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International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
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IOSCO monitors growing use of automated advice tools to protect investors

On-line technology tools are having an important impact on the investment advice value chain, including services such as asset allocation, portfolio selection and trade execution, according to a report issued today by the Board of the International Organization of Securities Commissions (IOSCO).

The Update to the Report on the IOSCO Automated Advice Tools Survey indicates that the market for automated investment advice has developed rapidly since IOSCO published in 2014 a survey report on the use of these tools by intermediaries and retail investors. The updated report concludes that the continued development of automated investment advice tools requires ongoing monitoring to help regulators understand its impact on the provision of investment advice to retail clients.

Use of automated advice tools is expanding as intermediaries seek to provide advice in a more efficient and cost-effective manner. A growing number of retail investors, whether by preference or because they consider the services of traditional intermediaries too expensive or extensive for their needs, also prefer to manage their own portfolios using online tools. At the same time, the functionalities and analytics provided by automated advice tools are growing in range and sophistication, while the regulation of internet-based technology continues to evolve.

Given the rapid growth and evolution of the market, IOSCO conducted a second survey of its members in 2016 to update its earlier findings on automated advice tools. IOSCO members responded to questions regarding, inter alia, the growth, use, regulation, and supervision of these tools in their

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jurisdictions, as well as the regulatory challenges posed by cybercrime, inappropriate advice, changing demographics and other similar developments.

The update report includes a summary of responses to the survey questions and an overview of the regulatory measures and guidance adopted by some survey respondents.

NOTES TO THE EDITORS

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in more than 115 jurisdictions and it continues to expand.
2. The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO), and is made up of 34 securities regulators. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission (SFC) of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Jamaica, Japan, Kenya, Malaysia, Mexico, Nigeria, Ontario, Pakistan, Peru, Quebec, Saudi Arabia, Singapore, South Korea, Spain, Sweden, Switzerland, the Netherlands, Turkey, the United Kingdom, and the United States of America.
3. The Growth and Emerging Markets Committee is the largest Committee within IOSCO, representing close to 80 per cent of the IOSCO membership, including 11 of the G20 members. Ranjit Ajit Singh, Chairman of the Securities Commission Malaysia and Vice Chair of the IOSCO Board, is the Chair of the GEM Committee. The Committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions. The GEM Committee's strategic priorities are focused, among others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.
4. IOSCO aims through its permanent structures:
 - to cooperate in developing, implementing and promoting adherence to internationally recognized 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; and

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- 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.

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