15 May 2025

Keynote speech delivered by Jean-Paul Servais, Chair of IOSCO Board, on the occasion of the Qatar Financial Markets Authority (QFMA) public conference

- It is a great pleasure to be here with you today and to join the Qatar Financial Markets Authority in welcoming this distinguished audience to what promises to be a rich and thought-provoking Public Conference.
- As I reviewed today's agenda, I was struck by how clearly it reflects the underlying mission of IOSCO and of securities regulators globally. Yes, our mandates typically speak of investor protection, market integrity, and financial stability—and rightly so.
- But underpinning those objectives is something more fundamental: the idea that fair, transparent, and efficient markets can foster economic resilience, unlock innovation, and contribute to shared prosperity.
- We, through regulation, do this by enhancing transparency, reducing fragmentation, and building the trust that allows investors to enter markets confidently—across borders, across asset classes, and increasingly, across technologies.
- And with that in mind, today's discussions could not be timelier, because we are navigating a period of profound transformation. There is no doubt that our societies are going through unprecedented shifts, which will reshape the functioning of financial markets as we know them.

- Let me point to five shifts that are particularly front of mind for IOSCO and its global membership.
- **First, demographics and the rise of the digital retail investor.**
- Younger generations are entering financial markets in growing numbers—through digital platforms, mobile trading apps, and social media. Their expectations are different: they want speed, transparency, control, and convenience. Their sources of information—often influencers rather than licensed advisers—present new supervisory challenges.
- IOSCO has been at the forefront of analysing this shift. This week, we approved reports on Retail Distribution and Digital Engagement Practices, alongside targeted work on "finfluencers" and copy trading.
- These reports underscore the urgency of ensuring that digital engagement techniques—such as gamification — are used responsibly and that retail investors are not misled or manipulated.
- This is a rapidly-evolving space, and we continue to engage with platforms providers to see how we may collaborate to mitigate the risk of online fraud. We are also working with fellow regulators to develop tools that strike the right balance between innovation and investor protection, including when it comes to financial education.
- **Second, tokenisation, crypto, and distributed ledger technologies.**
- As markets move from proof-of-concept to actual deployment of tokenised assets, we are seeing clear signs that these technologies could enhance processes, improve transparency, and lower operating costs. But we are equally aware that these innovations could pose risks to investor protection, market integrity and, over time, may bring systemic vulnerabilities.
- That's why IOSCO has prioritised work in this space. In 2023 and 2024, we developed and published a comprehensive set of policy recommendations for crypto and digital asset markets, covering areas

such as conflicts of interest, market abuse, safekeeping of client assets, and cross-border regulatory coordination.

- These principles-based recommendations are designed to bring crypto trading platforms and activities within the scope of effective and proportionate regulation.
- We are now working with interested jurisdictions to help them implement these standards swiftly and consistently. The goal is not to stifle innovation, but to enable it responsibly—on a level playing-field and with adequate investor safeguards**.**
- **Third, the changing face of artificial intelligence and its impact on our markets.**
- AI is increasingly embedded in the financial system—from predictive analytics and fraud detection to portfolio management and client interaction. But the advent of generative AI marks a significant leap forward in complexity, scale, and risk. These tools can produce synthetic financial advice, automate content generation, and even simulate human interactions with clients—all in real time.
- In 2021, IOSCO published its foundational guidance on the use of AI and machine learning by market intermediaries and asset managers. That work focused on governance, accountability, testing, and oversight—principles that remain highly relevant.
- However, Generative AI raises the need for a renewed discussion. Our latest work identifies several pressing concerns: I am thinking in particular about: the opacity of AI models, risks of hallucination, risks of concentration, and governance gaps.
- We will need to consider our own next steps, as we seek to keep in step with how fast the industry is changing.
- **Fourth, playing our role in strengthening financial stability**
- IOSCO's members are collectively responsible for the supervision of 95% of the world's financial markets. The non-bank financial intermediation (NBFI) sector is now a central piece of global finance and of real economies around the world.

- This is a structural shift from 10 to 15 years ago that has helped diversify funding sources and is complementary to credit supply by banks. This sector has enhanced the resilience of the financial system and supported access to financing for the real economy while providing opportunities to investors.
- Over the past few years we have witnessed multiple episodes of financial market turmoil, affecting both banks and non-bank financial intermediation.
- Risks in non-bank financial intermediation have no borders. No jurisdiction can address the financial stability risks on its own.
- The best way to prevent financial instability while supporting economic growth is to take measures to protect and enhance the resilience of the global financial system. This is why we are working closely with the Financial Stability Board.
- Our voice has become increasingly influential in global efforts to strengthen resilience of NBFI sector. Our contributions and ability to monitor the pulse of market developments have become instrumental.
- **Fifth, sustainability related disclosures -** In recent years, we have sought to ensure that investors who were interested in sustainability aspects had access to the appropriate level of material information to make informed investment decisions.
- This week, we also approved a report sustainable bonds, which is expected to be published shortly.
- **Conclusion**
- Taken together, these shifts represent both a test and an opportunity for markets as well as for the regulatory community. They are a test of our agility, and an opportunity to rethink how we future-proof our frameworks, anticipate risk, and support market evolution.