

The Statutes and the shareholders

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The constitution of the BIS is laid down in its Statutes, which were annexed to the Constituent Charter of 1930 and have been amended many times since. Article 3 of the Statutes defines the objects of the bank as the promotion of cooperation among central banks, the provision of additional facilities for international financial operations and the acting as trustee or agent in regard to international financial settlements entrusted to it under agreements with the parties concerned. The Statutes regulate the capital, the shares, the powers of the bank, its management and the General Meeting, the accounts and the distribution of profits, the arbitration of disputes and the procedure for amendment. Most amendments require a decision of an Extraordinary General Meeting, while those affecting certain fundamental provisions also need the consent of the Swiss authorities under the Convention of 1930.¹

The capital of the BIS was originally denominated in Swiss gold francs, a unit of account defined by a fixed weight of fine gold. Since 1 April 2003 the bank has used the Special Drawing Right of the International Monetary Fund as its unit of account, which made its accounts easier to read and aligned them with the reserve unit used by the Fund. The shares are registered in the names of central banks and carry voting rights only through those central banks that the Board has admitted as members. A substantial part of the authorised capital has been issued, while only a fraction of the nominal value of each share has been paid up, the remainder being callable at the decision of the Board.²

The circle of member central banks has widened considerably since the 1990s. For decades the BIS was a predominantly European institution in which the central banks of the Group of Ten set the tone. The Federal Reserve, which had not taken up the American shares in 1930 because of the hostility of the United States government towards the reparations settlement, only took its seats on the Board of Directors in 1994. In 1996

the Board invited nine central banks from Asia, Latin America and the Middle East to become members, among them the People's Bank of China, the Reserve Bank of India, the Central Bank of Brazil, the Bank of Russia, the Saudi Arabian Monetary Agency, the Monetary Authority of Singapore and the Hong Kong Monetary Authority. Further accessions followed. The BIS now counts 63 member central banks, representing countries that together account for the great majority of world gross domestic product.³

Membership of the BIS is distinct from the use of its banking services. Many central banks that are not members hold deposits with the bank. According to the BIS, its customers include well over a hundred central banks and monetary authorities as well as international organisations. Conversely, membership brings the right to attend the General Meeting and the bimonthly meetings of governors, which gives it political value beyond the financial position of the shareholder. The admission of new members is a decision of the Board, which considers the contribution that a central bank can make to international monetary and financial cooperation and the significance of its economy in the world.⁴

The suspension of the Bank of Russia showed that membership also has a political dimension. After the Russian invasion of Ukraine in February 2022, the BIS announced that the Central Bank of the Russian Federation could no longer access any BIS services, including its meetings and its banking services. The BIS did not expel the Bank of Russia as a shareholder, since the Statutes provide no simple mechanism for that step, although the practical consequence was its exclusion from the life of the institution. For the lawyer, the episode illustrates how an organisation without explicit sanctions powers in its constitution can nevertheless restrict access to its services when its members and its host state apply sanctions.⁵

1 Notes

1. Statutes of the Bank for International Settlements of 20 January 1930, text as amended (most recently by decisions of the General Meeting in the 2000s and later), in particular Arts. 3 (objects), 4–10 (capital and shares), 21 et seq. (powers), 26 et seq. (management) and 44 et seq. (General Meeting). Article numbering and date of the latest amendment to be verified. ↩
2. BIS Statutes, Arts. 4 and 5 (capital in SDR, paid-up portion); on the change of the unit of account from the gold franc to the SDR with effect from 1 April 2003, see the BIS Annual Report 2002/03 and the resolution of the Extraordinary General Meeting of 10 March 2003. Dates to be verified. ↩

3. On the American shares of 1930 and the position of the Federal Reserve, see Toniolo, 2005, chapter 2; on the Federal Reserve joining the Board in 1994 and the invitation to nine central banks in September 1996, see the BIS Annual Reports 1994/95 and 1996/97. On the number of members (63) and their share of world GDP, see the BIS website and the latest Annual Report. Status to be verified. ↩
4. On the distinction between member central banks and customers of the BIS banking services, see the BIS Annual Report, section on banking activities; on the admission of members, BIS Statutes, Art. 8. Article and number of customers to be verified. ↩
5. BIS press statement of March 2022 on access of the Central Bank of the Russian Federation to BIS services; on Swiss sanctions against Russia, Ordinance of 4 March 2022 on Measures in connection with the Situation in Ukraine (SR 946.231.176.72). Wording and current status to be verified. Status to be verified. ↩

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