Recent developments Financial Market Infrastructures

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Summary

- IMF & FMI
- Financial Sector Assessment Program (FSAP)
- New Principles for Financial Market Infrastructures
The International Monetary Fund (IMF): working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.

Activities:
- Surveillance (includes FSAPs and use of international standards)
- Technical Assistance
- Lending

FSAPs are joint responsibility of the IMF and World Bank
Financial Sector Assessment Program (FSAP)

- Established in 1999: comprehensive and in-depth analysis of a country's financial sector

- Revamp of program in light of crisis
  - Improve the quality and incorporate the lessons from the recent crisis.
  - More flexible
  - Better integrated with the IMF’s surveillance
  - Clearer delineation of institutional responsibilities for stability and development

- Countries with systemically important financial sectors are required to undergo financial stability assessments every five years (G20 commitment)

- Boards of IMF and World Bank endorsed use of CPSS-IOSCO Principles for FMIs
FMI Principles - Objectives

Harmonize existing standards

- Core Principles for systemically important payment systems
- Recommendations for securities settlement systems
- Recommendations for central counterparties

Strengthen existing standards

- Lessons from the crisis
- Experience in applying standards

Ensure consistent applications

- CPSS-IOSCO members commit to apply ‘to the fullest extent possible’

Enhance safety and efficiency in payment, clearing, settlement and recording arrangements – limit systemic risk!
FMI Principles – Implementation

Implementation in legal and regulatory framework by the end of 2012

Self assessments by FMI

- Ongoing basis
- Discuss findings with authorities
- Complete the CPSS-IOSCO disclosure framework (Principle 23)

Assessments by authorities (central bank, regulators,…)

- Assessment of FMIs in jurisdiction
- Promote observance

Assessments by international financial institutions (IMF, World Bank)

- Financial Sector Assessment Program (FSAP)
- Technical assistance