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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 September 2020

IOSCO issues measures to reduce conflict of interests in debt capital raising

The Board of the International Organization of Securities Commissions (IOSCO) today published final guidance to help its members address potential conflicts of interest and associated conduct risks market intermediaries may face during the debt capital raising process. The guidance also seeks to address some specific concerns observed by certain regulators during the COVID-19 crisis that may affect the integrity of the capital raising process.

Conflicts of interest and associated conduct risks can weaken investor confidence and undermine debt capital markets as an effective vehicle for issuers to raise funding. To help regulators identify and address these risks, IOSCO today published the final report on [*Conflicts of interest and associated conduct risks during the debt capital raising process.*](#)

The report also explores the potential benefits and risks of Blockchain technology in addressing conflicts of interest in the debt capital raising process.

The report describes the key stages of the debt raising process and identifies where the role of intermediaries might give rise to conflicts of interest. The guidance comprises nine measures that address potential issues when issuers are preparing to raise debt finance, including such things as the use of risk management transactions, the quality of information available to investors, and the allocations process.

The consultation report on the guidance comprised eight measures published in December 2019 prior to the start of the COVID 19 pandemic. The final report includes an additional ninth

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measure that addresses specific concerns that emerged from the crisis. It seeks to address the potentially problematic conduct of lenders that may opportunistically leverage their role during debt capital raising to pressure corporate clients into awarding them future mandates.

While the guidance focuses on traditional corporate bonds, it may prove useful to IOSCO members considering raising capital through other types of debt securities. The guidance is the second part of a two-stage project on conflicts of interest in capital raising. The first stage focused on the equity capital raising process with the final report [*Conflicts of interest and associated conduct risks*](#) during the equity capital raising process published in September 2018.

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 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 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, Korea, Malaysia, Mexico, Morocco, Nigeria, Ontario, Pakistan, Portugal, Quebec, Russia, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, 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 close to 80 per cent of the IOSCO membership, including 11 of the G20 members. Dr. Obaid Al Zaabi, Chief Executive Officer, Securities and Commodities Authority, United Arab Emirates, 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

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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 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.

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