21 August 2026

General Secretariat
International Organization of Securities Commissions
Calle Oquendo 12
28006 Madrid
Spain

Submitted via online response form at
https://iosco.qualtrics.com/jfe/form/SV_3OsL39QDGv2opE2

Re: Regulatory Considerations and Good Practices on the Evolution of Market Liquidity During the Trading Day

Dear General Secretariat:

The Investment Company Institute (ICI)[1] appreciates the opportunity to provide feedback on the International Organization of Securities Commissions (IOSCO) consultation on Regulatory Considerations and Good Practices on the Evolution of Market Liquidity During the Trading Day (the Consultation).[2] ICI's members manage mutual funds, UCITS, ETFs, and related open-end fund structures as well as closed-end funds, which are integral to supporting economic growth, fostering capital formation, and providing the benefits of collective investment to a wide range of investors, particularly long-term individual investors. ICI has a strong interest in ensuring that regulatory frameworks encourage innovation while preserving effective standards of liquidity, transparency, and investor protection.

[1] The Investment Company Institute (ICI) is the leading association representing the global asset management industry in service of individual investors. ICI members are located in Europe, North America and Asia and manage fund assets of $58.8 trillion, including UCITS, mutual funds, exchange-traded funds (ETFs), closed-end funds, unit investment trusts (UITs) and similar funds in these different jurisdictions. ICI has offices in Brussels, London, and Washington, DC.

[2] IOSCO, Regulatory Considerations and Good Practices on the Evolution of Market Liquidity During the Trading Day (May 2026) https://www.iosco.org/library/pubdocs/pdf/IOSCOPD821.pdf.

Executive Summary

ICI welcomes IOSCO's examination of evolving liquidity patterns and the growing role of closing auctions in global equity markets. We agree that regulators and market participants should continue to monitor developments in market structure, operational resilience, market integrity, and volatility controls. At the same time, ICI encourages IOSCO to place greater emphasis on the benefits that closing auctions and closing-price execution provide to investors and market quality. Closing auctions frequently facilitate efficient execution, price discovery and price formation, reduced market impact, and benchmark-related trading. In many markets, the closing auction is the principal mechanism through which the official closing price is formed, supporting a broad range of investment activities that rely on an accurate and reliable reference price. These benefits ultimately accrue to the millions of long-term investors saving for their individual financial goals through regulated investment funds such as UCITS, ETFs, and other pooled investment vehicles.

Across our responses, we encourage IOSCO to evaluate evolving liquidity patterns through the lens of investor outcomes. Market structure should be assessed not only with reference to operational or supervisory considerations but also based on whether it continues to provide investors with efficient access to liquidity, high-quality execution, competitive transaction costs, and reliable closing prices. We also believe IOSCO should give greater recognition to the role of competition, innovation, and investor choice in shaping modern market structure. A diversity of execution mechanisms can complement closing auctions by serving different investor needs and expanding investor choice with a range of tools available to investors seeking efficient access to liquidity and closing-price execution.

Where evolving liquidity patterns create potential risks, ICI generally supports regulatory and supervisory responses focused on market surveillance, market integrity, operational resilience, business continuity, cyber preparedness, capacity planning, and other targeted risk-management measures. Supervisory responses should remain proportionate, evidence-based, and focused on demonstrated market integrity, operational, or resilience concerns. We further encourage IOSCO to consider operational resilience across the broader market ecosystem, including clearing arrangements, settlement processes, securities financing mechanisms, margining frameworks, CCP capacity, broker-dealer liquidity management, and participant operational capacity, as the resilience of these post-trade functions can be as important to market stability as the resilience of trading venues themselves.

Finally, we support IOSCO's recognition that changing liquidity dynamics may be relevant to the calibration and review of volatility control mechanisms (VCMs). VCMs should remain adaptable and should be calibrated using empirical evidence, liquidity conditions, order-book

characteristics, and instrument-specific trading dynamics rather than uniform approaches applied across all products and markets.

Overall, ICI believes IOSCO's framework provides a strong foundation for assessing evolving liquidity dynamics and encourages continued emphasis on risk-based, evidence-driven supervision that preserves investor choice, competition, and the substantial benefits that closing auctions provide to investors and market quality.

Question 1

Do you agree with the observed trends outlined in Chapter 2?

ICI agrees with IOSCO's observation that a growing share of equity trading activity in many jurisdictions has become concentrated toward the end of the trading day, particularly through closing auctions. We also agree with IOSCO's recognition that closing auctions provide important benefits, including efficient execution, enhanced price discovery, and reduced market impact. In our experience, increased participation in closing auctions largely reflects investor demand for access to deep liquidity, efficient execution, and reliable closing prices. Closing auctions frequently represent the deepest pool of available liquidity during the trading day and provide an important mechanism for executing large transactions while minimizing market impact.

While the Consultation acknowledges many of these benefits, we encourage IOSCO to place greater emphasis throughout the Consultation on the investor needs and market-quality benefits that drive increased use of closing auctions and other closing-price execution mechanisms. Investors are attracted to closing auctions because they often provide execution certainty, transparent price formation, deep liquidity, tighter spreads, and lower transaction costs than may be available through other execution mechanisms. ICI believes the analysis would be strengthened by further recognizing the benefits that investors seek when transacting at the close, including improved execution quality, reduced implicit and explicit trading costs, enhanced portfolio and risk management, and, ultimately, better investor outcomes that support efficient capital formation.

ICI also encourages IOSCO to give greater weight to buy-side perspectives. The Consultation was informed primarily by regulators and engagement with trading venues, yet many of the trends described in Chapter 2 are driven by the evolving execution needs of investment funds acting on behalf of millions of long-term investors saving for their individual financial goals including retirement. In our view, the ultimate test of market structure is whether it delivers

positive outcomes for investors, including efficient access to liquidity, high-quality execution, and competitive transaction costs.

Finally, the Consultation would benefit from a more comprehensive buy-side informed discussion of the drivers of concentrated liquidity at the close. The Consultation places considerable emphasis on benchmark-related investing and index rebalancing, but those factors do not fully explain observed trading patterns. Closing-price execution is used across the investment management industry by all types of investors and across varied investment strategies, for purposes including portfolio management and transitions, basket trading, portfolio valuation, risk management, and NAV-based execution processes. Structural factors also contribute to liquidity concentration, particularly during high-volume trading events such as double- and triple-witching periods. Moreover, closing auctions exhibit a self-reinforcing liquidity effect: increased participation tends to deepen liquidity and improve execution quality, which in turn attracts additional participation. IOSCO's policy analysis should therefore consider the full range of drivers of closing-auction activity and assess market developments based on investor outcomes, including liquidity, execution quality, transaction costs, and reliable price formation.

For these reasons, IOSCO may wish to expand its discussion of the drivers and benefits of closing auctions and closing-price execution mechanisms, potentially through a dedicated section balancing Chapter 3's discussion of risks and challenges. Such additions would provide a more complete picture of the role that closing auctions play in supporting investor outcomes and market quality.

Question 2

Do you think that there are additional aspects or trends regarding end-of-day auction mechanisms and post-close sessions, that have not been captured? If so, please explain.

ICI appreciates that the Consultation recognizes the growing prevalence of mechanisms that provide execution at or reference to the closing price outside the formal closing auction. We believe, however, that the Consultation would benefit from a more comprehensive discussion of the evolution of closing-price execution and the innovation that has occurred in response to investor demand for efficient access to closing-price liquidity.

In particular, the increasing availability of mechanisms that allow investors to achieve execution at, or by reference to, the closing price outside the formal closing auction is an important market-structure development. As discussed further in our responses to Questions 4

and 6, these developments reflect ongoing innovation in execution practices and have expanded the range of options available to investors seeking efficient access to closing-price execution.

The Consultation could also benefit from a discussion of the of the factors that have contributed to differing development of closing auctions across jurisdictions. While closing auctions have become an increasingly important source of liquidity and price formation in many developed markets, their evolution has been less pronounced in some jurisdictions, particularly in parts of Asia. Market participants have observed that these differences often reflect broader market-structure and operational factors rather than the design of the auction itself. Prefunding requirements, securities lending and borrowing arrangements, settlement frameworks, market-access constraints, and intermediary capacity limitations may affect participation in closing auctions, particularly during index rebalances and other periods of elevated trading activity. Effective closing auctions generally operate within a market ecosystem that supports broad participation, transparent interaction of supply and demand, efficient price formation, and resilient processing of concentrated trading activity.

Question 4

Have you observed any impact on competition arising from liquidity variation throughout the trading day? If so, please provide further information on this.

ICI believes that evolving liquidity patterns have, in some markets, encouraged innovation and competition among execution providers seeking to meet investor demand for efficient access to liquidity and closing-price execution. Exchanges, systematic internalizers, alternative liquidity providers, and other execution venues each offer different execution characteristics that may be valuable depending on an investor's objectives. Competition among these market participants can expand investor choice, encourage innovation, and promote efficient execution.

We therefore encourage IOSCO to incorporate investor outcomes as an important lens through which to assess competition and evolving market structure. In addition to considering market integrity, resilience, and other supervisory objectives, IOSCO may wish to evaluate how competition among varied execution providers affects investors' access to liquidity, execution quality, transaction costs, and ability to achieve their investment objectives. As discussed in our response to Question 6, the impact of these developments should be assessed by reference to investor outcomes and market quality.

Question 6

Have you observed an increase in the prevalence of mechanisms by which investors are guaranteed execution at the closing price, without routing trades through a trading venue's closing auction? If so, please provide details on this and, any impact on: (i) market efficiency; (ii) price discovery, (iii) liquidity, (iv) investor protection and (v) market resilience.

ICI agrees that, in some markets, there has been growth in mechanisms that allow investors to obtain execution at, or by reference to, the closing price outside the formal closing auction. These developments reflect continued efforts by market participants to meet investor demand for efficient access to closing-price execution and could also be driven by exchange fee economics. Some market participants may choose alternative closing-price mechanisms in response to exchange fee structures and transaction costs. Alternative mechanisms may offer a means of achieving the same investment objective while reducing transaction costs, especially for large orders. These should be viewed as part of the broader evolution of execution practices and market structure.

From a market-efficiency perspective, such mechanisms can provide investors with additional flexibility in how closing-price execution is achieved and, in certain circumstances, may help reduce transaction costs and market impact. They can therefore contribute to more efficient execution outcomes while continuing to serve investor demand for exposure to closing prices.

With respect to price discovery and liquidity, we do not believe these mechanisms should necessarily be viewed as substitutes for closing auctions. Rather, they can complement exchange-based closing auctions, which continue to play an important role in price discovery and liquidity provision, and price formation remains concentrated in the auction process. In many cases, these mechanisms rely on reference prices established through the closing auction process and therefore coexist with, rather than replace, the auction's role in the market. The growing use of closing-price execution mechanisms outside the formal closing auction does not necessarily diminish the role of the closing auction itself in price formation. When anchored to transparent auction-derived closing prices, alternative closing-price execution mechanisms can support efficient and competitive market structures while preserving the integrity of the price-formation process.

From an investor-protection perspective, the relevant consideration is whether investors continue to receive efficient execution, appropriate transparency, and fair treatment. Where those objectives are achieved, innovation in closing-price execution can expand investor choice and provide investors with additional tools to meet different trading objectives.

Similarly, ICI does not believe the growth of these mechanisms inherently raises concerns regarding market resilience. Rather, any resilience, operational, or market-integrity considerations should be evaluated based on the specific characteristics of the mechanism and addressed through appropriate supervisory, surveillance, and resilience measures. As discussed in our responses to Questions 7 and 21, targeted oversight of identified risks is preferable to broad assumptions regarding the effects of evolving execution practices.

Overall, ICI encourages IOSCO to assess these developments through the lens of investor outcomes, market quality, and demonstrated market impacts. Where appropriate transparency, market integrity, and operational safeguards are maintained, continued innovation in closing-price execution mechanisms can provide meaningful benefits to investors while preserving the important functions served by closing auctions.

Question 7

Does increased concentration of equity trading in the end-of-day auction pose additional risks that have not been identified in this Consultation Report? If so, please provide details on these risks and how you mitigate these.

Although this question is addressed primarily to trading venues, ICI offers the following perspective as a representative of the asset managers whose trading activity is directly affected by the design and risk management of closing auctions. ICI does not believe that concentration of liquidity at the close should, by itself, be viewed as evidence of market quality concerns or a need for regulatory intervention. While concentration of activity within a narrower period of the trading day may warrant continued monitoring from an operational and resilience perspective, empirical evidence does not necessarily support the conclusion that increased participation in closing auctions results in deterioration in liquidity, volatility, or the price formation process. Rather, investors often choose to transact at the close because it offers access to deep liquidity, efficient execution, reduced market impact, and reliable closing prices. These benefits should be considered alongside any assessment of potential risks.

To the extent concentrated trading activity creates operational or market integrity concerns, those concerns are best addressed through targeted measures such as market surveillance, operational resilience, business continuity planning, cyber preparedness, and capacity management. We therefore support IOSCO’s focus on understanding, monitoring, and mitigating specific risks associated with evolving liquidity patterns while preserving the important benefits that closing auctions provide to investors and market quality.

ICI also encourages IOSCO to continue grounding its assessment of evolving liquidity dynamics in empirical evidence. As noted in the Consultation, some regulators reported no deterioration in key measures of market quality, including bid-ask spreads and displayed liquidity during continuous trading, despite increased participation in closing auctions, while some metrics improved. Continued monitoring of market-quality indicators can help ensure that any supervisory response remains proportionate and responsive to demonstrated risks rather than assumptions regarding the effects of concentrated liquidity.

Question 14

Do you agree that the changing liquidity dynamics and the existence of differentiated trading phases could be considered in the calibration and review of volatility control mechanisms (VCMs)? Please elaborate on whether the growing complexity of secondary markets' microstructural features shall be considered in the context of VCMs' review.

ICI agrees that changing liquidity dynamics and differentiated trading phases may be relevant considerations when calibrating and reviewing VCMs. As market structures evolve, VCM frameworks may benefit from sufficient flexibility and reliance on empirical evidence to reflect differences in liquidity conditions, trading activity, and market characteristics across products and trading environments.

In particular, we believe VCMs should be tailored to liquidity conditions and instrument characteristics rather than applied uniformly across all markets and products. For example, highly liquid products may warrant different volatility-control calibrations than less-liquid securities. A broad-based index ETF with deep and continuous liquidity may present different trading characteristics than an individual equity with more limited liquidity and VCM parameters should be capable of reflecting those differences where supported by market evidence. Similarly, regulators and trading venues may wish to consider whether existing volatility controls can be calibrated more granularly across different categories of instruments rather than relying on uniform thresholds that may not fully reflect differing liquidity and volatility profiles.

We also encourage IOSCO to recognize that evolving market structures may present new considerations for volatility controls over time. For example, extended-hour or 24-hour trading models could affect liquidity dynamics and trading behavior in ways that may warrant ongoing evaluation of existing VCM frameworks. Volatility controls designed for regular trading sessions may not be optimally calibrated for extended-hours or overnight trading environments where liquidity profiles, participation, and price-discovery dynamics differ significantly from

those observed during core market hours. Initial approaches may appropriately rely on broader guardrails while markets develop, with periodic review of whether parameters remain appropriate for the liquidity characteristics of specific products and trading sessions. At the same time, ICI does not believe these developments necessarily require new categories of volatility controls. Rather, existing frameworks should remain adaptable and capable of evolving alongside changes in market structure, trading behavior, and liquidity conditions.

Question 15

Should other principles and/or metrics play a role in informing VCM design and recalibration?

ICI believes the most important principle informing VCM design and recalibration is proportionality. VCMs are most effective when they are calibrated using empirical evidence and market-specific characteristics rather than uniform metrics applied across all products and trading environments.

In our view, regulators and trading venues may consider a range of factors when evaluating whether existing calibrations remain appropriate, including actual liquidity conditions, order-book depth, instrument-specific trading characteristics, and observed market behavior. Different instruments may exhibit materially different trading characteristics and liquidity profiles and may therefore warrant differentiated calibration approaches in certain circumstances.

More broadly, reviews of VCM frameworks should be data-driven and adaptive rather than based on prescriptive assumptions regarding how different products should trade. Regular evaluation of observed market outcomes can help ensure that volatility controls continue to support fair and orderly markets while avoiding unnecessary disruptions to liquidity and trading activity.

Question 18

Do you believe that the concentration of trading activity during closing auctions may raise risks for price formation and benchmark integrity, and if so, how could these risks be monitored or addressed?

ICI recognizes that concentration of trading activity during closing auctions raises important considerations for market integrity and surveillance and supports continued monitoring of these issues. At the same time, we believe it is important to recognize that closing auctions frequently contribute to robust price discovery and benchmark-related execution. The

transparency, liquidity, and broad participation associated with closing auctions can support the formation of reliable closing prices that are used throughout the investment management industry.

Closing auctions can strengthen, rather than detract from, price formation by concentrating liquidity and trading interest in a transparent price-setting process. As one of the deepest sources of liquidity during the trading day, they facilitate efficient interaction of supply and demand and support reliable closing prices that reflect prevailing market conditions. The growing use of closing auctions in many developed markets may therefore reflect investor confidence in their ability to support robust price formation rather than evidence of a price-formation risk.

ICI also encourages IOSCO to recognize that the importance of closing-price execution extends beyond ETFs and index rebalancing. Closing-price execution is widely used by investment funds and institutional investors acting on behalf of millions of long-term investors saving for retirement and other financial goals. It supports a broad range of investment activities, including portfolio management, basket trading, portfolio valuation, and risk management. As a result, the significance of closing auctions should be assessed not only through the lens of benchmark-related activity but also in light of the execution needs of the ultimate investors those funds serve.

In our view, increasing use of closing auctions should not be presumed to indicate deterioration in market quality, benchmark integrity, or price formation absent empirical evidence demonstrating such effects. The continued growth of closing-auction activity reflects investor demand for an execution environment that provides reliable closing prices and efficient benchmark-related execution. Accordingly, IOSCO's analysis should continue to focus on observed market outcomes and the investor benefits that have contributed to increased participation in the close, rather than assumptions regarding the implications of increased participation in the close.

Recent empirical research provides useful evidence on this issue. A 2026 study by the French Autorité des marchés financiers (AMF)[3] found that, despite a substantial increase in the proportion of trading conducted in the closing auction, key measures of liquidity and market quality did not exhibit a corresponding deterioration. The study also found no evidence that the

[3] Evolution of trading at the close on the French equity market (July 2026) https://www.amf-france.org/en/news-publications/publications/reports-research-and-analysis/evolution-trading-close-french-equity-market.

growing concentration of activity at the close had degraded the price formation process, noting that deviations between closing prices and prices observed immediately prior to the close remained broadly stable over time and were more closely associated with volatility conditions than with increased closing-auction participation.

To the extent concerns arise regarding price formation, benchmark integrity, or potential manipulation, those concerns are best addressed through targeted surveillance, monitoring, and enforcement measures. We therefore support IOSCO's focus on market surveillance tools and supervisory approaches designed to identify and address specific market integrity risks while preserving the important role that closing auctions play in price discovery and benchmark-related execution.

Question 19

Do you agree that growing concentration of trading activity in closing auctions may increase liquidity or settlement risks for CCPs and participants, and that these risks warrant closer monitoring?

ICI agrees that concentration of trading activity during closing auctions may create operational demands that warrant ongoing monitoring. We also agree with the Consultation's observation that a range of existing safeguards, including margining frameworks, collateralization practices, liquidity facilities, and guarantee funds, can play an important role in mitigating potential risks.

ICI encourages IOSCO to consider operational resilience across the broader post-trade ecosystem, in addition to trading venues themselves. As trading activity becomes increasingly concentrated during particular periods of the trading day, operational demands may arise across clearing arrangements, settlement processes, margining frameworks, CCP capacity, broker-dealer liquidity management, and participant operational capacity. Evolving post-trade arrangements, including the transition to shorter settlement cycles in some jurisdictions, further underscore the importance of ensuring that clearing, settlement, liquidity-management, and operational-capacity frameworks remain appropriately calibrated as trading patterns evolve. This may include ongoing assessment of capacity planning, stress testing, liquidity management arrangements, and the ability of market participants and market infrastructures to process concentrated trading activity in an orderly manner.

In addition, IOSCO may wish to consider whether certain legacy margining, liquidity, settlement, or funding arrangements within the post-trade ecosystem warrant periodic review as market volumes and trading patterns evolve. Market participants have observed that certain margining, funding, or liquidity-management requirements within post-trade ecosystems can

become more binding during periods of elevated trading activity, potentially affecting intermediaries' ability to facilitate large transactions efficiently. IOSCO may wish to consider whether evolving trading volumes and liquidity concentrations warrant periodic review of these frameworks to ensure that resilience objectives continue to be achieved without creating unnecessary frictions in access to liquidity.

Accordingly, we support continued monitoring of potential liquidity and settlement risks associated with concentrated trading activity, with supervisory efforts focused on maintaining resilient market infrastructure and ensuring sufficient operational capacity across the trade lifecycle, rather than on the concentration of trading activity itself. A robust and adaptable post-trade ecosystem is likely to be the most effective means of supporting market resilience as liquidity patterns continue to evolve.

Question 20

Have you observed any other risk stemming from changes in liquidity patterns? In addition to the closing auctions, have you noted a rise of other alternative trading protocols? If so, have you noted that these new trading protocols may have an impact on market liquidity?

ICI refers to our responses to Questions 2, 4, 6, 7, 18, and 19. We have not identified additional categories of risk beyond those discussed in the Consultation and addressed in our responses above. As noted in our responses to Questions 2, 4, and 6, evolving execution mechanisms and alternative trading protocols can expand investor choice, promote innovation, and provide additional pathways to liquidity. As discussed in our responses to Questions 7 and 19, any operational, market integrity, or post-trade risks associated with evolving liquidity patterns are best addressed through targeted surveillance, resilience, and capacity-planning measures.

Question 21

Do you agree with the supervisory and regulatory approaches identified and/or do you think there are additional aspects that have not been captured?

ICI welcomes the wide range of supervisory and regulatory approaches identified in Chapter 4. The Consultation appropriately recognizes that jurisdictions have adopted a variety of tools to support fair, orderly, and resilient markets, including market surveillance, cross-market monitoring, operational resilience and business continuity requirements, volatility controls, and data-driven supervisory engagement with trading venues. This range of approaches reflects

the diversity of market structures and liquidity dynamics across jurisdictions and provides a useful overview of existing regulatory and supervisory practices.

Consistent with many of the approaches identified in the Consultation, we believe supervisory efforts should continue to focus on market surveillance, market integrity, operational resilience, business continuity, and capacity planning. Supervisory assessments should also consider whether resilience across the broader trade lifecycle, including clearing, settlement, margining, and participant capacity, remains appropriately calibrated as liquidity patterns evolve. ICI also encourages IOSCO to place greater emphasis on investor outcomes and to recognize competition and innovation as important features of healthy market structure. As discussed in our responses to Questions 2, 4, and 6, competition among execution venues can expand investor choice and contribute to innovation in execution practices; assessments of evolving market structure should therefore consider factors such as execution quality, access to liquidity, transaction costs, and benchmark-related execution needs alongside other supervisory objectives.

Overall, we believe the supervisory and regulatory approaches identified in the Consultation provide a strong foundation for addressing risks associated with evolving liquidity dynamics. ICI encourages IOSCO to continue emphasizing risk-based, evidence-driven approaches that focus on market integrity and resilience while recognizing the importance of investor outcomes, competition, and innovation in modern market structures.

Question 23

Do you agree with the good practices that IOSCO suggests for trading venues and regulators to consider? If not, please explain why and provide further information.

ICI generally supports IOSCO's proposed good practices and agrees that continued attention to market surveillance, operational resilience, market integrity, and volatility control mechanisms can help support fair, orderly, and resilient markets as liquidity patterns evolve. We nevertheless offer the following observations with respect to Good Practices 1 and 4.

With respect to Good Practice 1, ICI understands and supports the value of monitoring changes in intraday liquidity dynamics, including trends in the proportion of trading activity occurring during closing auctions and through other closing-price execution mechanisms. However, we encourage IOSCO to provide greater clarity regarding the objective of such monitoring and assessment.

As drafted, Good Practice 1 emphasizes monitoring the growth of closing-price execution and assessing its underlying drivers and risks but does not clearly articulate the circumstances under which regulatory or supervisory concern may arise. Without further clarification, this formulation could be read to suggest that increasing concentration of liquidity at the close is itself a supervisory concern, rather than a market development to be assessed in light of specific market integrity, operational resilience, or market quality considerations. Closing auctions frequently provide important benefits to investors, including access to deep liquidity, efficient execution, and reduced market impact. These benefits ultimately accrue to the long-term investors saving through investment funds and therefore should be considered alongside any assessment of potential risks. IOSCO may wish to clarify that monitoring should encompass not only the volume of activity occurring at or around the close but also observable outcomes relating to market quality, price formation, execution quality, transparency, and investor outcomes.

With respect to Good Practice 4, we generally support IOSCO's recognition that changing liquidity dynamics may be relevant to the calibration and review of volatility control mechanisms. As discussed in our responses to Questions 14 and 15, VCMs should remain adaptable and be calibrated based on empirical evidence, liquidity conditions, and instrument characteristics. Any review or recalibration should be driven by demonstrated market risks and observed market outcomes rather than by the concentration of liquidity itself.

More broadly, ICI supports supervisory and regulatory approaches that focus on identifying and addressing specific risks through surveillance, operational resilience, business continuity planning, capacity management, and other targeted measures. In our view, these tools are well suited to addressing potential concerns associated with evolving liquidity patterns while preserving competition, innovation, investor choice, and the important benefits of closing-auction liquidity.

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In summary, IOSCO's framework provides a strong foundation for assessing evolving liquidity dynamics. ICI encourages IOSCO to continue emphasizing risk-based, evidence-driven supervision while recognizing the substantial benefits that closing auctions provide to investors and market quality, the importance of competition and innovation in execution practices, and the need to preserve investor choice while maintaining fair, orderly, and resilient markets.

Thank you again for the opportunity to provide feedback on the Consultation. If you have any questions or would like to further discuss our comments, please do not hesitate to contact me at tracey.wingate@ici.org or Katrina Wilson at katrina.wilson@ici.org.

Sincerely,
/s/ Tracey Wingate
Tracey Wingate
Chief Global Affairs Officer

cc: ML2026-consultation@iosco.org.