

Weekly Bulletin for IOSCO Members – 8

23 February- 2 March 2022

I. IOSCO News

Speech by Erik Thedéen, Finansinspektionen Director General and Chair of the IOSCO Sustainable Finance Task Force, at the A4S Reporting Roundtable, London, Finansinspektionen, Sweden, 1 March

“Countries around the world are at different stages in their sustainability journeys, and they are facing different environmental and social priorities. Therefore, IOSCO has encouraged a 'building blocks' approach. The ISSB's future standards would form the first block, providing the global baseline. This would be complemented by other 'blocks' that may be jurisdiction specific. The EU is an example of a jurisdiction that is moving more quickly than others and may seek to introduce complementary reporting requirements with a focus beyond enterprise value creation. In the US, the SEC is reviewing the possibility of climate disclosures, but will most probably not go as far as the EU.

This should not be a problem, as long as all countries build from the global baseline. But if we end up in a situation where countries choose their own path and we end up with two, three or even more different setups of standards, then we will miss our chance. IOSCO will continue to address this challenge and to encourage all its member countries to build from the global baseline.

This is where all of you have a crucial role to play. Strong global support is fundamental to success. The Accounting for Sustainability (A4S) and other key organizations globally has led us to where we are today, and it will be as crucial going forward.”

<https://www.fi.se/en/published/presentations/2022/erik-thedeens-speech-at-the-a4s-roundtable/>

II. Member News

A. FCA taking assertive action to tackle harm in the consumer investments market, press releases, UK Financial Conduct Authority (FCA), 3 March

“The FCA) is taking assertive action to tackle harm in the consumer investments market, as data published today shows it has stopped 1 in 4 firms from entering this market. The

FCA is also urging consumers to be InvestSmart and ScamSmart, following an increase in the number of scams being reported to it.”

<https://www.fca.org.uk/news/press-releases/fca-taking-assertive-action-tackle-harm-consumer-investments-market>

B. IMF Announces the Release of a New Database on Special Purpose Entities (SPEs), press release, International Monetary Fund, 2 March

“The International Monetary Fund (IMF) released a new international database on the cross-border flows and positions of Special Purpose Entities (SPEs), entities set up in countries of convenience and low-tax jurisdictions.”

<https://www.imf.org/en/News/Articles/2022/03/02/pr2253-imf-announces-the-release-of-a-new-database-on-special-purpose-entities?cid=em-COM-123-44379>

C. State-of-the-art supervision: looking behind the façade, Federal Financial Supervisory Authority, BaFin, Germany, 1 March

“With its new focused supervision, BaFin examines companies that require particular attention.”

https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Fachartikel/2022/fa_bj_2201_Fokusaufsicht_en.html

D. French and Dutch market authorities publish a joint analysis of the impact of the short selling ban at the onset of the Covid-19 crisis, press release, AMF France and Dutch AFM, 28 February

“Returns, volatility and market depth: the Autorité des Marchés Financiers (AMF) and the Autoriteit Financiële Markten (AFM) have examined the effects of the temporary ban applying to French securities by comparing their respective markets.”

<https://www.amf-france.org/en/news-publications/news-releases/amf-news-releases/french-and-dutch-market-authorities-publish-joint-analysis-impact-short-selling-ban-onset-covid-19>

E. SEC Proposes Short Sale Disclosure Rule, Order Marking Requirement, and CAT Amendments, press release, Securities and Exchange Commission (SEC), 25 February

The SEC *“announced that it has voted to propose changes that would provide greater transparency to investors and regulators by increasing the public availability of short sale related data. New Exchange Act Rule 13f-2 and the corresponding Form SHO would*

require certain institutional investment managers to report short sale related information to the Commission on a monthly basis. The Commission then would make aggregate data about large short positions, including daily short sale activity data, available to the public for each individual security.”

<https://www.sec.gov/news/press-release/2022-32>

Statement on Rules to Increase Transparency of Short Sale Activity by US SEC Chairman Gary Gensler, Securities and Exchange Committee, 25 February.

<https://www.sec.gov/news/statement/gensler-statement-rules-increase-transparency-short-sale-activity-022522>

F. *The major challenges facing securities regulators*, speech by ESMA Chair Verena Ross at Eurofi, Paris, 24 February

“Both digitalisation and sustainability are rapidly transforming the way in which the financial sector operates. In doing so, new and exciting opportunities for investors are arising. But as securities regulators, we must also remain conscious of the risks that investors face while navigating these new environments.

Besides digitalisation and sustainability, there is a third topic I would like to touch on today, the need to safeguard financial stability. At such a critical time for the financial services sector, and the economy as a whole, securities regulators must also remain focused on our duties to monitor, understand, and assess the risks not only to investors, but also to markets and financial stability that may lie ahead.”

https://www.esma.europa.eu/system/files_force/library/esma71-99-158_eurofi_speech_-_verena_ross_-_february_2022.pdf?download=1

G. *Be prepared: Automate now for UMR Phase 6*, video, Depository Trust & Clearing Corporation (DTCC), 18 February

“DTCC’s Hasan Rauf, Executive Director and Head of Business Development – Asia Pacific, speaks on Phase 6 of the BCBS – IOSCO’s Uncleared Margin Rules (UMR), which will go into effect in September 2022. This final phase brings more than 700 firms into scope, with Average Aggregate Notional Amount (AANA) threshold being \$8 billion, as opposed to Phase 5’s AANA of \$50 billion.”

[DTCC-Article](#)

III. Financial Stability Board/Bank for International Settlements

A. *BIS Quarterly Review analyses lending patterns, long-term growth prospects*, press release and report, Bank for International Settlements, 28 February

- *New research on syndicated lending by non-banks and the growing role of global banks' foreign branches highlights channels that may transmit stress across borders*
- *Special feature suggests that, on pre-pandemic labour productivity trends, global economic growth could be slower in the years ahead than in the 2010s*
- *The Quarterly also reviews financial market developments in the three-month period before the recent eruption of geopolitical conflict.*

“Non-banks play an important role in syndicated lending to non-financial firms, as authors Iñaki Aldasoro, Sebastian Doerr (BIS) and Haonan Zhou (Princeton) show in their special feature. They find that lending by non-banks is more concentrated, fluctuates more with risk conditions and – being riskier – attracts higher spreads than lending by banks. One aspect of this volatility is that non-banks curtail lending to foreign borrowers more than banks do at times of domestic financial stress, thereby magnifying the transmission of shocks across countries.”

<https://www.bis.org/press/p220228.htm>

B. *Global Europe to meet global financial stability challenges*, speech by Klaas Knot, Chair, Financial Stability Board and President, De Nederlandsche Bank, at the Eurofi High Level Seminar 2022, Paris, France, 25 February 2022

“At the same time as we need to chart a course out of the pandemic, we need to strengthen resilience in the non-bank financial intermediation, or NBFIs, sector. A sector that now represents almost half of global financial assets and is evolving rapidly. Enhancing NBFIs resilience offers significant benefits, not least during the transition to a post-Covid world. First and foremost, it will contribute to a more stable provision of financing to the economy. Second, it will enhance the ability of the financial system to absorb different types of shocks. And a resilient NBFIs sector reduces the need for the types of extraordinary central bank interventions we witnessed in March 2020. The FSB is therefore working on vulnerabilities in specific NBFIs areas. This includes money market funds, where we have developed policy proposals to enhance their resilience. And it includes open-ended funds, where we are working with IOSCO to assess whether recommendations to address structural vulnerabilities are effective. We will use the insights to develop a systemic approach to NBFIs risks and policies to address them.”

<https://www.fsb.org/wp-content/uploads/S250222.pdf>

C. *BIS launches Asian Green Bond Fund*, Press release, Bank for International Settlements, 25 February 2022

- BIS launches Asia focused green bond fund to help channel central bank reserves to green projects in the region
- The addition of a third BIS green bond fund means the BIS will manage some \$3.5 billion in green bonds for the central banking community
- Collaboration with the development financing community is a key feature of the new fund

<https://www.bis.org/press/p220225.htm>

D. *Old risks, new challenges, same objective: the work programme of the Basel Committee in 2022*, keynote speech by Pablo Hernández de Cos, Chair of the Basel Committee on Banking Supervision and Governor of the Bank of Spain, at the Eurofi High-Level Seminar 2022, 25 February

“Structural trends are also affecting and shaping the global banking system. The digitalisation of finance, growth in non-bank financial intermediation (NBFI) and climate change may all create risks to global financial stability and raise important supervisory questions. Many of these risks are cross-sectoral in nature, requiring ongoing coordination and collaboration with other international forums and global standard-setting bodies.

Yet, despite all these trends, we are also seeing the re-emergence of more "familiar" risks. Inflationary dynamics and the prospects of tighter monetary policy across several jurisdictions have gyrated financial markets. The risk of "snapback" changes in interest rates could test borrowers' debt service capacity, with private and public debt levels surging to historic highs. Risks of a house price correction have been building in recent years amid a substantial rise in housing valuations in a number of jurisdictions. While the drivers behind these developments may differ from historical events, their potential impact on the banking system – whether in the form of credit, market, interest rate or liquidity risk – is not unfamiliar.”

<https://www.bis.org/speeches/sp220225.htm>

IV. Other News

A. *IFRS Foundation agrees Memoranda of Understanding to establish ISSB presence in Frankfurt, marking first step towards a global footprint*, press release, IFRS Foundation, 2 March

“The MoUs mark a key first step towards establishing the ISSB’s global, multi-location presence to support its broad stakeholder base, as announced during the COP26 climate conference in November 2021. The MoUs set out the Foundation’s commitment to establish an ISSB office in Frankfurt. The Frankfurt office will provide the seat of the Board and the office of the ISSB Chair. The office will provide key support functions for the ISSB, including the hosting of board meetings, and will act as a hub for the Europe, Middle East and Africa (EMEA) region.”

<https://www.ifrs.org/news-and-events/news/2022/03/ifrs-foundation-agrees-mous-to-establish-issb-presence-in-frankfurt/>

- B. *Recollections on financial stability***, speech by Jon Cunliffe, Deputy Governor for Financial Stability, Bank of England, at the Oxford Union, 2 March

“Jon Cunliffe reflects on the key lessons he has learnt about financial stability over the past few years. In particular, he highlights longer-term issues such as climate change and crypto, and also the challenges of the current situation for financial markets.”

<https://www.bankofengland.co.uk/-/media/boe/files/speech/2022/the-state-of-financial-stability-speech-by-jon-cunliffe.pdf?la=en&hash=10A3B7B12901EAA7CDD3B2F4970FA27F97477BFB>

- C. *Abdul Rasheed Ghaffour: Connecting the dots - harnessing Islamic Finance to accelerate Sustainable Development Goal achievements***, keynote address by Mr Abdul Rasheed Ghaffour, Deputy Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at the United Nations Development Programme (UNDP) Islamic Finance International Conference, virtual, 24 Feb 2022.

“The COVID-19 pandemic offers a proverbial “reset button” for nations to rebuild the economy and society with greater resilience and preparedness. This means leveraging this moment towards building pathways for long term sustainability and inclusive growth with the seventeen SDGs as our guiding compass. This need is even more pressing now with 2030 SDG targets looming over the horizon and a financing gap of USD 4.5 trillion per annum. I see Islamic finance having a major role in plugging this gap. Most, if not all of the seventeen SDGs are aligned with the objectives of Shariah (Maqasid Shariah), making Islamic finance naturally advance and spearhead sustainability goals. This is the case in Malaysia, where sustainability objectives are materialised through the adoption of Value-based Intermediation or VBI practices. For a few years now, Islamic financial institutions have contributed significantly in pursuing sustainability efforts domestically.”

<https://www.bis.org/review/r220225d.htm>

D. *Heightened cyber risk due to global events*, press release, Financial Services Authority, Isle of Man, 24 February

“During times of increased tension between Russia and neighbouring countries, there is a historical pattern of increased malicious or hostile cyber activity coming from Russia or its allies.”

<https://www.iomfsa.im/fsa-news/2022/feb/heightened-cyber-risk-due-to-global-events/>

E. *The international financial system after COVID-19*, Working Paper 22-2, Peterson Institute for International Economics, February 2022

“This paper reviews the evolution of global financial markets since the global financial crisis, changes in academic thinking about these markets’ domestic impacts, the strains seen during the COVID-19 crisis, and perils that may lie ahead. A key theme is that stability will be enhanced if the global community embraces reforms that elevate market resilience, rather than depending on skillful policymakers wielding aggressive but ad hoc policy interventions to ride to the rescue again.”

<https://www.piie.com/publications/working-papers/international-financial-system-after-covid-19>

V. Annual Meeting 2022

The Autorité Marocaine du Marché des Capitaux (AMMC) of Morocco will host of the 47th IOSCO Annual Meeting (AM) this year.

The 2022 AM is planned to be held on 18-20 October 2022 in Marrakesh and will be preceded by an AMMC Public Conference on 17 October 2022.

Please pencil these dates into your diaries. The 2022 AM is planned to be held as an in-person meeting; however, we will monitor developments of the pandemic worldwide, and a confirmation on the format of the 2022 AM will be communicated in April 2022.

Should you have any questions, please contact Tajinder Singh (t.singh@iosco.org) or the Secretariat’s Meeting and Events Team (met@iosco.org).

VI. IOSCO Capacity Building Activities 2021- 22

IOSCO APRC TA Workshop on Developing Enforcement Manuals, Virtual, 22-23 March

The IOSCO Technical Assistance Workshop on Developing Enforcement Manuals for the Asia-Pacific region will be a virtual format on 22 and 23 March 2022 (09:00 - 13:00 CET).



This two-day Workshop aims to be a practical discussion on the different approaches taken with respect to enforcement manuals and to constitute a venue for sharing experiences in implementing such manuals so far. The Workshop builds on the 2020 APRC targeted technical assistance on enforcement manuals and is addressed to growth and emerging markets jurisdictions in the Asia-Pacific region. Participating jurisdictions are expected to designate the Director/Head of the Enforcement Department (or similar) to attend the Workshop. Attached you can find the [draft agenda](#) which is subject to change.

Registration is now open. Please register online by 14 March 2022, using the following [link](#). There is no cost to attend the Workshop, but there are limited spaces available so please register soon. To properly manage the available spaces and ensure that staff from all GEM APRC member organizations have equal opportunities to attend, we would like to ask that each member organization register up to five staff in the first instance and subject to availability of space, additional participants may be admitted from member organizations. For questions, please contact capacitybuilding@iosco.org

IOSCO ERC TA Workshop on Developing On-site Inspection Manuals, Virtual, 5-6 April 2022

The IOSCO Technical Assistance Workshop on Developing On-site Inspection Manuals for the European region will be delivered in a virtual format on 5 and 6 April 2022 (between 09:00 and 13:00 CEST).

This two-day Workshop aims to be a practical discussion with respect to different approaches taken on on-site inspection manuals and to constitute a venue for sharing experiences in implementing such manuals so far. The Workshop builds on the 2020-2021 ERC targeted technical assistance on on-site inspection manuals and is addressed to growth and emerging markets jurisdictions in the European region. Participating jurisdictions are expected to designate the Director/Head of the Supervision or Inspection Department (or similar) to attend the Workshop. The draft agenda (subject to change) is available [here](#).

Registration is now open. Please register online by 24 March 2022, using the following [link](#). There is no cost to attend the Workshop, but there are limited spaces available so please register soon. To properly manage the available spaces and ensure that staff from all GEM ERC member organizations have equal opportunities to attend, we would like to ask that each member organization registers up to five staff in the first instance and subject to availability of space, additional participants may be admitted from member organizations.

For questions, please contact capacitybuilding@iosco.org.



IOSCO Asia Pacific Hub Webcast on Operational Resilience

In conjunction with the publication (13 January) of IOSCO's consultation report on the *Operational resilience of trading venues and market intermediaries during the COVID-19 pandemic*, the webcast discusses challenges faced by trading venues and intermediaries during the COVID-19 pandemic, key operational risks arising, and considerations for the operational resilience of trading venues and market intermediaries.

The discussants in this webcast are Tracey Stern, Vice Chair of IOSCO's Committee 2 on Regulation of Secondary Markets (at the time of recording), and Calissa Aldridge, Vice Chair of IOSCO's Committee on Regulation of Market Intermediaries (Committee 3). The webcast is moderated by Giles Ward, Senior Policy Advisor at the IOSCO General Secretariat.

The webcast is available at <https://www.iosco.org.my/news-media/webcasts-podcasts>. This webcast has been made publicly available to reach a broader audience, and we encourage IOSCO members to share the webcast with relevant stakeholders in their jurisdictions as they deem appropriate.

5th IOSCO/PIFS – Harvard Law School Global Certificate Program for Regulators of Securities Markets – more information to be available in due time.

- **Phase I**, hosted by IOSCO, consists of three components: online learning materials; an in-person module on regulation; and an in-person module on compliance. Under normal circumstances, the in-person modules are conducted at IOSCO's premises in Madrid (Spain) and cover the fundamentals and intricacies of securities regulation and compliance.
- **Phase II**, hosted by PIFS-HLS, consists of a one week-long in-person module that, under normal circumstances, is conducted on campus at the Harvard Law School in Cambridge (Massachusetts, US).

VII. The 2022 Work Calendar:

https://www.iosco.org/members_area/events/?subSection=event-calendar&p=event-calendar-print

VIII. Latest Investor Alerts

https://www.iosco.org/investor_protection/?subsection=investor_alerts_portal

IX. Recommended Reading`

- A. *BitConnect founder indicted in \$2.4B Ponzi scheme has disappeared, SEC says*, article, 2 March

The indicted founder of crypto trading platform BitConnect has gone off the grid – leaving federal officials unable to formally serve him with a lawsuit in connection to an alleged \$2.4 billion Ponzi scheme, according to a court filing. New York Post, 2 March

<https://nypost.com/2022/03/02/bitconnect-founder-indicted-for-2-4b-ponzi-scheme-has-disappeared-sec-says/>

- B. *Borderless crypto markets show need for global rules***, article, Financial Times, 28 February

“Regulators eye international package of measures as alarm grows over trading ‘pastime’ for youth.”

<https://www.ft.com/content/0e0dc602-af91-4253-a230-c1598781b3b4>

- C. *The economic consequences of the war in Ukraine: Expect higher inflation, lower growth and some disruption to financial markets***, article, The Economist, 26 February

“The invasion of Ukraine might not cause a global economic crisis today, but it will change how the world economy operates for decades to come.”

<https://www.economist.com/finance-and-economics/2022/02/26/the-economic-consequences-of-the-war-in-ukraine>

- D. *DeFi: Shadow Banking 2.0? Article***, William & Mary Law Review, Forthcoming, Posted 25 Feb 2022

“This Essay will then proceed from that finding to argue that if DeFi cannot deliver on decentralization, regulators should feel emboldened to clamp down on DeFi in order to protect the stability of our financial system and broader economy.”

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4038788

- E. *Russia Could Use Cryptocurrency to Blunt the Force of U.S. Sanctions***, article, New York Times, 24 February

“Russian companies have many cryptocurrency tools at their disposal to evade sanctions, including a so-called digital ruble and ransomware.”

<https://www.nytimes.com/2022/02/23/business/russia-sanctions-cryptocurrency.html?searchResultPosition=1>