



# IOSCO Consultation Report on Exchange Traded Funds - Good Practices for Consideration

## [Exchange Traded Funds – Good Practices for Consideration](#)

### **1.- Target audience (potential stakeholders):**

The paper is addressed to:

- IOSCO members
- Asset managers
- Trading venues

### **2.- Informative Note**

On 6 April 2022, the International Organization of Securities Commissions (IOSCO) published a consultation report with a view to proposing a set of good practices regarding the operation of ETFs and trading of ETF shares for IOSCO members, responsible entities and/or trading venues to consider, and to supplement IOSCO's Final Report on Principles for the Regulation of Exchange Traded Funds (2013 Principles for the Regulation of ETF) published in 2013. The Consultation Report does not seek to replace the 2013 ETF Principles and does not include standards or recommendations according to IOSCO's taxonomy.

Since the publication of the 2013 ETF Principles, ETF markets worldwide have continued to evolve and exhibit sustained growth in assets under management and the ETF industry has continued to evolve through the launch of new products with exposures to less liquid and more novel asset classes and more complex investment strategies. In view of these developments, the IOSCO Board mandated the Committee on Investment Management (Committee 5) to review a broad range of issues and new developments relating to ETFs and identify any gaps in the 2013 ETF Principles. The review concluded that the Principles remain relevant and appropriate and that the ETF structure has generally proved resilient during historical stress events.

However, Committee 5 also noted differences among jurisdictions in the way in which ETFs operate, the way they are regulated, and the markets in which they trade. Therefore, it was concluded that the 2013 ETF Principles would benefit from being supplemented by a set of proposed good practices identified in the course of the review. These proposed good practices draw on additional examples, experiences and practices gathered through the review work of Committee 5, and also highlight issues for consideration by regulators, responsible entities and/or trading venues as to how the 2013 ETF Principles may be put into practice.

Eleven good practices are proposed, which detail product structuring (including means of facilitating effective arbitrage and the range of assets and strategies for ETF offerings), the disclosure, supply of liquidity and the volatility control mechanisms. Thus, the good practices offer a detailed guide

on the best way of facilitating the arbitrage and the creation of effective markets for ETFs referenced to fixed-income assets.

IOSCO includes twenty questions in the paper and seeks feedback on the proposed good practices on effective product structuring, disclosure, liquidity and liquidity control mechanisms.

### **3.- Submission of comments**

The deadline for submitting comments is **6 July 2022**.

**Important:** All comments will be made available publicly, unless anonymity is specifically requested. Comments will be converted to PDF format and posted on the IOSCO website. Personal identifying information will not be edited from submissions.

Stakeholders can submit their comments by using the following means:

- **E-mail:** [IOSCO-ETF-consultation@iosco.org](mailto:IOSCO-ETF-consultation@iosco.org)

The subject line of your message must indicate the name of the paper “Exchange Traded Funds – Good Practices for Consideration”.

If you attach a document, indicate the software used (e.g., WordPerfect, Microsoft WORD, ASCII text, etc.) to create the attachment.

Do not submit attachments as: HTML, PDF, GIFG, TIFF, PIF, ZIP or EXE files.

- **Facsimile** transmission:

Send by facsimile transmission using the following fax number: + 34 (91) 555 93 68

- **Paper:**

Send three copies of your paper comment letter to:

Damien Shanahan and Thomas Willman  
International Organization of Securities Commissions (IOSCO)  
Calle Oquendo 12  
28006 Madrid  
Spain

The subject of the paper comment letter must be: “Public Comment on Exchange Traded Funds – Good Practices for Consideration”.

Although the comments can be sent directly to IOSCO, we would appreciate it if stakeholders could send a copy of their responses to the consultation to the CNMV, in order to have information available on the opinion of Spanish market participants, to the following address:

Departamento de Asuntos Internacionales  
C/ Edison nº 4  
28006 Madrid  
Email: [Documentosinternational@cnmv.es](mailto:Documentosinternational@cnmv.es)