

The withdrawal of the private shareholders

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When the BIS was founded in 1930, not all the shares ended up in the hands of central banks. The American shares were subscribed by a group of commercial banks led by J. P. Morgan, First National Bank of New York and First National Bank of Chicago, because the Federal Reserve was not permitted to take them up. Some central banks, including the Banque de France and the Banque Nationale de Belgique, distributed part of their allotment to the public. These shares were traded on stock exchanges in Paris and elsewhere. Their holders received dividends, although they had no right to attend or vote at the General Meeting. By the end of the twentieth century, roughly one seventh of the bank's shares were held by private persons.¹

The presence of private shareholders was an anachronism in an institution whose members were central banks and which enjoyed the immunities of an international organisation. In September 2000 the Board proposed to withdraw all privately held shares against compensation. The Extraordinary General Meeting of 8 January 2001 amended the Statutes so that only central banks could be shareholders and resolved the compulsory repurchase of the private shares. The compensation was fixed at 16,000 Swiss francs per share, an amount that the bank justified by reference to its net asset value with a discount and by an independent valuation. The bank also repurchased the shares of the American issue held by the US banks, together with those that had been distributed to the public by the Belgian and French central banks.²

1 Notes

1. On the subscription of the American issue by a group of US commercial banks and on the distribution of shares by the Belgian and French central banks to the public, see Toniolo, 2005, chapter 2; on the proportion of privately held shares (about 13.7 per cent) before 2001,

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see the BIS press release of 2000 and the partial award of 2002. Figures to be verified. ↩

2. BIS press releases of 11 September 2000 and 8 January 2001; Extraordinary General Meeting of 8 January 2001 amending the Statutes; on the compensation of CHF 16,000 per share and its calculation, see the BIS Annual Report 2000/01 and the partial award of 22 November 2002. Dates and figures to be verified. ↩

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