

IOSCO's Proposed Guidance on Pre-Hedging Practices

December 5, 2024



On November 21, 2024, International Organization of Securities Commissions published a consultation [report](#) to provide guidance on acceptable pre-hedging practices and soliciting feedback from market participants. IOSCO recognized that currently very few jurisdictions provide any guidance on pre-hedging practices while the number of enforcement cases is increasing.

The purpose of the Report is to identify potential issues for market participants and to facilitate regulatory alignment. The Report defines what pre-hedging is, describes the circumstances when this practice is acceptable, identifies risks attendant to pre-hedging, and provides a set of recommendations to which dealers, brokers and their clients and counterparties should adhere. The Report also solicits comments from market participants on these Recommendations (the comments must be submitted to IOSCO by February 21, 2025). Ultimately, it is expected that member regulators will enact the proposed Recommendations in their respective local jurisdictions.

Read the full *Client & Friends Memo* [here](#).