

Basel, Washington and Madrid

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The Basel bodies do not work in isolation. Their relationship with the International Monetary Fund and the World Bank in Washington is one of division of labour. The Basel bodies develop standards, while the Bretton Woods institutions assess their implementation in individual countries through the Financial Sector Assessment Program, launched in 1999, and the Reports on the Observance of Standards and Codes.¹ Switzerland, which has been a member of the IMF and the World Bank since 1992, is among the jurisdictions whose financial sectors the IMF regards as systemically important, which means that it undergoes a mandatory financial stability assessment about every five years. The IMF and the World Bank are members of the FSB. Together with the FSB, the IMF also conducts an early warning exercise, whose results are presented to the IMF's International Monetary and Financial Committee.²

The International Organization of Securities Commissions occupies a special position. IOSCO, which emerged in 1983 from an inter-American association of securities regulators, moved its secretariat from Montreal to Madrid in 2000. It is the only one of the three major sectoral standard setters whose secretariat is not in Basel.³ The separation reflects the different traditions of securities regulators, which are often independent agencies with enforcement powers and no ties to central banks. It has not prevented close cooperation. IOSCO and the CPMI jointly drafted the PFMI, while IOSCO works with the Basel Committee on margin requirements for non-centrally cleared derivatives. All three sectoral bodies cooperated for many years in the Joint Forum on financial conglomerates. IOSCO is also a member of the FSB and takes part in its Plenary in Basel.

To the Bretton Woods institutions and IOSCO must be added other bodies with which the Basel institutions cooperate: the Financial Action Task Force at the OECD in Paris for financial integrity, the International

Accounting Standards Board in London for accounting standards and the OECD itself for tax matters. The resulting network of standard setters forms what is sometimes called the international financial architecture. Its centre of gravity lies in Basel, because the FSB, the Basel Committee, the IAIS, the CPMI and IADI all have their secretariats there. The concentration gives Basel a role in global financial governance that no other city of its size can claim. Geneva hosts the United Nations and many international organisations, while Basel hosts the technical machinery of financial regulation.

1 Notes

1. IMF and World Bank, Financial Sector Assessment Program (FSAP), launched in 1999; IMF, Reports on the Observance of Standards and Codes (ROSCs). Since 2010, FSAPs with a financial stability assessment have been mandatory for jurisdictions with systemically important financial sectors, including Switzerland. To be verified. ↩
2. On the joint IMF–FSB Early Warning Exercise, launched in 2009, see IMF and FSB publications; FSB Charter, Article 2(1)(i). To be verified. ↩
3. On the history of IOSCO and the transfer of its General Secretariat to Madrid, see IOSCO, "About IOSCO", on its website. Dates to be verified. ↩

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