominant actor sees no

---

13 The Financial Stability Board (FSB) started an initiative to encourage the adherence by all countries and jurisdictions to regulatory and supervisory standards on international cooperation and information exchange, see FSB ‘Promoting global adherence to international cooperation and information exchange standards’, 10 March 2010, www.financialstabilityboard.org/wp-content/uploads/r_100310.pdf. Being a signatory of the IOSCO MMoU is part of the assessment to determine whether a jurisdiction demonstrates ‘sufficiently strong adherence to regulatory and supervisory standards on international cooperation and information exchange’.


benefit from abandoning unilateralism."\(^{18}\) This situation has remained. Due to the difficulty to reach a consensus among so many Members, IOSCO has tended to developed international standards which are not very granular.

Among the most significant standards are:

- the ‘International Conduct of Business Principles’ for financial intermediaries (1990),
- the ‘Objectives and Principles of Securities Regulation’ (1998), and

Some standards are updated from time to time such as the ‘Objectives and Principles of Securities Regulation’ (1998, 2003, 2010). The IOSCO ‘Objectives and Principles of Securities Regulation’ are part of the three standards designated by the Financial Stability Board (FSB) for Financial Regulation and Supervision\(^{19}\).

1.1.3. Settlement of disputes in cross-border regulation

In a ground-breaking speech at the Atlantic Council in 2012 in the US, the Secretary General of IOSCO, speaking in a personal capacity, advocated for a reform of the global financial architecture in order to promote regulatory convergence among G20 members and beyond. David Wright asked the crucial question in the post financial crisis world:

‘will the agreed global policies and standards that are emerging be properly implemented by all jurisdictions? Evenly? Equivalently? Without distortion of competition or capital flows? Without regulatory arbitrage?’\(^{20}\). His proposal is to develop ‘A global institutional framework, probably established by International Treaty that has some enforcement authority, binding disputes settlement and sanctioning possibilities. […] This global Institutional framework should encompass at least the FSB and the main global sectorial standard setters. Its role would not be to try to enforce a one-size-fits-all harmonized set of rules – but rather to ensure and, if necessary legally require, that the basic globally agreed policy principles are properly implemented by all jurisdictions who are signatories to the Treaty arrangements.’\(^{20}\).

Such an idea would essentially turn IOSCO into an equivalent of the World Trade Organisation (WTO). It would substitute multilateralism to bilateralism or unilateralism.

In June 2013, IOSCO established a Task Force on Cross-Border Regulation to consider these issues and to assist policy makers and regulators in addressing the challenges\(^{21}\). In November 2014, IOSCO published an important Report on Cross-Border Regulation and started a consultation\(^{22}\). The consultation was closed in February 2015. The result of this consultation will have a decisive influence on the IOSCO strategic review and on the shape of global financial regulation.

1.2. The structure and governance of IOSCO

Article 1.1 of the by-laws of IOSCO provides that ‘securities commissions and similar bodies with responsibility for securities regulation are joined together in the International Organization of Securities Commissions (IOSCO)’. The membership of IOSCO covers more than 95 % of the world’s securities markets in more than 115 jurisdictions.


\(^{19}\) http://www.financialstabilityboard.org/cos/key_standards.htm.

\(^{20}\) Remarks by David Wright Secretary General of IOSCO at The Atlantic Council, Washington D.C., 10 December 2012.

\(^{21}\) The Task Force was chaired by Ashley Alder from the Hong Kong SFC and Anne Lachat from the Swiss FINMA.

Securities regulators in emerging markets account for 75% of its ordinary membership. Therefore, IOSCO is a truly international and democratic organisation, especially compared to the Basel Committee. It can be described as the ‘United-Nations of securities regulation’.

1.2.1. The members of IOSCO

There are three categories of members: ‘ordinary’, ‘associate’ and ‘affiliate’. The currently 124 ordinary members of IOSCO are securities regulators and supervisors from all over the world with day-to-day responsibility for securities regulation and the administration of securities laws. Associate members (12) are usually supranational governmental regulators, subnational governmental regulators, intergovernmental international organisations and other international standard-setting bodies, as well as other governmental bodies with an appropriate interest in securities regulation. Associate members include as supranational governmental regulators ESMA and the European Commission. They also include the International Bank for Reconstruction and Development (IBRD) which is part of the World Bank and the International Monetary Fund (IMF). Associate membership is also granted to second regulators in one country. For instance, the US CFTC was granted this statute before being upgraded to Ordinary Member in 2014. Affiliate members (63) are private sector organisations (self-regulatory organisations, securities exchanges, etc.) with an appropriate interest in securities regulation. Only Ordinary members have a decision-making power within IOSCO while Associate and Affiliate members have essentially an observer status.

Map 1: IOSCO Membership Map

Source: IOSCO website (as of 4 March 2015).

---

23 In general, the ordinary members (124) are the national securities commissions or similar governmental bodies with significant authority over securities or derivatives markets in their respective jurisdictions (Article 6 of the By-laws). A stock-exchange or a self-regulatory organisation can become a member if it is the jurisdiction’s primary securities regulator and only if a government regulatory body is not established in this jurisdiction and becomes an ordinary member (Article 7.1 of the by-laws).
1.2.2. The governance of IOSCO

The governance has changed significantly with the financial crisis and the recognition of IOSCO as an international standard setter. Before the crisis, IOSCO was dominated by securities regulators from developed and more mature markets. Following a request by the Washington G20\(^{24}\) of November 2008 to expand to emerging economies, the Technical Committee of IOSCO, which was at the time the decision making body of IOSCO and which - before the 2007 financial crisis - had no developing country members apart from Mexico, expanded its membership in February 2009 to include Brazil, India, and China\(^{25}\).

On top of these changes, an Executive Committee Task Force on the Review of IOSCO’s Strategic Direction (TFSD) was set up in 2009. As stated by IOSCO the reason for the reform was that, among others, ‘there is an increasing need for IOSCO to contribute with a clear and coherent voice in global discussions within the G20, the Financial Stability Board (FSB), and with the international financial institutions (IFIs). These reasons suggest that the current structure, which is built on a distinction between the interests of members in developed markets (represented by the Technical Committee) and emerging markets (represented by the Emerging Markets Committee), is no longer structurally sound’\(^{26}\). The reform was aimed at making IOSCO more effective, in order to be more able to answer G20 requests, and more inclusive in order to represent better all the members (e.g. emerging markets) in decision making bodies. The reform entered into force in May 2012.

Figure 1: Governance Structure of IOSCO

Source: Antonio Marcacci, The EU and IOSCO: An Ever Closer Cooperation?, p. 16. The Emerging Markets Committee is now the Growth and Emerging Market Committee (GEM).

\(^{24}\) ‘The Financial Stability Forum (FSF) must expand urgently to a broader membership of emerging economies, and other major standard-setting bodies should promptly review their membership’, G20 leaders, Declaration of the Summit on Fiancial Markets and the World Economy, November 2008, Point 9.

\(^{25}\) Press Release, IOSCO Technical Committee invites Brazil, China and India to join its membership, 19 February 2009.

\(^{26}\) Proposal to the Presidents Committee from Presidents Committee, Executive Committee Chairman, and Secretary General to Presidents Committee: Proposal for a new Committee Structure for IOSCO and potential Amendment to the IOSCO By-Laws, 31 March 2011, p. 2.
The European Union’s Role in International Economic Fora - Paper 6: The IOSCO

The current structure of IOSCO comprises the following elements:

- the Presidents Committee;
- the Board;
- the Growth and Emerging Markets Committee;
- the General Secretariat;
- the Regional Committees;
- the Consultative Committees;
- the Task Forces, and
- the Assessment Committee.

**The Presidents Committee**

The Presidents Committee (e.g. the members general assembly) is the general assembly of IOSCO and meets once a year during the IOSCO Annual Conference which usually lasts one week and includes private meetings for members as well as a public part. It is composed of Ordinary, Associate and Affiliate members. Associate members do not vote but may attend and speak at annual meetings of the Presidents Committee where resolutions are voted. Affiliate members may only attend the second part of the Presidents Committee meeting to hear detailed reports from IOSCO. No vote takes place during this second part. The Presidents Committee meeting takes place in one of the countries of the members of IOSCO.

According to the IOSCO by-laws, a majority of the ordinary members constitutes a quorum. If necessary, resolutions are put to a vote. A resolution to amend the By-Laws must have the support of 2/3 of the members in attendance. Other resolutions must have the support of a majority of the members in attendance. All members are represented and have an equal vote irrespective of the size or development stage of their markets. This makes IOSCO a very democratic organisation. In addition, in practice, resolutions are adopted by consensus. In rare cases, some supervisory authorities requested that their opposition be mentioned.

**The Board**

The executive body is the Board which was established in 2012 following the governance reform. **The Board sets the strategy, takes decisions** on IOSCO’s key activities, such as adopting principles and standards before subjecting them to the Presidents Committee, and **represents IOSCO in the outside world.** The Board decides on applications to become Member of IOSCO. The Board meets around four times a year in different parts of the world.

After the appointment of a new Board, the Board Members elect one of them as Chairman and determine a number of Vice-Chairmen, for a period of two years. The Chairman of the IOSCO Growth and Emerging Markets Committee is ex-officio the Board’s Vice-Chair, unless he is the Chairman of the Board. The Chairman of the Board calls and chairs the meetings. **Since 2004, no Chairman of the Board came from the EU.**

Half of the members of the Board constitute a quorum27. If necessary, decisions are voted and must receive the support of a majority of members attending the meeting. In the event of a tie, the Chairman has a casting vote. However, like in the Presidents Committee, resolutions are adopted by consensus. Only in very rare and exceptional cases, an authority requested a vote.

---

27 Article 44.1 of the IOSCO By-laws.
From 2012 to 2014, for a transitional period, the Board was made up of 32 members. Since September 2014, the number was increased to 34 members. The composition of the Board seeks to strike an **appropriate balance** between developed and emerging markets as well as a balanced regional representation (America, Europe, Africa/Middle-East and Asia/Pacific). To reflect these distinctions, the Board is divided between 18 permanent and 16 elected members.

The 18 permanent members originate from jurisdictions with the largest markets based on measures of equity market capitalisation, debt market issuance, assets under management and derivatives trading. Out of these 18 members, six are supervisory authorities from Member States with large securities markets: France, Germany, Italy, Netherlands, Spain and the UK\(^{28}\).

The 16 other members are elected according to a geographical repartition. They are:

- The Chair and the Vice Chair of the Growth and Emerging Markets (GEM) Committee (2),
- The Chairs of the four Regional Committees (4),
- Two members elected by the GEM Committee from its membership (2), and
- Two members elected by each of the four Regional Committees from their memberships (8 members).

There is a geographical balance within the board between the largest and the developing markets. This is a characteristic of IOSCO compared to other international standard setters.

The IOSCO Board also includes observers. **Observers can attend Board meetings, get access to all documents, and speak but they do not vote.** As part of the Headquarters agreement of 2011, Spain is *ex-officio* an observer if it were not to be a member of the Board. In addition, since 2014, two other institutions, including one from the EU, were granted an observer status: ESMA and the Chairman of IOSCO Affiliate Members Consultative Committee (AMCC).

**The General Secretariat**

The Board appoints the Secretary General for a period of up to three years. The **Secretary General manages the organisation on a day-to-day basis** as the Chairman of the IOSCO Board is the chair of a national securities supervisor and therefore is not permanently in Madrid. Among other duties, the Secretary General assists the IOSCO Board and Committees of the Organization in their functions and represents IOSCO in meetings with or presentations to other groups and bodies, subject to the review of the Chairman of the IOSCO Board.

The current General Secretary is David Wright who was elected in March 2012. Before, David Wright was first Director, then Deputy Director-General for securities and financial markets, then for all financial services policy in DG Internal Market and Services of the European Commission. He chaired the Securities and Banking Committees and was the rapporteur on the De Larosière Group on financial services reform. He has also represented the European Commission in international fora such as the FSB and G20, and has played a key role in developing the EU's bilateral financial services relations.

---

28 These authorities are: the Autorité des marchés financiers (AMF), France; the Bundesanstalt für Finanzdienstleistungsaufsicht (Bafin), Germany; the Commissione Nazionale per le Società e la Borsa (Consob), Italy; the Autoriteit Financieele Markten (AFM), Netherlands; the Comisión Nacional del Mercado de Valores (CNMV), Spain; the Financial Conduct Authority (FCA), United Kingdom.
The Growth and Emerging Markets Committee (GEM)

The Growth and Emerging Markets Committee is the largest Committee (87 members) within IOSCO, and represents 75% of the IOSCO ordinary membership. The GEM includes 10 of the members of G20. This recognised specific role of developing markets is part of the tradition of IOSCO and dates back to its creation. Ten authorities of Member States of the EU, essentially from Central and Eastern Europe are members of the GEM, in addition to being also member of the European Regional Committee (ERC): Bulgaria, Croatia, Estonia, Hungary, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

The Regional Committees

A Regional Committee is comprised of members from the same region, being one of the regions recognised by the Presidents Committee. IOSCO has four Regional Committees, which meet to discuss problems specific to their respective regions and jurisdictions: Africa/Middle-East Regional Committee, Asia-Pacific Regional Committee, European Regional Committee (ERC) and the Inter-American Regional Committee.

The chair of the ERC, as well as the vice-chairs, is usually elected by consensus. However, if there are more candidates than positions, a vote takes place. Since the mandate is short (two years) every member can expect to be elected if it wishes so.

The Consultative Committees

The policy work and standard setting activity of IOSCO is conducted by the following eight Consultative Committees under the aegis of the Board:

- Committee 1 Issuer Accounting, Auditing and Disclosure
- Committee 2 Regulation of Secondary Markets
- Committee 3 Regulation of Market Intermediaries
- Committee 4 Enforcement and the Exchange of Information and the Multilateral Memorandum of Understanding Screening Group
- Committee 5 Investment Management
- Committee 6 Credit Rating Agencies
- Committee 7 Commodities Derivatives Markets; and
- Committee 8 Retail Investors

These committees take decisions by consensus like the Board and the Presidents Committee. They are made up of experts from the Ordinary and Associate members. Their composition changes over time but permanent members of the Board are well represented.

There is also an Affiliate Members Consultative Committee (AMCC). This Committee was originally established under the name of the SRO Consultative Committee (SROCC) in 1989. The name was changed in 2013, as part of the revision of IOSCO by-laws, to reflect its wider membership. Since 2012, IOSCO has accepted that some representatives of the then SROCC, today the Affiliate Members Consultative Committee (AMCC) participate as members in certain Consultative Committees. Also, since 2014, the Chair of the AMCC has been participating as an Observer in the IOSCO Board. This shows a certain degree of growing openness to the private sector.

29 The AMCC is comprised of 64 Affliate members. One European federation is a member: the European Fund and Asset Management Association (EFAMA). Other members from the EU are businesses based in the following Member States: Germany (Deutsche Börse AG, German Derivatives Association), Malta (Malta Stock Exchange), Spain (Bolsas y Mercados Españoles) and the UK (LCH.Clearnet Group Limited).
**Task Forces**

Task Forces are developed on given topics. Task Forces are appointed by the IOSCO Board which can directly designate the members and appoint the Chair of the Task Force. In practice, this is combined with a call for interest to all Members of IOSCO. Members are experts from authorities interested in the topic, with limited IOSCO staff involvement. Task Forces prepare principles and standards which will be adopted by the Board and the Presidents Committee. Task Forces are temporary bodies. They are set up for a limited period of time and are disbanded once their mission is accomplished.

Some Task-Forces on important topics are called 'Board Level Task Forces', such as the one on Financial Markets Benchmarks which was established in September 2012. A Board Level Task Force is one where initial membership includes all or most of the members of the IOSCO Board, although membership can be extended later to non-Board members.

**The Assessment Committee**

The Assessment Committee was established in 2012 in order to identify and assess implementation of IOSCO principles and standards by its members.

**1.2.3. The decision making process at IOSCO and stakeholder involvement**

Only *Ordinary members* have a vote in the decisions of IOSCO, be it at the Presidents Committee or at the Board. Each authority has one vote.

There are specific rules regarding elections in order to take into account special situations while at the same time avoid overrepresentation. Article 28.1 of the IOSCO By-laws provides that 'In the case of a country where the subdivisions have exclusive jurisdiction over securities, the regulatory bodies of the subdivisions of that country that are ordinary members shall have a maximum of three votes for all the subdivisions together in elections in meetings of the Presidents Committee, IOSCO Board, Growth and Emerging Markets Committee, Regional Committees, and in meetings of any other committee or on any other occasion where elections are held'.

**Specific voting rules**

The *situation for the UK and its dependencies and oversees territories* is as follows: the UK Financial Conduct Authority (FCA) has one vote, and the supervisory authorities of Gibraltar and of the Crown dependencies (Guernsey, Isle of Man and Jersey), all located in Europe, have together one vote, so they have to agree together how to jointly exercise this vote. The supervisory authorities of the UK Overseas Territories (British Virgin Island and Cayman Islands) receive one joint vote, too, and also have to agree how to exercise this vote. This system is designed to allow a fair representation of financial centres which are represented by UK as regards their international representation while conducting their own policy in the area of financial supervision and, for those financial centres outside of the EU, regulation. This arrangement is also designed to prevent the UK from having otherwise indirectly seven votes in elections. For specific votes (on principles and standards for instance), each of the seven supervisory authorities has one vote.

A similar rule applies to *Canada* where, despite some attempts to centralise supervision, financial supervision is not federal but organised at the level of the provinces. The Securities Commissions of Alberta, British Columbia, Ontario and Québec have also three jointly shared votes. Only one supervisory authority from Canada is de jure member of

---


33 See. Appendix 4 – Voting arrangements under By-law 28.1 and 28.2.
the IOSCO Board but any other Canadian supervisory authority(ies) can be elected. In such case, each authority has one vote but if all Canadian supervisory authorities would be member of the IOSCO Board, they would be jointly capped at three votes.

Although there is no special arrangement for the United States, there are two supervisory authorities which are the Securities and Exchange Commission (SEC) for securities markets, and the Commodity Futures Trading Commission (CFTC) for futures markets. This division is due to historical reasons and reflects the fact that there are two US regulators in the area, one for securities markets and one for derivative markets. Since both are automatically represented in the IOSCO Board, the US receives in practice two votes.

**Stakeholder involvement** is a prominent feature due to the international representation of IOSCO membership. In addition, IOSCO prepares its principles and standards through consultation on its website which assures external stakeholder involvement. While ESMA has established a Securities and Markets Stakeholder Group (SMSG, designed to provide input from stakeholders such as retail investors and prevent regulatory capture)\(^34\), it does not seem advisable to envisage a similar entity within IOSCO because due to the difficulty to represent such a diverse group on a worldwide basis. Therefore, an IOSCO stakeholder group could be subject to criticism for not being representative enough. In addition, such a step would raise a serious financing issue for IOSCO if it would attempt to cover the costs of these members.

1.2.4. **Reporting lines in IOSCO**

**Reporting to members** of IOSCO is done through the Annual Conference where resolutions and reports are presented for a vote to all members of the IOSCO. The Annual Conference lasts for approximately five days and includes meetings of the different bodies of IOSCO.

In addition, the IOSCO Board, the GEM Committee, the Consultative as well as Regional Committees meet regularly all year round which allows for input from the members and for accountability. The GEM Committee organises an annual meeting and conference\(^35\).

**Reporting to other organisations** is done to the Financial Stability Board (FSB) and the G20. As stated before, following the financial crisis, IOSCO has been recognised as the global standard setter for securities markets by the G20\(^36\).

Reporting to the general public is done through different channels: via the Annual Conference of IOSCO, the Annual Report and mostly through the IOSCO website. The Annual Conference is widely advertised and includes a public part. A dedicated website on the Conference is established by the authority of the country hosting the Conference. Stakeholders and interested persons can register on the website in order to attend the Conference. However, they need to pay a registration fee which is usually high due to the costs of organising of the conference and the financial risk that the organising authority takes. In practice and in general, access to the conference is closed to representative of public interest groups or to academics unless invited as speakers or otherwise by IOSCO or the organising supervisory authority. Academics, including the author of this report

---


Policy Department A: Economic and Scientific Policy

(Luxembourg Annual Conference, 2013) have been invited from times to times to take part in panels or present their views, but this is rather limited. Most speakers in the public part are regulators and industry representatives. Most individuals attending are senior representatives from financial entities such as banks, stock exchanges, management companies, asset managers, distributors, brokerage firms, specialised service providers, for example in the IT field, but also officials from ministries of finance and embassies from various countries. The press is invited to attend the public part of the meeting which usually also includes a press conference.

The public documents of each conference are later available on the IOSCO website. This assures an excellent level of transparency. For instance, documents dating back to the 2000 conference are available on the website as well as resolutions since 1986.

IOSCO publishes an Annual report which can be downloaded from its website. The report is prepared by the General Secretariat. It provides valuable and detailed information about the activities and priorities of IOSCO as well as audited annual financial statements.

1.2.5. The financing of IOSCO

The budget of IOSCO is modest. IOSCO is mostly financed by the fees paid by its members and does not benefit from the infrastructure of another large institution like for instance the Bank for International Settlements (BIS) in the case of the Basel Committee.

The annual membership fee from 2012 to 2015 is shown in the following chart. The fees for each Member are not very high and are adjusted to the GDP of the country to take into account the diversity of the members. ESMA and the Commission each pay a fee.

Table 1: Overview of IOSCO fee levels (adjusted to GDP)

<table>
<thead>
<tr>
<th>National Per Capita Income1</th>
<th>1. Low Income</th>
<th>2. Middle Income</th>
<th>3. High Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Low GDP</td>
<td>€ 12,500</td>
<td>€ 15,000</td>
<td>€ 16,000</td>
</tr>
<tr>
<td>B. Medium GDP</td>
<td>€ 18,000</td>
<td>€ 16,000</td>
<td>€ 21,000</td>
</tr>
<tr>
<td>C. High GDP</td>
<td>€ 16,000</td>
<td>€ 21,000</td>
<td>€ 30,000</td>
</tr>
</tbody>
</table>


For the year ended 31 December 2014, the annual revenue was EUR 4,211,050, almost exclusively originating from contributions from members. The member hosting the Annual Conference provides a contribution of EUR 120,000. In 2014, IOSCO made a significant ‘surplus’ of EUR 833,432 (EUR 613,428 in 2013). The ‘equity’ of IOSCO (members’ funds) is EUR 4,389,104 (EUR 3,064,923 in 2013). This amount was EUR 1,813,511 in 2004 when figures were published for the first time.

IOSCO also benefits from a significant contribution in kind from Spain which can be estimated to represent more than 10% of the revenue of IOSCO and 55% of its 2014 ‘surplus’37. In addition, there is an agreement between IOSCO and the Comisión Nacional del Mercado de Valores (CNMV) for meeting the costs of security and maintenance of security systems in the IOSCO premises; insuring the premises; and municipal and local

37 As part of the 2011 Headquarters agreement, IOSCO has the right to use a 56% share of the 12 Ouendo premises free of charge, exclusive of non-structural maintenance expenses (electricity, water, elevator maintenance, etc.). The estimated revenue in kind associated to the 56% share to use free of charge of the 12 Ouendo premises was estimated to be EUR 408,000.
property taxes\textsuperscript{38}. This significant support from Spain, as well as favourable tax regime provided to IOSCO and its employees, makes Madrid a very attractive location for the IOSCO Secretariat.

Finally, IOSCO General Secretariat also benefits from secondment of national experts. About a quarter of the IOSCO Secretariat staff (almost 30 staff members) are seconded officials from IOSCO members\textsuperscript{39}. In 2014, three supervisory authorities (BaFin, FSA and Consob) from the European Union, out of nine supervisory authorities or affiliate members, provided secondments. This support is stable. In 2013, the figures were respectively three supervisory authorities (BaFin, FSA and CNMV) from the European Union, out of 12 supervisory authorities or Affiliate Members. The sponsoring members cover a portion of the seconded staff’s salary costs and in some cases the entire costs. In 2012, IOSCO explored the feasibility of setting up an IOSCO Foundation to raise and apply additional funds to certain key activities, such as capacity building for emerging markets. This attempt failed for various reasons but, as a transitory solution, the Board accepted a temporary increase in contributions from the permanent Board Members in 2015.

1.3. The development of international standards by IOSCO

IOSCO produces principles and standards, including MMoUs. Work is undertaken on \textit{IOSCO’s own initiative} but since 2008, further \textit{work has been requested by the G20 and the FSB}. IOSCO has currently around 90 work-streams, half of it is related to the crisis, the G20 or the FSB. Approximately 50\% of the time of the General Secretariat is devoted to delivering on the G20 agenda.

For instance, the G20 (Cannes Summit of November 2011) charged IOSCO to work on OTC derivatives\textsuperscript{40} as well as on Credit Default Swaps markets as part of a regulatory push on shadow banking\textsuperscript{41}. As part of this general work on shadow banking\textsuperscript{42}, IOSCO, \textit{a the request of the FSB}\textsuperscript{43}, published policy recommendations on Money Market Funds following the September 2008 run on some money market funds that alerted regulators to the systemic relevance of MMFs’.\textsuperscript{44} Following also G20 requests, the FSB also requested IOSCO to work

\begin{itemize}
\item \textsuperscript{38} These revenues in kind have been estimated at EUR 89,207.84 for 2013 (EUR 85,185 in 2012).
\item \textsuperscript{39} IOSCO Annual Report 2014, p. 79.
\item \textsuperscript{40} Cannes Summit Final Declaration, ‘Building our Common Future: Renewed Collective Action for the Benefit of All’, November 2011, Point 24. IOSCO was specifically asked to work with the CPSS, the FSB and other relevant organisations, on trade repositories and on standards on margining for non-centrally cleared OTC derivatives.http://www.g20.utoronto.ca/2011/2011-cannes-declaration-111104-en.html
\item \textsuperscript{41} Cannes G20 Leaders Summit Final Communiqué, Point 14: ‘We have decided to develop the regulation and oversight of shadow banking. We will develop further our regulation on market integrity and efficiency, including addressing the risks posed by high frequency trading and dark liquidity. We have tasked IOSCO to assess the functioning of Credit Default Swaps markets’; http://www.g20.utoronto.ca/2011/2011-cannes-communique-111104-en.html
\item \textsuperscript{42} Cannes Summit Final Declaration, ‘Building our Common Future: Renewed Collective Action for the Benefit of All’, November 2011Point 30: ‘The shadow banking system can create opportunities for regulatory arbitrage and cause the build-up of systemic risk outside the scope of the regulated banking sector. To this end, we agree to strengthen the regulation and oversight of the shadow banking system and endorse the FSB initial eleven recommendations with a work-plan to further develop them in the course of 2012, building on a balanced approach between indirect regulation of shadow banking through banks and direct regulation of shadow banking activities, including money markets funds, securitization, securities lending and repo activities, and other shadow banking entities’.
\item \textsuperscript{43} ‘In this regard, the Financial Stability Board (FSB) asked the International Organization of Securities Commissions (IOSCO) to undertake a review of potential regulatory reforms of MMFs that would mitigate their susceptibility to runs and other systemic risks and to develop policy recommendations. This work is part of the efforts undertaken by the FSB to strengthen the oversight and regulation of the shadow banking system’, IOSCO, Policy Recommendations for Money Market Funds, October 2012, p. 3; www.iosco.org/library/pubdocs/pdf/IOSCOPD392.pdf.
\end{itemize}
on long term finance\textsuperscript{45} and securitisation\textsuperscript{46}, jointly with the Basel Committee. Currently, again at the request of the G20 (Cannes Summit of November 2011 and St-Petersburg Summit of September 2013), the FSB is interested in risk in asset management and IOSCO is also working on ‘Assessment Methodologies for Identifying Non-Bank Non-Insurer Global Systemically Important Financial Institutions’ (NBNI G-SIFIs)\textsuperscript{47}.

IOSCO Members decided on the major part of the work. For instance, in June 2013, IOSCO established a Task Force on Cross-Border Regulation\textsuperscript{48}. IOSCO also decided in 2013 to work on identifying and protecting against cyber-risks and detecting, responding to and recovering from a cyber-attack\textsuperscript{49}. IOSCO is also interested in monitoring implementation of its principles and standards and therefore created in 2012 an Assessment Committee. The IOSCO Board mandates a Committee to prepare a report. IOSCO work streams have been sometimes directly influenced by the EU, especially in new areas (e.g. benchmarks).

Principles and standards are prepared by Task Forces which gather 10 to 20 authorities who have an interest and an expertise in the subject matter. The Task Force has a chair and a vice-chair who are in charge of the drafting. Principles and standards are subject to a consultation which is announced on the website of IOSCO together with the Consultation document. In 2005, IOSCO published a document on Consultation Policy and Procedure\textsuperscript{50}. IOSCO mentions that ‘Work projects that contemplate the issuance of international standards and principles for the securities sector will generally include the conduct of a public consultation as part of the project’. Consultation is being done through the website of IOSCO. The consultation period is generally three months. In some cases, IOSCO organises an industry roundtable in various locations to receive input from the industry, such as in the case of Financial Markets Benchmarks\textsuperscript{51}.

All comments received on a Consultation Report are made public and are posted on the IOSCO internet website. If anonymity is specifically asked for, the comments are posted without reference to the author. IOSCO consultations draw a variable input from the public, depending on the subject matter, and most frequently experts and business associations participate. Another element of transparency is that a summary explanation is provided detailing how comments received have been addressed; this summary is included in an accompanying memorandum to the relevant Final Report.

\textsuperscript{45} IOSCO published a research note on Market-Based Long-Term Financing Solutions for SMEs and Infrastructure (September 2014) for the G20 Finance Ministers and Central Bankers; www.iosco.org/library/pubdocs/pdf/IOSCOPD452.pdf.

\textsuperscript{46} The FSB, through the FSB SRC, requested IOSCO in July 2011 in coordination with the BCBS to ‘Conduct a stock-taking exercise reviewing current national and regulatory initiatives on:
- Risk retention; and
- Measures enhancing transparency and standardisation of securitisation products; and
- Develop policy recommendations as necessary’; IOSCO issued, following this request of the FSB, policy recommendations on securitisation in 2012, see IOSCO, Global Developments in Securitisation Regulation, Final Report, 16 November 2012, p. 6; www.iosco.org/library/pubdocs/pdf/IOSCOPD394.pdf.

\textsuperscript{47} At the Cannes Summit in November 2011, the G20 Leaders asked the FSB to prepare, in consultation with IOSCO, methodologies to identify systemically important non-bank non-insurer (NBNI) financial entities, see Cannes Summit Final Declaration, ‘Building our Common Future: Renewed Collective Action for the Benefit of All’, November 2011 (Point 29); and FSB and IOSCO, Consultative Document, Assessment Methodologies for Identifying Non-Bank Non-Insurer Global Systemically Important Financial Institutions, Proposed High-Level Framework and Specific Methodologies, 8 January 2014; www.financialstabilityboard.org/wp-content/uploads/r_140108.pdf.

\textsuperscript{48} The Task Force was chaired by Ashley Alder from the Hong Kong SFC and Anne Lachat from the Swiss FINMA.


\textsuperscript{51} IOSCO Annual Report 2013, p. 34.
The process is very transparent as there is a consultation process and reports are detailed. However, the adoption of standards takes place in camera which is necessary because of the sensitivity of the information involved and is also usual for securities regulators.

The time it takes to agree on IOSCO principles and standards varies. Usually, it takes around one and a half to two and a half years on average from the constitution of a Task Force to the publication of the report.

However, there have been situations where IOSCO has been extremely fast. This was the case with Financial Markets Benchmarks. IOSCO established a Task Force in September 2012 and published a Final Report on 17 July 2013, which is less than ten months. It is an outstanding achievement. IOSCO was very motivated to move quickly in order to shape the debate as no legislation existed in this field among its Members. Where no national legislation exists (which was the case for financial benchmarks) IOSCO enjoys a first-mover advantage and can hope to shape the future regulatory landscape. Time is then of the essence as it becomes always more difficult to try to develop international standards in case one major jurisdiction already has such a standard as this jurisdiction usually tends to try to ‘upload’ its own legislation on the international level. As IOSCO has demonstrated its ability to develop detailed standards in a very short time, the benefits of having IOSCO taking the lead before any national legislator introduces legislation should certainly be supported because this approach has numerous benefits in terms of regulatory convergence. The example of IOSCO standards for Financial Markets Benchmarks also shows that IOSCO can develop international standards with some granularity essentially when there is a G20 commitment and no pre-existing national legislation.

---

2. THE REPRESENTATION OF THE EU IN IOSCO

2.1. The EU membership in IOSCO

The supervisory authorities of the 28 Member States of the EU are Ordinary Members of IOSCO. Together they represent 22% of IOSCO membership which is a large number.

The European Securities and Markets Authority (ESMA) is an Associate Member of IOSCO. ESMA was established by Regulation n°1095/2010 of 24 November 2010 and started to be operational in the first semester of 2011 after the appointment of the Chair and the Executive Director. In 2011, ESMA was first accepted as an Affiliate Member. Then, its status was upgraded to Associate Member in September 2013. Thus, the application of ESMA and its admission to IOSCO was swift. The By-laws of IOSCO were modified so that ESMA could become an Associate Member since no other country in the world has an equivalent situation with both national and supra-national supervisor doing side by side securities supervision. Despite this quick upgrade and IOSCO’s crafting of a special status for ESMA, ESMA is not an Ordinary Member but ‘only’ an Associate Member.

The fact that ESMA received the status of Associate Member is justified on several grounds:

- ESMA is a direct supervisor in the European Union for Credit Rating Agencies and for Trade repositories. However, while those two areas of jurisdiction make ESMA on one hand a securities markets supervisor, they are on the other hand limited in scope and make ESMA a partial supervisor in comparison to the other fully-fledged supervisors which are Members of IOSCO.

- From an EU perspective, a second justification for the participation of ESMA is that it is in charge of preparing draft Regulatory or Implementing Technical Standards and Technical Advices for the European Commission. Therefore, it is important for ESMA to be aware of international developments in order to anticipate developments and to provide an input from a European perspective. However, many authorities which are members of IOSCO are not empowered to adopt regulations but are ‘only’ supervisors, so that this argument does not have a lot of weight for them.

- One final reason why the Board did not grant ESMA the status of Ordinary Member is that this might lead to an overrepresentation of the European Union. Since IOSCO is an international organisation, other countries and continents are reluctant to reinforce what they consider to be already an overrepresentation of Europe.

The European Commission is currently also an Associate Member of IOSCO. The Commission is represented by DG FISMA (previously DG MARKT). Depending on the subject matter, the Commission representation is assured by the Head of Unit C3 (Securities Markets) or the Head of Unit C2 (Financial Markets Infrastructure) from Directorate C (Financial Markets). Marcacci voiced the opinion that this level of representation ‘seems to be too little in light of the impact that EU Law has had on its Members’ national financial laws in the last decades’. In view of the fact that IOSCO develops standards with usually


55 ESMA employs a number of its staff to supervise credit rating agencies.

a limited level of granularity and is mostly a forum for discussion, at least in this regard this criticism is not founded.

Until 2000, the European Commission was an Ordinary Member of IOSCO, but then decided that participation was not necessary anymore. The main reasons for this decision were, on the one hand, a lack of resources, and, on the other hand, the priorities set in the securities sector by the Financial Services Action Plan (FSAP) of 1999. At this time, the European Commission's activities were focussing on getting the legal framework right within the EU and opening cross-border business between EU Member States' securities markets. Following the financial crisis, the Commission requested in 2008 to be a member of IOSCO because it had established at EU level a good principles-based regulation and the rapid globalisation had shown that the EU needed to take into consideration international developments if it wanted to remain globally competitive. In this sense, the Commission considered that policy development by the EU must consider and also influence developments at international level. From 2009 until 2013 the Commission was an Affiliate Member. As mentioned above, this status only provides for a limited access to IOSCO activities and is designed for private sector entities. Therefore, it did not really correspond to the public nature of the Commission and did not provide any access to the decision making process. However, in 2014, the Board of IOSCO upgraded the Commission's status to Associate Member.

Although the Commission is not an Ordinary Member, its membership of IOSCO as an Associate Member can be considered to be an exception. No other entity proposing legislation of any other country in the world is a member of IOSCO. Other Associate Members are either securities regulators waiting to become Ordinary Members or international or regional public banking institutions engaged in the development of securities markets. In addition, the Commission, since not being a regulator, cannot be part of the IOSCO MMoU which is an essential part of IOSCO's activity.

Therefore, the membership of the Commission can be considered an exception leading, for some other third-country supervisors, to an overrepresentation of the EU in IOSCO. A request by the Commission for an upgraded status could lead to an opposition by those authorities requesting their legislators or Treasuries to become also Associate Members.

2.2. The EU membership in internal bodies of IOSCO

There are several internal bodies within IOSCO to which EU institutions or Member States participate. The most important internal body of IOSCO is the Board. The other important bodies are the GEM Committee and the ERC. Then, there are the Consultative Committees. Finally, IOSCO establishes ad hoc Committees and Task Forces to prepare principles and standards.

2.2.1. The EU membership in the IOSCO Board

Supervisory authorities from EU Member States are well represented within the Board: They have nine members in the Board out of 34 which represents more than 25% of the votes. There are six permanent Members of the Board which are supervisory authorities from EU Member States, on one hand due to the size of their securities market (France, Germany, UK, Italy and Spain), and on the other hand as the Chair of the European Regional Committee (ERC) who currently comes from a Member State (Belgium). The two members elected by the ERC also come from a Member State (Greece and Sweden). Although they do not vote as one body, supervisory authorities from EU Member

---

58 Supervisory authorities from Member States are typically represented by their Chair.
States constitute a majority within the ERC (56 % of the members). In addition, those who are not from Member States and have large securities markets (Switzerland and Turkey) are already permanent Members of the Board. This means that the **three positions allocated within the Board to the ERC will at least partially and regularly be filled by authorities from EU Member States** increasing the representation of the EU in the Board.

In addition to its status as an **Associate Member** granted in September 2013, ESMA was accepted simultaneously as an **Observer** to the Board. The decision to request a status as an observer in the IOSCO Board was taken by the Board of Supervisors (BoS) of ESMA which is made up of the National Competent Authorities (NCAs). In accordance with Article 43 of the ESMA Regulation, the BoS is the principal decision-making body of the Authority and is involved in determining ESMA’s position on international strategy and strategic decisions.

As noted by Niamh Moloney, the allocation of competences between ESMA and the NCAs led to frictions, raised for the first time by the German BaFin, following an invitation by the SEC to ESMA, as the responsible standard setting body in the EU, to participate in an OTC derivatives group to discuss equivalence between the EU and the US: ‘**Some tensions clearly persist, particularly with respect to the respective roles of ESMA and the NCAs in international meetings: e.g., in the context of OTC derivatives markets supervision, Board of Supervisors Meeting, 14 February 2012 (ESMA/2012/BS29)**’.

This tension led to a discussion between the Chair of ESMA and the BoS and a clarification by ESMA of their respective roles. The minutes of the meeting are worth quoting as they mention that:

‘**The Chair noted that it is important that the Board is involved in determining ESMA’s position on the relevant subject. This is done through discussions within the relevant Standing Committee while key policy discussions take place in the Board of Supervisors. The agenda of the meeting had been circulated to the Post Trading Standing Committee in advance and comments had been invited. Also, the Chair of the Post-trading Standing Committee attended the meeting as a representative of ESMA.**

The Board discussed the letter and the clarification by the Chair, in particular

− the need for a clear policy with regard to the international activities by ESMA and the involvement of the members of the Board of Supervisors;

− to find a balance between involving the Board while maintaining room for manoeuvre for ESMA acting on the international level;

− the formal role of the Chair in representing ESMA externally according to the Regulation;

− the possibility to invite members of the Board of Supervisors to attend a meeting on a case-by-case basis; and

− when members of the Board of Supervisors would attend meetings they are representing ESMA and not their national competent authority.

**Conclusion:** The Chair concluded that policy debates will continue to take place at the level of the Board of Supervisors while specific international activities will be discussed within the Standing Committees, with the possibility of raising it at the level of the Board. Members of the Board can be invited to attend international meetings on a case-by-case basis, although the size of the EU delegation needs to be considered. When they are attending in their capacity as Board of Supervisors member, they are representatives of ESMA and not of their national competent authority. ESMA staff will draft a policy paper on ESMA’s international policy and strategy for discussion in the Board of Supervisors.’.

---


60 ESMA Board of Supervisors Meeting, 14 February 2012, ESMA/2012/BS29.
In April 2012, the BoS discussed the international strategy of ESMA. The minutes of the meeting note that:

‘The Chair presented the paper, explaining that the note identifies the role of ESMA in international policy and strategy following a request by the members. The Board of Supervisors discussed the paper, noting in particular:

- the importance of strengthening the international role of ESMA with a view at globalizing financial markets, its standard-setting role and the need for a strong European voice at the global level
- the need for a clear process for ESMA to undertake international activities in order to fulfil its responsibility in international standard-setting and supervision
- the involvement of the Board of Supervisors in determining ESMA’s position in discussions with third country regulators, at the initial stage and on an on-going basis
- when entering into formal negotiations with third country regulators, the Board would need to decide beforehand on a mandate. In case of broader policy discussions the Board would provide guidance to the Chair; and
- the desirability of avoiding overlap with IOSCO work.

Conclusion: The paper will be revised taking into account the discussion and sent to the Board for approval by written procedure’.

The paper was adopted at the June 2012 meeting.

Like other Members, ESMA is represented at the IOSCO Board by its Chairman. This compromise is 'fair' and an excellent result since it provides ESMA with access to the decision making process at IOSCO while not, hopefully, reinforcing the feeling among other Members of an overrepresentation of Europe in the decision-making body of IOSCO. In addition, the fact that the IOSCO Board almost always takes decision by consensus implies that the lack of voting power of ESMA does not in practice reduce its influence.

In July 2014 DG MARKT, after having been granted Associate Member status, requested that the Commission participate as an Observer to the Board meetings. This application was rejected in October 2014. This rejection is not surprising given that the Commission is not a supervisor but proposes legislation and that ESMA had just been granted Observer status. Having two observers from the EU was not acceptable to other Board members.

**Determination and coordination of the mandate for EU participants**

As regards ESMA, a distinction has to be made according to whether the issue is within the sole jurisdiction of ESMA or related to an issue where the NCAs exercise supervisory powers. In the case **ESMA has sole supervisory powers** (Credit Rating Agencies and Trade Repositories), the NCAs represented in the BoS of ESMA have agreed that **ESMA would present the EU position**. This approach is logical. In the case where **ESMA has no supervisory powers**, the BoS of ESMA has agreed to try to find a **joint approach**. However, this is not a binding commitment. Therefore, in practice, NCAs retain their freedom to represent national views at the IOSCO Board. This situation is also logical since the day-to-day supervisory responsibility lies with the NCAs, even if it means that the EU does not speak with one voice.

As to the **European Commission, its position is decided internally after political discussion with the Cabinet** of the Directorate-General Internal Market and Services (before 2014) and now with the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA).

---

61 ESMA Board of Supervisors, Summary of Conclusions, 19 June 2012, ESMA/2012/BS/66.
The lack of coordination as such should not be considered as a major issue at this stage since IOSCO usually adopts decisions at the Board level by consensus and usually proposes only high level standards. Also, this situation simply reflects the fact that ESMA is more a coordination authority than an EU institution like the European Central Bank (ECB).

2.2.2. The EU membership in the European Regional Committee

The European Regional Committee (ERC) includes all 28 Member States of the European Union, as well as 22 European countries which are not EU Member States. Of these non-members, three are part of the European Economic Area (Iceland, Norway, Liechtenstein), several are Crown dependencies of the UK (Jersey, Guernsey, Isle of Man) and one is a UK Overseas Territory which is also part of the EU (Gibraltar). One is a micro-state (Andorra). The remaining members are authorities from States in the Balkans (Albania, Federation of Bosnia and Herzegovina, Republic of Srpska, Former Yugoslav Republic of Macedonia, Montenegro and Serbia), in Eastern Europe (Ukraine), Russia, in the Caucasus (Armenia), as well as partly or fully in Asia (Turkey, Israel, Kazakhstan and Uzbekistan).

In 2012, ESMA joined the ERC as a Member when it became Associate Member. In 2013 the Commission also joined the ERC as an Observer after it also became an Associate Member. In practice, the Commission does not participate actively in the ERC because discussions are usually of a too general nature and are not related to standard setting. However, there are also exceptions. In 2014, members of the ERC benefited from a presentation by the European Commission on the program for the coming years of the Commissioner for Financial Stability, Financial Services and Capital Markets Union.

2.2.3. The EU membership in the Consultative Committees, ad hoc Committees, Working Groups and Task Forces

As agreed by the BoS in June 2012, ESMA has engaged with IOSCO in those areas which are within its remit, such as for the purpose of drafting technical principles/standards. In general, ESMA as a member of the IOSCO Board is regularly informed of all the reports and consultations produced by Committees, Working Group and Task Forces irrespective of its participation. Thus, ESMA stays abreast of international developments and take them into account when drafting implementing and regulatory technical standards or technical advices subsequently submitted to the Commission.

ESMA is a Member in Committee 6 (Credit Rating Agencies) and an Observer in Committees 2 (Regulation of Secondary Markets), 3 (Regulation of Market Intermediaries) and 8 (Retail Investors). The six NCAs which are Permanent Members of the IOSCO Board (France, Germany, Italy, Netherlands, Spain, and UK) are often Members of the Consultative Committees:

- **Committee 1 Issuer Accounting, Auditing and Disclosure**: This Committee has 29 Members and ten of them are NCAs from Member States (Belgium, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Poland, Spain, and the UK). The Vice-Chair is the French AMF.

- **Committee 2 Regulation of Secondary Markets**: ESMA is an Observer in this Committee. This Committee includes 30 Members, nine of them are NCAs from Member States (France, Germany, Ireland, Italy, Netherlands, Romania, Spain, Sweden and the UK). The German BaFin chairs this Committee.

---

63 IOSCO Annual Report 2014, p.46.
• **Committee 3 Regulation of Market Intermediaries**: ESMA is an *Observer* in this Committee which consists of 27 Members, including eight NCAs from Member States (France, Germany, Hungary, Italy, Netherlands, Poland, Romania and Spain).

• **Committee 4 Enforcement and the Exchange of Information and the Multilateral Memorandum of Understanding Screening Group**: This Committee is made up of 31 Members, including nine NCAs from Member States (Belgium, France, Germany, Greece, Italy, Netherlands, Poland, Spain and the UK). This Committee is chaired by the UK FCA.

• **Committee 5 Investment Management**: This Committee consists of 31 Members, thereof nine NCAs from Member States (Belgium, France, Germany, Greece, Italy, Netherlands, Poland, Spain and the UK). This Committee is chaired by the French AMF.

• **Committee 6 Credit Rating Agencies**: ESMA succeeded its predecessor CESR (Committee of European Securities Regulators) and is a Member since it has supervisory responsibility at the EU level on CRAs. The Commission is *Observer* in this Committee. This Committee includes 20 Members, six of them are NCAs from Member States (France, Germany, Netherlands, Poland, Spain and the UK).

• **Committee 7 Commodities Derivatives Markets**: This Committee consists of 25 Members, including six NCAs from Member States (France, Germany, Italy, Netherlands, Spain, and the UK). This Committee is chaired by the UK FCA.

• **Committee 8 Retail Investors**: ESMA is an *Observer* in this Committee. This Committee has 33 Members, ten of them are NCAs from Member States (Belgium, France, Germany, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the UK).

There is also a **Permanent ad hoc Committee**:

• **Committee on Emerging Risks (2011)**: ESMA is a Member of this Committee and succeeded to its predecessor CESR. This committee also includes (as of February 2013) 25 members and 7 NCAs from Member States (France, Germany, Italy, Netherlands, Portugal, Spain and the UK).

There are also **Working Groups**. Working Group is the name given to joint Committees with other international bodies active in financial markets issues. There are currently two Working Groups (liaising with committees of the Bank for International Settlements/BIS):

• **BCBS-IOSCO Working Group on Margining Requirements**: The Commission is observer in this Working Group. ESMA took part in the work of this working group, in coordination with European Banking Authority (EBA), without however formally being a member. There is also currently one BCBS-IOSCO Task Force: the *Task Force on Securitization Markets* which was established in April 2014.\(^{64}\)

• **CPMI-IOSCO Steering Group**: ESMA is a member of this group. The Committee on Payments and Market Infrastructures (CPMI)\(^{65}\) promotes the safety and efficiency of payment, clearing, settlement and related arrangements and is a global standard setter in this area. This Committee was formerly called the Committee on Payment and Settlement Systems (CPSS)\(^{66}\). CPMI and IOSCO have established several joint Working Groups such as the recently established (2014) CPMI-IOSCO Working Group on Cyber Resilience. There is also, for instance, a CPMI-IOSCO Working Group on Cyber Resilience.

---

\(^{64}\) IOSCO Annual Report, 2014, p. 35.

\(^{65}\) See [https://www.bis.org/cpmi/](https://www.bis.org/cpmi/).

\(^{66}\) See [http://www.bis.org/press/p140901.htm](http://www.bis.org/press/p140901.htm).
Implementation Monitoring Standing Group (IMSG) which monitors the process of implementation of the Principles for Financial Market Infrastructures (PFMI) published by the CPSS-IOSCO Steering Group in 2012.

IOSCO has several active Task Forces. The Commission requests the right to participate in Task Forces when the topic has been regulated at the European level or if European legislation is or might be considered. Consequently, the Commission is an Observer in the Task Force on Financial Benchmarks and in the OTC Derivatives Regulation Task Force. Member States are also well represented.

- **The Board-level Task Force on Financial Benchmarks (2012):** The Commission is an Observer in this Task Force. This Task Force includes 19 Members, seven of them are NCAs from Member States (Belgium, France, Germany, Italy, Netherlands, Spain and the UK). This Task Force is chaired by the UK FCA.

- **Task Force on OTC Derivatives Regulation (2010):** The Commission is an Observer in this Task Force. This Task Force also includes 21 Members and 7 NCAs from Member States (France, Germany, Italy, Netherlands, Portugal, Spain and the UK).

- **Task Force on Cross-Border Regulation (2013):** ESMA is a Member of this Task Force. This Task Force consists of 20 Members and five of them are NCAs from Member States (France, Germany, Italy, Netherlands and Spain).

- **Audit Quality Task Force (2014):** In November 2014 the Board established an Audit Quality Task Force (AQTF), to implement the recommendations of a previous working group report on this subject. The Task Force is chaired by the Dutch NCA.

Once a Task Force has finished its work, it is disbanded or merged into an existing Committee. For instance, the Task Force on Unregulated Markets and Products (TFUMP) was disbanded in 2014. The Task Force on Unregulated Financial Entities (Hedge Funds) was merged into the Committee 5 on Investment Management in 2014. The Task Force on Long-Term Financing, established in 2013 was dismantled in February 2015. This Task Force included 15 Members, thereof six NCAs from Member States (France, Germany, Italy, Netherlands, Spain, and the UK).

Working Groups might also be followed up by a Task Force. This is the case, for instance, for the Audit Quality Task Force which oversees and executes the recommendations of the Audit Quality Working Group (AQWG) during its one-year mandate.

Admission in the Standing Committees, ad hoc Committees and Task Forces is decided by each Committee. In the case of ESMA, admission is automatic when it has supervisory power (e.g. on CRAs). For new Task Forces, admission of ESMA is decided directly by the IOSCO Board. For existing Task Forces, the decision is taken by the Chair of the Task Force, usually in consultation with the existing members of the Task Force.

IOSCO has not agreed to the participation of the European Commission in the Peer-to-peer review Task Force on securitisation and in the Task Force on Money Market Funds which have both been finished now. This is a drawback of the situation of the European Commission which - being an Associate Member - cannot automatically participate in Task Forces of IOSCO. In the case of the Money Market Funds Task Force, the Commission was not admitted because it was argued that there was no European regulation of Money Market Funds at that time. However a proposal on Money Market Funds followed soon after. ESMA, as an Associate Member, must also justify its participation in Consultative Committees, ad hoc Committees and Task Forces. Because it is an Observer in the IOSCO Board, ESMA is in a better position but it also needs to argue its case.

---

In the cases where the Commission was not granted access to a Task Force, it entered into discussion with Member States’ authorities which are member of the Task Force in order to ensure that the European point of view can be taken into account in the report of the Task Force.

ESMA is represented in the Committees by ESMA staff members who are designated by the relevant Head of Division in agreement with the Executive Director and the Chair of ESMA. The expert is usually the rapporteur of the equivalent Standing Committee of ESMA. The rapporteur is a member of the ESMA staff, while the Standing Committee is chaired by a senior national representative, usually the chair from an NCA\(^6\). Regarding the Commission, representation in Task Forces is usually provided by staff members who are experts in the specific field covered by the Task Force and/or by the Head of Unit in certain cases.

3. THE ACTIVITY OF THE EU IN IOSCO

3.1. The legal basis governing the role of the EU in IOSCO

The participation of the European Commission in IOSCO can be derived from its competence in financial services regulation which is provided by Article 3 of the Treaty on European Union (‘The Union shall establish an internal market’) and Article 4 of the Treaty on the Functioning of the European Union (TFEU) which lists the areas of shared competence with the Member States. The European Union has a shared competence with the Member States in financial services as part of its shared competence for the internal market. This competence is also more precisely exercised based on Articles 50 (freedom of establishment), Article 53 (right of persons to take up and pursue activities as self-employed persons) and Article 114 (approximation of laws which have as their object the establishment and functioning of the internal market) of the TFEU. Following the 2008 financial crisis and the 2009 de Larosière report, as part of the development of a Single-Rule book for financial services, the scope and the granularity of the level of intervention by the EU legislator has increased and deepened significantly. Since Europe is moving towards a more integrated financial market, the legitimacy of EU intervention in IOSCO has become even greater and more justified.

As to the legal basis of the EU to act internationally in IOSCO, through the Commission or ESMA, there is no specific Article in the TFEU granting them this right. However, this capacity derives from the capacity of the EU to legislate internally in financial services. The ECJ had developed the doctrine of implied powers to allow the EU to enter into binding international agreements in areas where the EU has internal competence if this is necessary for the achievement of one of the goals of the Treaty. This is certainly the case in the area of financial services where the level of EU intervention is high. However, since IOSCO does not produce legally binding agreements, but its work leads only to soft law commitments, the ECJ considers that in such a case the procedure of Article 218 TFEU for binding international agreements does not apply. As a consequence, one author notes that ‘Given that [...] case law of the ECJ clearly establishes different regimes for binding and non-binding international agreements, the leeway left to the European Commission to enter into international financial law commitments and “negotiate” the contents of non-binding agreements is much broader than the discretion it would have under the implied powers doctrine.’

As for ESMA, international relations with supervisors and international organisations are explicitly mentioned in, inter alia Recital 44, Article 1 (5) c) and Article 33 of ESMA


71 European Court of Justice, 14 July 1976, Joined cases 3, 4 and 6-76, Cornelis Kramer and others [1976] ECR 1279.


Regulation No 1095/2010. As noted by Niamh Moloney ‘The 2010 ESMA regulation envisages a co-ordination-based role for ESMA in the international market. Under Article 33, ESMA may develop contacts and enter into administrative arrangements with supervisory arrangements with supervisory authorities, international organisations, and the administrations of third countries (Article 33(1)).’\(^{74}\). According to the Regulation, ESMA should strive to foster dialogue and cooperation with supervisors outside the Union but also strengthen international supervisory coordination and supervisory convergence\(^{75}\). In particular, ESMA should take account of the work of international bodies as regards the definition of systemic relevance\(^{76}\) and it shall take fully into account the relevant international approaches\(^{77}\). Furthermore, it is specified that ESMA should allow third countries having adopted and applying European Union law in the areas of competence of the Authority (e.g. members of the EEA) to participate in the work of the Authority and cooperate with third countries recognised as equivalent in the areas of competence of the Authority\(^{78}\).

3.2. The coordination of EU participants in IOSCO

ESMA presents the view of the BoS of ESMA. The BoS will typically not give instructions to the Chair of ESMA, although nothing would prevent the BoS from doing so if it wished. The coordination between ESMA and the Commission is close, constructive and excellent according to interviews conducted with ESMA as well as the Commission. ESMA, which is more involved than the Commission in IOSCO because it is a supervisor, and the Commission coordinate on issues of common interest. In addition, since the Commission is also an Observer at the BoS of ESMA, it can also follow ESMA involvement at IOSCO very closely when the Chair reports to the BoS.

The Commission has influence at IOSCO. Member States and ESMA also benefit from the participation of the Commission. Especially when the authorities of the Member States agree on a position which is supported by the Commission, the EU can exercise a lot of weight. The Commission usually does not coordinate with the supervisory authorities of the Member States, but there can be exceptions where the Commission will liaise with one authority. However, the level of implication of the Commission at IOSCO is less intense than, for instance, at the Basel Committee because IOSCO standards are more general.

Some coordination takes place at the level of the ERC depending on the topic. This means that the Chair of the ERC, currently, the Financial Services and Markets Authority (FSMA) from Belgium, tries to develop a common approach so that the ERC, where most Members come from the EU, speaks with one voice. The chair of the ERC noted in 2013 that ‘Going forward, the ERC’s objective is to contribute to IOSCO’s work, with a view to uniting members around a set of common goals and create a common front on issues of concern, either to the ERC or to the broader international financial regulatory community, at relevant external international fora. The committee will continue to speak out on behalf of members who do not have a seat on the Board, ensuring that the views and concerns of all members are reflected in Board decisions.’\(^{79}\).

There is the specific issue of double representation of Europe in IOSCO through both ESMA and the Commission. In 2009, the De Larosière Report recommended ‘that a coherent EU representation in the new global economic and financial architecture be organised. In the context of a more ambitious institutional reform, this could imply a consolidation of the EU’s representation in

\(^{75}\) Recital 66, and Article 1 (5) c) ESMA Regulation.
\(^{76}\) Recital 15 ESMA Regulation.
\(^{77}\) Article 23 (2) ESMA Regulation.
\(^{78}\) Recital 65 and Article 75 (1) and (2) ESMA Regulation.
\(^{79}\) IOSCO Annual Report 2013, p. 47.
the IMF and other multilateral fora. The issue has also been raised to a certain extent in academic circles. Niamh Moloney noted that ‘ESMA’s developing international activities [...] open up a further line of potential tension with the Commission, which typically represents the EU on international standard-setters, notably the Financial Stability Board (FSB). This may particularly be the case where ESMA’s technical expertise trumps that of the Commission and where ESMA has built a strong relationship with the members of the standard-setters through, for example, its information exchange, equivalent and co-operation activities or where the Commission’s position is insecure.’ Eilís Ferran adds that ‘The ESAs would arguably be a more appropriate participant than the Commission in international bodies comprised of supervisors, such as the International Organization of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors (IAIS).’ The nature of IOSCO, which is an organisation of supervisors, makes ESMA a better fit for the membership of IOSCO which is also why there was opposition of third country supervisors to the admission of the EU Commission as an Ordinary Member. In addition, ESMA is a technical body while the Commission is both, a technical and a political body. Therefore, the argument could be made that the Commission should rather focus its activity in other, more political bodies such as the FSB and leave ESMA to represent the EU in IOSCO. However, the distinction between technical expertise and exercising political discretion is blurred so that ESMA also engages to a certain extent into policy making while the Commission has also a strong technical expertise in the field of securities markets. Also the participation of the Commission increases the influence of the EU within IOSCO. Finally, on a long term perspective, if a better coordination among major jurisdictions takes place before any legislation is developed in any Member of IOSCO, such as was the case on Money Market Funds, the participation of the Commission in IOSCO would be even more justified.

3.3. The accountability of EU participants in IOSCO

The chair of ESMA reports back to the BoS, but many NCAs are already members of the IOSCO Board and all of them are Members of IOSCO so that they also get direct access to information. However, not all of them are members of IOSCO Task Forces or Standing Committees. The Chair of ESMA can also be asked to report to the European Parliament, and more especially to the ECON Committee. Such exchange of views or hearings take place regularly. ESMA is also transparent via its Annual Report (although there are not many details regarding the activities linked to IOSCO) and by making the minutes of the meetings of the BoS and of the Managing Board available of the ESMA website. The European Parliament can also ask the Commission, i.e. the responsible Commissioner, to answer questions in an exchange of views.

---

### Table 2: IOSCO SWOT (Strengths/Weaknesses/Opportunities/Threats)

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>- EU Member States have a strong position in the IOSCO Board</td>
<td>- The Commission has limited access to IOSCO activities</td>
</tr>
<tr>
<td>- ESMA has access to the IOSCO board as an observer</td>
<td>- Member States tend to defend their own agenda in IOSCO</td>
</tr>
<tr>
<td>- Location of the General Secretariat of IOSCO in Madrid makes access to meetings easier for supervisory authorities of Member States, ESMA and the Commission</td>
<td>- Coordination of Member States in the BoS of ESMA is not very strong</td>
</tr>
<tr>
<td></td>
<td>- Cost of participating to IOSCO meetings and committees in the world is very high and implies a strong financial and human commitment from supervisory authorities who are board members as well as ESMA and the Commission</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>- IOSCO is expending its activity in international standards at a time where the EU and Member States are well represented in the IOSCO board. This gives to European the possibility to shape international standards which in some case are becoming more granular</td>
<td>- Lingering concern of overrepresentation of Europe in the IOSCO board can lead to challenges to the participation</td>
</tr>
<tr>
<td>- EU should strongly support the expansion of IOSCO into settlement of cross-border regulation disputes being considered by the recent</td>
<td>- Emerging markets in the world will challenge the position of Europe in the next 10 to 20 years in IOSCO and especially in the Board as permanent members are appointed according to the size of their securities markets</td>
</tr>
</tbody>
</table>

### 3.4. Conclusion on the evaluation of the EU in shaping IOSCO standards

IOSCO standards have traditionally been taken into account by the European legislators. For instance, the Prospectus Directive mentions IOSCO ‘disclosure standards’ as one element to take into account by the European Commission in the assessment of the equivalence of third-country prospectuses. Delegated Acts of the Commission regarding the specific information to be included in prospectuses ‘shall be based on the standards in the field of financial and non-financial information set out by international securities commission organisations, and in particular by IOSCO.

Before 2008, IOSCO would develop international standards on its own initiative. Following the financial crisis the G20 asked IOSCO to develop standards and principles or take certain monitoring actions, sometimes in cooperation with other entities (e.g. CPSS-IOSCO Principles). The implicit ‘official endorsement’ of IOSCO as the global securities markets

---


84 Article 7 (3) Directive 2003/71/EC explicitly refers to IOSCO principles.
standard setter by the G20\(^{85}\), came at the London G20 meeting of April 2009, where the G20 mentioned that the regulatory oversight regime of Credit Rating Agencies should be established by end 2009 and 'should be consistent with the IOSCO Code of Conduct Fundamentals'.\(^{86}\) The following day, in a press release, IOSCO 'welcomed the statement of the Leaders of the Group of 20 as an endorsement of IOSCO’s recent work to close the regulatory gaps in financial securities markets'.\(^{87}\) Since its London April 2009 meeting, the G20 Leaders, among other requests or endorsements linked to IOSCO, asked for instance its Members to implement various IOSCO principles and standards, such as IOSCO recommendations on commodity futures markets (Pittsburgh, 2009)\(^{88}\), to monitor developments in the oil OTC markets (Seoul, 2010)\(^{89}\), to develop consultation standards on margining for non-centrally cleared OTC derivatives\(^{90}\) (Cannes, 2011), endorsed some IOSCO principles (St Petersburg, 2013)\(^{91}\), requested IOSCO to develop methodologies for identifying globally systemically important non-bank non-insurance financial institutions (St Petersburg, 2013)\(^{92}\). These requests can be considered as evidence of the endorsement of IOSCO as global securities-markets standard-setter by the G20.

Because of this endorsement, international principles and standards developed by IOSCO have had a more direct impact on EU legislation than before, in this case the Credit Rating Agencies Regulation\(^{93}\) of 2009. For instance, the G20 Summit in November 2008 in Washington made a commitment that all systemically-important financial institutions should be appropriately regulated. The G20 Summit in April 2009 taking place in London requested that hedge funds or their managers should be registered and required to disclose appropriate information on an ongoing basis to supervisors or regulators. Therefore, in June 2009, IOSCO published a report including six high-level principles on regulation of Hedge funds\(^{94}\), which served as the basis for the proposal of the Alternative Investment Fund Managers Directive (AIFMD) of 2011. Also the regulation on OTC derivatives, central counterparties and trade repositories (EMIR) follows the recommendations developed by CPSS-IOSCO for Central Clearing Counterparties (CCPs)\(^{95}\).

However, even after the crisis, IOSCO standards are usually not granular enough to be considered as limiting the freedom of the EU legislators on securities markets legislation.

---


\(^{87}\) IOSCO welcomes G20 communiqué, IOSCO/MR/08/2009 Madrid, 3 April 2009: 'The International Organization of Securities Commissions (IOSCO) has welcomed the statement of the Leaders of the Group of 20 as an endorsement of IOSCO’s recent work to close the regulatory gaps in financial securities markets';


\(^{90}\) Cannes Summit Final Declaration, 'Building our Common Future: Renewed Collective Action for the Benefit of All', November 2011, Point 24. IOSCO was specifically asked to work with the CPSS, the FSB and other relevant organisations, on trade repositories and on standards on margining for non-centrally cleared OTC derivatives. http://www.g20.utoronto.ca/2011/2011-cannes-declaration-111104-en.html

\(^{91}\) 'We endorse IOSCO’s Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles'; see G20, St Petersburg Leaders’ Declaration, September 2013, Point 72; http://www.g20.utoronto.ca/2013/2013-0906-declaration.html.

\(^{92}\) G20, St Petersburg Leaders’ Declaration, September 2013, Point 70; http://www.g20.utoronto.ca/2013/2013-0906-declaration.html.


\(^{94}\) IOSCO, High level principles on the regulation of Hedge Funds, June 2009.

For instance, the **IOSCO Principles on the Regulation of Short-Selling** of June 2009\(^{96}\) were considered to be ‘light touch’, and ‘not sufficiently concrete or detailed to form an effective basis for the international harmonisation of short selling regulation\(^{97}\), and even less so in comparison with the European Regulation\(^{98}\) which was introduced in September 2010. This situation should not change significantly in the near future because of the consensus base approach of IOSCO. The recommendations developed by CPSS-IOSCO for CCPs are an exception\(^{99}\). However, EMIR (Regulation (EU) No 648/2012) is still much more detailed than the CPSS-IOSCO recommendations.

Furthermore, the fact that - in addition to the consensus approach of IOSCO - supervisory authorities from Member States have nine members in the Board out of 34 (which represents more than 25 % of the votes) means that, in practice, the EU has a veto right. Therefore, the chances of any international standard adopted by IOSCO being contrary to an existing EU legislation seem to be very low.

Against this background, IOSCO cannot be considered to be equivalent to the Basel Committee. It is an international standard setter but because of its large membership and its consensus approach, it usually cannot produce international standards at a high level of granularity. As noted by Eilis Ferran in 2012: ‘The vastly greater diversity of membership, coupled with the fact that chairs of securities regulators typically have shorter tenure than governors or heads of supervision in central banks, has made it more difficult for IOSCO to achieve consensus, even on matters much less complex than the Basel Accords, and hence to agree standards which raise the quality of securities regulation internationally’\(^{100}\) and ‘So, while IOSCO has undertaken a good deal of useful work of a comparative nature […] much of the resulting work is largely descriptive in character. There have been few occasions on which IOSCO itself achieved an enhancement of regulatory standards internationally. The SEC’s lukewarm commitment to the organisation has not always helped. SEC chairmen have typically not personally attended the Technical Committee, although other country’s regulators are almost always represented by their chairs. That undoubtedly has the effect of devaluing the status of the Committee’\(^{101}\). However, the situation has evolved since 2012 with some standards having more granularity.

The influence of the EU on the development of international standards has been strong, but mostly through the participation of supervisory authorities of Member States. This situation is changing through the participation of ESMA although it does not have a vote in the Board.

In addition to being an Observer to the IOSCO Board, ESMA also participates in consultations, even in cases where it was part of the Task Force, e.g. in order to make proposals that go beyond the consensus. For instance, this was the case in the recent Cross-Border Regulation consultation\(^{102}\).

---

99 CPSS-IOSCO’S Principles for Financial Market Infrastructures (FMIs), April 2012. The document is 188 pages long.
101 Eilís Ferran, p 65.
102 ESMA Comments on the Task Force on Cross-Border Regulation, 23 February 2015, ESMA/2015/422.
4. EVALUATION OF CONFORMITY WITH ILA RECOMMENDATIONS AND PRACTICES

The International Law Association (ILA) has established a Committee on Accountability of International Organisations which has published a Final Report in 2004. The Report contains inter alia a set of Recommended Rules and Practices (RRPs) in the relevant area.

The following assessment grades are used: excellent, very good, good, average and poor.

**Recommendation 1 - Transparency in both the decision-making process and the implementation of institutional and operational decisions:** good

Normative decisions are not taken in a public vote due to the nature of IOSCO which is a network of supervisors that is not open to non-members as regards decision making. The sensitive nature of certain topics makes it difficult to open meetings to the public. Participation of stakeholders is assured through admission of affiliate members. In order to increase transparency, affiliate membership could be open for free to public interest associations, whereas it currently covers only stock exchanges and business associations.

**Recommendation 2 - Participatory decision-making process:** excellent

Participation of all IOSCO members is ensured through a balanced representation at the Board with a large number of elected Members; stakeholders are consulted in advance.

**Recommendation 3 - Access to information:** excellent

Access to information for IOSCO Members and the general public is excellent. The IOSCO website provides relevant information dating back to 1986, although not to all documents.

**Recommendation 4 - Well-functioning international civil service:** excellent

The staff of the General Secretariat reflects the international nature of its Members. Experts seconded by authorities are chosen after a competitive process and are of very high level.

**Recommendation 5 - Sound financial management:** excellent

IOSCO publishes detailed annual audited accounts in its Annual Reports.

**Recommendation 6 - Reporting and evaluation:** excellent

IOSCO publishes every year an annual report describing in detail IOSCO’s activities.

**Recommendation 7 - The principle of good faith:** excellent

There is no reason to doubt, and no reported occurrence, that members of IOSCO have not acted in good faith.

**Recommendation 8 - The principles of constitutionality and institutional balance:** excellent

The articles of association of IOSCO provide a detailed and strong institutional framework and institutional balance. Especially, there is an excellent level of geographical balance.

**Recommendation 9 - The principle of supervision and control:** excellent

The ultimate decision making power lies with the Presidents Committee which controls the Board.

---

103 As for IOSCO, the recommendation on the principle of due diligence does not apply.
Recommendation 10 - The principle of stating the reasons for decisions or a particular course of action: excellent

Decisions of IOSCO regarding standard are explained in detail in the reports which are available on the website. The reasons for adopting other resolutions are also well explained in documents published by IOSCO.

Recommendation 11 - The principle of procedural regularity: excellent

The adoption of the principles and standards is done through procedural requirements which are precise, subject to expert input, and have been consistently applied by IOSCO.

Recommendation 12 - The principle of objectivity and impartiality: excellent

The high level of transparency of the activities of IOSCO guarantees that objectivity and impartiality are respected.
5. POLICY RECOMMENDATIONS TO ENHANCE THE EU's ROLE IN IOSCO

5.1. Short term policy recommendations

As an Associate Member, the Commission should have more easy access to IOSCO Task Forces of interest to it because of its impact on future or proposed EU legislation. This implies a decision by IOSCO. However, the way to achieve this result should be subject to further analysis as decisions have to be taken by IOSCO Members and the new position of ESMA should not be put at risk. A close cooperation between ESMA and the Commission should be considered if the Commission is not accepted in a Task Force.

IOSCO is currently considering to move in the area of settlement of disputes in Cross-Border Regulation. This is a very important work stream for the future of global financial regulation. The EU should strongly support IOSCO in this effort to shape a global multilateral system. As many Members of IOSCO, especially from Asia, are supporting this project, Europe's influence within IOSCO could certainly be considerably strengthened if Europe would take the lead.

ESMA is favourable of this development and supports the drafting by IOSCO of an MMOU in relation to the supervision of securities markets. ‘The purpose of this new MMOU (which would be complimentary to the existing IOSCO MMOU on enforcement) would be to provide a global and general framework for cooperation and the exchange of information between national regulators in relation to the supervision of securities markets.’

5.2. Long term policy recommendations

One possible issue is that the EU does not speak with one voice. However, having ESMA as the single voice for the EU in IOSCO, potentially together with the European Commission, would not enhance the position of the EU in IOSCO. Quite to the contrary, this option has to be discarded as it would significantly reduce the influence of Europe in the Board since IOSCO is based on a large membership, including in the Board which is a large body of 36 Members. There would be no interest to move from nine votes in the board to just one or two votes. In addition, securities supervisors of Member States have the expertise and also exclusive responsibility over the supervision of their Member States' securities markets, so that they should not be replaced by ESMA or the Commission. A mixed approach is necessary.

However, a better coordination, when possible, could and should be achieved. This is all the more justified now that the EU has developed a Single Rule Book (SRB) in securities markets so that all national authorities of Member States are applying the same rules. The place where this coordination of a possible EU position can take place is the BoS of ESMA where the Commission is an Observer. Since the BoS is made of national supervisors with possibly different visions on the scope and nature of international standards, reaching a consensus can be difficult as national supervisors might defend their financial markets rather than promote a harmonised EU approach, even if there is usually agreement among NCAs when it comes to international positions, especially in relation to the US.

Better coordination through ESMA could be achieved when the ESMA Regulation will be revised (through an amendment). This was suggested by the SMSG of ESMA in its July

104 The Chair, ESMA Comments on the Task Force on Cross-Border Regulation, 23 February 2015 ESMA/2015/422.
2013 contribution to the ESFS Consultation\textsuperscript{105} as well as the European Parliament\textsuperscript{106} and the Commission\textsuperscript{107} ESA's review: the idea is to give a vote to the Chair in the BoS of ESMA and have appointed members in the Managing Board of ESMA, with voting right in the BoS, like at the ECB. This should facilitate the framing and the taking into account of a unified EU position in the BoS rather than the expression of national preferences.

Finally, ESMA should become, as much as possible, the 'face of the EU' and, in cooperation with the Commission, the 'entry door to the EU' on all issues which require equivalence with third countries, especially the US and Asia, and for conclusion of MMoUs with third country supervisors. As noted by Niamh Moloney, 'ESMA’s early years suggest that its international engagement has the potential to significantly strengthen its capacity by extending its supervisory reach, conferring on it an international presence, and allowing it, potentially, to become the EU "face" of financial market supervision.'\textsuperscript{108} The same author concludes that 'The potential for ESMA to strengthen its supervisory capacity through international activities is all the greater given some evidence that the "substitute compliance" model may become more common as a means for managing international regulatory and supervisory co-ordination. [...] As NCAs become more accustomed to ESMA’s international role ESMA can be expected to assume a central co-ordination role in relation to any potential substitute compliance assessments, further strengthening its capacity.'\textsuperscript{109}

This is already becoming the case with the OTC Derivatives Regulatory Group (ODRG), which includes ESMA and the Commission in discussions with the US SEC on the issue of equivalence\textsuperscript{110}.

This putting in place of this analysis would reinforce the visibility and the influence of the EU. ESMA should become the 'EU Securities and Exchange Commission’ outside Europe while remaining a coordination agency within the EU.

\footnotesize
\textsuperscript{105} SMSG contribution to the ESFS Consultation, An SMSG review of the ESA’s including a self-assessment, 18 July 2013, SMSG/2013/013.

PE 542.195 41
REFERENCES

• Committee on Payments and Market Infrastructures (CPMI), Cyber Resilience in Financial Markets Infrastructure, Basel, November 2014; www.bis.org/cpmi/publ/d122.pdf.


• G20 leaders, Declaration of the Summit on Fiancial Markets and the World Economy, November 2008; http://www.g20.utoronto.ca/summits/2008washington.html.


Useful background reading


- Bismuth, Régis, La coopération internationale des autorités de régulation du secteur financier et le droit international public, (2011), Bruylant.


- Reinisch, August, Securing the accountability of international organisations, Global Governance 7 (2001), p. 131 – 149.


Annual Reports, laws, Memoranda of Understanding, Regulations, etc.

• Acuerdo de Sede entre el Reino de España y la Organización Internacional de Comisiones de Valores (OICV/IOSCO), hecho en Madrid el 23 de noviembre de 2011, BOE de 17 de diciembre de 2011, p. 138400.
• Annual report of the French Commission des operations de bourse (COB) 1987.


• G20, St Petersburg, Leaders’ Declaration, September 2013; http://www.g20.utoronto.ca/2013/2013-0906-declaration.html.


• IOSCO By-laws; www.iosco.org/about/?subsection=by-laws.


• IOSCO, Multilateral memorandum of understanding concerning consultation and cooperation and the exchange of information, 24 May 2002; http://www.iosco.org/about/?subsection=mmou.


• IOSCO Task Force on Cross-Border Regulation Consultation Report, CR09/2014, 2014; [https://www.iosco.org/about/?subSection=display_committee&cmtID=23&subSection1=2014-11-consultation-report](https://www.iosco.org/about/?subSection=display_committee&cmtID=23&subSection1=2014-11-consultation-report).

• L.Q. 1987, Chapter 143.

• Ley 55/1999, de 29 de diciembre, de Medidas fiscales, administrativas y del orden social (Disposición Adicional Tercera), BOE de 30 de diciembre de 1999.


Policy Department A
Economic and Scientific Policy

Role
Policy departments are research units that provide specialised advice to committees, inter-parliamentary delegations and other parliamentary bodies.

Policy Areas
- Economic and Monetary Affairs
- Employment and Social Affairs
- Environment, Public Health and Food Safety
- Industry, Research and Energy
- Internal Market and Consumer Protection

Documents
Visit the European Parliament website:
http://www.europarl.europa.eu/supporting-analyses