

# MEDIA RELEASE



International Organization of Securities Commissions  
Organisation internationale des commissions de valeurs  
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المنظمة الدولية لهيئات الأوراق المالية

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Madrid, 21 March 2022

## **IOSCO consults on recent retail investor trends and related conduct implications**

The Board of the International Organization of Securities Commissions (IOSCO) is seeking feedback from stakeholders on issues related to the development of a regulatory toolkit for jurisdictions to consider when addressing emerging retail market conduct issues in today’s rapidly changing retail investment landscape.

Ashley Alder, Hong Kong SFC CEO and Chair of the IOSCO Board, said: *“Innovative technologies and social media are transforming important aspects of retail investing, giving rise to retail investor trends such as gamification and self-directed trading. IOSCO’s Report on retail market conduct serves as a guide to help regulators around the world develop their approach to address these evolving trends and related conduct challenges.”*

Increased retail participation in securities markets could mean retail investors increasingly influence market trends and pricing, with corresponding regulatory implications for retail market conduct. Increased retail participation carries with it the threat of misconduct. Misconduct in capital markets has far reaching consequences for financial consumers, investors, national economies and the overall global financial system.

The [Consultation Report](#) provides a clear picture of the evolving global retail investor trends and their implications for market conduct. Among other issues, it examines the reasons for and regulatory and market implications of increasing gamification, self-directed trading and the influence of social media on retail investor behavior.

Since the onset of the COVID-19 pandemic, IOSCO has observed rising cases of misconduct and reported investor losses, some of them cross-border in nature. The report also explains how IOSCO members address these evolving misconduct trends, including through the use of advanced technological tools.

The findings of the report are largely based on a comprehensive survey that IOSCO conducted in 2021 and public information issued by IOSCO members.

The consultation report also builds on a [report](#) the IOSCO Retail Market Conduct Task Force (RMCTF) issued in December 2020, which describes how the COVID-19 crisis impacted firm and retail investor behaviour. Its findings indicated that extreme price volatility during March-April 2020 and the growing pressure of COVID-19 on firms' profitability may have increased the offer of riskier products and the flow of retail investment into such products. It noted that retail investor vulnerability can take many forms and vulnerable investors may be more susceptible to financial exploitation during periods of market stress.

In its consultation report, IOSCO seeks feedback from a broad range of stakeholders, including investors, regulators, market participants, regulated entities, financial consumers, academics and other international bodies. To inform IOSCO's work, the report includes fourteen consultation questions.

To supplement the analysis in the consultation paper, IOSCO plans to conduct further direct engagement with consumer groups and other stakeholders at a roundtable in first quarter 2022.

Derville Rowland, co-Chair of the IOSCO RMCTF and Director General Financial Conduct at the Central Bank of Ireland, said: *“Investor Protection is at the forefront of our work and the valuable insights and experiences contained in this report will strengthen our work to protect retail investors. This report should prompt discussion about the way our markets are evolving and how investors behavior is being transformed. I look forward to hearing the views of regulators, industry and investors in the coming months.”*

Sean Hughes, co-Chair of the RMCTF and Regulatory Commissioner, Governance, Legal and Risk Professional at ASIC Australia, said: *“The Task Force has identified a number of emerging concerns, and common types of harmful behavior including mis-selling, mis-labelling, and misleading disclosure. Combatting misconduct in retail markets - especially that which is digitally-enabled - is an ongoing challenge worldwide and risks undermining confidence and stability. The retail trading landscape*

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*continues to rapidly evolve, and I encourage the broadest range of stakeholders - including financial consumers and market participants - to engage with the IOSCO consultation.”*

Comments may be submitted on or before 23 May 2022.

## NOTES TO THE EDITORS

### Notes to the Editor:

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organisation's membership regulates more than 95% of the world's securities markets in some 130 jurisdictions, and it continues to expand.
2. The IOSCO Board is the governing and standard-setting body of IOSCO and is made up of 34 securities regulators. Mr. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Bahamas, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Kenya, Korea, Malaysia, Mexico, Morocco, Nigeria, Ontario, Pakistan, Portugal, Quebec, Russia, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States of America (both the U.S. Commodity Futures Trading Commission and U.S. Securities and Exchange Commission). The Chair of the European Securities and Markets Authority and the Chair of IOSCO's Affiliate Members Consultative Committee are also observers.
3. The Growth and Emerging Markets (GEM) Committee is the largest committee within IOSCO, representing more than 75% per cent of the IOSCO membership, including ten of the G20 members. Dr Mohammed Omran, Executive Chairman of the Financial Regulatory Authority, Egypt is 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, amongst 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 internationally recognized and consistent standards of regulation, oversight and enforcement 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 to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

## MEDIA ENQUIRIES

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