

# MEDIA RELEASE



International Organization of Securities Commissions  
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منظمة دولية لهيئات الأوراق المالية

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## **IOSCO consults on recommendations and good practices in liquidity risk management for funds**

The International Organization of Securities Commissions (IOSCO) published today the consultation paper titled [Recommendations of Liquidity Risk Management for Collective Investment Schemes](#), which seeks to address structural vulnerabilities arising from asset management activities, as part of its mission to protect investors and mitigate systemic risk in global financial markets. IOSCO also published today another consultation paper that provides practical information, examples and good practices regarding open-ended fund liquidity risk management, to supplement its recommendations.

The consultation paper on the recommendations builds on the guidance set out in IOSCO's 2013 report [Principles of Liquidity Risk Management for Collective Investment Schemes](#) (CIS). It also addresses the structural vulnerabilities identified by the Financial Stability Board (FSB) regarding liquidity risk management in the asset management industry in its final recommendations published in January 2017. The FSB asked IOSCO to take forward the recommendations regarding the mismatch between fund investments and redemption terms for open-ended funds.

IOSCO's consultation paper on the recommendations proposes revisions that supplement the 2013 liquidity report with additional recommendations and detailed guidance on several issues, including those highlighted in the FSB report. Topics covered in the consultation paper include disclosure to investors, the alignment between asset portfolio and redemption terms, availability and effectiveness of liquidity risk management tools and fund level stress testing. In addition, IOSCO includes additional

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recommendations on contingency planning and requests specific public comments on issues affecting exchange traded funds.

The consultation paper on good practices *Open-ended Fund Liquidity and Risk Management – Good Practices and Issues for Consideration* is intended to assist regulators, industry as well as investors.

For regulators, the paper can act as a reference guide that illustrates how various jurisdictions regulate liquidity risk practices within their remit. For the industry, the examples describe where, when and how certain tools have been used in the past and how they can be used in the future; additionally, the report describes good practice for liquidity risk management throughout the entire life cycle of a fund. For investors, this document outlines scenarios in which the investor could expect an asset manager to use liquidity management tools to manage liquidity issues in certain funds.

**Comments on these two consultation reports should be submitted on or before Monday 18 September 2017.**

## 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. Mr. 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.

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3. The Growth and Emerging Markets (GEM) Committee is the largest committee within IOSCO, representing close to 80 per cent of the IOSCO membership, including 11 of the G20 members. Mr. 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
  - 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.

## MEDIA ENQUIRIES

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