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International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
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IOSCO Publishes Principles for Ongoing Disclosure for Asset-Backed Securities

The Board of the International Organization of Securities Commissions (IOSCO) has published today the Final Report on [*Principles for Ongoing Disclosure for Asset Backed Securities*](#) (ABS Ongoing Disclosure Principles), which contains principles designed to provide guidance to securities regulators who are developing or reviewing their regulatory regimes for ongoing disclosure for asset-backed securities (ABS).

The objective of the ABS Ongoing Disclosure Principles is to enhance investor protection by facilitating a better understanding of the issues that should be considered by regulators in relation to ongoing disclosure regimes for ABS.

The eleven Principles for ABS Ongoing Disclosure were developed as a complement to IOSCO's *Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities*, issued in 2010.¹ IOSCO also has issued disclosure principles that provide guidance for cross-border offerings of equity securities (1998); ongoing disclosure of material development reporting (2002); management's discussion and analysis (2003); cross-border offerings of debt securities (2007); and periodic disclosure (2010).²

The ABS Ongoing Disclosure Principles recommend disclosures for those securities that are primarily serviced by the cash flows of a discrete pool of receivables or other financial assets - either fixed or revolving - that by their terms convert into cash within a finite period of time. These principles would not apply to securities backed by asset pools that are actively managed, such as securities issued by

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investment companies or collateralized debt obligations, or that contain assets that do not by their terms convert to cash.

The Principles for ABS Ongoing Disclosure

IOSCO has identified the following principles as essential for any ongoing disclosure regime for ABS:

- Principle 1** *Updated information regarding the ABS should be disclosed in reports prepared on an annual and other periodic basis, as appropriate to the type of information to be disclosed and its usefulness to investors.*

- Principle 2** *The occurrence of material events and other current or ad hoc information should be disclosed in event-based disclosure reports.*

- Principle 3** *Periodic and event-based disclosure should contain sufficient information in order to increase the transparency of information for investors and to allow investors to independently perform due diligence in their investment decisions regarding the specific ABS.*

- Principle 4** *The information disclosed in ongoing reports should not be misleading or deceptive and should not contain any material omission of information. Moreover, information disclosed in an ongoing report should be presented in a clear and concise manner without reliance on boilerplate language.*

- Principle 5** *Disclosure should be presented in a format that facilitates the analysis of information by investors.*

- Principle 6** *The person or entity responsible for publishing the disclosure and the person or entity responsible for gathering the information from other persons or entities involved in the ABS should be clearly identified.*

- Principle 7** *The information provided in the ongoing report should be disclosed in a timely manner, such that the information is sufficiently current and disclosed with sufficient frequency so as to be of use to investors.*

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- Principle 8** *Material information that is disclosed to any investor, market participant or other third party should be provided to all investors, market participants and other third parties at the same time.*
- Principle 9** *If securities are listed or admitted to trading in more than one jurisdiction, the material periodic information made available to one market should be made available promptly to all markets in which they are listed.*
- Principle 10** *Ongoing reports should be filed with the relevant regulator or otherwise made available in compliance with applicable regulations to permit regulators to review the reports, when appropriate, to ensure compliance with the relevant laws and regulations.*
- Principle 11** *The relevant law or regulation should ensure that there is storage of the ongoing information in order to facilitate public access to the information*

A Starting Point for Regulators

The disclosure topics highlighted in these ABS Ongoing Disclosure Principles are intended as a starting point for analysis by securities regulators that are developing or reviewing ongoing disclosure requirements applicable to ABS. Some regulators may find it useful to incorporate all of the disclosure topics into their ABS disclosure requirements. Others may conclude that the relevance of specific disclosure topics to their jurisdictions may vary depending on their specific regulatory framework, the issuing entity, and the securities involved. In that case, regulators may wish to incorporate the Principles on a more selective basis. The principles-based format allows for a wide range of application and adaptation by securities regulators.

¹ Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities - Final Report, Report of the Technical Committee of IOSCO, February 2010, available at: <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD318.pdf>

² **IOSCO Reports on Disclosure**

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Principles for Periodic Disclosure by Listed Entities - Final Report, Report of the Technical Committee of IOSCO, February 2010, available at: <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD317.pdf>

International Disclosure Principles for Cross-Border Offerings and Listings of Debt Securities by Foreign Issuers - Final Report, Report of the Technical Committee of IOSCO, March 2007, available at: <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD242.pdf>

International Disclosure Standards for Cross-Border Offerings and Initial Listings by Foreign Issuers, Report of IOSCO, September 1998, available at: <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD81.pdf>

Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities - Final Report, Report of the Technical Committee of IOSCO, February 2010, available at: <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD318.pdf>

NOTES FOR EDITORS

1. IOSCO, the leading international policy forum for securities regulators, 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 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 (IOSCO), and is made up of 32 securities regulators. Mr. Masamichi Kono, Vice Commissioner for International Affairs at the Financial Services Agency of Japan (JFSA), is the Chairman of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, Chile, China, France, Germany, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, Morocco, the Netherlands, Nigeria, Ontario, Pakistan, Portugal, Quebec, Romania, Singapore, South Africa, Spain, Switzerland, Trinidad and Tobago, Turkey, United Kingdom and the United States.
3. The Emerging Markets Committee is a specialized working group established by IOSCO's Executive Committee, representing the world's emerging financial markets. Mr. Vedat Akgiray, Chairman of the Capital Markets Board of Turkey, is the Chairman of the EMC. The EMC endeavors to promote the development and improvement in efficiency of emerging securities and futures markets by establishing principles and minimum standards, preparing training programs for the staff of members and facilitating exchange of information and transfer of technology and expertise.
4. IOSCO aims through its permanent structures:
 - to cooperate in developing, implementing and promoting adherence to 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;

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- 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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