

International Organization of Securities Commissions (IOSCO)

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In news

The International Financial Services Centres Authority (IFSCA) has become an Associate Member of the International Organization of Securities Commissions (IOSCO).

About International Organization of Securities Commissions (IOSCO)

- The IOSCO is the international organization that brings together the world's securities regulators, covering more than 95% of the world's securities markets, and is the global standard setter for the securities sector.
- IOSCO develops, implements and promotes adherence to internationally recognized standards for securities regulation.
- IOSCO works closely with the G20 and the Financial Stability Board (FSB) in setting up the standards for strengthening the securities markets.
- The IOSCO Objectives and Principles of Securities Regulation have been endorsed by FSB as one of the key standards for sound financial systems.
- The IOSCO Objectives and Principles of Securities Regulation have been endorsed by both the G20 and the FSB as the relevant standards in this area.
- They are the overarching core principles that guide IOSCO in the development and implementation of internationally recognized and consistent standards of regulation, oversight and enforcement.
- They form the basis for the evaluation of the securities

sector for the Financial Sector Assessment Programs (FSAPs) of the International Monetary Fund (IMF) and the World Bank.

- By providing high quality technical assistance, education and training, and research to its members and other regulators, IOSCO seeks to build sound global capital markets and a robust global regulatory framework.

Categories of Members of IOSCO

There are three categories of members: ordinary, associate and affiliate.

- In general, the ordinary members (129) are the national securities commissions or similar governmental bodies with significant authority over securities or derivatives markets in their respective jurisdictions.
- Associate members (30) are usually supranational governmental regulators, subnational governmental regulators, intergovernmental international organizations and other international standard-setting bodies, as well as other governmental bodies with an appropriate interest in securities regulation.
- Affiliate members (67) are self-regulatory organizations, securities exchanges, financial market infrastructures, international bodies other than governmental organizations with an appropriate interest in securities regulation, investor protection funds and compensation funds, and other bodies with an appropriate interest in securities regulation.

What are the benefits to IFSCA as an Associate Member of the IOSCO?

The membership of IOSCO would provide IFSCA the platform to exchange information at the global level and regional level on areas of common interests.

Further, the IOSCO platform would enable IFSCA to learn from the experiences and best practices of the regulators of other well established financial centres.

The IOSCO's membership is a significant milestone in connecting IFSCA with the regulators of securities markets globally and would contribute immensely towards the development and regulation of the financial products, financial services and financial institutions at the Gujarat International Finance Tec-City International Financial Services Centre.

About the International Financial Services Centres Authority (IFSCA)

- It is a statutory unified regulatory body under the Department of Economic Affairs, Ministry of Finance
- IFSCA was established in the year 2019 with its head office in Gandhinagar.
- In December 2019, Parliament passed a bill to set up a unified authority for regulating all financial activities at IFSCs in the country
- IFSCA has been established as a unified regulator with a holistic vision in order to promote ease of doing business in IFSC and provide a world class regulatory environment.
- The main objective of the IFSCA is to develop a strong global connect and focus on the needs of the Indian economy as well as to serve as an international financial platform for the entire region and the global economy as a whole.

Financial Sector Assessment Programs (FSAPs) of the International Monetary Fund (IMF) and the World Bank

- The FSAP, a joint IMF and World Bank effort introduced in May 1999.
- It is a comprehensive and in-depth assessment of a country's financial sector.
- FSAPs analyze the resilience of the financial sector, the quality of the regulatory and supervisory framework, and the capacity to manage and resolve financial crises.
 - Based on its findings, FSAPs produce recommendations of a micro- and macro-prudential nature, tailored to country-specific circumstances.