

IOSCO publishes new Consultation Report on *Artificial Intelligence in Capital Markets: Use Cases, Risks, and Challenges*

Identifies five key findings following engagement with IOSCO members and stakeholders and invites further feedback

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IOSCO is pleased to announce the publication of a new substantive report that addresses the rise of Artificial Intelligence (AI) use in capital markets and its impact on investors globally.

While the use of AI technologies in capital markets is not a new phenomenon, AI technologies have recently experienced significant innovations, investment, and interest, for which generative AI is a key gamechanger. As market participants explore and test new possibilities, and as AI technologies continue to advance, the range of AI uses in capital markets will continue to expand.

Artificial Intelligence in Capital Markets: Use Cases, Risks, and Challenges was developed by IOSCO's Fintech Task Force (FTF) to create a shared understanding among IOSCO members of the issues, risks, and challenges that emerging AI technologies used in financial products and services may pose to investor protection, market integrity, and financial stability, and to assist IOSCO members as they consider regulatory responses.

The Report's findings are based on a combination of direct feedback from IOSCO's members and industry participants. IOSCO now invites feedback from the public,

including financial market participants, AI developers, academics, researchers, public policy experts, and other interested parties to inform its approach to developing tools which might help regulators combat the risks of AI in the future.

The Report identifies five key findings:

- Firms are increasingly using AI to support **decision-making processes** in applications and functions such as **robo-advising, algorithmic trading, investment research, and sentiment analysis**. AI is also being used to enhance **surveillance and compliance functions**, particularly in anti-money laundering (AML) and counter-terrorist financing (CFT) measures.
- Firms are using recent advancements in AI to support **internal operations and processes** through task automation; to enhance communications; and to improve risk management functions.
- **Risks most commonly cited** with respect to the use of AI systems in the financial sector include malicious uses of AI; AI model and data considerations; concentration, outsourcing, and third-party dependency; and interactions between humans and AI systems.
- **Industry practices** are evolving, with some financial institutions incorporating AI into **existing risk management and governance structures**, and others establishing more **bespoke frameworks**.
- **Regulatory responses** to the use of AI in the financial sector are also evolving, with some regulators applying **existing regulatory frameworks** to AI activities, and others developing new **regulatory frameworks** to address the unique challenges posed by AI.

Jean-Paul Servais, Chair of IOSCO and Chair of the Belgian Financial Services & Markets Authority, said: *"IOSCO's Report underscores the importance of understanding the transformative role of AI in capital markets and the accompanying risks. As we move forward, it is crucial for regulatory bodies to continue to work collaboratively to ensure that innovation in financial technologies does not compromise investor protection, market integrity, and financial stability."*

Tuang Lee Lim, Chair of IOSCO's Fintech Task Force and Assistant Managing Director of the Monetary Authority of Singapore, added: *"The next phase for IOSCO will be to consider, as appropriate, the development of additional tools, recommendations, or considerations to assist members in addressing the issues, risks, and challenges posed by the use of AI technologies in financial products and services."*

IOSCO will continue to play a coordinating role regarding AI developments in the financial sector and to engage with other relevant international organizations, such as the Financial Stability Board (FSB).

IOSCO invites all comments on this Report to be submitted to AIWGConsultation@iosco.org on or before **April 11, 2025**

Notes to Editors

1. IOSCO is the leading international policy forum for securities regulators and the global standard setter for financial markets regulation. It develops, implements and promotes adherence to internationally recognized standards for financial markets regulation and works closely with other international organizations on the global regulatory reform agenda.

2. The Organization's membership regulates more than 95% of the world's securities markets in some 130 jurisdictions. By providing high quality technical assistance, education, and training, IOSCO supports its members to come together to achieve the following three objectives:

- Enhance investor protection;
- Ensure markets are fair and efficient; and
- Promote financial stability by reducing systemic risk.

3. The IOSCO Board is the governing and standard-setting body of IOSCO and is made up of 35 securities regulators. Mr. Jean-Paul Servais, the Chair of Belgium's Financial Services and Markets Authority (FSMA), is the Chair of the IOSCO Board. Shigeru Ariizumi, Vice Minister for International Affairs, Financial Services Agency, Japan; and Dr Mohamed Farid Saleh, Executive Chairman of the Financial Regulatory Authority, Egypt; are the Vice-Chairs of IOSCO Board. IOSCO is the leading international policy forum for securities regulators and the global standard setter for financial markets regulation.

4. The Growth and Emerging Markets (GEM) Committee is the largest Committee within IOSCO, representing more than 75% of the IOSCO membership, including ten of the G20 members. Dr Mohamed Farid Saleh is Chair of the GEM Committee. The Committee unites members from 4 growth and emerging markets and communicates their views at other global regulatory discussions.

5. IOSCO counts four regional committees: (1) Africa / Middle-East (AMERC), chaired by Ms. Nezha Hayat Chairperson and CEO of the Moroccan Autorité Marocaine du Marché des Capitaux; (2) Asia & Pacific (APRC), chaired by Ms. Julia Leung Chief Executive Officer of the Hong-Kong Securities and Futures Commission; (3) European Regional Committee (ERC), chaired by Mr. Jean-Paul Servais; and (4) Inter-American Regional Committee (IARC), chaired by Ms. Lucia Buenrostro Vice President of Regulatory Policy at the Mexican Comisión Nacional Bancaria y de Valores.

6. IOSCO's General Secretariat is headquartered in Madrid, Spain. The Secretariat supports and coordinates the work of IOSCO and is comprised of permanent staff and member secondees. It is led by Rodrigo Buenaventura who was appointed IOSCO's Secretary General in January 2025.

7. The 2021 Final Report [The Use of Artificial Intelligence and Machine Learning by Market Intermediaries and Asset Managers](#) provided measures to help IOSCO members regulate and supervise the use of AI and Machine learning by market intermediaries and asset managers.

8. IOSCO's Board-Level Fintech Task Force (FTF) was established in 2022, and was tasked with developing, overseeing, delivering and implementing IOSCO's work with respect to FinTech and Crypto-assets. This includes the recent publication of IOSCO's [Policy Recommendations for Crypto and Digital Asset Markets Final Report](#) and its [Final Report with Policy Recommendations for Decentralized Finance \(DeFi\)](#).

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