



IOSCO Now



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Outline

- **IOSCO... what it is; what it does**
- **IOSCO Now...Recent activities**
- **IOSCO Now...Recent Releases**
- **AMERC Market Trend Analysis**
- **IOSCO Aspiration**





IOSCO?

- Established in 1983; standard setting body for the global capital market
- Objectives...to build trust and confidence in global capital markets by working to ensure:
 - they are fair, efficient and transparent
 - Systemic risks they pose are mitigated
 - the investors who use them are protected
- Membership...201 from over 120 jurisdictions: 124 Ordinary, 15 Associate and 62 Affiliate...over 90% by value of global capital markets. Nigeria joined 1985
- Functioning...Committees, TFs, WGs, Principles





Recent Activities

- Core – collaboration and cooperation
- Developing regulatory guidance for members
 - developed guidance iro CRAs, Hedge Funds, securitisation, Asset Management, Crowd funding, Disclosure Regulation, RBS, Financial Benchmarks, Audit standards governance, etc
 - Issued reports on Digital Disruption, Corporate Governance, SME Financing, Credible Deterrence,
- Enforcement
 - eMMoU: Instrument of cooperation in investigation and enforcement
 - Principles on Supervisory Cooperation (2010)
 - 105 members already signed up.
 - Information sharing and technical support
 - Addressing challenges of cross-border regulation





Recent Activities (cont'd)

- Ensuring financial stability and growth
 - Strengthening market resilience to cyber attacks
 - Promoting the Resilience of Depositories
 - Ensuring investor engagement in policy development
 - Facilitating capital raising, especially SMEs
 - Identification of systemically important AMEs
 - Strengthening framework to address misconducts by firms and individuals
- Capacity Building
 - Education and training
 - Regional hubs
 - International Secondment Register
 - Research & Development: Annual SMRO





Recent Activities (cont'd)

- Work with other industry fora
 - Represented on the Financial Stability Board
 - Frontline interface and collaboration with WB, IAIS,
- Strategy
 - New Strategic Direction : IOSCO 2020 – key global reference point
 - Priority areas: Research and Risk Identification, Standard Setting, Implementation Monitoring, Cooperation, Collaborations with other IOs
 - Benefit all members especially GEM Members





Recent Releases

- Credible Deterrence in the Enforcement of Securities Regulation
- SME Financing Through the Capital Market





Recent Releases

- **Credible Deterrence in the Enforcement of Securities Regulation**
 - Key component of effective enforcement strategy
 - Credible only when price of misconduct outweigh rewards
 - Occurs when would-be perpetrators are dissuaded against the act in expectation of detection and punishment
 - Not a 'one size fits all: peculiar objectives, powers, responsibilities, financial and market context
 - Elements: Legal Certainty, Cooperation, Investigation/Prosecution, Sanctions, Public Messaging and Regulatory Governance
- Important tool for regulators to design, develop, review enforcement strategies





Recent Releases

- **SME Financing through the Capital Market**

- Important factor in economic growth and transformation; limited access to finance hence bank loans, equity finance, VC, government funds
- Limited overall success
- Findings re successful jurisdictions:
 - Separate equity and fixed income markets for SMEs
 - Tailored regulatory requirements
 - Market Advisors and market making systems
 - Alternative avenues: PE, VC, NIF , securitisation, etc
- Recommendations
 - /Proportional Regulation /Alternative Access Routes / Investor Protection /
 - /Increased Support for SMEs /Financial Literacy /Monitoring and Supervision

- Report encourages regulators to explore suitability of private equity, venture capital, NIF and securitisation



AMERC Market Trends Analysis

- First iteration: 2014 annual conference
- Second iteration: 2015 annual conference
- Number of AMERC members: 25
- Number of AMERC members reporting: 14
- Additional analysis for 8 countries (websites exchanges, Research Department databases)
- Analysis for in total 22 jurisdictions





AMERC Trends Equity Markets

- Market capitalization
 - 2014: \$ 2.2 trillion
 - Recovering from a dip of 2011
 - Overall growth stalled in 2014
- IPOs
 - 2014: \$ 10.5 billion
 - Small, but doubling in value every year since 2011
- Performance
 - 2014 mixed: 13 positive, 7 negative
 - Most of countries positive performance in local currency since 2009
 - Sub-saharan countries performing better than other regions, but also steep depreciations of currencies





AMERC Trends Bonds Markets

- Outstanding
 - 2014: \$ 260 billion
 - Recovering from a dip of 2011
- Issuance
 - 2014: \$ 70 billion
 - Increasing since 2011 with \$10 billion every year
 - Secondary market trading
 - Very little trading





AMERC Trends Collective Investment Schemes

- Assets Under Management
 - 2014: \$ 210 billion
 - Virtually stalled since 2010
- Number of funds
 - 2014: 2200
 - Steadily growing with around 100 per year





General Observations

- Low domestic investor base
- High level of foreign portfolio investments
- Low level of financial literacy
- Inactive corporate bond markets
- Low level of technology
- Lack of integration





IOSCO...Aspiration

- To build globally integrated markets that will enhance capital mobility around the world
 - Markets which enjoy the trust of users
 - Markets which are accessible from everywhere
 - Markets which fund the real economy





Thank you!



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