INTERNATIONAL MONETARY FUND

IMF POLICY PAPER

THE CENTRAL BANK TRANSPARENCY CODE

July 2020

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its July 2, 2020 consideration of the staff report.
- The **Staff Report**, prepared by IMF staff and completed on June 4, 2020 for the Executive Board's consideration on July 2, 2020.

[The documents listed below have been or will be separately released.]

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PRESS RELEASE

PR 20/258

IMF Executive Board Approves New Central Bank Transparency Code

FOR IMMEDIATE RELEASE

Washington DC – July 30, 2020. On July 2nd, the Executive Board of the International Monetary Fund (IMF) approved the new IMF Central Bank Transparency Code (CBT). The development of the CBT follows on the Board's direction in April 2019 to update the 1999 Monetary and Financial Policies Transparency Code, and bring it in line with the recommendations of the 2017 Joint Review of the Standards and Codes Initiative, indicating the need for risk-based assessments to support policy effectiveness and address macroeconomic risks.

The accompanying paper outlines the CBT's 5-pillar framework and the proposed application of the CBT. It also notes that the CBT, its principles and the detailed practices, were developed after extensive consultation with relevant stakeholders. The preparation of the CBT benefited from guidance from a High-Level Advisory Panel, consisting of eminent former central bank governors and academics, and input from an extensive consultation process with central banks and other relevant international organizations. These engagements will help ensure that the CBT can provide strong, clear, and detailed guidance to central banks regarding their own transparency. The paper also notes the importance of the CBT for policy effectiveness and accountability in light of the wide-ranging policy measures undertaken by central bank in recent years in response to extraordinary shocks, including from the COVID-19 pandemic.

The CBT will be applicable, on a voluntary basis, to all IMF members, including less-developed economies. The modular, risk-based, and proportional set-up is well-suited to taking into account country-specific circumstances. This will also enable the CBT to serve as a tailored diagnostic tool in IMF capacity development and facilitate the voluntary use of the CBT in Financial Sector Assessment Programs and IMF surveillance, such as Article IV consultations, and in an IMF-supported program context.

Executive Board Assessment

Directors welcomed the opportunity to consider the staff proposal for the Central Bank Transparency Code (CBT) and broadly endorsed its general principles. They noted that the role of central banks–in terms of expanded mandates, unconventional policy actions and complex operations–has evolved considerably in response to the 2008 financial crisis and the COVID-19 pandemic, and agreed that these changes have heightened the need for enhanced transparency.

Directors appreciated the extensive outreach by staff in the preparation of the CBT and thanked the members of the Advisory Panel for their thoughtful guidance and contributions. They noted that the CBT is a timely and useful tool for central banks to guide their transparency practices and strengthen accountability, ensuring more effective policy outcomes and better-informed dialogue with stakeholders.

Directors welcomed the voluntary nature of the CBT and its relevance for all member countries, including less-developed economies, recognizing that central banks operate in diverse environments, as highlighted in the descriptions of the range of practices for the CBT principles. They appreciated that these practices are not intended to be a tool for ranking the transparency choices of central banks and welcomed the revised practice labels.

Directors welcomed the CBT's acknowledgement of the trade-offs between transparency and the legitimate need for confidentiality, as well as the role of country-specific circumstances, including the legal and institutional frameworks, in defining these trade-offs. They appreciated that the CBT recognizes these needs in the context of market sensitive issues, financial stability considerations, and personal data, but some saw scope for a broader definition of qualified confidentiality reasons. In the context of currency unions, a number of Directors were concerned that publishing voting behavior may have important trade-offs and noted the CBT should avoid being overly prescriptive. Directors broadly endorsed the CBT principles and description of practices related to foreign exchange management, with some Directors calling for caution regarding information disclosure in this area to avoid limiting central bank flexibility and prevent speculative transactions.

Directors supported staff carrying out CBT pilot reviews on a voluntary basis and in close cooperation with the relevant authorities, while ensuring a proper representation of Fund membership, which could then be discussed by the Board. Given the competing demands on authorities and on Fund resources considering the ongoing COVID-19 crisis, a number of Directors were of the view that the two-year timeline might need to be reconsidered.

Directors supported the notion that the CBT could serve as a useful diagnostic tool in capacity development and most thought it could be helpful for Fund surveillance, on a voluntary basis.

INTERNATIONAL MONETARY FUND

THE CENTRAL BANK TRANSPARENCY CODE—STAFF PROPOSAL

June 4, 2020

EXECUTIVE SUMMARY

The paper reports to the Executive Board on its decision of April 29, 2019, to prepare an IMF Central Bank Transparency Code (CBT), which is linked to the 2017 Review of the Standards and Codes Initiative (RSCI), for a revision and update of the 1999 Monetary and Financial Policies Transparency Code (MFPT). Directors asked that the CBT should remove the overlap on financial policies covered by other international standards, expand the transparency standards to broader set of activities undertaken by many central banks since the 2008 financial crisis, and reorient the transparency standards to facilitate risk-based assessments to support policy effectiveness and address macroeconomic risks.

This paper presents a staff proposal for the CBT. The proposal builds on the Board-approved CBT 5-pillar framework and consists of (i) central bank transparency principles; (ii) central bank transparency practices; (iii) a glossary; and (iv) an annex with relevant transparency related principles from financial policy standards.

The modular approach of the CBT allows for a voluntary and proportional application that takes into account country-specific circumstances. The CBT could also be used by central banks to map their transparency frameworks and make informed choices on their transparency arrangements. The CBT is not intended to serve as a central bank governance framework.

Extensive stakeholder consultation provided important input. This includes feedback from a High-Level Advisory Panel consisting of eminent former central bank governors and academics, central banks and monetary unions, and international organizations and standard setters. Notably, their suggestions on issues related to the appropriate balance between transparency and confidentiality helped improve the CBT's flexibility to take account of the diversity of transparency practices across jurisdictions reflecting different legal and structural backgrounds.

The CBT will support Fund capacity building activities Technical Assistance (TA) and Financial Sector Stability Reviews (FSSR); Surveillance—Article IV Consultations and Financial Sector Stability Programs (FSAP)]; Use of Fund Resources (UFR); and in the Fund's Good Governance Framework for enhanced Fund engagement on governance.

Staff is seeking Board endorsement of the proposed CBT.

Approved By
Tobias Adrian

Prepared by an inter-departmental team led by Ghiath Shabsigh and Ashraf Khan, and includes: Nombulelo Braiton, Mark Buessing-Loercks, Elie Chamoun, Udaibir Das, Mariam El Hamiani Khatat, Chady El Khoury, Tomoaki Hayashi, Grace Jackson, Barend Jansen, Aldona Jociene, Gunes Kamber, Elias Kazarian, Annamaria Kokenyne Ivanics, Dimitrios Laliotis, Arkadiusz Majewski, Catalina Margulis, Emmanuel Mathias, Mowele Mohlala, Paola Morales Acevedo, Erlend Nier, Svetlana Popova, Asad Qureshi, Umang Rawat, Hans Weenink, Rudy Wytenburg, and Matevz Zbasnik. Production assistance was provided by Javier Chang and Helen Hwang.

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Glossary

AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
AP	Central Bank Transparency, Advisory Panel
BCBS	Basel Committee on Banking Supervision
BCP	Basel Core Principles for Effective Banking Supervision
CBLD	Central Bank Legislation Database
CBT	Central Bank Transparency Code
COFER	Composition of Foreign Exchange Reserves
ECB	European Central Bank
EMs	Emerging Markets
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FMI	Financial Market Infrastructure
FSAP	Financial Sector Assessment Program
FSB	Financial Stability Board
FSSR	Financial Sector Stability Review
HIC	High-Income Countries
IAIS	International Association of Insurance Supervisors
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
IRFCL	International Reserves and Foreign Currency Liquidity
LIC	Low-Income Countries
LMIC	Lower Middle-Income Countries
MFPT	IMF Code of Good Practices on Transparency in Monetary and Financial Policies
RSCI	Review of the Standards and Codes Initiative
S&C	Standards and Codes
SDDS	Special Data Dissemination Standard
UFR	Use of Fund Resources
UMIC	Upper Middle-Income Countries
UMP	Unconventional Monetary Policies

INTRODUCTION

1. **The Executive Board endorsed on April 29, 2019, the staff proposal to replace the MFPT with a new CBT**. The proposed change is needed to remove the overlap in the MFPT with transparency elements of financial policies covered by other international standards, and to facilitate policy effectiveness through greater transparency in light of the emerging challenges facing central banks since the 2008 financial crisis in terms of expanded mandates, functions, powers and policy tools. Additionally, the on-going global response to the COVID-19 epidemic, where central banks have taken an active and critical role including through unconventional measures, has further reinforced the need for central banks to adopt greater transparency to maintain public trust and policy effectiveness.

2. **The Board generally viewed the proposed CBT as an appropriate framework to remove the overlap on financial policies covered by other international standards, and expand the transparency standards to a broader set of activities and practices undertaken by many central banks**. The CBT would also reorient transparency standards to facilitate risk-based assessments,[1] to support policy effectiveness and address macroeconomic risks, in line with the recommendations of the 2017 RSCI.

3. **The Board called on the CBT to be relevant and balanced**. In particular, the CBT should (a) be relevant to all member countries; (b) help facilitate a risk-based and proportional application while considering country specific circumstances and needs; (c) not be viewed as a central bank governance framework, nor as a means to assess the governance of central banks; and (d) strike the appropriate balance between transparency and the legitimate need for confidentiality.

4. **This paper presents a staff proposal for the CBT**. The next section discusses the key features of the CBT. The subsequent section presents the results of the extensive stakeholder consultation process used to refine the CBT further.

THE CENTRAL BANK TRANSPARENCY CODE: KEY FEATURES

5. **The CBT is a voluntary code, composed of a comprehensive, central bank-focused set of principles and practices (Attachment)**. The CBT is solely focused on central banks, and aims to encompass their broad range of mandates, governance frameworks, and institutional arrangements.

6. The CBT's 5-pillar framework covers central bank governance, policies, operations, outcome, and official relations; thereby covering transparency in every area of central banking (Figure 1):

   a. Pillar I. Transparency in governance, covering institutional issues.

[1] Risk-based assessments take into account the country-specific context, and the key risks the country as well as the central bank in particular face at a given point in time.

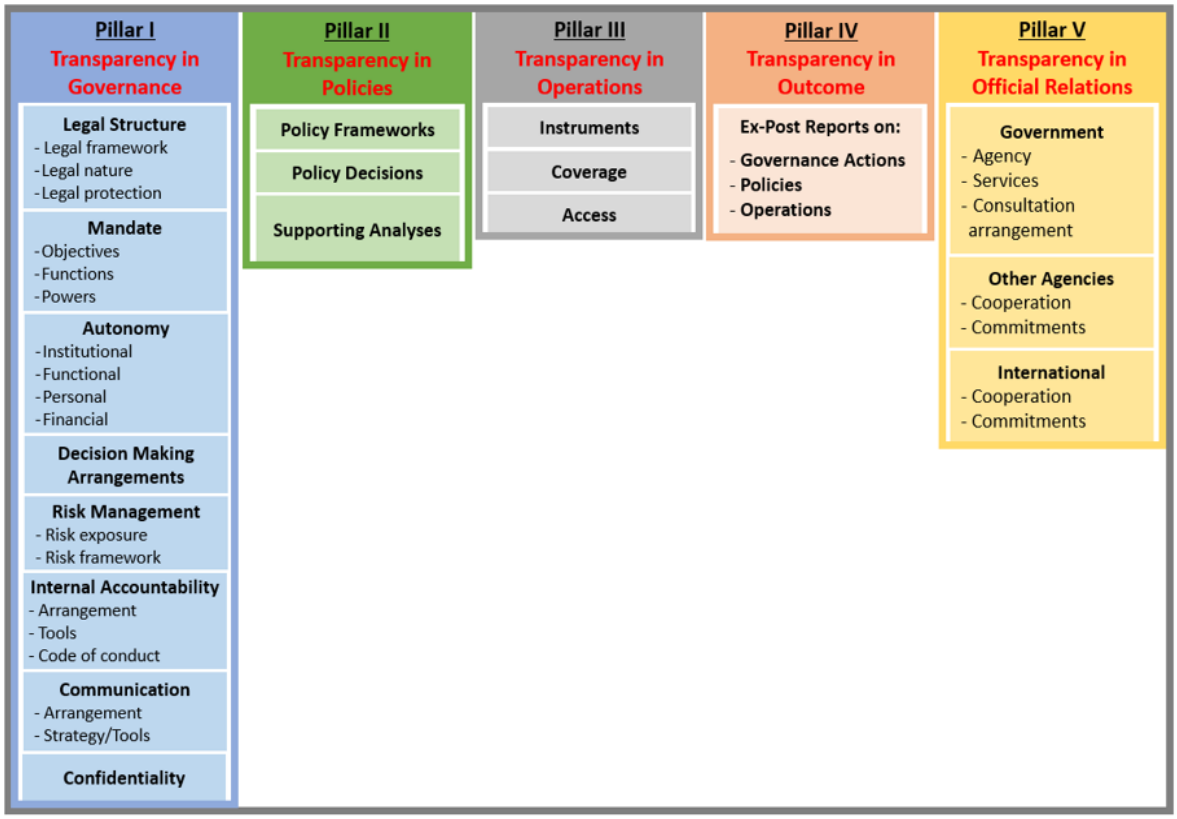
b. Pillar II. Transparency in policies, focusing on the economics of the central bank policy decisions.

c. Pillar III. Transparency in operations, highlighting how policy decisions are implemented.

d. Pillar IV. Transparency in outcome, focusing on how the outcome of central bank policies and other actions are reported to stakeholders to facilitate accountability.

e. Pillar V. Transparency in official relations, covering the central bank interaction with the government and other domestic agencies, and international relations and commitments.

Figure 1. Central Bank Transparency: Five-Pillar Framework



Source: IMF Staff.

7. **Enhanced transparency practices advocated by the CBT reflect the evolution of central banks' roles and responsibilities over the past decade**. As noted in the Fund's Policy Paper of April 2019,[2] many central banks resorted to unconventional measures (including quantitative easing, forward guidance, lender and market-maker of last resort operations) in pursuit of their financial and price stability objectives following the 2008 financial crisis. As part of the emergency responses to COVID-19 outbreak, central banks announced further measures that required close coordination with, and backing by, ministries of finance. The unconventional nature and the immense scale of these measures, including the interlinkages with fiscal policies and impact on public welfare,

[2] IMF Policy Paper, 2019, *Staff Proposal to Update the Monetary and Financial Policies Transparency Code*. Washington, D.C., International Monetary Fund.

represent an evolution of central bank roles in response to unprecedented challenges. These measures call for enhanced transparency for central banks to underpin their actions as autonomous and accountable public institutions.

8. **The CBT removes the overlap on financial policies covered by other international standards**. Selected transparency related principles of financial policies covered by other international standards are presented in a separate Annex for information purposes only. The Annex will not be used for assessing compliance with the CBT, nor does it contain a description of the range of practices on transparency as related to banking, insurance, securities, resolution authority, and financial markets infrastructures.

9. **The CBT is intended to allow central banks to map their transparency frameworks, improve the dialogue with their stakeholders, and contribute to policy effectiveness**. Central banks could assess their existing transparency frameworks using the CBT and allow for more informed central bank choices on transparency and more effective communication between the central bank and its various stakeholders. In doing so, a better understanding of the rationale for central bank mandate, governance, policies, operations, outcomes, and official relations will reduce uncertainty and facilitate a public dialogue that can anchor public expectations and foster better policies. The CBT will also assist central banks in explaining that the absence of disclosure of specific information (for instance, on individual microprudential supervision cases) does not necessary imply lacking transparency.

10. **The CBT provides a range of practices of how the CBT principles could be implemented**. The practices reflect the design of the CBT to be relevant to all Fund member countries' central banks and their diverse backgrounds, including with respect to legal frameworks, governance arrangements and levels of economic and financial development. It is against this background that central bank transparency choices should be considered and evaluated. The range of practices will help central banks and their stakeholders to determine if central bank transparency in practice is balanced, given the country-specific circumstances. The practices are not intended to be a tool for transparency ranking of central banks.

11. **The CBT recognizes the necessity to balance transparency and central banks' legitimate need for confidentiality**. The application of transparency in a central bank context cannot be indiscriminate or excessive as there are many central bank activities where there might be legitimate needs for confidentiality. The CBT identifies confidentiality needs in the contexts of market sensitive information, financial stability considerations, and personal data. The CBT recognizes the diversity of transparency practices across jurisdictions reflecting different legal, and structural backgrounds. Therefore, the CBT follows a two-pronged approach:

a. Transparency requirements throughout the CBT are qualified with respect to market sensitive information, financial stability considerations, and personal data.

b. In Pillar I, the principle of confidentiality calls for the articulation of a clear confidentiality policy that explains and justifies the choices made by central banks on the disclosure of sensitive information, as well as those emanating from legal and other obligations.

12. **Some of the key factors considered in drafting the CBT include:**

a. The contribution of central bank transparency to increased policy effectiveness and enhanced accountability.

b. The balance between transparency and legitimate needs for confidentiality.

c. The monetary policy practices of central banks in recent years, that altered many of the norms that underpinned the traditional transparency principles related to monetary policy, including the use of unconventional measures and expanded balance sheets.

d. The broadening of mandates, functions, and powers—both de jure and de facto—of central banks, including macroprudential oversight, crisis management, resolution authority, and other objectives (e.g., financial integrity and consumer protection).

e. The need for the CBT to be practical and flexible to cover diverse central banking environments.

f. The Fund's approach to governance issues. In April 2018, the Board approved a framework for enhanced Fund engagement on governance and corruption.[3] The framework aims at assessing governance vulnerabilities and their macroeconomic impact in the context of surveillance and in Fund-supported programs. This new framework includes a central bank governance component examining several aspects, including, most importantly, transparency and accountability arrangements.

13. **The CBT can serve as a diagnostic tool in capacity development**. The CBT provides a tool that would enable the delineation of transparency benchmarks and allow graduated assessment of central banks' transparency practices, helping countries plan, implement, and monitor reform efforts. This could assist authorities in providing well-founded information on efforts to reform central bank transparency and related issues and communicate effectively with their stakeholders. The CBT will also provide useful tool for the Fund to assist member countries' central banks, through capacity development and FSSR, in strengthening their transparency practices.

14. **The CBT framework could help support Fund surveillance**. When applied to a member country, the framework will help highlight the strengths and weaknesses of the central banks' transparency practices and their relative importance in the context of the country's circumstances. The scope to undertake modular assessments of the components of the code would allow a prioritization of recommendations through a transparency action plan that could be monitored,

[3] IMF, 2018b, *Review of 1997 Guidance Note on Governance—A Proposed Framework for Enhanced Fund Engagement*. Washington, D.C., International Monetary Fund.

depending on country-specific priorities, in the context of Article IV surveillance, FSAPs, and Use-of-Fund Resources.[4]

CONSULTATION PROCESS

15. **In the process of drafting the CBT, extensive consultations with various stakeholders took place**. At the April 29, 2019 Executive Board meeting, Directors supported the staff proposal to convene an international advisory group, composed of members from diverse backgrounds, to provide guidance to staff in the elaboration of the new code, and noted the need to engage the Executive Board, central banks, and other relevant international institutions.

International Advisory Panel

16. **An international High-Level Advisory Panel (AP) was convened in late summer of 2019**. The AP is composed of eminent former central banks' governors and academics, with diverse backgrounds in terms of experiences and regional representations (Box 1). In addition to several rounds of written comments, staff held three meetings with the AP members, through a series of virtual meetings and conference calls in October and December 2019, and in March 2020,[5] and discussed the CBT's principles and practices, as well as central banks' comments on the CBT and staff responses.

Box 1. Central Bank Transparency Code—Advisory Panel

Ms. Aziz, Zeti Akthar	Former Governor, Bank Negara Malaysia
Mr. Blinder, Alan	Academic, Princeton University
Mr. De Gregorio, José	Former Governor, Central Bank of Chile
Mr. El Okdah, Farouk	Former Governor, Central Bank of Egypt
Ms. Geraats, Petra	Academic, Cambridge University
Mr. Ndulu, Benno	Former Governor, Central Bank of Tanzania
Mr. Praet, Peter	Former ECB Executive Board Member
Mr. Reddy, Y.V.	Former Governor, Reserve Bank of India
Mr. Shirakawa, Masaaki	Former Governor, Bank of Japan
Mr. Tarullo, Daniel	Former Governor, US Federal Reserve

17. **The AP provided valuable advice and insights during the process of developing and drafting the CBT and helped shape the final outcome**. Key issues raised by the AP include:

[4] The CBT could also assist central banks in meeting certain requirements on aspects of transparency and accountability under the IMF safeguards policy.

[5] The last meeting was planned to be held at HQ on March 16, 2020. As a result of the Covid-19 epidemic, the HQ meeting was replaced by a series of conference calls that took place during the week of March 23, 2020.

a. Further nuancing the balance between transparency and confidentiality.

b. Ensuring a clear focus on transparency requirements versus governance aspects.

c. Finetuning, inter alia, of issues relating to transparency of central bank autonomy, risk management and audit, financial stability and stress testing, and inter-agency cooperation.

d. Incorporating transparency of human capital management and code-of-ethics.

e. Clarifying the approach to external accountability by further strengthening the descriptions of practices under Pillar IV.

These issues were addressed by incorporating additional language in the CBT's introduction on confidentiality, deleting remaining governance aspects from the CBT, adding explicit references to human capital management in the CBT, strengthening the presentation of anti-corruption measures and internal code-of-conduct, and clarifying and consolidating the discussions on external accountability in Pillar IV. The relevant transparency practices were adjusted accordingly.

Executive Board

18. **The staff engaged the Board on the CBT several times**. This includes:

a. Staff presentation on November 20, 2019, to discuss the staff's approach to developing the CBT, the CBT's high-level principles, and the consultation process.

b. Informal meeting-to-engage on March 4, 2020, to discuss the CBT Exposure Draft.

c. Two virtual iLab sessions on May 5 and 7, 2020, to discuss staff's response to central banks' comments on the CBT Exposure Draft.

19. **Directors highlighted several issues**, including:

a. Clarifying the voluntary nature of the CBT and its application in Fund surveillance and capacity building, and that the adoption of transparency practices is dependent on country-specific situations.

b. Refining the balance between transparency and confidentiality.

c. Removing any remaining references to central bank governance aspects.

d. Finetuning descriptions of risk management, audit, and financial stability.

e. Ensuring consistency of legal language throughout the CBT.

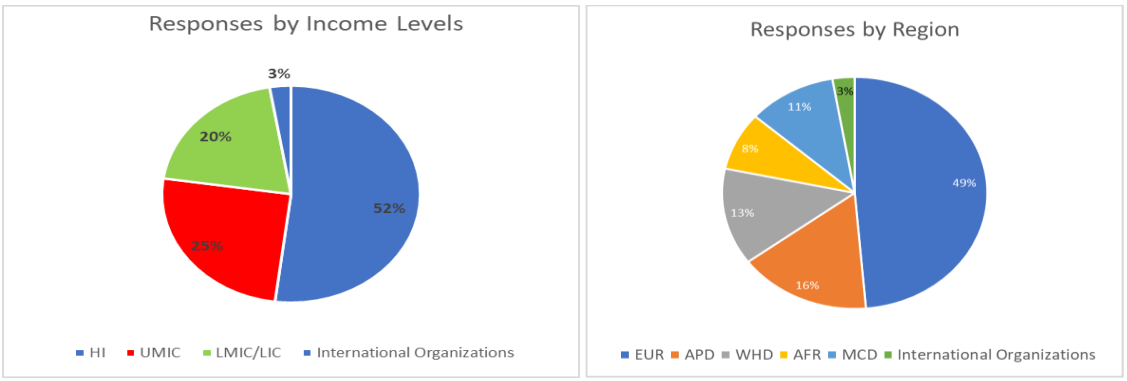
These issues were addressed by explicitly noting that the CBT is voluntary, expanding the examples of how the CBT could be applied, and through a review by the IMF's Legal Department. Issues relating to finetuning descriptions, deleting remaining governance aspects and strengthening the language on confidentiality were incorporated (taking suggestions from the Advisory Panel into account).

Central Banks and Relevant International Organizations

20. **The Exposure Draft of the CBT was circulated in late January 2020 to external stakeholders**. The CBT Exposure Draft was shared with central banks and monetary unions world-wide, as well as with the Bank for International Settlements, the World Bank, and financial policy standard-setters: Basel Committee of Banking Supervision (BCBS), International Association of Insurance Supervisors (IAIS), International Organization of Securities Commissions (IOSCO), and the Financial Action Task Force (FATF).

21. **The CBT Exposure Draft elicited strong participation**. Staff received formal responses via the online CBT feedback form and other interactions from 75 organizations in total. This included 73 central banks and monetary unions, and 2 international organizations (see figure 2). It should be noted that the response from countries in the European region includes 15 eurozone countries that did not submit separate comments, but for whom the European Central Bank (ECB) indicated that its response was coordinated with and on behalf of those national central banks.

Figure 2. CBT Feedback



Source: IMF staff

22. **Central banks and international organizations broadly supported the CBT**. They broadly recognized the relevance of the CBT, particularly in the context of expanded mandates; noted the consistency with the MFPT and other international standards; reiterated support for removing the overlap with other financial policy standards; supported the CBT 5-pillar framework; and broadly acknowledged the CBT's balance between transparency and confidentiality. Around 8 percent of central bank respondents provided CBT-based assessments of certain elements of their current transparency practices. Most of the comments were intended for clarification, including on terminology.[6] Comments that are of broader relevance include:

[6] Some central banks suggested expanding the CBT to cover certain governance aspects (e.g., strengthening central bank autonomy; support for whistleblowing arrangements; including a minimum term for the Governor), or to include other agencies into the CBT coverage. These suggestions were not incorporated as they fell outside of the CBT's scope, that is, focusing on central bank transparency irrespective of central bank governance arrangements.

a. **The nature of the CBT**. Clarify the voluntary nature of the CBT, and the use of practices, particularly concerns about using the CBT practices to rank central banks.

b. **Legal framework**. Take note of domestic legal frameworks that would require central banks to be transparent about various topics (e.g., Freedom of Information laws), or instead would require them to maintain confidentiality on specific points, as well as recognize the specifics of the legal framework applying to central banks that are part of a currency union.

c. **Independence/Autonomy**: Clarify the difference between the two terms, expand the clarification of goal and instrument autonomy, and further enhance the components of financial autonomy in particular.

d. **Risk management**. Clarify coverage of certain types of risk (i.e., compliance and strategic risk) and concerns related to exposing central bank to risks by disclosing information about risks and mitigation strategies.

e. **Code of conduct**. Expand this area, particularly in the good and advanced practices; including transparency on the presence of Ethics Officers, as well as transparency over the use, protection, and preservation of information, and mechanisms for preventing conflicts of interest.

f. **Confidentiality**. Further clarify the approach to confidentiality, including links to the legal framework, as noted above under point b.

g. **Decision-making process**. Further clarify the practices with respect to policy decision making and disclosure of supporting analysis to ensure the achievement of policy objectives and prevent excessive speculation.

h. **Foreign exchange management.** Clarify transparency practices regarding the timing and scale of foreign exchange management and interventions, especially when operations occur and tactics.

i. **Foreign exchange reserve management**. Disclosure of composition of reserve assets, short-term liabilities, and drains should follow related codes of conduct (International Reserves and Foreign Currency Liquidity (IRFCL); Composition of Foreign Exchange Reserves (COFER); and Special Data Dissemination Standard (SDDS).

j. **Financial integrity**. Clarify the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) components relating to "internal activities" of central banks themselves as compared to their role as AML/CFT supervisor.

These comments were addressed by detailed changes to the relevant transparency practices, which were subsequently shared with Directors to ensure that comments from central banks had been

carefully taken into account. Aspects relating to the nature of the CBT and the role of the legal framework were included in the CBT's introduction.

SUMMARY AND NEXT STEPS

23. **This paper contains a staff proposal for the IMF Central Bank Transparency Code**. The paper responds to the decision made by the Executive Board on April 29, 2019, building on the 2017 RSCI.

24. **The CBT enhances the efficiency of Fund work.** The CBT eliminates the overlap with international financial standards adopted since the MFPT was created, improves the effectiveness of Fund work by expanding the transparency criteria to the broader set of activities undertaken by central banks since the 2008 financial crisis, and creates cost-effectiveness by facilitating risk-based assessments to support policy effectiveness and address macroeconomic and financial risks.

25. **The CBT contributes to central bank policy effectiveness and accountability**. The CBT will facilitate more effective communication between the central bank and its various stakeholders, reducing uncertainty and anchor public expectations, and contributing to better policy choices and enhanced accountability.

26. **Pilot assessments**. The staff proposes to carry out several CBT reviews on voluntary basis over the next two years, in collaboration with the relevant authorities. The countries participating will be reflective of IMF membership, cover the diversity of regions, income levels, and exchange rate regimes, and the outcome will be reported to the Board in the form of aggregate analysis. The outcome of the pilots will also be used to develop a guidance note and template for future voluntary applications of the CBT in FSAP, AIV or UFR discussions. The staff are looking forward to conduct four to six reviews in the pilot phase. The staff has not yet approached any central bank for the purpose of conducting the pilot reviews. However, six central banks from various regions of the world have already used the CBT's Exposure Draft to gauge their existing transparency practices. Additionally, one (emerging market) central bank indicated that it has established an internal working group to continue mapping its transparency practices for all its functions, as part of its own strategic planning.

ISSUES FOR DISCUSSION

- Do Directors agree with staff's CBT proposal as attached to this paper?
- Do Directors agree that staff carry out CBT pilot reviews, in consultation with the authorities and on voluntary basis, and report the outcome to the Board?

Attachment. The Central Bank Transparency Code

Introduction

1. **Central bank transparency is important for effective monetary and financial policies**. Transparency is critical to guiding the decisions of economic agents and stabilizing market expectations and conduct, both of which boost the effectiveness of monetary and financial policies. Transparency is also key to ensuring public accountability of central banks and their autonomy/independence, with the latter underpinning the operational effectiveness of central banks. Effective central bank transparency arrangements are one of the sound principles of monetary policy.[1]

2. **The impact of the 2008 financial crisis, reinforced by the COVID-19 pandemic, has heightened the importance of central bank transparency and broadened bank mandates, functions, and powers—both de jure and de facto.** Central banks' response to the crises has altered many of the norms that undergird traditional transparency principles related to monetary and financial policies. Central banks have expanded their balance sheets significantly, often using unconventional monetary policies to support price stability objectives. Increasingly, they have been given a financial stability mandate that informs their monetary policy actions and decisions. In addition to the expansion of monetary policy instruments, many central banks have seen their financial stability functions broadened to encompass macroprudential oversight, crisis management, and resolution. In general, central bank mandates vary widely, with some central banks assuming responsibility for areas such as anti-money laundering/countering the financing of terrorism (AML/CFT) supervision and consumer protection.

3. **Transparency is a key element of central bank accountability**. Transparency refers to the flow and accessibility of information from the central bank to its stakeholders and the public. They rely on that information to inform their judgment of the performance of the central bank and compliance with the central bank's mandate.

[1] See *Evolving Monetary Policy Frameworks in Low-Income Countries and Other Developing Countries*. 2015. Washington, DC: International Monetary Fund.

Transparency is also a key plank in the central bank's broader governance and accountability framework.

4. **An update of the International Monetary Fund's code on central bank transparency was overdue.** The 1999 IMF "Code of Good Practices on Transparency in Monetary and Financial Policies"[2] (MFPT, one of the Key Standards developed by the IMF),[3] identified desirable transparency practices for central banks and other financial agencies. However, an update of the MFPT was needed, given (i) advances in the development of international standards for financial policies since 1999; (ii) monetary policy practices of many central banks since the 2008 financial crisis; (iii) the broadening of mandates, functions, and powers—both de jure and de facto—of central banks in recent years; (iv) the 2017 IMF "Review of the Standards and Codes Initiative" recommendation to gear the Fund's transparency guidance toward facilitating the implementation of policy objectives; and (v) the Fund's enhanced approach to good governance issues.

5. **On April 29, 2019, the Executive Board of the IMF endorsed a staff proposal to replace the 1999 Monetary and Financial Policies Transparency Code (MFPT) with a new Central Bank Transparency Code (CBT)**. The CBT is a comprehensive set of principles and practices that apply to all central banks, regardless of their mandates, governance frameworks, and institutional arrangements. The CBT's five-pillar framework comprises transparency on central bank governance, policies, operations, outcome, and official relations, covering transparency in every area of central banking.

6. **The CBT better reflects the new realities of central banking.** Instead of focusing mostly on the disclosure of operational processes, the CBT is geared toward facilitating the implementation of policy objectives to support policy effectiveness and at addressing macroeconomic risks. The CBT recognizes that central banks operate under diverse circumstances and levels of economic and financial development. This

[2] See *Code of Good Practices on Transparency in Monetary and Financial Policies: Declaration of Principles.* 1999. Washington, DC: International Monetary Fund. The Code was endorsed by the Interim Committee of the IMF Board of Governors in its September 26, 1999 Communiqué, which urged all member countries to implement it.

[3] In addition to the MFPT, the Standard and Codes developed by the IMF includes the Fiscal Transparency Code and the Special Data Dissemination Standard.

recognition facilitates assessments of transparency that are outcome-focused, modular, risk-based, and proportional.

7. **The CBT will allow central banks to shape their accountability and increase their policy effectiveness.** Central banks could assess their existing transparency frameworks using the CBT. This will allow for more informed central bank choices on transparency—or will allow central banks to highlight choices they are faced with, for instance due to their domestic legal frameworks. These choices will facilitate discussions between the central bank and its various stakeholders on the rationale for central bank governance, policy, operations, outcome, and official relations. Such a dialogue will reduce uncertainty, for instance, about the central bank's mandate, its confidentiality policy, its interaction with stakeholders, and its operations in various areas. Accordingly, central bank transparency will help to explain what it is the central bank does, how it does it, and what the results are. Not only will this allow the central bank to be held accountable for its actions, it will also feed back into the policy choices the central bank makes—allowing for a continued improvement.

8. **The CBT recognizes that applying transparency in a central bank context cannot be indiscriminate or excessive, as many central bank activities have a legitimate need for confidentiality**. As the MFPT noted: "Transparency is not an end in itself, nor is transparency a substitute for pursuing sound policies; rather, transparency and sound policies are better seen as complements."[4]

9. **The degree of a central bank's transparency is shaped by its legal framework.** Some central banks might be subject to domestic legal and regulatory frameworks that restrict central banks' ability to be transparent about specific information (e.g., personal data or information subject to commercial or trade secrecy provisions). Alternatively, other domestic laws and regulations could require the central bank to be transparent, for example, in the form of "freedom of information" laws. Also, obligations stemming from membership in a currency union or other international

[4] MFPT (1999), p. 7, para. 12.

official requirements might subject central banks to additional information-sharing agreements.

10. **The CBT strives to strike a balance between transparency and the legitimate needs for confidentiality**. The CBT views confidentiality in the context of market-sensitive information, financial stability considerations, and personal data. Confidentiality is particularly pertinent in key areas, including foreign exchange interventions, reserve management, supervisory decisions on individual institutions, and emergency liquidity assistance. The CBT recognizes that a diversity of transparency practices across jurisdictions reflect different legal, structural, and cultural backgrounds. Therefore, the CBT follows a two-pronged approach:

a. Transparency requirements throughout the CBT are qualified for market sensitive information, financial stability considerations, and personal data.

b. Central banks should articulate a clear confidentiality policy to explain and justify their choices on the disclosure of sensitive information, as well as those emanating from legal and other obligations.

11. **The CBT is a voluntary code, intended to help central banks assess their transparency frameworks and facilitate informed dialogue with their stakeholders**. The CBT will help central banks map their transparency against a range of practices, allowing for more informed central bank choices on transparency arrangements. The CBT also stresses transparency of central banks' legal frameworks, as these play a role in shaping the central banks' degree of transparency. The CBT will facilitate informed discussions between the central bank and its various stakeholders on transparency choices. It will, for example, assist central banks in explaining that the absence of information or a lag in its publication (relating to foreign exchange interventions, for instance) does not necessarily imply a lack of transparency or mean that transparency should always be absolute. On the other hand, the CBT calls for a stronger commitment to transparency commensurate with central banks' mandates.

12. **The CBT applies only to central banks**. When a central bank shares a function with one or more other agencies (such as a financial supervisor), transparency of those agencies would not be subject to the CBT. When a central bank is part of a monetary union, national central banks may have delegated individual functions to other

members of the monetary union, while other functions continue to be the responsibility of individual national central banks. In such a case, the CBT should be applied to the transparency framework both at the level of the monetary union and of each national central bank.

13. **The CBT will not assess central bank functions like micro-prudential supervision (banking or insurance), securities regulation, resolution, or financial market infrastructure responsibilities.** These areas already have established international standards. The Annex presents selected excerpts from these standards that relate to transparency, for informational purposes only. The Annex is not to be used for assessing central banks' transparency practices and does not describe practices on the transparency of banking, insurance, and securities sectors' supervisors, resolution authorities, and financial market infrastructures. The transparency issues in the Annex will not be assessed in the context of the CBT, but rather by respective assessors in banking, insurance, securities, resolution, and financial market infrastructures.

14. **The CBT comprises five "Transparency Pillars," each representing different transparency elements** (Figure 1):

a. Pillar I. Transparency in governance, covering institutional issues.

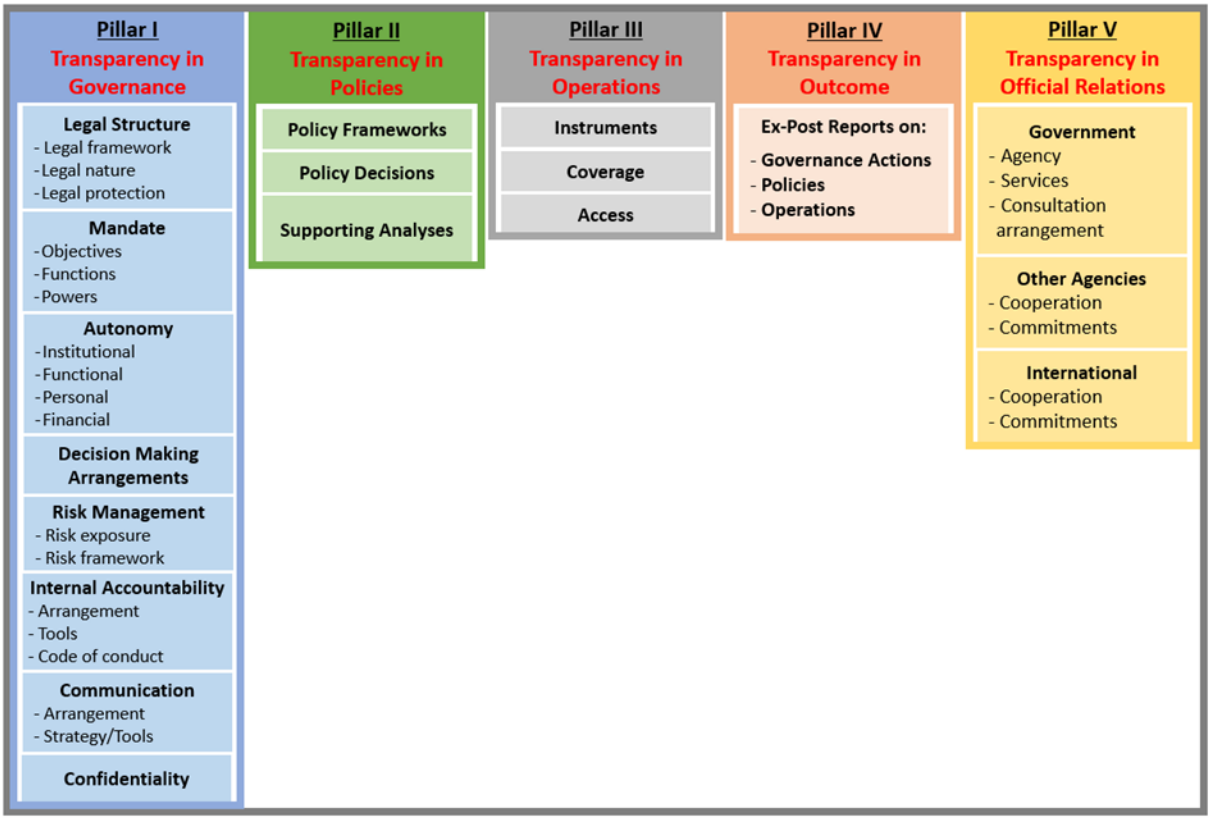
b. Pillar II. Transparency in policies, including its framework and decision-making process.

c. Pillar III. Transparency in operations, highlighting how policy decisions are implemented.

d. Pillar IV. Transparency in outcome, focusing on how the outcome of central bank policies and other actions are reported to stakeholders to facilitate accountability.

e. Pillar V. Transparency in official relations, covering central bank interactions with the government and other domestic agencies, and international relations and commitments.

Figure 1. Central Bank Transparency: Five-Pillar Framework



Source: IMF Staff

15. The rest of this document is organized as follows: The CBT principles are presented in section A. Section B provides descriptions of a range of practices, broken down by principle. Key definitions are presented in the Glossary in section C. Finally, the Annex contains selected transparency-related principles from international financial policy standards, which are included for informational purposes only.

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ACRONYMS

AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
BCBS	Basel Committee on Banking Supervision
BCP	Basel Core Principles for Effective Banking Supervision
CBT	IMF Central Bank Transparency Code
CCP	Central Counterparty Clearing House
CSD	Central Securities Depository
CPSS	Committee on Payments and Settlement Systems
EC	Essential Criterion
ELA	Emergency Liquidity Assistance
EN	Explanatory Notes
FMI	Financial Market Infrastructures
FS	Financial Stability
FSB	Financial Stability Board
IAIS	International Association of Insurance Supervisors
ICP	Insurance Core Principles
IOSCO	International Organization of Securities Commissions
KA	Key Attributes of Effective Resolution Regimes for Financial Institutions
ML/TF	Money Laundering/Terrorist Financing
PFMI	Principles for Financial Market Infrastructures
SSS	Securities Settlement System
TR	Trade Repositories

A. Central Bank Transparency Principles

General Principle on Central Bank Transparency

To strengthen their accountability, and as a prerequisite for their autonomy, whilst taking legitimate needs for confidentiality into account, central banks disclose their governance, policies, operations, and outcome of their policies and operations, as well as the official relations they maintain with government, domestic, foreign, and international agencies, and other institutions.

Pillar I—Central Bank Governance

1.1. Legal Structure: *The central bank discloses its legal framework to the public in a manner that is clear and easily accessible.*

Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex).

1.*2. Mandate*: *The central bank discloses its mandate—including its objectives, functions, and legally defined powers—in a manner that is clear and easily accessible to the public.*

Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex).

1.3. Autonomy: *The central bank discloses its autonomy—as defined in relevant legislation or regulations, allowing it to reveal the extent to which it is autonomous or not, in what forms, and under which conditions—in a manner that is clear and easily accessible for the public.*

Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex).

1.3.1. Institutional/Operational Autonomy: There is clarity on whether the central bank is prohibited from seeking or taking instructions from any private or public body. The extent to which the central bank's autonomy varies for the various elements of its mandate is clearly disclosed. Where appropriate, a central bank's governing law clarifies whether it has goal or instrument autonomy concerning its various objectives.

1.3.2. Functional Autonomy: There is clarity on whether the central bank can perform its duties without prior approval from the government.

1.3.3. Personal Autonomy: Whether there is security of tenure for the members of the central bank's decision-making bodies is clear, as is the nature of such security. In this respect, security of tenure encompasses the eligibility and disqualification criteria for the appointment of the members of a central bank's decision-making bodies, the appointment procedure, the dismissal criteria and procedure, their remuneration, and the duration of their tenure.

1.3.4. Financial Autonomy: The central bank's financial resources available to fulfill its mandate, and the nature of those resources, are clearly disclosed. In this respect, there is clarity regarding the central bank's capital, the rules governing any recapitalization of the central bank, its budget, reserves, provisions, profit distribution mechanism, monetary financing, and applicable accounting standards.

***1.4. Decision-Making Arrangement**: The central bank discloses a clear overview of the organizational structure or allocation of responsibilities to its decision-making bodies: policy making, day-to-day management, and internal oversight of the central bank.*

Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex).

***1.5. Risk Management**: The central bank discloses the principal risks that it needs to take to meet its objectives (such as financial, operational, and legal risks), and the framework to manage these risks. This includes information on the risk governance structure and risk strategy.*

1.5.1. Risk Exposure: The central bank discloses the principal risks that it needs to take to meet its objectives.

1.5.2. Risk Framework: The central bank discloses the process for identifying financial and nonfinancial risks, the overall risk strategy, and the accompanying risk governance structure designed to monitor and evaluate risks effectively.

***1.6. Accountability Framework**: The central bank discloses its accountability framework that provides transparency and reporting mechanisms to internal decision-making bodies, political institutions, and the general public.*

1.6.1. Arrangements: Accountability arrangements are clearly identified, including (i) internal and external audit arrangements and compliance; (ii) reporting to an audit committee or Board having an oversight responsibility; and (iii) the external publication of audited financial statements and annual reports.

1.6.2. Tools:

Independently Audited Financial Statements: The central bank discloses its auditing and accounting standards and compliance frameworks and gives the public sufficient information to assess and understand the central bank's financial performance, use of resources, and transactions with the government and other stakeholders.

Internal Audit: The central bank provides the public with information regarding its internal audit function, discloses its framework and compliance with the framework, and the scope of its responsibilities.

Audit Committee: It is clear whether an internal oversight body that reports to the Board exists, and which of the activities are published.

1.6.3. Anti-corruption Measures and Internal Code of Conduct: It is clear whether domestic anti-corruption legislation and measures apply to the decision-makers,

staff, and agents of the central bank. The central bank discloses its internal Code of Conduct with additional requirements specific to central bank management and staff.

1.6.4. Human Capital Management: The central bank discloses its policies and practices concerning the governance and management of human capital.

1.7. Communication: *The central bank discloses means and methods of communication and the forms of disclosure of information to its stakeholders.*

1.7.1. Arrangement: The central bank discloses the organizational structure, responsibilities, and processes relevant for communication.

1.7.2. Strategy/Tools: The central bank discloses the objectives, target audiences, channels, and tools of communication policy.

1.8. Confidentiality*: The central bank discloses its policy on confidentiality or secrecy of central bank information, including the reasons underlying the choices it has made on disclosure or non-disclosure of sensitive information.*

Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex).

Pillar II—Central Bank Policies

2.1 Monetary Policy*: The central bank publicly and clearly discloses the objectives, policy framework, and instruments of monetary policy.*

2.1.1. Objectives and Framework: The central bank discloses its monetary policy framework and strategy for achieving its objectives.

2.1.2. Policy Decisions: The central bank discloses its monetary policy decisions in a timely manner and indicates how the decisions foster the achievement of its monetary policy objective(s). The central bank discloses the process by which policy decisions are taken, including with respect to the meeting calendar of its monetary policy decision-making bodies and their voting procedures.

2.1.3. Supporting Analysis: The central bank discloses relevant economic information and supporting analysis that informs its monetary policy decisions.

2.2. Cross-Border Financial Flows and Foreign Exchange Administration: *The central bank is clear about its role in determining and implementing the policy on cross-border financial flows and foreign exchange administration. It discloses the objective(s), the legal and institutional frameworks it is acting under, its policy decisions, as well as the process by which policy decisions are taken.*

2.2.1. Objectives and Framework: The central bank discloses the policy's objective(s), legal and institutional frameworks, and the strategy to achieve the policy objectives. There is clarity whether the central bank can delegate some of its functions to implement policy decisions to other entities and on the modalities of such delegation.

2.2.2. **Policy Decisions:** Policy decisions, whether on new actions or changes to standing policy or other changes in the regulatory framework, are publicly announced, explained, and disclosed in a timely manner. The central bank is clear about the process by which policy decisions are taken.

2.2.3. **Supporting Analysis:** The central bank discloses in a timely manner the supporting analysis, including the intended outcome that informs its policy decisions.

2.3. Foreign Exchange Management: *The central bank clearly and publicly discloses its foreign exchange policy objectives, including the hierarchy of objectives and the operational framework and instruments of foreign exchange interventions.*

2.3.1. **Objectives and Framework**: The central bank discloses its policy objectives and legal, operational, and institutional frameworks, consistent with the chosen foreign exchange regime.

2.3.2. **Policy Decisions**: The central bank discloses its decision-making process, including the rationale for foreign exchange management instruments, and the means and methods of reaching a decision. The potential impact of its policy decisions is explained in a timely manner.

2.3.3. **Supporting Analysis**: The central bank discloses its assumptions, transmission channels, and analysis backing the intervention policy decisions, as well as ex-post evaluation of economic impact.

2.4. Foreign Exchange Reserve Management*: The central bank discloses its policy objectives for foreign exchange reserve management, along with key considerations behind the policy, details on how oversight responsibility is allocated, and the potential impact of the policy.*

2.4.1. **Objectives and Framework**: The central bank discloses broad investment objectives, operative models, how it allocates oversight responsibility, and the institutional framework of its policy decisions.

2.4.2. **Policy Decisions**: The central bank discloses key elements of policy formulation, related risk exposures, instruments, decision-making hierarchy, and the oversight allocation process.

2.4.3. **Supporting Analysis**: The central bank discloses the key assumptions and assessment process related to its policy decisions.

2.5. Macroprudential*: The objectives, decision-making process, and instruments of macroprudential policy are clearly communicated to the public. Indicators and supporting analysis to assess the need for macroprudential measures are disclosed alongside policy decisions.*

2.5.1. **Objectives and Framework:** The central bank discloses its macroprudential policy framework, including its objectives, instruments, and strategy for achieving its objectives.

2.5.2. **Policy Decisions**: The central bank publicly announces its macroprudential policy decisions in a timely manner, and discloses the decision-making process leading up to macroprudential action.

2.5.3. **Supporting Analysis**: The central bank discloses the key indicators and analyses used to assess the need for macroprudential measures. It explains the rationale and the expected transmission channels of policy instruments in achieving their objectives.

***2.6. Microprudential Supervision**: Selected principles from BCP, ICP, and IOSCO (see Annex).*

***2.7. Emergency Liquidity Assistance**: The central bank discloses the scope and objectives of emergency liquidity assistance, while maintaining the necessary confidentiality, to preserve financial stability and in support of monetary policy and its implementation.*

***2.8. Resolution**: Selected principles from KA (see Annex).*

***2.9. Financial Market Infrastructures**: Selected principles from PFMI (see Annex).*

***2.10. Financial Integrity**: The central bank discloses its policies and powers for Anti-Money Laundering/Countering the Financing of Terrorism supervision, and a description of its internal control framework relating to the activities or services that may give rise to Money Laundering/Terrorist Financing risk.*

2.11. Consumer Protection: *The central bank discloses its policies relating to consumer protection, conducted solely or jointly with other agencies.*

Pillar III—Central Bank Operations

***3.1. Monetary Policy**: The central bank discloses its operational framework with a well-defined operational target, objectives, instruments, collateral, and access criteria.*

3.1.1. **Instruments**: The central bank discloses its monetary policy instruments.

3.1.2. **Coverage**: The central bank discloses: (i) the type of instrument (open market operations, standing facilities, other facilities, reserve requirements, and direct instruments of monetary control); (ii) the characteristics of each instrument; and (iii) the collateral framework.

3.1.3. **Access:** The central bank discloses the monetary policy counterparties' framework.

***3.2. Cross-Border Financial Flows and Foreign Exchange Administration*: The central bank discloses how it implements this policy in terms of the instruments and the scope of its operations and actions.**

3.2.1. Instruments: The central bank's instruments for implementing the policy and the circumstances in which they can be used are clearly defined and disclosed.

3.2.2. Coverage: The central bank discloses information about the persons (entities and individuals), transactions, and other aspects of the foreign exchange system that it can and does regulate; persons, transactions, and activities that it can license, approve, monitor, and sanction; and foreign exchange transactions that it can perform.

3.3. Foreign Exchange Management: *The central bank discloses how it implements its foreign exchange policies framework in terms of instruments, markets, size, and mode of access.*

3.3.1. Instruments: The central bank discloses the set of instruments used for foreign exchange management policy, key considerations under which these instruments are chosen, and eligibility criteria of counterparties and mode of access.

3.3.2. Coverage: The central bank discloses the markets and agents who are targeted by the foreign exchange management policy.

3.4. Foreign Exchange Reserve Management*: The central bank discloses the general principles governing its foreign exchange reserve management operations, including relationships with counterparties and service providers.*

3.4.1. Instruments: The central bank discloses the broad selection criteria for eligible asset classes, composition of instruments, investment horizon and constraints.

3.4.2. Coverage: The central bank discloses the criteria to select eligible market counterparties and service providers and eligible markets to conduct its operations.

3.4.3. Assessment: The central bank discloses criteria to assess adequacy and liquidity parameters and discloses such analysis regularly, at predetermined times.

3.5. Financial Stability Assessments and Stress Testing*: The central bank periodically discloses its assessment of domestic financial stability to the public and is transparent about the methods used for such assessments, including its framework for stress testing.*

3.5.1. Financial Stability Assessments: The central bank periodically provides to the public its assessment of risk to financial stability, including new and emerging sources of vulnerability.

3.5.2. Macroprudential Stress Testing Methods: The central bank discloses the methods and key assumptions of the stress testing framework.

3.5.3. Stress Testing Coverage: The central bank discloses the coverage of the stress testing exercise.

3.5.4. Central Bank Use of Stress Test Results: There is clarity about the ways the central bank uses the stress test results.

***3.6. Macroprudential Policy Implementation**: The central bank discloses how it implements macroprudential policies, including the design of policy instruments and enforcement arrangements.*

3.6.1. Instruments: The central bank discloses the precise design and objectives of its macroprudential instruments, including the scope of entities and financial instruments subject to macroprudential constraints.

3.6.2. Enforcement: The central bank discloses enforcement mechanisms and responsibilities for all entities and financial instruments subject to macroprudential constraints.

***3.7. Microprudential Supervision**: Selected principles from BCP, ICP, and IOSCO (see Annex).*

***3.8. Emergency Liquidity Assistance**: The central bank may disclose any ongoing provision of emergency liquidity assistance (including bilateral and market-wide support) and its conditions and parameters once the need for confidentiality has ceased.*

***3.9. Resolution**: Selected principles from KA (see Annex).*

***3.10. Financial Market Infrastructures**: Selected principles from PFMI (see Annex).*

***3.11. Financial Integrity**: The central bank discloses its Anti-Money Laundering/Countering the Financing of Terrorism supervisory processes as well as details about resources allocated to its internal Anti-Money Laundering/Countering the Financing of Terrorism controls.*

***3.12. Consumer Protection**: The central bank discloses its operations relating to consumer protection conducted solely or jointly with other agencies.*

Pillar IV—Central Bank Outcome

***4.1 Monetary Policy**: The central bank is transparent about the outcome of its monetary policy conduct.*

4.1.1. Governance Actions: The accountability of the central bank on monetary policy is clear as to whom accountability is owed and how it is discharged.

4.1.2. Policies: The central bank discloses progress toward achieving its monetary policy objective(s) as well as prospects for achieving them.

4.1.3. Operations: The central bank discloses the volumes and interest rates of the operations, as well as the level of the operational target achieved.

***4.2. Cross-Border Financial Flows and Foreign Exchange Administration:** The central bank discloses the outcome of its policy implementation.*

4.2.1. Governance Actions: The central bank discloses information about to whom its accountability on the policy is owed and how it is discharged.

4.2.2. Policies: The central bank discloses on a regular basis information about the results in achieving the policy objectives.

4.2.3. Implementation: The central bank discloses on a regular basis information about the results of the policy implementation.

4.3. Foreign Exchange Management: *The central bank discloses how its governing committee is accountable for undertaking and reporting on foreign exchange interventions.*

4.3.1. Governance Actions: The central bank discloses its decision-making structure and how it is accountable for Foreign Exchange Management.

4.3.2. Policies: The central bank discloses the role of Foreign Exchange Management toward achieving its policy objective(s) as well as its interaction with broader monetary policy objectives.

4.3.3. Operations: The central bank discloses the results of its market operations, the volume of activity, and the direction of interventions on its website at a predefined time lag.

4.4. Foreign Exchange Reserve Management*: The central bank discloses any changes to the general principles of internal governance and provides clarity on the outcomes of its policy decisions about foreign exchange reserve management.*

4.4.1. Governance Actions: The central bank publicly discloses the general principles of internal governance to ensure the integrity of its policy formulation and operations.

4.4.2. Reporting on Implementation: The central bank discloses data relating to the level and composition of reserve assets, short-term liabilities, and drains that can lead to demand on reserves at a predefined frequency.

4.4.3. Financial Results: There is clarity in audited financial statements on the amount, composition, profit/loss, and risks arising from foreign exchange reserves.

4.5. Macroprudential Policy*: The central bank discloses outcomes and evaluations of its macroprudential policy actions and its accountability for such actions.*

4.5.1. Governance Actions: The accountability of the central bank on macroprudential policies is clear as to whom accountability is owed and how it is discharged.

4.5.2. Policies: The central bank discloses ex-post evaluations of its macroprudential policies.

4.6. Microprudential Supervision*: Selected principles from BCP, ICP, and IOSCO (see Annex).*

***4.7. Emergency Liquidity Assistance**: The Emergency Liquidity Assistance framework allows for appropriate disclosure of the provision of liquidity support, terms and conditions, and amounts provided, while maintaining confidentiality as long as required.*

***4.8. Resolution**: Selected principles from KA (see Annex).*

***4.9. Financial Market Infrastructures**: Selected principles from PFMI (see Annex).*

***4.10. Financial Integrity**: The central bank discloses the outcome of its Anti-Money Laundering/Countering the Financing of Terrorism supervisory actions as well as details about the oversight of its internal Anti-Money Laundering/Countering the Financing of Terrorism controls.*

4.11. Consumer Protection: *There is clarity about the results and implications of consumer protection policies and operations conducted solely or jointly with other agencies.*

Pillar V—Central Bank Official Relations

***5.1. Government**: The central bank discloses its relationship with the government. This includes the exchange of information, the coordination of policies, and financial aspects such as rules on profit distribution, clearly distinguishing the different roles and modalities this can take.*

Selected principles from: BCP, ICP, IOSCO, KA, and PFMI (see Annex).

5.1.1. The institutional relationship between the central bank and the government/its agencies is clearly defined and publicly disclosed.

5.1.2. The central bank publicly discloses its policies and terms and conditions governing financial transactions with the government, including its fiscal agent role, the management of the current account, deposit taking, advances, guarantees, loans and credit arrangements to the public sector, as well as agency services performed on behalf of the government.

5.1.3. The instruments used in interaction (including the financial transactions) between the central bank and the government/its agencies are clearly defined and publicly disclosed.

5.1.4. The central bank discloses publicly on a regular basis the outcome of its interaction (including operations) with the government/its agencies.

***5.2. Domestic Financial Agencies**: The central bank discloses its relationships with domestic financial agencies as relevant to the pursuit of its mandate and the execution of its functions.*

Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex).

5.2.1. The relationship between the central bank and relevant domestic financial agencies is clearly defined and publicly disclosed, including cooperation and (co-) decision-making modalities and arrangements for the formal/informal sharing of information.

5.2.2. The policies and instruments used in the interaction of the central bank with domestic financial agencies, and the outcome of the interaction are transparent.

5.2.3. With respect to macroprudential policy, the central bank discloses its role, responsibly, and actions—and those of any other authority it collaborates with. The central bank also discloses any advice it receives.

5.2.4. With respect to financial stability, all arrangements to restore or maintain financial stability are clearly disclosed, including arrangements on data sharing, liquidity support, and who is responsible for which type of decision or action at what stage.

***5.3. Foreign Agencies**: The central bank discloses its dealings with international organizations foreign governments, other central banks, and other relevant foreign agencies, including the nature of the involvement or interactions, and any obligations and commitments that may arise from these relationships.*

Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex).

5.3.1. The relationship for the exchange of information and coordination of actions and policies between the central bank and international organizations, foreign governments, other central banks, and other relevant foreign agencies is clearly defined and publicly disclosed.

5.3.2. The central bank publicly discloses its policies, terms, and conditions governing interaction with international organizations, foreign governments, other central banks, and other relevant foreign agencies.

5.3.3. The instruments used in the interaction (including financial transactions) between the central bank and international organizations, foreign governments, other central banks, and other relevant foreign agencies are clearly defined and publicly disclosed.

5.3.4. The central bank discloses publicly on a regular basis the outcome of its relationship with international organizations, foreign governments, other central banks, and other relevant foreign agencies.

***5.4. Other Relations**: The central bank discloses its involvement with private or semi-public institutions.*

Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex).

5.4.1. The central bank discloses its investments in and ownership of subsidiaries and joint ventures with private, semi-public, or public entities.

A. DESCRIPTION OF CORE, EXPANDED, AND COMPREHENSIVE PRACTICES BY PRINCIPLE[5]

No.	PRINCIPLE
0	General Principle on Central Bank Transparency: To strengthen their accountability, and as a prerequisite for their autonomy, whilst taking legitimate needs for confidentiality into account, central banks disclose their governance, policies, operations, and outcome of those policies and operations, as well as the official relations they maintain with government, domestic and international agencies, and other institutions.

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
1	**PILLAR I—GOVERNANCE**				
1.1.	**Legal Structure**	The central bank discloses its legal framework to the public in a manner that is clear and easily accessible.			
		The legal framework governing the central bank, its legal nature, and its legal protection are disclosed in a manner that is clear and easily accessible.	The central bank discloses a broad description of its legal framework, its legal nature, and its legal protection.		**In addition to core practices:** The central bank discloses to the public specific and detailed information describing its legal framework, its legal nature, and its legal protection.
	(a) Legal Framework	The legal framework governing the central bank is disclosed.	The central bank discloses: (i) an updated and consolidated central bank law; and (ii) a broad description of (a) its legal framework; (b) its objectives, functions, and powers; and (c) the	**In addition to core practices:** The legal framework which the central bank adopts with respect of financial institutions is disclosed.	**In addition to expanded practices:** The central bank communicates and discloses in advance if and when it plans to review its framework, and also how it will engage with

[5] See Glossary. Unless noted otherwise, "disclosure" refers to "publicly available and easily accessible."

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
			source of its objectives, functions, and powers. The legal framework disclosed by the central bank is clear on which law prevails in the event that the provisions of the central bank law conflict with those of other laws. The central bank law disclosed by the central bank clearly defines any transitional arrangements which are limited in time.		stakeholders for possible input. The central bank discloses specific information on its legal framework.
	(b) Legal Nature	The ownership and legal nature (e.g., established pursuant to company law; corporation of public law, *sui generis* institution) of the central bank are disclosed. This includes its general legal capacity to: (i) enter into contracts; (ii) institute legal proceedings and be subject to such proceedings; and (iii) acquire, administer, hold and dispose of movable and immovable property.	The central bank discloses the central bank law which establishes (i) its legal nature; (ii) its ownership; (iii) its general legal capacity to act; and (iv) its legal instruments. Insofar as the central bank has private shareholders, the central bank clearly discloses the decision-making powers	**In addition to core practices:** The central bank's Articles of Association/Statute/By-Laws (if any) and the Rules of Procedure governing its decision-making bodies (if any) are disclosed.	**In addition to expanded practices:** The central bank discloses specific information on its legal nature, its ownership, its general legal capacity to act, and its legal instruments. Details on the central bank's legal instruments are Disclosed.

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		The legal instruments that are available to a central bank, i.e., non-binding instruments (recommendations), and legally binding instruments, irrespective whether they are generally applicable or are addressed to specific legal, or natural persons are disclosed.	of the general meeting of shareholders.		
	(c) Legal Protection	The central bank's legal protection is disclosed. Note that this is linked to the disclosure of the legal protection for central bank officials and staff members (see section 1.3.3. on personal autonomy).	The central bank discloses the central bank law which establishes the extent of judicial review over its activities. The central bank discloses the central bank law which clarifies whether the central bank is protected from pre-judgment attachments.		**In addition to core practices:** The central bank discloses specific information on its legal protection.
	Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex).				
1.2.	**Mandate**	The central bank discloses its mandate—including its objectives, functions, and legally defined powers—in a manner that is clear and easily accessible to the public.			
		The central bank has a clear mandate—articulated in a set	The mandate of the central bank and its	**In addition to core practices:**	**In addition to expanded practices:**

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		of objectives, functions, and legal powers—that enable it to carry out its objective(s). The central bank's mission statement is consistent with its stated mandate. The central bank's mission statement is disclosed.	mission statement are disclosed.	The central bank discloses specific information on the legal provisions regarding its mandate. The specific functions and legal powers behind each central bank objective, which can vary by institution, are clearly defined.	Insofar as the degree of central bank autonomy varies with respect to its different objectives, such variance is disclosed.
	(a) Objectives	The central bank discloses its objectives.	The objectives of the central bank are disclosed.	**In addition to core practices:** The central bank discloses the legal foundation of its objectives. When the central bank has multiple objectives, the central bank discloses the mechanism for determining which objective prevails.	**In addition to expanded practices:** Insofar as the degree of central bank autonomy varies with respect to its different objectives, such variance is defined and disclosed. The central bank discloses details of its quantified objectives (if any). The central bank discloses any other relevant information on its objectives.
	(b) Functions	The central bank discloses its functions.	The central bank discloses a list of its activities (i.e.,	**In addition to core practices:**	**In addition to expanded practices:**

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			functions) and indicates how these are consistent with its objectives.	The central bank discloses the legal foundation of its functions.	The central bank discloses any other relevant information on its functions.
	(c) Powers	The central bank discloses its powers.	The central bank discloses a list of its public and private law powers, and details how these powers help it carry out its functions to achieve its objectives.	**In addition to core practices:** Prohibitions which prevent the central bank from conducting specific activities are disclosed.	**In addition to expanded practices:** Insofar as the central bank has any general incidental or ancillary powers the scope thereof is clearly explained and disclosed. The central bank discloses specific information its powers, as well as prohibited activities.
	Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex).				
1.3.	**Autonomy**	The central bank discloses its autonomy—as defined in relevant legislation or regulations, allowing it to reveal to what extent it is autonomous or not, in what forms, and under which conditions—in a manner that is clear and easily accessible to the public.			
	1.3.1. Institutional/ Operational[6]	Whether the central bank is prohibited to seek or take instructions from any private or public body is disclosed. The extent to which its autonomy varies with respect to various	The central bank clarifies whether it and the members of its decision-making bodies are prohibited from seeking or taking instructions from any public or governmental authorities	**In addition to core practices:** The central bank discloses if representatives of third parties (i) can attend central bank decision-making bodies; and (ii), if	**In addition to expanded practices:** The central bank discloses what its institutional/operational autonomy consists of, how this is implemented in practice, and what it

[6] Used interchangeably in this Code.

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		elements of its mandate is disclosed. Where appropriate, the central bank clarifies whether the central bank has goal or instrument autonomy with respect to its various objectives.	(including ministries and supervisory agencies) and from any other (including commercial) body.	so, are excluded from voting when participating in central bank decision-making bodies. The central bank discloses the role and scope of audits conducted by state audit bodies, if and where relevant.	sees as the rationale for this autonomy.
	1.3.2. Functional	There is clarity on whether the central bank is able to perform its duties without prior approval from the government.	The central bank discloses whether third parties are prohibited to approve, suspend, annul, or defer central bank decisions. The central bank clarifies how its monetary policy goal is determined (i.e., whether it has goal autonomy) and whether it is autonomous in exercising such goal (i.e., whether it has instrument autonomy).	**In addition to core practices:** The central bank discloses and provides detailed information on any arrangements regarding the role of third parties to approve, suspend, annul, or defer its decisions.	**In addition to expanded practices:** The central bank discloses what its functional autonomy consists of, how this is implemented in practice, and what it sees as the rationale for this autonomy.
	1.3.3. Personal	It is clear whether members of the central bank's decision-making bodies have security of tenure. The	The central bank discloses the duration of the term of office for members of its	**In addition to core practices:** The central bank discloses the regulations	**In addition to expanded practices:** The central bank discloses what its personal

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		central bank discloses the nature of such security, and the fit and proper requirements.	decision-making bodies, as well as the criteria and procedures for the appointment and dismissal of such officials. Specifically, the central bank discloses which authorities are involved in the appointment and dismissal of members of its decision-making bodies, the eligibility and incompatibility requirements, and the grounds and procedures for dismissal.	governing renumeration of members of its decision-making bodies as well as any detailed arrangements for its determination. The central bank discloses and clarifies whether the central bank, members of its decision-making bodies, and employees can be liable for damages caused by any of their acts or omissions.	autonomy consists of, how this is implemented in practice, and what it sees as the rationale for this autonomy.
	1.3.4. Financial	The central bank's financial resources available to fulfill its mandate, and the nature of those resources, are disclosed. This includes the central bank's capital, budget, reserves, provisions, profit distribution mechanism, monetary financing, and applicable accounting standards.	The central bank discloses and clarifies general arrangements regarding the central bank's capital, budget, reserves, provisions, profit distribution mechanism, monetary financing, and applicable accounting standards.	**In addition to core practices:** The central bank discloses its regulations and decision-making procedures for (i) the determination of its budget; (ii) the creation of provisions, including general and special reserves; (iii) the accounting treatment of foreign exchange gains	**In addition to expanded practices:** The central bank discloses what its financial autonomy consists of, how this is implemented in practice, and what it sees as the rationale for this autonomy.

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				and losses; (iv) the rules on distribution of dividends to the government; and (v) the provisions for central bank recapitalization.	
	Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex).				
1.4.	**Decision-making Arrangement**	The central bank discloses a clear overview of the organizational structure or allocation of responsibilities to its decision-making bodies: policy making, day-to-day management, and internal oversight of the central bank.			
		The central bank discloses a clear overview of the organizational structure or allocation of responsibilities to its decision-making bodies: (a) policy making; (b) day-to-day management; or (c) internal oversight of the central bank. This can include bodies with designations such as Board, Council, Court, Committee, if and where applicable.	The central bank clarifies its organizational structure by means of disclosing the functions of its decision-making bodies, and links to relevant central bank legislation or charters/by-laws. The central bank also discloses aspects relating to the composition of its decision-making bodies, and the allocation of responsibilities across different decision-making bodies.	**In addition to core practices:** The central bank discloses detailed information on the organization of it functions (where applicable), including detailed organization charts of those functions, as well as additional details on how decision-making bodies operate (e.g., voting arrangements, frequency of meetings, and how dissent is dealt with). The central bank discloses which decision-making body is responsible for	**In addition to expanded practices:** The central bank discloses easily accessible details (e.g., CVs/biographies) of the members of its decision-making bodies, and that these are kept up to date.

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				general and for individual regulatory decisions.	
	Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex).				
1.5.	**Risk Management**	The central bank discloses the principal risks that it needs to take to meet its objectives (such as financial, operational, and legal risks), and the framework to manage these risks. This includes information on the risk governance structure and risk strategy.			
		The central bank discloses the principal risks (such as financial, operational, and legal risks) that it needs to take to meet its objectives, and the framework to manage these risks. This includes information on the risk governance structure and risk strategy.	The central bank's annual report and annual financial statements provide a high-level overview of, and limited disclosures on, key risks, such as financial, operational, and legal risks. A brief description of risk management process and governance structure is also provided.	**In addition to core practices:** The central bank's annual report contains a risk statement limited to certain types of risks or specific operations, and describes some risk strategies, such as collateralization and limits.	**In addition to expanded practices:** The annual report provides a mapping of key risks to the central bank's mandate, and an explicit risk statement. Information on risk strategies is comprehensive and responsibilities along the risk management process are further detailed in

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				The central bank legal framework explicitly allocates responsibility for risk oversight and risk management among its decision-making bodies.	published regulations. Risk disclosures, including in annual financial statements, encompass quantified demands on the central bank's financial resources and buffers, and high-level description of quantification methodologies.
	1.5.1. Risk Exposure	The central bank discloses the principal risks that it needs to take to meet its objectives.	The central bank's annual report provides a high-level overview of key risks. The central bank's annual report and annual financial statements contain limited disclosures on risks.	**In addition to core practices:** The central bank's annual report provides a high-level overview of developments in key risks. The central bank's annual report contains a risk statement limited to certain types of risks or specific operations (e.g., investments). The central bank's annual report and annual financial statements disclose the level of and developments in the	**In addition to expanded practices:** The central bank's annual report provides a high-level overview of key risks mapped to its mandate, and the role of risk management in pursuit of its objectives. The annual report also includes a section on developments in key risks. The central bank's annual report contains a risk statement outlining its stance on financial, operational, and other risks from its policy operations, investment operations, and other

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				central bank's risks exposures.	activities (e.g., currency management, banking, and payment systems). The central bank's annual report and annual financial statements disclose the level of (and developments in) its risks exposures, as well as associated quantified demands on its financial resources/buffers, including a brief description of the methodology used for quantification.
	1.5.2. Risk Framework	The central bank discloses the process for identifying financial and nonfinancial risks, the overall risk strategy, and the accompanying risk governance structure designed to monitor and evaluate risks effectively.	The central bank's annual report provides an overview of risk governance arrangements (e.g., committees, dedicated units) and of the risk management process.	**In addition to core practices:** The central bank's legal framework allocates responsibility for risk oversight and risk management among the central bank's decision-making bodies. The central bank's annual report includes a description of the process of continuous	**In addition to expanded practices:** The responsibilities for risk oversight and risk management are disclosed further in central bank's published internal regulations. The central bank's published internal regulations define the roles of organizational units and committees in

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				identification, evaluation, and mitigation of risks. The annual report describes one or more risk strategies, such as collateralization of lending activities and limits in investment operations.	the risk management process. The central bank's annual report includes references to applicable standards and frameworks, including a high-level description of methodologies for quantifying risks. The annual report describes risk strategies, such as acceptance or transfer of some risks and mitigation of others, i.e., collateralization of lending in policy operations, risk limits in investment operations, plans for business continuity and recovery, awareness programs on cyber security, and tools and internal controls for managing operational risks. The annual report also highlights any developments in central bank's risk framework.

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					The annual report also gives a high-level overview of the central bank's policies and arrangements for times of crisis.
1.6.	**Accountability Framework**	The central bank discloses its accountability framework that provides transparency and reporting mechanisms to internal decision-making bodies, political institutions, and the general public.			
		The central bank discloses its accountability framework that provides transparency and reporting mechanisms to internal decision-making bodies (e.g., Board/Council or relevant committees), political institutions (e.g., government, parliament), and the general public.	Accountability arrangements and related reporting tools governing (i) independently audited financial statements; (ii) internal audits; and (iii) audit committee are disclosed. Information about the central bank's code of conduct and human capital management are also accessible.	**In addition to core practices:** Accountability arrangements and related tools utilizing recognized accounting and auditing standards and reporting practices (such as timely publication within the statutory deadline). Disclosure of the scope of application of the code of conduct and an accountability mechanism for human capital management.	**In addition to expanded practices:** Accountability arrangements containing clear and detailed provisions to ensure independent audits and high-quality financial reporting. In addition to the audited financial statements, the annual report includes a comprehensive discussion on the activities of the central bank. A report of the audit committee is published. The central bank's website discloses the scope of application of the code of conduct and how the

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					staffing rules are incorporated into the central bank's strategy.
	1.6.1. Arrangements	Accountability arrangements are clearly identified, including (i) internal and external audit arrangements and compliance; (ii) reporting to an audit committee or Board having an oversight responsibility; and (iii) the external publication of audited financial statements and annual reports.			
		Independently Audited Financial Statements:	The legal framework contains provisions for an external audit of the annual financial statements. It contains provisions on the publication of the audited annual financial statements and annual report. The central bank discloses whether the annual financial statements are published separately or within the annual report.	The legal framework contains provisions for an external audit by an independent audit firm in accordance with international standards. It contains provisions for the: (i) preparation of audited annual financial statements and the applicable accounting standards; and (ii) deadline for the publication of an annual report.	The legal framework contains provisions to ensure audit quality and independence. Provisions include (i) an external audit to be carried out by an independent firm of good repute with international experience; (ii) an audit conducted in accordance with international standards; (iii) an appointing authority (multi-year appointments and audit firm rotation periods); and (iv) oversight of performance by an audit committee. In addition to expanded practices on preparation and publication of annual financial statements and an annual report, the legal framework also contains

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					provisions on the frequency of the publication (e.g., weekly/monthly) of the balance sheet.
		Internal Audit:	The central bank clearly establishes the roles and duties of an internal audit function.	**In addition to core practices:** Dual reporting lines to both senior management and the audit committee or central bank board are established.	**In addition to expanded practices:** The appointment and dismissal, terms, and eligibility criteria for the head of the internal audit function are explicit.
		Audit Committee:	The legal framework contains provisions on assigning responsibility to the Board (or its audit committee) to oversee matters on internal and external audit and compliance.	**In addition to core practices:** A mechanism for reporting is clearly established.	**In addition to expanded practices:** The central bank discloses the rules governing the reporting by the audit committee (or another body), and for publication in the annual report.
	1.6.2. Tools	*Independently Audited Financial Statements:* The central bank discloses its auditing and accounting standards and compliance frameworks and provides the public with sufficient information to assess and understand its financial performance, use of resources, and transactions with the government and other stakeholders.			
			Annual financial statements are prepared in accordance with a robust and widely recognized accounting framework. An external audit opinion accompanies the	**In addition to core practices:** Publication of the annual financial statements is within the statutory deadline.	**In addition to expanded practices:** The annual report includes a complete set of audited financial statements (which can also be separately published) and a

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			published financial statements.	The central bank releases an audit opinion accompanying the financial statements and meets the statutory deadlines for publication. Additional general information on performance, use of resources (including those used for non-core activities such as lending to the public sector and other quasi-fiscal activities, if any), and relationship with the government (see also Pillar V) is publicly available to stakeholders (e.g., in the annual report).	comprehensive discussion on the activities of the central bank. This includes information on significant transactions and highlights for the period. This information should be clear and enable a user to assess performance, understand key transactions and operations, and identify emerging risks.
		Internal Audit: The central bank provides the public with information regarding its internal audit function, discloses its framework and compliance with it, and the scope of its responsibilities.			
			The published annual report or the central bank's website contain a basic description of the internal audit function and the conformance of its activities with its	**In addition to core practices:** The published annual report or the central bank's website clarify the rules governing the independence of the internal audit function	**In addition to expanded practices:** The published annual report or the central bank's website also clarifies the rules governing the internal audit function and

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			charter or international standards.	and reporting structure, its conformance with international standards, and a high-level description of the function's activities during the period.	reporting structure and includes statements of conformance with international standards and basis for the function's audit methodology. A high-level description of the function's activities during the period is also provided. The overall opinion of periodic external quality assessments is disclosed.
		Audit Committee: The central bank discloses whether an audit committee exists that reports to the Board, and whether the activities are published.			
			The audit committee composition and number of meetings conducted during the period are published.	**In addition to core practices:** The central bank discloses the responsibilities of the audit committee as set out in its terms of reference/charter, approved by the Board (or relevant body), and as reviewed periodically. The key activities vis-à-vis the financial statements and internal/ external audits are described.	**In addition to expanded practices:** A report of the audit committee is published, either separately or within the annual report.

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	1.6.3. Anti-Corruption Measures and Internal Code of Conduct[7]	**Anti-corruption Measures and Internal Code of Conduct:** The central bank discloses whether domestic anti-corruption legislation and related measures apply to the decision-makers, staff, and agents of the central bank. It also discloses its internal Code of Conduct, with additional requirements specific to central bank management and staff.			
		The central bank discloses whether anti-corruption legislation and measures (e.g., criminalizing corruption offenses, laws to access information, and whistleblower protection) are applicable to decision-makers, staff, and agents of the central bank. The central bank discloses its internal rules or Code of Conduct containing measures to prevent conflict of interest and corruption, such as rules concerning ethics and values, and acceptance of gifts.	The central bank's legal framework clearly notes that anti-corruption legislation and measures apply to decision-makers, staff, and agents of the central bank. The central bank discloses specific requirements on expected behavior of staff to prevent corruption and conflict of interest. This could include requirements regarding key objectives and expected behaviors, the application to all employees/Board members, and the coverage of relevant and important issues or risk areas. Sanctions for violations may be disclosed.	**In addition to core practices:** The central bank regularly discloses and publishes updated information on its rules applicable to its staff and agents: - ethics rules and values - the definition of corruption offenses - rules to prevent conflicts of interest - rules on the acceptance of gifts and favors - rules on abstention from decisions where a conflict of interests exists. - guidance on external activities, outside income, and restrictions on central	**In addition to expanded practices:** The central bank publishes updated information on the applicability of other additional ethics and compliance resources, including any whistleblowing mechanisms, and rules for accessing confidential information held by the central bank. The central bank discloses whether internal controls (such as measures to safeguard the independence, ensure accountability and enhance the capacity of Ethics Officer(s) or Advisors) are established to ensure the proper

[7] The reference to Code of Conducts includes similar regulations covering identical practices such as disciplinary regulations, and ethics rules.

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			The central bank discloses whether a Code of Conduct has been adopted. If one exists, it is published on the central bank's website.	bankers' pre- and post-public employment ("cooling off" periods). - requirements on declaring assets of staff and other enforcement mechanisms designed to ensure compliance with conflict of interest rules. The central bank discloses whether its organizational framework includes an internal function (e.g., Ethics Officer(s) or Advisors) responsible for ensuring the receipt of complaints and proper implementation of rules.	implementation of the Code of Conduct.
	1.6.4. Human Capital Management	The central bank discloses its policies and practices concerning the governance and management of human capital.			
		The central bank discloses its policies and practices with regard to the governance and management of human	The central bank discloses accessible information on: - recruitment and staff turnover	**In addition to core practices:** The central bank discloses an accountability	**In addition to expanded practices:** The central bank discloses how the Human Capital Management function

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		capital. If available, a salary scale for central bank staff is published.	- staff development - leadership and succession - diversity and inclusion. Information may appear in the annual report in a separate report.	mechanism for human capital management. It includes reporting and review of the staffing related matters between middle/senior management and the body charged with oversight of these matters. The central bank discloses whether its staff are recruited and promoted on non-political grounds, including references to relevant national laws that prohibit patronage and discrimination.	supports the central bank's mandate and strategy. The central bank discloses policies on how it attracts, promotes, and retains staff.
1.7.	**Communication**	The central bank discloses means and methods of communication and the forms of disclosure of information to its stakeholders.			
	1.7.1. Arrangement	The central bank discloses the organizational structure, responsibilities, and processes related to external communication.	The central bank discloses information on the communications function within the central bank. This includes, for example, information on the placement of the	**In addition to core practices:** The central bank discloses information on how its communication processes are integrated into its core activities.	**In addition to expanded practices:** The central bank discloses detailed information on communication arrangements, for example the publication of internal principles and

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			communications function in the organization structure, and the senior executives responsible for the communications function.		guidelines for external communication.
	1.7.2. Strategy/Tools	The central bank discloses the objectives, target audiences, channels, and tools of communication policy.	The central bank discloses guidance on how and by which media it releases information.	**In addition to core practices:** The central bank discloses clear and easily accessible guidance on how and by which media it releases information. It actively promotes this information through announcements, statements, reports, media conferences, news releases, statistics, speeches, official information or secrecy acts, and research/technical notes.	**In addition to expanded practices:** The central bank actively engages with the public and stakeholders on its communication policy and actively evaluates its communication policy through, for example, surveys. Efforts are described in the central bank's annual report.
1.8.	**Confidentiality**	The central bank discloses its policy on confidentiality or secrecy of central bank information, including the reasons underlying the choices it has made on disclosure or non-disclosure of sensitive information.			
		The central bank discloses its policy on confidentiality or secrecy regarding information managed,	The central bank publishes a policy on confidentiality and secrecy. This policy	**In addition to core practices:** The central bank publishes timely	**In addition to expanded practices:** The central bank publishes information on

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		gathered, or obtained by other means (either partially or entirely) under its control. The central bank discloses reasons for disclosure (or non-disclosure), or the consequences of choices made by others (such as government) for disclosure (or non-disclosure) of sensitive information.	includes reasons behind its policy decisions on confidentiality or secrecy, or which emerge from (compliance with) specific legislation. The central bank also discloses the relevant laws, regulations, or voluntary policies or standards adopted by the central bank that expand or limit its confidentiality or secrecy (see also principle 1.1 on Legal Structure).	information on when its policy on confidentiality and secrecy is updated, the reasons for such an update, and the possible consequences for various stakeholders of the central bank.	whether it actively sought out input from stakeholders on its policy on confidentiality and secrecy (and updates thereof), and if so, in what form, and its reasons for doing so. The central bank publishes (anonymous or aggregated) information on possible legal disputes surrounding its policy on confidentiality and secrecy.
	Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex).				

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2	**PILLAR II—POLICIES**				
2.1.	**Monetary Policy**	The central bank publicly and clearly discloses the objectives, policy framework, and instruments of monetary policy.			
	2.1.1. Objectives and Framework	The central bank discloses its monetary policy framework and strategy for achieving its objectives.	The central bank discloses the conceptual framework underpinning its monetary policy.	**In addition to core practices:** The central bank discloses important aspects and dimensions regarding how the monetary policy	**In addition to expanded practices:** The central bank has an articulated strategy for the practical implementation of its policy framework that is regularly

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				framework is implemented.	communicated—including in the context of policy decisions.
	2.1.2. Policy Decisions	The central bank discloses its monetary policy decisions in a timely manner and indicates how the decisions foster the achievement of its monetary policy objective(s). The central bank discloses the process by which policy decisions are taken, including with respect to the meeting calendar of its monetary policy decision-making bodies and their voting procedures.	The central bank discloses, in a timely manner, decisions regarding its policy instruments, which may include decisions or implications about the size and composition of the central bank balance sheet. Information on the composition and structure of the monetary policy decision-making body of the central bank and its advance meeting schedule is publicly available.	**In addition to core practices:** The central bank discloses an explanation of monetary policy decisions in the context of its monetary policy objective(s) and a comprehensive account of policy deliberations within a reasonable amount of time.	**In addition to expanded practices:** The central bank discloses a detailed explanation of its monetary policy decisions in the context of its monetary policy objective(s) and framework and a comprehensive account of policy deliberations and voting behavior of decision-makers within a reasonable amount of time. The central bank provides regular venues (e.g., press conferences) for the media to ask questions and further clarify the rationale for the decisions.
	2.1.3. Supporting Analysis	The central bank discloses relevant economic information and supporting analysis that inform its monetary policy decisions.	The central bank discloses relevant economic data and analysis underlying	**In addition to core practices:** The central bank discloses its macroeconomic forecasts, including for	**In addition to expanded practices:** The central bank discloses scenario analysis to help explain how its policy

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			monetary policy decisions.	key economic and financial variables regarded as most relevant for achieving its policy objectives. The timing and extent of such disclosures are publicly available.	decisions foster attainment of its policy objectives as well as highlight risks to the outlook. The central bank also discloses the relevant models used for forecasts and scenario analysis that inform its policy decisions.
2.2.	**Cross-Border Financial Flows and Foreign Exchange Administration**	The central bank is clear about its role in determining and implementing the policy[8] on cross-border financial flows[9] and foreign exchange administration. It discloses the objective(s), the legal and institutional frameworks it is acting under, its policy decisions, as well as the process by which policy decisions are taken.			
	2.2.1. Objectives and Framework	The central bank discloses the policy's objective(s), legal and institutional frameworks, and the strategy to achieve the policy objectives. There is clarity whether the central bank can delegate some of	The objectives and legal and institutional frameworks of the policy are clearly defined and disclosed.	**Similar to core practices:**	**In addition to expanded practices:** The strategy to achieve the policy objectives is clearly defined and disclosed.

[8] In general, the policy on cross border financial flows and foreign exchange administration relates to current and financial account transactions, transactions in foreign currency within the country (including as a business activity), and transactions in domestic currency between non-residents.

[9] Under Article VIII, Section 2(a) of the IMF's Articles of Agreement, a member may not impose restrictions on the making of payments and transfers for current international transactions without the (prior) approval of the Fund. Under Article VIII, Section 3, Fund members are prohibited from engaging in any discriminatory arrangement or multiple currency practices without the approval of the Fund (link). The IMF Institutional View (IV) on liberalization and management of capital flows (2012) articulates the Fund's view on members' policies to liberalize and manage capital flows (link).

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		its functions to implement policy decisions to other entities and on the modalities of such delegation.	The attributions, responsibilities, and powers of the central bank with respect to the policy are clearly distinguished from those of the government/ other agencies in this area and are included in the relevant legal framework (e.g., central bank law or foreign exchange law) which is disclosed. The central bank discloses information on: - whether it can delegate some of its functions in implementing the policy decisions to other entities - the entities and the modalities of such delegation. The central bank also discloses the relevant legal framework.		

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	2.2.2. Policy Decisions	Policy decisions, whether on new actions or changes to standing policy or other changes in the regulatory framework, are publicly announced, explained, and disclosed in a timely manner. The central bank is clear about the process by which policy decisions are taken.	The central bank discloses: (i) the information on the decision-making process and its stages (e.g., elaboration of proposal, drafting of the decision, public consultation etc.); and (ii) the role and responsibilities of its decision-making bodies involved in the process and the frequency of their meetings. Policy decisions (regulatory framework) are disclosed ensuring that there is sufficient lead time for those who are affected by the changes to adjust.	**In addition to core practices:** Policy decisions are explained to the public through Q&As that are easily accessible. Draft policy decisions are disclosed in a timely manner. The rationale of each (draft) policy decision in the context of the policy objectives is disclosed in a timely manner. The central bank invites comments on the draft policy decision from those affected by it and discloses the comments on its website.	**In addition to expanded practices:** The central bank provides opportunity for public discussion on draft policy decisions. The central bank discloses on its website the information related to the public consultation of a policy decision, including its feedback on the comments received during this process.
	2.2.3. Supporting Analysis	The central bank discloses in a timely manner the supporting analysis, including the intended outcome that informs its policy decisions.	The central bank discloses in a timely manner the general considerations that underly a policy decision. The expected outcomes of policy decisions, in the	**In addition to core practices:** Detailed considerations (economic and other conditions and their analysis) that result in a policy decision, especially in case of introduction of a new measure or a change in the policy, are	**In addition to expanded practices:** With respect to a (draft) policy decision, the central bank discloses in a timely manner information about: - each policy option it considered as an alternative to the

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
			context of the policy objectives, are disclosed.	disclosed in a timely manner.	option reflected in the (draft) policy decision - considerations (supporting analysis) for alternative options - the rationale for the choice of the option reflected in the (draft) policy decision. The central bank periodically informs the public about the changes in the conditions that can result in a new measure or in a change in the policy (e.g., in the context of the capital account liberalization roadmap) and discloses such information.
2.3.	**Foreign Exchange Management**	The central bank clearly and publicly discloses its foreign exchange policy objectives, including the hierarchy of objectives, and the operational framework and instruments of foreign exchange interventions.			
	2.3.1. Objective and Framework	The central bank discloses its policy objectives, and legal, operational, and institutional frameworks, consistent with the chosen foreign exchange regime.	The central bank discloses the broad objectives of foreign exchange intervention policy, and its interaction with monetary policy.	**In addition to core practices:** The central bank discloses its policy objectives, and legal and institutional frameworks.	**In addition to expanded practices:** The central bank discloses general rules of foreign exchange management policy instruments, is clear on intended objectives, key assumptions, and

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
					framework of reaching decision to intervene.
	2.3.2. Policy Decisions	The central bank discloses its decision-making process, including the rationale for foreign exchange management instruments, and the means and methods of reaching a decision. The potential impact of its policy decisions is explained in a timely manner.	The central bank discloses its decision-making structure, process, and authority to reach foreign exchange intervention decisions.	**In addition to core practices:** The central bank explains the key objectives, policy framework, rationale of its policy decision, and how these interact with monetary policy objectives.	**In addition to expanded practices:** The central bank discloses the rationale and operational rules of foreign exchange intervention policy, as well as the instruments it uses and how these interact with monetary policy. The central bank discloses ex-post minutes of relevant committee meetings (e.g., Monetary Policy Committee) with a defined lag.
	2.3.3. Supporting Analysis	The central bank discloses assumptions, transmission channels, and analysis backing the intervention policy decisions, as well as ex-post evaluations of economic impact.	The central bank discloses the rationale and economic analysis backing its intervention decisions in statements by the relevant decision-making committee (e.g., Monetary Policy Committee).	**In addition to core practices:** The central bank discloses the analysis backing its policy decision and any changes to operational mechanisms and transmission of foreign exchange intervention policy.	**In addition to expanded practices:** The central bank discloses the analysis backing its policy decisions, any changes to operational mechanism, and conducts ex-post evaluation of the impact of foreign exchange intervention policy at a defined frequency.

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
2.4.	**Foreign Exchange Reserve Management**	The central bank discloses its policy objectives for foreign exchange reserve management, along with key considerations behind the policy, details on how oversight responsibility is allocated, and the potential impact of the policy.			
	2.4.1. Objectives and Framework	The central bank discloses broad investment objectives, operative models, how it allocates oversight responsibility, and the institutional framework of its policy decisions.	The central bank discloses the broad objectives, broad risk exposure, governance with oversight responsibility, and investment structure of foreign exchange reserve management.	**In addition to core practices:** The central bank discloses key objectives, governance, risk exposure (credit and market), and investment constraints. It discloses how policy decisions interact with key objectives and other policies.	**In addition to expanded practices:** The central bank publishes the objective of each policy decision, governance, risk exposure (credit and market), and investment benchmarks. It details how each of these interact with other policies. It is clear how the adequacy and liquidity of reserves are determined.
	2.4.2. Policy Decisions	The central bank discloses key elements of policy formulation, related risk exposures, instruments, decision-making hierarchy and the oversight allocation process.	The central bank discloses its decision-making structure and authority to reach its investment and risk decisions.	**In addition to core practices:** The central bank discloses its decision-making process, key assumptions, methods of reaching its investment and risk decisions, and how it allocates oversight responsibility.	**In addition to expanded practices:** The central bank discloses its decision-making hierarchy and oversight responsibility, key considerations for reaching decisions, and ex-post disclosure of investment committee deliberations with a defined lag.
	2.4.3. Supporting Analysis	The central bank discloses the key assumptions and	The central bank discloses the rationale and economic	**In addition to core practices:**	**In addition to expanded practices:**

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
		assessment process related to its policy decisions.	analysis backing its strategic investment and risk decisions.	The central bank publishes analysis backing its strategic decision on investment and risk policy, and any changes to operational mechanisms.	The central bank publishes analysis backing its policy decisions, any changes to operational mechanisms, and ex-post evaluations of impact of investment and risk assessment at a defined frequency.
2.5.	**Macroprudential Policy**	The objectives, decision-making process, and instruments of macroprudential policy are clearly communicated to the public. Indicators and supporting analysis to assess the need for macroprudential measures are disclosed alongside policy decisions.			
	2.5.1. Objectives and Framework	The central bank discloses its macroprudential policy framework, including its objectives, instruments, and strategy for achieving its objectives.	The central bank discloses the conceptual framework underpinning its macroprudential policy function.	**In addition to core practices:** The central bank publishes important facets of its macroprudential policy strategy, linking its macroprudential policy tools to its macroprudential policy objectives. This could include intermediate objectives pursued with particular policy tools, the information used to arrive at policy decisions (such as early warning indicators and stress test results), and the way it intends to take account of potential side effects	**In addition to expanded practices:** The central bank has a comprehensive, articulated strategy for the practical implementation of its policy framework. The strategy is regularly communicated and disclosed, including in the context of policy decisions.

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				and costs of macroprudential instruments.	
	2.5.2. Policy Decisions	The central bank publicly announces its macroprudential policy decisions in a timely manner and discloses the decision-making process leading up to macroprudential action.	Introduction of or adjustments to macroprudential tools are publicly announced in a timely manner with due consideration given to frontloading issues (in the case of flow-based macroprudential tools). The information on the composition and structure of the macroprudential policy decision-making body of the central bank and its upcoming meeting schedule are disclosed.	**In addition to core practices:** The central bank provides a detailed explanation of the rationale and benefits of macroprudential policy decisions in the context of macroprudential policy objectives. It provides a comprehensive account of policy deliberations within a reasonable amount of time.	**In addition to expanded practices:** The central bank discloses its assessment of potential vulnerabilities and provides justification in the event it did not take mitigating policy actions. It provides a comprehensive account of policy within a reasonable amount of time, disclosing how decisions (e.g., voting records) about the level of its macroprudential policy tools are taken.
	2.5.3. Supporting Analysis	The central bank discloses the key indicators and analyses used to assess the need for macroprudential measures. It explains the rationale and the expected transmission channels of policy instruments in achieving their objectives.	The central bank publishes statements (e.g., a Financial Stability Report) analyzing financial stability issues and discloses how macroprudential tools are expected to mitigate the risk.	**In addition to core practices:** The central bank periodically publishes indicators (such as early warning indicators or stress test results) and explains how they relate to the need for macroprudential policy action.	**In addition to expanded practices:** The central bank publishes ex post evaluations of policy actions that examine whether tools had the intended effects.

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
2.6.	Microprudential Supervision	Selected principles from BCP, ICP, and IOSCO (see Annex).			
2.7.	Emergency Liquidity Assistance	The central bank discloses the scope and objectives of emergency liquidity assistance, while maintaining the necessary confidentiality, to preserve financial stability and in support of monetary policy and its implementation.			
		While maintaining a level of confidentiality that preserves financial stability and supports monetary policy and implementation, the central bank discloses the scope of emergency liquidity assistance mechanisms at its disposal, and the objectives for their use.	The central bank discloses the basic features of its ELA mechanism that allows it to provide (in a discretionary manner) bilateral or market-wide emergency liquidity support to the financial system. The level of transparency (i.e., timeliness, scope, and level of detail of information) provided must not interfere with the financial stability objective or impair any confidentiality requirements. The level of transparency should not diminish the central bank's discretion/freedom to decide on a case-by-case basis if liquidity support is provided, and in which form and under which conditions liquidity support is provided.	**In addition to core practices:** The central bank discloses the different forms/operations in which liquidity support may be provided, thereby distinguishing between bilateral and market-wide liquidity support. This should provide clarity on institutional eligibility for such support, the central bank's decision-making process, whether other agencies are involved, and its disclosure policy.	**In addition to expanded practices:** The central bank discloses the general rules, parameters, and conditions for each form of liquidity support. General rules and applicable parameters should include (i) institutional eligibility (including the set of entities or markets that are generally eligible for liquidity support); (ii) conditionality (including the ability of the central bank or supervisory authority to collect, monitor, and assess information on whether the use of the liquidity provided is consistent with the objectives of the liquidity support); (iii) supervisory intrusion (including the central bank's or supervisor's

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
					legal power to conduct enhanced supervisory oversight and the ability to adopt early intervention measures); and (iv) financial parameters (including the applied interest rate, eligible collateral, maturity, and currency in which liquidity support is provided).
2.8.	**Resolution**	Selected principles from KA (see Annex).			
2.9.	**Financial Market Infrastructures**	Selected principles from PFMI (see Annex).			
2.10.	**Financial Integrity**	The central bank discloses its policies and powers for Anti-Money Laundering/Countering the Financing of Terrorism supervision, and a description of its control framework relating to the activities or services that may give rise to money laundering/terrorist financing risk.[10]			
		The central bank discloses information relating to its policies and powers supporting its Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) supervisory activities.	The central bank discloses an overview of its AML/CFT supervisory policies, and related guidance, as well as information on its AML/CFT supervisory powers.	**In addition to core practices:** The central bank discloses whether revisions of supervisory policies and guidance are in consultation with the private sector.	**In addition to expanded practices:** The central bank discloses how it ensures consideration of the private sector's feedback on the implementation of the policies and guidance.
		The central bank discloses a description of its internal	The central bank discloses information on	**In addition to core practices:**	**In addition to expanded practices:**

[10] As central bank mandates vary, internal AML/CFT control frameworks relate to instances where a central bank engages in activities or services that give risk to Money Laundering/Terrorist Financing (ML/TF) risk. Such activities may include: the provision of bank accounts, correspondent banking, foreign exchange activities, and the operation of payment systems. Central banks will need to determine the activities/services that give risk to ML/TF risk on a case by case basis.

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		AML/CFT control framework relating to its activities or services that give rise to money laundering and financing of terrorism risk.	its internal AML/CFT control framework.	The AML/CFT internal control policies are audited by an independent party, preferably an independent and reputable third party, and the results are presented to the Board, confirmation that the results were presented to the Board is published.	The central bank discloses how it ensures the timely remediation of any identified weaknesses, confirmation that all results have been addressed is published.
2.11.	**Consumer Protection**	The central bank discloses its policies relating to consumer protection, conducted solely or jointly with other agencies.	The central bank publishes its consumer protection policies. This includes policies relating to disclosure measures and transparency of financial institutions, fair treatment and business conduct, data protection and privacy usage of customer data, an ombudsman or other official appointed to investigate consumer protection-related complaints (where the central bank holds such an oversite function, or cooperates with an agency that does), or practices in information-sharing and dispute resolution mechanisms.		

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
3	**PILLAR III—OPERATIONS**				
3.1.	**Monetary Policy**	The central bank discloses its operational framework with a well-defined operational target, objectives, instruments, collateral, and access criteria.			

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	3.1.1. Instruments	The central bank discloses its monetary policy instruments.	The set of monetary policy instruments is disclosed to the public.	**In addition to core practices:** The operational target is clearly defined and disclosed to the public.	**In addition to expanded practices:** The operational target and the link between the operational framework and monetary policy objectives is disclosed. The role of reserve requirements is disclosed.
	3.1.2. Coverage	The central bank discloses: (i) the type of instrument (open market operations, standing facilities, other facilities, reserve requirements, and direct instruments of	The central bank discloses the terms and conditions of monetary operations and reserve requirements. The eligible collateral is defined and published. The general characteristics of each instrument is published. The reserve requirements' ratio, remuneration, and averaging provision (if any) are published.	**In addition to core practices:** The central bank discloses terms and conditions that explain how the level of reserve requirements is determined.	**In addition to expanded practices:** The central bank discloses detailed regulations on monetary operations and reserve requirements. These are published on the central bank website and

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
		monetary control); (ii) the characteristics of each instrument; and (iii) the collateral framework.			regularly updated. The regulations explain how open market operations are calibrated. The detailed characteristics (maturity, interest rate, auctioning method, collateral and haircuts, etc.) of each instrument are published and regularly updated. The role of the reserve requirements and details on the framework and parameters of reserve requirements are disclosed.

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
					The use of forward guidance (if any) is disclosed.
	3.1.3. Access	The central bank discloses the monetary policy counterparties' framework.	The categories of monetary policy counterparties and respective access rights are clearly defined (category of banks, primary dealers, micro-finance institutions, etc.) and disclosed.	**In addition to core practices:** The central bank discloses the eligibility criteria of monetary policy counterparties, as well as the terms and conditions for participating.	**In addition to expanded practices:** The list of eligible institutions, counterparties of monetary operations, and their respective access rights is published and regularly updated.
3.2.	**Cross-Border Financial Flows and Foreign Exchange Administration**	The central bank discloses how it implements this policy in terms of the instruments and the scope of its operations and actions.			
	3.2.1. Instruments	The central bank's instruments for implementing the policy and the circumstances in which they	The set of instruments (as a minimum, the regulatory framework, licenses/approvals, reports, monitoring and enforcement instruments, and foreign exchange transactions conducted by the	**In addition to core practices:** The central bank provides and discloses a brief description of each regulatory instrument (e.g., the objective and scope of an act).	**Similar to expanded practices**

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
		can be used are clearly defined and disclosed.	central bank)[11] that the central bank can use to implement the policy are clearly defined and disclosed. The regulatory framework as well as explanations on types and hierarchy of regulatory instruments are disclosed. The following information about the instruments is also disclosed: - types of licenses/approvals that the central bank can grant - types of reports to be submitted to the central bank - types of monitoring and enforcement instruments (including sanctions) the central bank can use - types of foreign exchange operations the central bank can perform with entities/individuals, including applicable fees. The circumstances in which the instruments can be used are clearly defined and disclosed.	The central bank discloses in a timely manner the most recent consolidated version of each regulatory instrument that incorporates all changes.	

[11] Some of these transactions are usually conducted by commercial banks, but the central bank can be empowered to do them in countries with less developed foreign exchange markets or where the banking system has limited capacity. These transactions do not include the central bank's operations performed for foreign exchange reserve management and foreign exchange interventions' purposes. Foreign exchange transactions of the central bank with the government and other domestic and foreign agencies are covered by Pillar V.

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
	3.2.2. Coverage	The central bank discloses information about the persons (entities and individuals), transactions, and other aspects of the foreign exchange system that it can and does regulate; persons, transactions, and activities that it can license, approve, monitor, and sanction; and foreign exchange transactions that it can perform.	The regulatory framework clearly defines, and the central bank discloses the following: - the types of activities, persons, and transactions the central bank is entitled to regulate/license/approve/perform/monitor/sanction - the rules and conditions for carrying out regulated transactions (including prohibited transactions, if any) and activities - licensing/approval requirements - the considerations underlying the decisions on granting the license/approval (or denial of it) for the various activities/persons/transactions - the procedure for granting licenses/approvals, including the time limit within which a decision must be made and communicated to the affected person and the role and responsibilities of its decision-making bodies involved in the process - the reporting requirements that entities (including banks) and individuals must comply with and the types of persons/transactions that are subject to such requirements - the forms in which required reports are collected and the relevant compilation guidelines - the types of entities/individuals/transactions that are subject to monitoring by the central bank and the relevant monitoring instruments - types, scope, and extent of sanctions that can be imposed for noncompliance	**In addition to core practices:** The central bank discloses: - detailed description of licensing/approval requirements, and documents to be submitted with the request for a license/approval - the conditions for granting a license/approval automatically (if any) - the procedure for imposing sanctions for noncompliance with the regulatory framework and decisions in individual cases.	**In addition to expanded practices:** Aspects related to the granting of licenses/approvals and use of/access to other policy instruments are explained to the public through Q&As that are easily accessible.

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
			- the types of entities/individuals having access to foreign exchange operations of the central bank and the operations accessible to them. Decisions in individual cases, including the considerations underlying the rejection of a request for license/approval (if any) are communicated to the affected persons in a timely manner.		
3.3.	**Foreign Exchange Management**	The central bank discloses how it implements its foreign exchange policies framework in terms of instruments, markets, size, and mode of access.			
	3.3.1. Instruments	The central bank discloses the set of instruments used for foreign exchange management policy, as well as key considerations under which these are chosen.	The central bank discloses the main instruments it intends to use to achieve the desired objectives of foreign exchange intervention. The central bank discloses foreign exchange management counterparties, eligibility criteria, and access to its operations.	**In addition to core practices:** The central discloses the choice of instruments, the modalities, and provides rationale for their use to achieve its policy objectives. It clearly defines eligibility criteria of its foreign exchange management counterparties and publishes a regulation governing their conduct,	**In addition to expanded practices:** The central bank discloses the choice of instruments, the modalities, and provides rationale of each instrument to attain the central bank's broader foreign exchange management policy objectives. The eligibility criteria of the foreign exchange management

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
				sanction rules, and mode of access.	counterparties are clearly stated in a regulation and published on the central bank website.
	3.3.2. Coverage	The central bank discloses the markets and agents who are targeted by the foreign exchange management policy.	The central bank discloses the foreign exchange management framework of its operations, the markets in which it operates (e.g., spot and derivatives), and its framework for choosing institutions to transact with.	**In addition to core practices:** The central bank discloses the rules governing modes of operations, and markets (e.g., spot and derivatives) that are defined in regulations. The eligibility criteria of its foreign exchange management counterparties are clearly stated in a regulation.	**In addition to expanded practices:** The coverage of foreign exchange management operations is clearly defined, including rules, modes, and markets that are updated regularly and are available on the central bank's website. The eligibility criteria of its counterparties, including a regulation governing their conduct, sanction rules,

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
					and mode of access, is published on the central bank's website.
3.4.	**Foreign Exchange Reserve Management**	The central bank discloses the general principles governing its foreign exchange reserve management operations, including relationships with counterparties and service providers.			
	3.4.1. Instruments	The central bank discloses the broad selection criteria for eligible asset classes, composition of instruments, investment horizon and constraints.	The central bank discloses broad criteria on selection of reserve assets, instruments, and limited risk disclosures.	**In addition to core practices:** The central bank discloses composition of eligible reserve assets and instruments, and risk disclosures by asset class.	**In addition to expanded practices:** The central bank discloses composition of reserve assets, instruments, and disclosures on risks exposure (by group and instruments) at a defined frequency and time lag.
	3.4.2. Coverage	The central bank discloses its framework for selecting eligible market counterparties	The central bank discloses broad criteria to select eligible counterparties and service providers (e.g., dealers, custodians) and eligible issuers.	**In addition to core practices:** The central bank discloses rules and procedures for selection of markets	**In addition to expanded practices:** The central bank discloses aggregated exposures at a

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
		and service providers (e.g., dealers, custodians) and eligible markets to conduct its operations.		in which it operates, counterparties, custodians, and service providers.	defined frequency and time lag.
	3.4.3. Assessment	The central bank discloses criteria to assess adequacy and liquidity parameters and discloses its analysis at regular predetermined periods.	The annual report contains general discussion of reserve adequacy and liquidity arising from its investment activities.	**In addition to core practices:** The annual report contains a general assessment of reserve adequacy, liquidity, and limited risk exposure specific to reserve management operations.	**In addition to expanded practices:** The central bank conducts annual liquidity stress tests. It publishes a reserve adequacy assessment and a risk statement outlining the financial, operational, and other risks arising from its operations with a defined time lag.

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
3.5.	**Financial Stability Assessments and Stress Testing**	The central bank periodically discloses its assessment of domestic financial stability to the public and is transparent about the methods used for such assessments, including its framework for stress testing.			
	3.5.1. Financial Stability Assessments	The central bank periodically provides to the public its assessment of risks to financial stability, including new and emerging sources of vulnerability.	The central bank publishes from time to time information on its assessments of some of the vulnerabilities of the financial system and is transparent on the methods underpinning such assessments.	**In addition to core practices:** The central bank regularly publishes a comprehensive assessment of the main risks to financial stability, including new and emerging vulnerabilities.	**In addition to expanded practices:** The central bank discloses the methods and underlying data used for such assessments, to the extent such disclosure is compatible with data protection rules.
	3.5.2. Macroprudential Stress Testing Methods	The central bank discloses the methods and key assumptions of the stress testing framework.	The central bank discloses results of the stress testing analysis on an aggregated basis.	**In addition to core practices:** The central bank discloses the main information on the design of the macroeconomic stress scenario and the risks covered, along with underlying assumptions.	**In addition to expanded practices:** The central bank discloses information on: (i) the type of exercise (bottom-up, top-down, or a combination of both); (ii) the design of the macroeconomic

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
					stress scenario, including details on its estimation, plausibility, and time horizon; (iii) the risks covered and detail information on the models used; (iv) evolution of financial statements over the stress test horizon; (v) the full set of assumptions; and (vi) the regulatory framework considered.
	3.5.3. Stress Testing Coverage	The central bank discloses the coverage of the stress testing exercise.	The central bank discloses the type of institutions covered in the stress testing (banks, pension funds, insurance companies, or others).	**In addition to core practices:** The central bank discloses the type of institutions covered in the stress testing (banks, pension funds, insurance	**In addition to expanded practices:** The central bank discloses the type of institutions covered in the stress testing

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
				companies, or others) and the number of institutions.	(banks, pension funds, insurance companies, or others) as well as the names of the institutions participating in the stress test.
	3.5.4. Central Bank Use of Stress Test Results	There is clarity about the ways the central bank uses stress test results.	The central bank discloses the main purpose of the stress test.	The central bank discloses whether and how aggregate stress testing results may affect policy decisions. The central bank discloses whether and how individual results may affect policy decisions.	The central bank discloses how stress test results affect all other aspects of its dealings with financial institutions.
3.6.	**Macroprudential Policy**	The central bank discloses how it implements macroprudential policies, including the design of policy instruments and enforcement arrangements.			
	3.6.1. Design of Macroprudential Tools	The central bank discloses the precise design and objectives of its macroprudential instruments, including the scope of	The central bank discloses the design and scope of application of macroprudential tools, including the types of financial institutions (e.g., banks, non-bank lenders) and financial instruments (e.g., mortgage loans, other) subject to macroprudential constraints.	**In addition to core practices:** In addition to official documents, the central bank discloses clear and accessible statements that disclose the key design features of its	**In addition to expanded practices:** The central bank consults the public before enacting major changes to the design of

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		entities and financial instruments subject to macroprudential constraints.		tools and how they may affect various market participants. Documents may have an educational purpose).	macroprudential tools.
	3.6.2. Enforcement	The central bank discloses enforcement mechanisms and responsibilities for all entities and financial instruments subject to macroprudential constraints.	The central bank discloses which agencies enforce macroprudential regulations and discloses both incentive mechanisms and penalties.		
3.7.	**Microprudential Supervision**	Selected principles from BCP, ICP, and IOSCO (see Annex)			
3.8.	**Emergency Liquidity Assistance**	The central bank may disclose any ongoing provision of emergency liquidity assistance (including bilateral and market-wide support) and its conditions and parameters once the need for confidentiality has ceased.			
		The central bank may be transparent with regard to the ongoing provision of ELA (including	The central bank discloses the forms of market-wide liquidity support and provides timely and complete information in support of the financial stability objective and the efficiency and effectiveness of the liquidity support. Information is provided on eligible institutions, type of operation, financial parameters	**In addition to core practices:** The central bank discloses the forms of market-wide liquidity support and one of two additional channels of information:	**In addition to expanded practices:** The central bank discloses the forms of market-wide liquidity support and both additional

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
		bilateral and market-wide support) and its conditions and parameters as soon as the need for confidentiality has ceased. Such transparency has broad confidence and financial stability implications and may support monetary policy and its implementation.	(e.g., interest rates, eligible collateral, and maturities), and procedural requirements for participation.	a) The delineation of liquidity support operations from standard operations, with information regarding maturity, amounts of liquidity support, and financial parameters or b) How the liquidity support measure is intended to contribute to restoring/maintaining financial stability or market functioning.	channels outlined in expanded practices.
			For bilateral liquidity support, information about the provision of support is disclosed only after the financial stability risk has passed, and no longer violates confidentiality requirements agreed on prior to entering the support agreement with the requesting institution. Disclosure should also not diminish the central bank's discretion/freedom to decide on a case-by-case basis if liquidity support is provided, and in which form and under which conditions liquidity support is provided.		
3.9.	**Resolution**	Selected principles from KA (see Annex).			
3.10.	**Financial Market Infrastructures**	Selected principles from PFMI (see Annex).			

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
3.11.	**Financial Integrity**	The central bank discloses its anti-money laundering/countering the financing of terrorism supervisory processes, as well as details about resources allocated to its internal Anti-Money Laundering/Countering the Financing of Terrorism controls.			
	3.11.1. Processes	The central bank discloses its AML/CFT supervisory processes.	The central bank discloses general information on its approach to off-site and on-site AML/CFT supervisory activities and on the human and technical resources allocated to these activities.	**In addition to core practices:** The central bank discloses statistical information on the completion rates of its off-site and on-site AML/CFT supervisory activities.	**In addition to expanded practices:** The central bank maintains and discloses up-to-date information on the names of the financial institutions it supervises for AML/CFT purposes, including up-to-date information regarding cross-border activities.
	3.11.2. Controls	The central bank discloses resources allocated to its internal AML/CFT controls.	The central bank discloses general information on its internal AML/CFT control activities and on the human and technical resources allocated to internal AML/CFT controls.	The central bank discloses statistical information on the completion rates of its internal AML/CFT control activities.	The central bank discloses confirmation that the adequacy of the resources allocated to its internal controls was subject to an independent audit, preferably by an

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					independent and reputable third party, and the results are presented to the Board.
3.12.	**Consumer Protection**	The central bank discloses its operations relating to consumer protection, conducted solely or jointly with other agencies.	The central bank discloses consumer protection measures taken against financial institutions, as well as guidelines on fair treatment and business conduct, data protection and privacy usage of customer data, information-sharing of consumer data, and dispute resolution mechanisms. It also publishes statistics on measures taken by an ombudsman or other official appointed to investigate consumer protection-related complaints (the central bank may hold such an oversite function or cooperate with an agency that does).		

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
4	**PILLAR IV—OUTCOME**				
4.1.	**Monetary Policy**	The central bank is transparent about the outcome of its monetary policy conduct.			
	4.1.1. Governance Actions	The accountability of the central bank on monetary policy is clear, in terms of to whom accountability is owed and how it is discharged (i.e., means of accountability).	The central bank discloses the responsibilities of its governing bodies to (i) report on the conduct of monetary policy to designated public authorities; (ii) describe their performance in	**In addition to core practices:** The central bank periodically communicates to the public and to designated public authority actions taken in order to achieve the policy objectives or, in the case of objectives not achieved, provides	**In addition to expanded practices:** The central bank is transparent about its interactions with designated public authority on monetary policy.

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
			achieving their objective(s), and, where appropriate; and (iii) exchange views on the state of the economy with designated public authorities.	reasons and explanations thereof.	
	4.1.2. Policies	The central bank discloses progress toward achieving its monetary policy objective(s) as well as prospects for achieving them.	The central bank discloses indicators relating to the central bank's monetary policy objective(s) and releases periodic public statements on progress toward achieving its monetary policy objective(s).	**In addition to core practices:** The central bank publishes evaluations of efforts to meet targets and information about economic developments that could affect the prospects of achieving monetary policy objective(s).	**In addition to expanded practices:** Methods, techniques, and data underlying dedicated monetary policy evaluations are publicly accessible.
	4.1.3. Operations	The central bank discloses the volumes and interest rates of monetary policy instruments, as well as the level of the operational target achieved.	The level of the operational target is published. The outstanding volumes and interest rates of each instrument are published. Aggregated bank balances at the central bank (bank reserves) are published.	The level of the operational target is disclosed daily to the public. The outstanding volumes and interest rates of each instrument are published. The aggregated bank balances at the central	The level of the operational target is disclosed daily on the central bank's website. The outstanding volumes per instrument are published frequently and in a timely manner on the central bank's website.

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
				bank (bank reserves) are published.	Auction results are published in a timely manner on the central bank's website. The aggregated bank balances at the central bank (bank reserves) and realized autonomous liquidity factors are published frequently in a timely manner on the central bank's website.
4.2.	**Cross-Border Financial Flows and Foreign Exchange Administration**	The central bank discloses the outcome of its policy implementation.			
	4.2.1. Governance Actions	The central bank discloses information about to whom its accountability on the policy is owed, and how it is discharged.	A designated public authority to which the central bank is accountable on the policy is disclosed, along with the frequency and the manner in which the central bank is required to report to this authority. The central bank discloses information on its governing bodies with	**In addition to core practices:** The central bank discloses information about interaction of the given policy with other policies (such as monetary, macroprudential, and fiscal policy).	**Similar to expanded practices**

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
			respect to policy implementation, as well as their responsibilities to report on the implementation of the policy and the central bank's performance in achieving the policy objective(s). The central bank discloses: - whether it delegated some of its functions in implementing the policy decisions to other entities - the list of such entities/types of entities and their responsibilities - whether such entities are required to report separately on the outcome of the implementation, or the central bank's report includes this information.		
	4.2.2. Policies	The central bank discloses on a regular	The central bank discloses:	**In addition to core practices:**	**In addition to expanded practices:**

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
		basis information about the results in achieving the policy objectives.	- whether the policy objectives have been achieved - general information on the actions taken to achieve the policy objectives and their results - developments that influenced the implementation of the policy/decisions and the desired results.	The central bank discloses: - detailed information on the actions taken to achieve the policy objectives and their results - the reasons for not achieving the policy objectives (if this is the case).	Policy actions and the results in achieving the policy objectives are explained to the public through Q&As that are easily accessible. The central bank discloses a description of the foreign exchange regime, including existing restrictions related to cross-border transactions and foreign exchange operations within the country and their impact on the economy.
	4.2.3. Implementation	The central bank discloses on a regular basis information about the results of the policy implementation.	The central bank discloses on a regular basis information about: - the regulatory framework and any changes to it - the types and number of granted licenses/approvals - the types and number of inspections conducted - the types and number of sanctions imposed for noncompliance	**In addition to core practices:** The central bank discloses on a regular basis detailed information about: - the regulatory framework and any changes to it - the entities/individuals licensed to perform activities subject to licensing (e.g., name, address, contact details, type of the licensed activity)	**Similar to expanded practices**

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
			- the types of foreign exchange operations performed by the central bank with entities and individuals - the types and volume of cross border financial flows and foreign exchange transactions within the country. The central bank publishes lists of entities/individuals licensed to perform various foreign exchange activities in the given area (e.g., a list of licensed foreign exchange bureaus) and updates them regularly.	- approvals granted - inspections conducted and their results - sanctions imposed for noncompliance - cross border financial flows and foreign exchange transactions within the country (data on an aggregate basis). The central bank discloses on a regular basis the results of its operations with entities and individuals (on an aggregate basis).	
4.3.	**Foreign Exchange Management**	The central bank discloses how its governing committee is accountable for undertaking and reporting on foreign exchange interventions.			
	4.3.1. Governance actions	The central bank is clear on its decision-making structure and how it is accountable for foreign exchange management.	The central bank discloses its governance structure and the responsibilities of its governing bodies with respect to foreign exchange management.	**Same as core practices**	**In addition to expanded practices:** The central bank discloses the taxonomy of its foreign exchange management framework, responsibilities of its governing bodies with

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
					respect to foreign exchange management, and evaluations of the policy actions taken.
	4.3.2. Policies	The central bank discloses the role of foreign exchange management toward achieving its policy objective(s) as well as its interaction with broader monetary policy objectives.	The central bank discloses supporting analysis backing its intervention policy decisions.	**In addition to core practices:** The central bank publishes its policy decisions, their outcomes, and any changes to operational mechanisms of its foreign exchange management policy in its annual report.	**In addition to expanded practices:** The central bank discloses the mode used for foreign exchange management, instruments used, and data underlying policy evaluations of foreign exchange interventions. Information is disclosed in the central bank's monetary policy report at a defined frequency.
	4.3.3. Operations	The central bank discloses the results of its market operations, the level (volume) of activity, and direction of its interventions (i.e., purchasing or selling) on its website and with a predefined time lag.	The central bank publishes information of its foreign exchange management and volume of activity (aggregated quarterly) in its annual report.	**In addition to core practices:** The central bank publishes aggregated data on its interventions (purchases and sales) in its monthly bulletin with a predefined time lag and frequency.	**In addition to expanded practices:** The central bank reports on its interventions on its website. The aggregate volume of interventions, and whether specific instruments were bought or sold, is reported on a monthly basis. There is a predefined lag of not more than a month

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
					(consistent with an official release of report on the international reserves, as per the Special Data Dissemination Standard prescription).
4.4.	**Foreign Exchange Reserve Management**	The central bank discloses any changes to the general principles of internal governance and provides clarity on the outcomes of its policy decisions about foreign exchange reserve management.			
	4.4.1. Governance actions	The central bank discloses the general principles of internal governance on foreign exchange reserve management matters to ensure the integrity of its policy formulation and operations.	The central bank discloses its institutional obligations and the general principles of its policy framework and operations.	**In addition to core practices:** The central bank discloses the institutional obligations, objectives, and responsibilities of its decision-making bodies for reserve management.	**In addition to expanded practices:** The central bank discloses its framework, the responsibilities of its governing bodies with respect to reserve management, and its evaluations of policy actions taken.
	4.4.2. Reporting on Implementation	The central bank discloses data relating to the level and composition of foreign exchange reserve assets, short-term liabilities, and currency drains that can lead to demand on reserves.	The central bank publishes information about the level of foreign exchange reserve assets and liabilities, according to a predefined schedule.	**In addition to core practices:** The central bank publishes information about the level foreign exchange reserve assets, liabilities, short-term drains, and commitments by the monetary authorities, according to a predefined schedule.	**In addition to expanded practices:** The central bank publishes outcomes as per reserve data template and the Special Data Dissemination Standard. The data categories include: the official reserves and other foreign currency assets,

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
					predetermined short-term drains on reserve assets, and contingent short-term net drains on reserve assets, according to a pre-defined schedule.
	4.4.3 Financial Results	There is clarity in audited financial statements on the amount, composition, profit/loss, and risks arising from foreign exchange reserves.	Please refer to practices under Pillar I Tools—Independently Audited Financial Statements and Risk Exposures (1.6.2).	**In addition to core practices:** Please refer to practices under Pillar I Tools—Independently Audited Financial Statements and Risk Exposure.	**In addition to expanded practices:** Please refer to practices under Pillar I Tools—Independently Audited Financial Statements and Risk Exposure.
4.5.	**Macroprudential Policy**	The central bank discloses outcomes and evaluations of its macroprudential policy actions and its accountability for such actions.			
	4.5.1. Governance Actions	The accountability of the central bank on macroprudential policies is clear as to whom accountability is owed to and how it is discharged.	Legislation, agreements, or Memorandums of Understanding specifying the central bank's macroprudential policy objectives and responsibilities of governing bodies are disclosed.		**In addition to core practices:** Key interactions between the central bank and designated public authorities on issues of financial stability are disclosed.
	4.5.2. Policies	The central bank discloses ex-post evaluations of its macroprudential policies.	The central bank publishes statements (or embeds details in broader reports) on how its macroprudential	**In addition to core practices:** The central bank publishes dedicated policy evaluations around its specific	**In addition to expanded practices:** Methods, techniques, and (to the extent possible) data underlying dedicated

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
			policies affect financial stability and vulnerabilities.	macroprudential tools (stress tests, event studies).	policy evaluations are made public.
4.6.	**Microprudential Supervision**	Selected principles from BCP, ICP, and IOSCO (see Annex).			
4.7.	**Emergency Liquidity Assistance**	The Emergency Liquidity Assistance framework allows for appropriate disclosure of the provision of liquidity support, terms and conditions, and amounts provided, while maintaining confidentiality as long as required.			
		The Emergency Liquidity Assistance framework (for bilateral and market-wide support) provides details on previous support and their outcomes, while maintaining confidentiality as long as required to preserve financial stability and in support of monetary policy and its implementation.	For market-wide liquidity support, the framework discloses the amount, conditions, and types of entities that received support.	**In addition to core practices:** The framework provides information about how and to what extent the liquidity support measure contributed to restoring/maintaining financial stability or market functioning. It also provides information on the central bank's risk taking in connection with the support.	**In addition to expanded practices:** The framework discloses how the liquidity support measures impact other parts of the financial system and the economy more broadly. The central bank discloses information on interaction with financial market functioning, microprudential supervision, macroprudential regulation and supervision, and whether assistance has cross-border effects.
			For bilateral liquidity support, information about the provision of support is disclosed only after the financial stability risk has passed, and no longer violates confidentiality requirements agreed on prior to entering the support agreement with the requesting institution. Such information should neither diminish central bank discretion, nor affect other institutions' expectations on the provision of bilateral support. Disclosing information on bilateral liquidity support (with adequate delay) will ensure		

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
			accountability. Disclosure is not likely to diminish the central bank's discretion/freedom to decide on a case-by-case basis if liquidity support is provided, and in which form and under which conditions liquidity support is granted.		
4.8.	**Resolution**	Selected principles from KA (see Annex).			
4.9.	**Financial Market Infrastructures**	Selected principles from PFMI (see Annex).			
4.10.	**Financial Integrity**	The central bank discloses the outcome of its Anti-Money Laundering/Countering the Financing of Terrorism supervisory actions, as well as details about the oversight of its internal Anti-Money Laundering/Countering the Financing of Terrorism controls.			
		The central bank discloses the outcome of its AML/CFT supervisory actions.	The central bank publishes the outcome of its AML/CFT supervisory activities annually, including analysis (where appropriate) of these activities.	**In addition to core practices:** When sanctions are imposed for breaches of AML/CFT requirements, information is published on the name of the financial institution, the enforcement actions imposed, and a brief description of the breaches identified, while allowing case-by-case exceptions particularly where publication jeopardizes the stability of financial markets or an on-going investigation.	**In addition to expanded practices:** The central bank publishes information regarding the implementation of remedial actions as a result of the supervisory action.
		The central bank discloses its internal AML/CFT controls.	The central bank publishes the outcomes of its internal AML/CFT controls annually.	**In addition to core practices:** The annual report on AML/CFT controls includes statistical	**In addition to expanded practices:** The annual report publishes the findings of an independent audit,

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
				information on the number of suspicious transaction reports submitted to the financial intelligence unit.	preferably an independent and reputable third party, of the effectiveness of internal AML/CFT controls.
4.11.	**Consumer Protection**	There is clarity about the results and implications of consumer protection policies and operations, conducted solely or jointly with other agencies.	The central bank publishes an annual report on outcomes of its consumer protection operations, including any appearances the central bank has made before designated public authority/authorities to report on such outcomes. This includes statistics on measures taken by an ombudsman or other official appointed to investigate consumer protection-related complaints (the central bank may hold such an oversight function or cooperate with an agency that does).		

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
5	**PILLAR V—OFFICIAL RELATIONS**				
5.1.	**Government** *Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex)*	The central bank discloses its relationship with the government.[12] This includes the exchange of information, the coordination of policies, and financial aspects such as rules on profit distribution, clearly distinguishing the different roles and modalities this can take.			
	5.1.1.	The institutional relationship between the central bank and the government/its agencies	The central bank's functions with respect to the government (and public sector) and provisions	**In addition to core practices:** The central bank clearly defines and discloses	**In addition to expanded practices:** The central bank discloses the detailed terms and

[12] Section 5.1 covers the central bank's cashier, depositary, fiscal agent, credit, advisory, debt management, and cooperation functions for the government (including ministries and other governmental agencies, such as tax and customs authorities) and other public sector institutions.

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
		is clearly defined and publicly disclosed.	describing their cooperation are established in the legal framework. The central bank discloses to the public, on a regular basis, policies, instruments used in interactions (including financial transactions) between the central bank and the government, and the outcomes of such interactions. The central bank discloses on a regular basis information about its interactions with governmental agencies (e.g., with customs authorities in the context of information sharing) and the outcomes of such interactions. The relevant legal framework, instruments for sharing responsibilities, and delegated powers are disclosed.	procedures for the approval and reporting/accountability on the exercise of the central bank's functions with respect to the government, as well as the main terms and conditions governing those functions. The legal framework contains a clear mechanism for the establishment of the terms and conditions of the central bank's functions with respect to the government.	conditions of the central bank's functions and policies with respect to the government, as contained in a regulation or agreement.
	5.1.2.	The central bank publicly discloses its policies and terms and conditions governing financial transactions with the government, including its fiscal agent role, the management of the current account, deposit taking, advances, guarantees, loans and credit arrangements to the public sector, as well as agency services performed on behalf of the government.			
	5.1.3.	The instruments used in interaction (including the financial transactions) between the central bank and the government/its agencies are clearly defined and publicly disclosed.			
	5.1.4.	The central bank discloses publicly on a regular basis the outcome of its interaction (including operations) with the			

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
		government/its agencies.			
5.2.	**Domestic Financial Agencies** *Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex)*	The central bank discloses its relationships with domestic financial agencies as relevant to the pursuit of its mandate and the execution of its functions.			
	5.2.1.	The relationship between the central bank and relevant domestic financial agencies is clearly defined and publicly disclosed, including cooperation and (co-) decision-making modalities and arrangements for the formal/informal sharing of information.	The legal framework contains provisions establishing cooperation between the central bank and domestic financial regulatory and supervisory authorities, as well as basic terms and conditions with a view to information sharing, coordination of activities, or any other cooperation arrangement. The central bank discloses the instruments used in the interaction between the central bank and domestic financial	**In addition to core practices:** The central bank discloses the detailed terms and conditions of cooperation between the central bank and domestic financial agencies. The central bank discloses the agreements with domestic financial agencies.	**Similar to expanded practices**
	5.2.2.	The policies and instruments used in the interaction of the central bank with domestic financial agencies, and the outcome of the interaction are transparent.			

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
	5.2.3.	With respect to financial stability, all arrangements to restore or maintain financial stability are clearly disclosed, including arrangements on data sharing, liquidity support, and who is responsible for which type of decision or action at what stage.	agencies. The central bank discloses regular reports on the interaction between the central bank and domestic financial agencies. *With respect to macroprudential policy and financial stability:* Insofar as the central bank is part of an interagency committee, it discloses the provisions governing such a committee in regard to its composition, the respective members' roles, the nature of the cooperation, and the mechanism of the cooperation.		
5.3.	**Foreign Agencies** *Selected principles from BCP, ICP, IOSCO, KA, and PFMI (see Annex)*	The central bank discloses its dealings with international organizations, foreign governments, other central banks, and other relevant foreign agencies, including the nature of the involvement or interactions, and any obligations and commitments that may arise from these relationships.			
		The central bank clearly defines and discloses the	The legal framework contains clear provisions	**In addition to core practices:**	**Similar to expanded practices**

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
		relationship for exchange of information and coordination of actions/policies between the central bank and international organizations, foreign governments, other central banks, and other relevant foreign agencies. The central bank discloses its policies, terms, and conditions governing interaction with these bodies. The central bank clearly defines and discloses instruments used in the interaction (including financial transactions) between the central bank and these bodies. The central bank discloses on a regular basis the outcome of its relationship with these bodies.	describing cooperation between the central bank and foreign agencies, and the basic terms and conditions of such interaction. The central bank discloses policies, cooperation, (co-) decision-making modalities, and arrangements for the (in)formal sharing of information with foreign agencies. The central bank discloses the instruments used in the interaction and financial transactions between the central bank and foreign agencies. The central bank discloses regular reports on the interaction between the central bank and foreign agencies.	The legal framework contains detailed terms and conditions of cooperation between the central bank and foreign agencies. The central bank discloses agreements with foreign agencies. The central bank discloses information on international or bilateral relations and (mandatory) obligations arising from such relations.	
5.4.	**Other Relations**	The central bank discloses its involvement with private or semi-public institutions.			

No.	DIMENSION	PRINCIPLE	CORE	EXPANDED	COMPREHENSIVE
	5.4.1.	The central bank discloses its involvement with private or (semi) public institutions.	The central bank discloses its investments in and ownership of subsidiaries, and joint ventures with private, semi-public, or public entities.		

C. GLOSSARY

Definitions provided in the Glossary are used in the context of those parts of the Code that are indicated at the end of each definition, if any. Otherwise, they are applicable across the Code.

Audit committee (or similar financial matters oversight body): The primary purpose of a central bank's audit committee is to provide oversight of the financial reporting process, the internal and external audit arrangements, and the central bank's system of internal controls. In general, such committees reflect the central bank legislation or national context.

Autonomy: Central bank autonomy, which for the purposes of this Code is synonymous with "independence," relates to four core aspects : (a) institutional autonomy (the central bank's ability to execute its mandate without any influence from third parties, including the government, also referred to as "operational autonomy"); (b) functional autonomy (the central bank's ability to avail itself of all powers and instruments to achieve its objective/s and to executive its functions (i.e., no third party interference in central bank decisions exercising its mandate); (c) personal autonomy (security of tenure and fit and proper criteria of the members of a central bank's decision making body or bodies); and (d) financial autonomy (the capacity of a central bank to adopt the necessary financial decisions to ensure that it has sufficient financial resources to implement its mandate). Academic literature on central bank autonomy also distinguishes between goal and instrument autonomy (i.e., the determination of a central bank's monetary policy goal, and the separate question of whether a central bank is autonomous in implementing its goal).

Consumer Protection: Refers to tasks and matters relating to, inter alia, the disclosure of measures and transparency of financial institutions to the public, fair treatment of customers of financial services and products, and business conduct, as well as data protection and privacy issues and dispute resolution mechanisms.

Corruption: The abuse of public office for private gain. According to the United Nations Convention Against Corruption, corruption offenses include bribery, embezzlement and misappropriation or other diversion of property, trading in influence, abuse of functions, illicit enrichment, and concealment.

Cross-Border Financial Flows and Foreign Exchange Administration Policy: Central bank policy related to: (i) the regulation of cross border financial flows in foreign and domestic currencies (sale/purchase, transfer, transmission and export/import of

domestic and foreign currencies); (ii) licensing/authorization (or any other form of approval) of foreign exchange activities (as a business), entities/individuals and individual transactions; (iii) regulation of transactions in foreign currency within the country; and (iv) regulation of transactions within the country in domestic currency between residents and nonresidents and between non-residents. Transactions also include those conducted by the central bank except transactions that are for foreign exchange interventions, foreign exchange reserve management purposes, and those under Pillar V.

Decisions in individual cases: Decisions in different forms (such as decision, license/approval etc.) which are applicable for individual cases (entities/individuals). Such decisions are issued in the context of implementing the policy based on the powers assigned to the central bank and do not include decisions that define or change the policy. See also the definition of license/approval (see CBT 2.2., 3.2., and 4.2.).

Decision-making Bodies: These include, for instance, the board of directors, a council, a supervisory board, committees, or any other governing body of the central bank, established by law or regulation.

Disclose (disclosed, publicly available, publicly disclosed, clearly disclosed): Publication of the legal framework and policy decisions (regulatory framework) in official gazettes and posting them on the central bank's website. For other documents/information, it means publication in printed or electronic mass media (e.g., newspapers, magazines, other official publications) as well as posting them on the central bank's website. The legal framework, policy decisions, and other documents/information should be easily accessible (see "Easily Accessible").

Easily accessible: The general public and other users can easily find the legal framework, policy decisions (regulatory framework), and other documents/information navigating through the central bank's website or other forms of widely used communication (daily newspaper, etc.).

Emergency Liquidity Assistance (ELA): ELA encompasses both bilateral and market-wide liquidity support, usually to financial institutions. For bilateral support, it generally takes the form of a collateralized lending operation. Market-wide liquidity support can—besides collateralized lending—also take alternative forms, such as asset swaps or outright purchases. Usually, such support is temporary, and therefore may build on, but does not necessarily form a permanent element of, the central bank's monetary policy instruments (see CBT 2.7., 3.8., and 4.7.).

Enforcement instruments: Instruments used by the central bank to enforce the regulatory framework and decisions in individual cases related to the policy on cross-

border financial flows and foreign exchange administration, such as imposing different sanctions (e.g., warnings, fines, license/approval suspension or withdrawal, etc.) for noncompliance (see CBT 2.2., 3.2., and 4.2.).

Exchange of information: The rules specifying which types of information can be exchanged, how such information can be used, and the dissemination of information exchanged.

Foreign Exchange Management: In the context of the CBT, the concept of Foreign Exchange Management comprises all foreign exchange transactions—i.e., official purchases or sales of foreign assets against domestic assets in the foreign exchange market—by the central bank or the corresponding monetary authority, and other public entities intervening on behalf of the monetary authority or the central government. This includes transactions in both spot markets and with derivative instruments (see CBT 2.3., 3.3., and 4.3.).

Functions (tasks): The activities that the central bank undertakes to achieve its objectives. In addition to the traditional function of monetary policy, central bank laws and other relevant laws typically establish core functions that are often related to a specific central bank objective (see CBT 1.2.).

Independence: (see Autonomy).

Legal Framework: Legal instruments governing the central bank, including the constitution, relevant treaties, central bank law, and other relevant laws, such as banking, insurance, securities, foreign exchange, AML/CFT, accounting, administrative, procurement, employment, and corporate laws, or otherwise, as well as relevant regulations and other applicable forms of legal instruments.

Legal protection: Protection of central bank decision-makers and staff, with particular reference to whether these individuals may be subject to legal suits or liability for any adverse consequences of decisions made while conducting their official duties (see CBT 1.1.).

Legal capacity: The central bank's general legal capacity, in addition to its specific powers to: (i) enter into contracts; (ii) institute legal proceedings and be subject to such proceedings; and (iii) acquire, administer, and hold and dispose of movable and immovable property. The legal instruments available to a central bank, including non-binding instruments (recommendations) and legally binding instruments, irrespective of whether they are generally applicable or are addressed to specific legal or natural persons (see CBT 1.1.).

Legal nature: Whether a central bank is a public institution subject to public law, an institution established/subject to company/corporate law or is a sui generis institution.

License/approval: License, authorization, approval, permit, or any other type of decision in individual cases by which the central bank grants the right to an entity or individual to conduct foreign exchange activity/carry out the individual transaction(s) in the foreign exchange area (e.g., license for the activity of the foreign exchange bureau, approval to conduct cross border capital transaction(s), or approval to use the foreign exchange in some domestic transactions). Also see "Decisions in individual cases" (see CBT 2.2., 3.2., and 4.2.).

Mandate: The clearly defined objectives, functions, and associated legal powers that will enable the central bank to implement its objectives (see CBT 1.2.).

Monetary Policy Collateral: Central banks require credit operations, i.e., the provision of liquidity to their counterparties, to be secured by collateral. Thereby, the central bank aims to mitigate the risks associated with providing credit to banks and possibly nonbank financial institutions. In addition, collateralized lending should improve the efficiency and effectiveness of the overall operational framework and transmission of monetary policy, as it allows the central bank to lend to all eligible counterparties at the same rate, independent of their credit quality. This should also improve the transparency and accountability of the central bank. Assets accepted as collateral should be legally transferable to the central bank and usually take the form of marketable fixed income securities. In specific circumstances, including emergency loan assistance, collateral may include equities, loans to the public or private sector (corporations or private households), and even real estate or commodities. Adequate valuation and risk control measures will be necessary (see CBT 3.1.).

Monetary Policy Framework: The central bank's goals and strategy, how it assesses economic and financial conditions, and how it sets its policy instrument(s) to achieve its objectives (see CBT 2.1.).

Monetary Policy Instruments: Instrument used by the central bank to conduct and implement its monetary policy. These include, but are not limited to, Open Market Operations, Standing Facilities, Reserve Requirements, and direct instruments of monetary control. Characteristics of instruments relate to, i.e., maturity, interest rate, and auctioning method (see CBT 2.1. and 3.1).

Monetary Policy Operational Target: A variable that the central bank can control, to a very large extent, on a day-by-day basis, through the use of its monetary policy instruments and that serves to communicate the stance of monetary policy to the public (see CBT 3.1.).

Monitoring Instruments: Instruments established by the regulatory framework that are used by the central bank within the limits established by such a framework, to

monitor/supervise the entities/individuals, transactions, or activities that are regulated, licensed, or approved under the policy on cross-border financial flows and foreign exchange administration. These instruments include, but are not limited to, on-site and off-site inspections (see CBT 2.2., 3.2., and 4.2.).

Objectives: The goals that the central bank aims to accomplish. It is a well-established practice that central bank laws identify price stability—or a similar concept—as a primary or one of the main objectives of the central bank. Many central banks may have other objectives as part of their mandate, including economic (e.g., support of the economic policies of the government, full employment, economic growth, financial inclusion, etc.), often subordinated to the price stability objective, and can also have financial stability (micro- and macro-prudential), financial integrity (relating to ensuring compliance with AML/CFT aspects), and consumer protection objectives (see CBT 1.2.).

Personality and Legal Capacity: To enter into contracts, institute legal proceedings and be subject to such proceedings, and acquire, administer, hold and dispose of movable and immovable property (see CBT 1.1.).

Policy Decisions (regulatory framework): Decisions in different forms (such as laws, decrees, directives, regulations, or instructions) that are applicable to an indefinite number of identical situations by the central bank, public and private entities, and individuals. Such decisions define the policy, resulting in new actions or changes to the policy, establish and change the rules, terms, and conditions for its implementation, and sanctions for noncompliance, with which authorized dealers (banks, etc.), other entities, and individuals must comply.

Powers: The instruments at the disposal of a central bank to implement its functions. These instruments can be of a private or public law nature. Note that central bank laws also commonly contain prohibitions that prevent the central bank from conducting specific activities. In the interest of legal certainty, such prohibitions should be clearly listed in the central bank law (see CBT 1.2.).

Prejudgment Attachment: A court ordering a seizure of specific property before a judgment has been issued by the court.

Public Consultation: An exchange of views/opinions/proposals between individuals/entities/other stakeholders and the central bank about a particular (draft) policy decision or regulatory change under consideration. As a result, both parties are informed and can influence the policy decision.

Publicly Available: see "Disclose."

Regulatory Framework: See "Policy Decisions."

Reserve Management Market Counterparties and Service Providers: Parties that are official counterparts of the central bank for foreign exchange reserve management purposes; this includes dealers and custodians (see CBT 3.4.).

Risk Exposure: The principal risks the central bank needs to take to meet its objectives.

Risk Framework: The process for identifying financial and nonfinancial risks, the overall risk strategy, and the accompanying risk governance structure designed to effectively monitor and evaluate the risk exposure. It also documents the roles and responsibilities of the stakeholders involved in the management of risks, including reporting lines and requirements, and outlines key tools and methodologies for risk management.

Risk Governance Structure: The execution of the central bank's risk strategy is supported by a governance structure that promotes greater accountability and segregation of responsibilities, as well as an adequate monitoring and reporting mechanism. The governance structure includes the policies and procedures to support and resource the risk management activities and should ensure that the risk management function is staffed with adequate capacity. It should aim to strike a balance between ultimate responsibility and oversight at the Board level and ownership at the operational level, including a risk management function. It also encompasses a reporting structure to ensure timely communication of risk analysis and mitigation to the Board and senior management, as well as an escalation process.

Risk Management Process: The process is composed of: (i) risk identification (the inventory and classification of all risks the central bank is exposed to); (ii) risk assessment (the analysis and measurement of the identified risks); (iii) risk treatment (the selection and implementation of a risk mitigation strategy); and (iv) risk monitoring and reporting (the mechanisms to continuously monitor and report risk exposures to the relevant stakeholders).

Risk Statement: The risk exposure is typically expressed in a statement that specifies a constraint or a desired outcome. It may be further articulated in a number of measurable indicators, including thresholds and limits, to monitor the nature and range of risk management mitigation measures. Risk statements provide action plans and guide the central bank on what constitutes acceptable risk taking.

Risk Strategy: The risk management strategy, usually approved by the highest governing body of the central bank, describes the high-level objectives and scope of risk management. It also defines the risk culture of the institution and is communicated through a formal and concise umbrella document. The risk management strategy is further delineated in a set of specific policies and guidelines tailored to the central bank's circumstances, detailing the approach to the management of each type of risk.

Security of Tenure: Security of tenure encompasses the eligibility (including fit and proper requirements) and disqualification criteria for the appointment of the members of a central bank's decision-making bodies, the appointment procedure, the dismissal criteria and procedure, their remuneration, and the duration of their tenure.

ANNEX I. SELECTED PRINCIPLES FROM INTERNATIONAL FINANCIAL POLICY STANDARDS

Please note that the transparency-related principles listed in this Annex are for information purposes only. The excerpts from relevant financial policy standards, as listed below, reflect selections by IMF staff of relevant transparency related texts. Underlining is added to highlight key words or phrases. By no means do these excerpts represent an interpretation, assessment, or guidance for the relevant financial policy standards by the IMF, its Executive Board, its Management, or any of its staff or affiliated agents. Any interpretation or guidance of this nature is the prerogative of the respective international standard-setter.

1. **In microprudential supervision, resolution, and financial market infrastructures, the Central Bank Transparency Code (CBT) relies on relevant international standards.** These are the:

- Basel Committee on Banking Supervision's (BCBS) Core Principles for Effective Banking Supervision.
- International Association of Insurance Supervisors' (IAIS) Insurance Core Principles and Common Framework for the Supervision of Internationally Active Insurance Groups.
- International Organization of Securities Commissions' (IOSCO) Objectives and Principles of Securities Regulation.
- Financial Stability Board's (FSB) Key Attributes of Effective Resolution Regimes for Financial Institutions.
- Committee on Payments and Market Infrastructures and IOSCO's (CPMI-IOSCO) Principles for Financial Market Infrastructure.

The Annex presents selected principles from these international standards that relate to transparency. The Annex is not to be used for assessing compliance with the CBT and does not contain a description of maturity of practices (e.g., core, expanded, or comprehensive) on transparency of banking, insurance, securities sectors supervisors, resolution authorities, and FMI overseers. The transparency issues presented in this Annex will not be assessed in the context of the CBT, but rather by respective assessors in banking, insurance, securities, resolution, and financial market infrastructure when they undertake assessments in their entirety or when preparing technical notes.

2. The statement of principles and methodology differs in each of the standards:

- For banking, the Basel Core Principles (BCP) state the core principles, essential criteria, and additional criteria. These are all contained in one BCBS document. The core principles are a framework of minimum standards for sound supervisory practices and are considered universally applicable. "Essential criteria" are those elements that should be present in order to demonstrate compliance with a Principle. "Additional criteria" may be particularly relevant to the supervision of more sophisticated banking organizations, and countries with such institutions should aim to achieve them.

- For insurance, Insurance Core Principles (ICP) include statements, standards, and guidance. These are all contained in one IAIS document. "Principle statements" are the highest level in the hierarchy and set out the essential elements that must be present in a jurisdiction in order to protect policyholders, promote the maintenance of fair, safe, and stable insurance markets, and contribute to financial stability. "Standards" are the next level in the hierarchy. They set out key high-level requirements that are fundamental to the implementation of the principle statement and should be met for a jurisdiction to demonstrate observance with the particular Principle Statement. "Guidance" is the lowest level in the hierarchy. They facilitate the understanding and application of the principle statement or standards; they do not represent any requirements.

- For securities, IOSCO sets out the Principles (P) in one document and the methodology in another. The principles are based on three objectives: protecting investors; ensuring that markets are fair, efficient, and transparent; and reducing systemic risk. The methodology is designed to provide IOSCO's interpretation of principles and give guidance on the conduct of a self-assessment or third-party assessment of the level of principles implementation.

- For resolution, the FSB's Key Attributes (KA) set out the core elements that the FSB considers to be necessary for an effective resolution regime. In addition, "Key Attributes Assessment Methodology for the Banking Sector" sets out a methodology to guide the assessment of a jurisdiction's compliance with the Key Attributes with respect to the banking sector. The methodology proposes a set of essential criteria (EC) that should be used to assess compliance with the relevant KA. The methodology includes explanatory notes (EN) that provide examples, explanations, and cross-references to other relevant KAs, and specific definitions not included in the definitions of key terms.

- For financial market infrastructure (FMI), IOSCO's Payments and Market Infrastructures provides Principles (P) in one document and disclosure frameworks and assessment methodology in another. The principles document has two sections. One defines the requirements to be met by the FMI related to safety, soundness, and efficiency. The other addresses the responsibilities and roles of the authorities that are regulating, supervising, and overseeing FMI.

3. Additional information on the international standards can be found in the following websites:

Banking, Insurance, and Securities

- "Key Standards for Sound Financial Systems; Financial Regulation and Supervision." Financial Stability Board, 2020. Available at https://www.fsb.org/work-of-the-fsb/about-the-compendium-of-standards/key_standards/.
- "Core Principles for Effective Banking Supervision." Basel Committee on Banking Supervision, 2012. Available at https://www.bis.org/publ/bcbs230.htm.
- "The Basel Framework." Basel Committee on Banking Supervision, 2020. Available at https://www.bis.org/basel_framework.
- "Insurance Core Principles and Common Framework for the Supervision of Internationally Active Insurance Groups." International Association of Insurance Supervisors, 2019. Available at https://www.iaisweb.org/page/supervisory-material/comframe.
- "Objectives and Principles of Securities Regulation." International Organization of Securities Commissions, 2017. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD561.pdf. "Methodology for assessing implementation of the IOSCO Objectives and Principles of Securities Regulation." International Organization of Securities Commissions, 2017. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD562.pdf.

Resolution

- "Key Attributes of Effective Resolution Regimes for Financial Institutions." Financial Stability Board, 2014. Available at https://www.fsb.org/2014/10/key-attributes-of-effective-resolution-regimes-for-financial-institutions-2

- "Key Attributes Assessment Methodology for the Banking Sector." Financial Stability Board, 2016. Available at https://www.fsb.org/2016/10/key-attributes-assessment-methodology-for-the-banking-sector.

- "Public Disclosures on Resolution Planning and Resolvability - Discussion Paper for Public Consultation." Financial Stability Board, 2019. Available at https://www.fsb.org/2019/06/public-disclosure-of-resolution-planning-and-resolvability-discussion-paper-for-public-consultation/.

- "Principles on Bail-in Execution." Financial Stability Board, 2018. Available at https://www.fsb.org/2018/06/principles-on-bail-in-execution-2/.

- "Recovery and Resolution Planning for Systemically Important Financial Institutions: Guidance on Developing Effective Resolution Strategies." Financial Stability Board, 2013. Available at https://www.fsb.org/2013/07/r_130716b/.

Financial Market Infrastructure

- "Principles for Financial Market Infrastructures (PFMI)." Committee on Payment and Settlement Systems and Technical Committee of the International Organization of Securities Commissions (CPMI-IOSCO). 2012. Available at https://www.iosco.org/library/pubdocs/pdf/IOSCOPD377-PFMI.pdf.

Financial Sector Assessment

- Financial Sector Assessment Program, IMF/World Bank, 2020. Available at https://www.imf.org/external/np/fsap/fssa.aspx.

A. Banking, Insurance, and Securities

EC = Essential Criteria.
EN = Explanatory Notes.

PILLAR I—Transparency in Governance	
Legal framework, Mandate, Legal protection	**BCBS Core Principles for Effective Banking Supervision** ***BCP1 Responsibilities, objectives and powers*** An effective system of banking supervision has clear responsibilities and objectives for each authority involved in the supervision of banks and banking groups. A suitable legal framework for banking supervision is in

	place to provide each responsible authority with the necessary legal powers to authorize banks, conduct ongoing supervision, address compliance with laws and undertake timely corrective actions to address safety and soundness concerns. BCP1 EC1 The responsibilities and objectives of each of the authorities involved in banking supervision are clearly defined in legislation and publicly disclosed. Where more than one authority is responsible for supervising the banking system, a credible and publicly available framework is in place to avoid regulatory and supervisory gaps. ***BCP2 Independence, accountability, resourcing and legal protection for supervisors*** The supervisor possesses operational independence, transparent processes, sound governance, budgetary processes that do not undermine autonomy and adequate resources and is accountable for the discharge of its duties and use of its resources. The legal framework for banking supervision includes legal protection for the supervisor. BCP2 EC9 Laws provide protection to the supervisor and its staff against lawsuits for actions taken or omissions made while discharging their duties in good faith. The supervisor and its staff are adequately protected against the costs of defending their actions or omissions made while discharging their duties in good faith. **IAIS Insurance Core Principles** ***ICP1 Objectives, Powers and Responsibilities of the Supervisor*** Each authority responsible for insurance supervision, its powers and the objectives of insurance supervision are clearly defined. ICP1.0.1. Publicly defined objectives foster transparency. Based on this, government, legislatures and other stakeholders, including insurance industry participants and consumers, can form expectations about insurance supervision and assess how well the supervisor is achieving its objectives and fulfilling its responsibilities. ICP1.1. Primary legislation clearly defines the authority (or authorities) responsible for insurance supervision. ICP1.2. Primary legislation clearly determines the objectives of insurance supervision and these include at least to: • protect policyholders • promote the maintenance of a fair, safe and stable insurance market • contribute to financial stability.

	ICP1.3. Primary legislation gives the supervisor adequate powers to meet its responsibilities and objectives. ***ICP2 Supervisor*** The supervisor is operationally independent, accountable and transparent in the exercise of its responsibilities and powers and has adequate resources to discharge its responsibilities. ICP2.0.1. Operationally independence, accountability and transparency by the supervisor contribute to the legitimacy and credibility of the supervisory process. ICP2.0.4. Transparency reinforces accountability. Transparency increases the predictability of supervision and shapes the expectations of supervised entities, which enhances supervisory effectiveness. For these reasons, supervisory requirements, supervisory processes as well as information about the supervisor's responsibilities should be publicly disclosed, in a manner consistent with any confidentiality requirements imposed on the supervisor. ICP2.2. Legislation governing the supervisor provides the necessary legal protection from legal action against the supervisor and its staff for actions taken in good faith while discharging their duties. In addition, the supervisor's staff is adequately protected against the costs of defending their actions. **IOSCO Objectives and Principles of Securities Regulation** ***A. Principles Relating to the Regulator*** P1 The responsibilities of the Regulator should be clear and objectively stated. P1 (Methodology/Key issues): Responsibilities of the Regulator should be clear and objectively stated, preferably in law. P3 The Regulator should have adequate powers, proper resources and the capacity to perform its functions and exercise its powers.
Autonomy	**BCBS Core Principles for Effective Banking Supervision** ***BCP2 Independence, accountability, resourcing and legal protection for supervisors*** BCP2 EC1 The operational independence, accountability and governance of the supervisor are prescribed in legislation and publicly disclosed. There is no government or industry interference that compromises the operational

	independence of the supervisor. The supervisor has full discretion to take any supervisory actions or decisions on banks and banking groups under its supervision. BCP2 EC2 The process for the appointment and removal of the head(s) of the supervisory authority and members of its governing body is transparent. The head(s) of the supervisory authority is (are) appointed for a minimum term and is removed from office during his/her term only for reasons specified in law or if (s)he is not physically or mentally capable of carrying out the role or has been found guilty of misconduct. The reason(s) for removal is publicly disclosed. BCP2 EC6 The supervisor has adequate resources for the conduct of effective supervision and oversight. It is financed in a manner that does not undermine its autonomy or operational independence. **IAIS Insurance Core Principles** ***ICP2 Supervisor*** ICP2.1. The supervisor is operationally independent and free from undue government or industry interference that compromises that independence. ICP2.1.1. Operational independence of the supervisor includes having the discretion to allocate its resources, including financial and human resources, and to carry out the supervisory process in accordance with its objectives and the risks the supervisor perceives. Having this discretion, which underpins operational independence, should be recognized in primary legislation. ICP2.1.2. The supervisor should be financed in a manner that does not undermine its independence. A wide variety of financing models exist, such as financing by government, levies imposed on supervised entities and combinations thereof. To help ensure the supervisor's independence is not compromised, the method in which it is financed should be stable, predictable and transparent, and prevent interference from its funding source. ICP2.1.3. The institutional relationships and accountability frameworks between the supervisor and the government should be clearly defined in legislation. ICP2.1.5. The legislation should define the responsibilities of the governing body. In cases where there are industry representatives or elected officials or government employees on the governing body of the supervisor, the

	composition of the governing body should be sufficiently diverse to prevent such representatives from controlling the supervisor. ICP2.3. Procedures regarding the appointment and dismissal of the head of the supervisor and members of its governing body (if such a governing body exists) are transparent. ICP2.3.1. Public procedures regarding the appointment and dismissal of the head of the supervisor enhance independence, as they limit the potential for government interference in the management of the supervisor. Those procedures should be codified in legislation. ICP2.3.2. Those procedures should disclose, for example, who appoints the head of the supervisor and members of the governing body, the length of those appointments and the reasons for which the head of the supervisor or members of the governing body can be dismissed before the end of their term, if applicable. ICP2.3.3. Legislation should disclose the general criteria for appointing members of a governing body, including that they possess relevant qualifications, knowledge and experience to oversee the activities of the supervisor, as well as the mechanism for their remuneration (for example, salary, daily allowance or voluntary work). The procedures regarding the appointment of the members of the governing body should result in a balance of skills, knowledge and experience amongst the members of the governing body as a whole. **IOSCO Objectives and Principles of Securities Regulation** ***A. Principles Relating to the Regulator*** P2 The Regulator should be operationally independent and accountable in the exercise of its functions and powers.
Decision-making arrangement	**BCBS Core Principles for Effective Banking Supervision** ***BCP2 Independence, accountability, resourcing and legal protection for supervisors*** BCP2 EC1 The operational independence, accountability and governance of the supervisor are prescribed in legislation and publicly disclosed.
Communication, Confidentiality	**BCBS Core Principles for Effective Banking Supervision** ***BCP3 Cooperation and collaboration*** Laws, regulations or other arrangements provide a framework for cooperation and collaboration with relevant domestic authorities and

	foreign supervisors. These arrangements reflect the need to protect confidential information. **IAIS Insurance Core Principles** ***ICP2 Supervisor*** ICP2.0.4. Transparency reinforces accountability. Transparency increases the predictability of supervision and shapes the expectations of supervised entities, which enhances supervisory effectiveness. For these reasons, supervisory requirements, supervisory processes as well as information about the supervisor's responsibilities should be publicly disclosed, in a manner consistent with any confidentiality requirements imposed on the supervisor. ICP2.7. The supervisor, including its staff and any third party acting on its behalf (presently or in the past), are required by legislation to protect confidential information in the possession of the supervisor. ICP2.8.1. Transparency reinforces accountability of supervisors. The supervisor should publish information about itself and the insurance sector, including: […] supervisory measures taken in relation to problem or failed insurers, subject to confidentiality considerations and in so far as it does not jeopardize other supervisory objectives or prejudice another case pending before the supervisor. **IOSCO Objectives and Principles of Securities Regulation** ***A. Principles Relating to the Regulator*** P2: The confidential and commercially sensitive nature of much of the information in the possession of the regulator must be respected. Safeguards must be in place to protect such information from inappropriate use or disclosure.
PILLAR II—Transparency in Policies	
	BCBS Core Principles for Effective Banking Supervision ***BCP1 Responsibilities, objectives and powers*** BCP1 EC4 Banking laws, regulations and prudential standards are updated as necessary to ensure that they remain effective and relevant to changing industry and regulatory practices. These are subject to public consultation, as appropriate.

	BCP2 Independence, accountability, resourcing and legal protection for supervisors The supervisor possesses operational independence, transparent processes, sound governance, budgetary processes that do not undermine autonomy and adequate resources and is accountable for the discharge of its duties and use of its resources.
	BCP5 Licensing criteria BCP5 EC2 Laws or regulations give the licensing authority the power to set criteria for licensing banks. **IAIS Insurance Core Principles** ***ICP2 Supervisor*** ICP2.9. The supervisor publishes its requirements, policies and supervisory procedures. The supervisor consults publicly on significant changes that it makes to requirements, policies and supervisory procedures. ICP2.9.1. The supervisor publishes and regularly reviews requirements, policies and supervisory procedures to ensure they remain appropriate for the characteristics of the industry, emerging risks and evolving international standards. Some requirements may be contained in primary legislation, while others may be contained in instruments issued by the supervisor, such as guidance and industry advice. The supervisor should ensure these instruments are made available to the public, for example on the supervisor's website. ICP2.9.2. A critical element of transparency is for the supervisor to provide the opportunity for meaningful public consultation on proposed requirements and supervisory procedures. Meaningful public consultation benefits from participation by a diversity of stakeholders. Consequently, the supervisor should have methods in place to encourage and solicit stakeholder participation. ICP2.9.4. In some jurisdictions, the development and issuance of requirements may be outside of the control of the supervisor; for example, the power to enact legislation may be vested in another government body or supranational bodies that have a direct role in the legislation in force in their member countries. In such cases, the consultation process may also be outside the remit of the supervisor. To the extent possible, the supervisor should be involved in the development of the requirements, for example, by participating in consultations, and the supervisor should keep the public and the industry informed of proposed changes.

	IOSCO Objectives and Principles of Securities Regulation ***A. Principles relating to the Regulator*** P4 The Regulator should adopt clear and consistent regulatory process. P4: In exercising its powers and discharging its functions, the regulator should adopt processes, which are: • consistently applied • comprehensible • transparent to the public • fair and equitable. In the formulation of policy, the regulator should: • have a process for consulting with the public including those who may be affected by the policy • publicly disclose its policies in important operational areas; etc.
PILLAR III—Transparency in Operations	
Instruments (tools)	**BCBS Core Principles for Effective Banking Supervision** ***BCP1 Responsibilities, objectives and powers*** BCP1 EC6 When, in a supervisor's judgment, a bank is not complying with laws or regulations, or it is or is likely to be engaging in unsafe or unsound practices or actions that have the potential to jeopardize the bank or the banking system, the supervisor has the power to: (a) take (or require a bank to take) timely corrective action (b) impose a range of sanctions (c) revoke the bank's license (d) cooperate and collaborate with relevant authorities to achieve an orderly resolution of the bank, including triggering resolution where appropriate. **IAIS Insurance Core Principles** ***ICP2 Supervisor*** ICP2.8.1. Transparency reinforces accountability of supervisors. The supervisor should publish information about itself and the insurance sector, including: • its objectives and responsibilities • its goals and priorities for the future • its activities in light of its goals and priorities in the previous year • its resources, including human, technological and financial • data and analysis about the state of the insurance sector • supervisory measures taken in relation to problem or failed insurers, subject to confidentiality considerations and in so far as it does not jeopardize other supervisory objectives or prejudice another case pending before the supervisor.

	ICP4 Licensing A legal entity which intends to engage in insurance activities must be licensed before it can operate within a jurisdiction. The requirements and procedures for licensing must be clear, objective and public, and be consistently applied. ***ICP10 Preventive Measures, Corrective Measures and Sanctions*** The supervisor: • requires and enforces preventive and corrective measures • imposes sanctions which are timely, necessary to achieve the objectives of insurance supervision, and based on clear, objective, consistent, and publicly disclosed general criteria. ICP10.0.4. […] In addition to general criteria, other parts of the framework on preventive measures, corrective measures and sanctions can also be released publicly, particularly where the supervisor feels that this additional transparency will lead to the market functioning more effectively.
Coverage	**BCBS Core Principles for Effective Banking Supervision** ***BCP4 Permissible activities*** BCP4 EC5 The supervisor or licensing authority publishes or otherwise makes available a current list of licensed banks, including branches of foreign banks, operating within its jurisdiction in a way that is easily accessible to the public. **IAIS Insurance Core Principles** ***ICP4 Licensing*** ICP4.7. The supervisor publishes a complete list of licensed insurance legal entities and the scope of the licenses granted. ICP4.7.1. The supervisor should publish the complete list of licensed insurance legal entities and clearly state the scope of license that has been granted to each insurance legal entity. This would provide clarity to the public as to which entities are licensed for specific classes of business. ICP4.7.2. If the conditions or restrictions to the license would impact the public or any person dealing with the insurance legal entity, the supervisor should either publish these conditions or restrictions or require the insurance legal entity to disclose these conditions or restrictions accordingly. Conditions or restrictions that would impact the public could include, for example, the

	lines or classes of insurance business an insurance legal entity is permitted to conduct.
Access	**BCBS Core Principles for Effective Banking Supervision** ***BCP28 Disclosure and transparency*** BCP28 EC5 The supervisor or other relevant bodies regularly publishes information on the banking system in aggregate to facilitate public understanding of the banking system and the exercise of market discipline. **IAIS Insurance Core Principles** ***ICP2 Supervisor*** ICP2.8.1. Transparency reinforces accountability of supervisors. The supervisor should publish information about itself and the insurance sector, including: • its objectives and responsibilities • its goals and priorities for the future • its activities in light of its goals and priorities in the previous year • its resources, including human, technological and financial • data and analysis about the state of the insurance sector • supervisory measures taken in relation to problem or failed insurers, subject to confidentiality considerations and in so far as it does not jeopardize other supervisory objectives or prejudice another case pending before the supervisor. ***ICP24 Macroprudential Supervision*** ICP24.5. The supervisor publishes relevant data and statistics on the insurance sector. ICP24.5.1. The publication of data and statistics by the supervisor may enhance market efficiency by allowing market participants to make more informed decisions and reducing the cost to the public of acquiring insurance sector information. Moreover, the publication of data may serve as a market disciplining mechanism by facilitating comparisons of an individual insurer to the sector as a whole. ICP24.5.2. The supervisor may provide access to sufficiently detailed data either by publishing data itself or by providing others with adequate means for publishing data. This could be achieved by engaging a government statistical office or cooperating with the local insurance sector; provided the supervisor is satisfied with the accuracy, completeness, frequency and timeliness of such publication.
PILLAR IV—Transparency in Outcome	

	BCBS Core Principles for Effective Banking Supervision ***BCP2 Independence, accountability, resourcing and legal protection for supervisors*** BCP2 EC1 The operational independence, accountability and governance of the supervisor are prescribed in legislation in legislation and publicly disclosed. BCP2 EC3 The supervisor publishes its objectives and is accountable through a transparent framework for the discharge of its duties in relation to those objectives. **IAIS Insurance Core Principles** ***ICP2 Supervisor*** ICP2.8. The supervisor is transparent to the public, supervised entities and the government about how it exercises its responsibilities. ICP2.8.1. Transparency reinforces accountability of supervisors. The supervisor should publish information about itself and the insurance sector, including: • its objectives and responsibilities • its goals and priorities for the future • its activities in light of its goals and priorities in the previous year • its resources, including human, technological and financial • data and analysis about the state of the insurance sector; and • supervisory measures taken in relation to problem or failed insurers, subject to confidentiality considerations and in so far as it does not jeopardize other supervisory objectives or prejudice another case pending before the supervisor. ICP2.8.2. The supervisor should seek to publish a report at least annually that contains the elements listed above as well as its audited financial statements. This type of report is a key document by which a supervisor accounts to its stakeholders. **IOSCO Objectives and Principles of Securities Regulation** ***A. Principles relating to the Regulator*** P2 The Regulator should be operationally independent and accountable in the exercise of its functions and powers. P2: Accountability implies that the regulator is subject to appropriate scrutiny and review, including:

	• periodic public reporting by the regulator on its performance • transparency in the regulator's process and conduct.
PILLAR V—Transparency in Official relations	
Government	**IAIS Insurance Core Principles** ***ICP2 Supervisor*** ICP2.1.3. The institutional relationships and accountability frameworks between the supervisor and the government should be clearly defined in legislation. It is important to specify the circumstances and processes for sharing information, consultation or approval between the supervisor and the government. This may include establishing what information should be provided, how each entity should consult on matters of mutual interest and when approval from relevant authorities is necessary. The daily operations of the supervisor should not be subject to consultation with or approval by the government. In exceptional circumstances, the supervisor may choose to consult with the government in relation to a supervisory decision where there are major socio-economic implications of that decision.
Domestic/foreign agencies	**BCBS Core Principles for Effective Banking Supervision** ***BCP3 Cooperation and collaboration*** Laws, regulations or other arrangements provide a framework for cooperation and collaboration with relevant domestic authorities and foreign supervisors. These arrangements reflect the need to protect confidential information. **IAIS Insurance Core Principles** ***ICP25 Supervisory Cooperation and Coordination*** The supervisor cooperates and coordinates with involved supervisors and relevant authorities to ensure effective supervision of insurers operating on a cross-border basis. **IOSCO Objectives and Principles of Securities Regulation** ***D. Principles for Cooperation in Regulation*** ¶14. Regulators should establish information sharing mechanisms that set out when and how they will share both public and non-public information with their domestic and foreign counterparts.

B. Resolution

PILLAR I—Transparency in Governance	
Legal framework, Mandate	**KA 2 Resolution authority** 2.1 […] Where there are multiple resolution authorities within a jurisdiction their respective mandates, roles and responsibilities should be clearly defined and coordinated. 2.2 Where different resolution authorities are in charge of resolving entities of the same group within a single jurisdiction, the resolution regime of that jurisdiction should identify a lead authority that coordinates the resolution of the legal entities within that jurisdiction. *EC2.1 The legal framework clearly identifies one or more resolution authorities and provides it or them with a clear mandate. Where there are multiple resolution authorities or where multiple authorities are involved in a resolution process, the resolution regime provides for the identification of a lead authority; sets out clear arrangements to coordinate the resolution of affiliated legal entities, or the resolution of a single bank, within that jurisdiction; and provides for a clear allocation of objectives, functions and powers of those authorities.* 2.3 As part of its statutory objectives and functions, and where appropriate in coordination with other authorities, the resolution authority should: [not shown] 2.6. The resolution authority and its staff should be protected against liability for actions taken and omissions made while discharging their duties in the exercise of resolution powers in good faith, including actions in support of foreign resolution proceedings. *EC2.6 The legal framework provides legal protection through statute for the resolution authority, its head, members of the governing body and its staff and any agents against liability for actions taken or omissions made while discharging their duties in good faith and acting within the scope of their powers, including actions taken in support of foreign resolution proceedings; including indemnification against any costs of defending any such actions.* **KA 3 Resolution powers** 3.2 Resolution authorities should have at their disposal a broad range of resolution powers, which should include powers to do the following: [not shown]

	EN3(e) Powers of the resolution authority—Where the EC refer to powers of the resolution authority to take specific resolution actions, those powers should be clearly set out in the legal framework applicable to the authority.
Autonomy	**KA 2 Resolution authority** 2.5 The resolution authority should have operational independence consistent with its statutory responsibilities, transparent processes, sound governance and adequate resources and be subject to rigorous evaluation and accountability mechanisms to assess the effectiveness of any resolution measures. It should have the expertise, resources and the operational capacity to implement resolution measures with respect to large and complex firms. *EC2.3 The resolution authority is, by law and in practice, operationally independent in the performance of its statutory responsibilities.* *EN2(d) Operational Independence* […] *Appropriate safeguards could include transparent appointment procedures; statutory constraints that would prevent the head of the resolution authority being removed during his or her term of office for reasons other than those specified in law; and public disclosure of the reason(s) for that early dismissal.*
Decision making arrangement	**KA 2 Resolution authority** *EC2.4 The resolution authority is accountable through a transparent framework for the discharge of its duties in relation to its statutory responsibilities.*
Communication (confidentiality)	**KA 7 Legal framework conditions for cross-border cooperation** 7.6 The resolution authority should have the capacity in law, subject to adequate confidentiality requirements and protections for sensitive data, to share information […]
PILLAR II—Transparency in Policies	
	KA 2 Resolution authority 2.5 The resolution authority should have operational independence consistent with its statutory responsibilities, transparent processes, sound governance and adequate resources and be subject to rigorous evaluation and accountability mechanisms to assess the effectiveness of any resolution measures. *EC2.4 The resolution authority is accountable through a transparent framework for the discharge of its duties in relation to its statutory responsibilities.* **KA 3 Resolution powers** 3.1 […] There should be clear standards or suitable indicators of non-viability to help guide decisions on whether firms meet the conditions for entry into resolution.

	EC3.1 The legal framework includes clear criteria that provide for timely and early entry into resolution before a bank is balance sheet insolvent, when a bank is no longer viable or when it is likely to be no longer viable and, in either case, has no reasonable prospect of return to viability. *EN3(c) Quantitative or qualitative criteria to assess non-viability the conditions for entry into resolution or exercise of resolution powers should be clear and transparent and set out in law:*
PILLAR III—Transparency in Operations	
Instruments (tools)	**KA 3 Resolution powers** 3.2 Resolution authorities should have at their disposal a broad range of resolution powers, which should include powers to do the following: [not shown] *EN3(f)(iii) Exercisable without shareholder or creditor consent*–[…] *In order to ensure legal certainty and transparency to shareholders and creditors, the powers to override any requirement for consent should be clear.* *EN3(r) Regulatory requirements for bridge institutions—The legal framework should be transparent as to what capital and other regulatory requirements, if any, will apply to bridge institutions.* **KA 4 Set-off, netting, collateralization, segregation of client assets** 4.1 The legal framework governing set-off rights, contractual netting and collateralization agreements and the segregation of client assets should be clear, transparent and enforceable during a crisis or resolution of firms, and should not hamper the effective implementation of resolution measures. *EN4(a) Prohibition or Temporary stay of early termination rights—* […] *Where the legal framework includes both kinds of provision, it should be clear in advance, for any type of such contract, which provision would apply to those early termination rights in a resolution of the financial institution under the domestic regime.* **KA 5 Safeguards** 5.1 Resolution powers should be exercised in a way that respects the hierarchy of claims while providing flexibility to depart from the general principle of equal (pari passu) treatment of creditors of the same class, with transparency about the reasons for such departures, if necessary to contain the potential systemic impact of a firm's failure or to maximize the value for the benefit of all creditors as a whole. **KA 6 Funding of firms in resolution** *EN6(b) Use of deposit insurance funds for resolution—Where a deposit insurance fund can be used in resolution, there should be transparent rules and*

	policies on the use of such funds, including clarity on the extent of the contribution that may be made. **KA 7 Legal framework conditions for cross-border cooperation** 7.4 […] The treatment of creditors and ranking in insolvency should be transparent and properly disclosed to depositors, insurance policy holders and other creditors. 7.5 Jurisdictions should provide for transparent and expedited processes to give effect to foreign resolution measures, either by way of a mutual recognition process or by taking measures under the domestic resolution regime that support and are consistent with the resolution measures taken by the foreign home resolution authority.
Coverage	**KA 1 Scope** 1.1 The regime should be clear and transparent as to the financial institutions (hereinafter "firms") within its scope. *EC1.1 The scope of application of the resolution regime and the circumstances in which it applies are clearly defined in the legal framework.*
Access	**KA 2 Resolution authority** 2.7 The resolution authority should have unimpeded access to firms where that is material for the purposes of resolution planning and the preparation and implementation of resolution measures. *EC2.7 Under the legal framework, the resolution authority has unimpeded access to the domestic premises of banks where necessary for the purposes of resolution planning and the preparation and implementation of resolution measures.*
PILLAR IV—Transparency in Outcome	
	KA 2 Resolution authority 2.5 The resolution authority should have operational independence consistent with its statutory responsibilities, transparent processes, sound governance and adequate resources and be subject to rigorous evaluation and accountability mechanisms to assess the effectiveness of any resolution measures. *EC2.4 The resolution authority is accountable through a transparent framework for the discharge of its duties in relation to its statutory responsibilities. This framework includes procedures for reviewing and evaluating actions that the resolution authority takes in carrying out its statutory responsibilities, and the periodic publication of reports on its resolution actions and policies, as necessary.* *EN2(e) Accountability* *The requirement for procedures for reviewing and evaluating actions that the resolution authority takes in carrying out its statutory responsibilities may be*

	satisfied by procedures for internal review by management or a function within the resolution authority. Provision for review of the effectiveness of the resolution authority in meeting its statutory objectives by an appropriate external body would strengthen accountability. The resolution authority should also publish periodic reports on its resolution actions and policies relating to its mandate and its statutory objectives at sufficiently frequent intervals to keep stakeholders and the public adequately informed about the authority's resolution activities. Public reports may include case-specific reports that are released once the resolution of a bank has concluded, assessing the outcome of the resolution and the effectiveness with which the resolution was carried out by reference to the statutory objectives. The resolution authority should however not be required to disclose publicly the operational resolution plans or results of resolvability assessments of individual banks.
PILLAR V—Transparency in Official Relations	
Domestic coordination	**KA 2 Resolution authority** 2.1 […] Where there are multiple resolution authorities within a jurisdiction their respective mandates, roles and responsibilities should be clearly defined and coordinated. *EC2.1 The legal framework clearly identifies one or more resolution authorities and provides it or them with a clear mandate. Where there are multiple resolution authorities or where multiple authorities are involved in a resolution process, the resolution regime provides for the identification of a lead authority; sets out clear arrangements to coordinate the resolution of affiliated legal entities, or the resolution of a single bank, within that jurisdiction; and provides for a clear allocation of objectives, functions and powers of those authorities.* 2.2 Where different resolution authorities are in charge of resolving entities of the same group within a single jurisdiction, the resolution regime of that jurisdiction should identify a lead authority that coordinates the resolution of the legal entities within that jurisdiction.
International coordination	**KA 9 Institution-specific cross-border cooperation agreements** 9.2 The existence of agreements should be made public. The home authorities may publish the broad structure of the agreements, if agreed by the authorities that are party to the agreement.

C. Financial Market Infrastructures

PILLAR II—Transparency in Policies	
Policy decisions, Supporting analysis,	**Responsibility C: Disclosure of Policies with Respect to FMIs**

Decision-making process	Central banks, market regulators, and other relevant authorities should clearly define and disclose their regulatory, supervisory, and oversight policies with respect to FMIs. **Key considerations** 1. Authorities should clearly define their policies with respect to FMIs, which include the authorities' objectives, roles, and regulations. 2. Authorities should publicly disclose their relevant policies with respect to the regulation, supervision, and oversight of FMIs. ***Explanatory note*** P4.3.2. Authorities should publicly disclose their relevant policies with respect to the regulation, supervision, and oversight of FMIs, as public disclosure promotes consistent policies. Such disclosure typically involves communicating the authorities' regulatory, supervisory, and oversight standards for FMIs and helps to establish clear expectations and facilitate compliance with those standards. Furthermore, disclosing policies publicly communicates the responsibilities and expectations of authorities to the wider public and thereby promotes the accountability of those authorities. Authorities can publicly disclose their policies in a variety of forms, including plain-language documents, policy statements, and relevant supporting material. Such materials should be readily available.
PILLAR III—Transparency in Operations	
Instruments (supervisory tools)	**Responsibility A**: **Regulation, Supervision, and Oversight of FMIs** FMIs should be subject to appropriate and effective regulation, supervision, and oversight by a central bank, market regulator, or other relevant authority. **Key considerations** 1. Authorities should clearly define and publicly disclose the criteria used to identify FMIs that should be subject to regulation, supervision, and oversight. ***Explanatory note*** P4.1.2. Authorities should clearly define and publicly disclose the criteria used to identify FMIs that should be subject to regulation, supervision, and oversight. The precise framework for making such decisions may vary across jurisdictions. In some countries, for example, there is a statutory framework, while in others, the central bank or other relevant authorities have greater discretion to set the criteria use. A basic criterion, however, is the function of the FMI. Systemically important payment systems, CSDs, SSSs, CCPs, and TRs

	are typically subject to regulation, supervision, and oversight because of the critical role that they play in the financial system. Authorities should publicly disclose their relevant policies with respect to the regulation, supervision, and oversight of FMIs, as public disclosure promotes consistent policies. Such disclosure typically involves communicating the authorities' regulatory, supervisory, and oversight standards for FMIs and helps to establish clear expectations and facilitate compliance with those standards. Furthermore, disclosing policies publicly communicates the responsibilities and expectations of authorities to the wider public and thereby promotes the accountability of those authorities. Authorities can publicly disclose their policies in a variety of forms, including plain-language documents, policy statements, and relevant supporting material. Such materials should be readily available.
Coverage	**Responsibility D: Application of the Principles for FMIs** Central banks, market regulators, and other relevant authorities should adopt the CPSS-IOSCO Principles for financial market infrastructures and apply them consistently. **Key considerations** 1. Authorities should adopt the CPSS-IOSCO Principles for financial market infrastructures. 2. Authorities should ensure that these principles are, at a minimum, applied to all systemically important payment systems, CSDs, SSSs, CCPs, and TRs. 3. Authorities should apply these principles consistently within and across jurisdictions, including across borders, and to each type of FMI covered by the principles. ***Explanatory note*** P4.4.1. Central banks, market regulators, and other relevant authorities should adopt the CPSS-IOSCO *Principles for financial market infrastructures*. The adoption and application of these principles can greatly enhance regulatory, supervisory, and oversight efforts by relevant authorities and support the establishment of important minimum standards for risk management. While the precise means through which the principles are applied will vary from jurisdiction to jurisdiction, all CPSS and IOSCO members are expected to apply the principles to the relevant FMIs in their jurisdictions to the fullest extent allowed by the legal framework in their jurisdiction. **1.0. Introduction**

	General applicability of the principles P1.20. The presumption is that all CSDs, SSSs, CCPs, and TRs are systemically important, at least in the jurisdiction where they are located, typically because of their critical roles in the markets they serve. If an authority determines that a CSD, SSS, CCP or TR in its jurisdiction is not systemically important and, therefore, not subject to the principles, the authority should disclose the name of the FMI and a clear and comprehensive rationale for the determination. Conversely, an authority may disclose the criteria used to identify which FMIs are considered as systemically important and may disclose which FMIs it regards as systemically important against these criteria. These principles are designed to apply to domestic, cross-border, and multicurrency FMIs.
PILLAR V—Transparency in Official Relations	
Internal coordination	**Responsibility E: Cooperation with Other Authorities** Central banks, market regulators, and other relevant authorities should cooperate with each other, both domestically and internationally, as appropriate, in promoting the safety and efficiency of FMIs. ***Key considerations*** 1. Relevant authorities should cooperate with each other, both domestically and internationally, to foster efficient and effective communication and consultation in order to support each other in fulfilling their respective mandates with respect to FMIs. Such cooperation needs to be effective in normal circumstances and should be adequately flexible to facilitate effective communication, consultation, or coordination, as appropriate, during periods of market stress, crisis situations, and the potential recovery, wind-down, or resolution of an FMI. 2. If an authority has identified an actual or proposed operation of a cross-border or multicurrency FMI in its jurisdiction, the authority should, as soon as it is practicable, inform other relevant authorities that may have an interest in the FMI's observance of the CPSS-IOSCO Principles for financial market infrastructures. 3. Cooperation may take a variety of forms. The form, degree of formalization and intensity of cooperation should promote the efficiency and effectiveness of the cooperation and should be appropriate to the nature and scope of each authority's responsibility for the supervision or oversight of the FMI and commensurate with the FMI's systemic importance in the cooperating authorities' various jurisdictions. Cooperative arrangements should be managed to ensure the efficiency and effectiveness of the cooperation with respect to

	the number of authorities participating in such arrangements. 7. Relevant authorities should provide advance notification, where practicable and otherwise as soon as possible thereafter, regarding pending material regulatory changes and adverse events with respect to the FMI that may significantly affect another authority's regulatory, supervisory, or oversight interests. 9. Each authority maintains its discretion to discourage the use of an FMI or the provision of services to such an FMI if, in the authority's judgment, the FMI is not prudently designed or managed, or the principles are not adequately observed. An authority exercising such discretion should provide a clear rationale for the action taken both to the FMI and to the authority or authorities with primary responsibility for the supervision or oversight of the FMI. ***Explanatory note*** P4.1.3. The division of powers or responsibilities among authorities for regulating, supervising, and overseeing FMIs may vary depending on the applicable legal and institutional framework and the sources of such powers or responsibilities may take different forms. Preferably, legislation will clearly specify which authority or authorities have responsibility. P4.5.1. Central banks, market regulators, and other relevant authorities should cooperate with each other, domestically and internationally (that is, on a cross-border basis), in order to support each other in fulfilling their respective regulatory, supervisory, or oversight mandates with respect to FMIs. Relevant authorities should explore, and where appropriate, develop cooperative arrangements that take into consideration […] P4.5.2. Cooperative arrangements need to foster efficient and effective communication and consultation among relevant authorities. Such arrangements need to be effective in normal circumstances and should be adequately flexible to facilitate effective communication, consultation, or coordination, as appropriate, during periods of market stress, crisis situations, and the potential recovery, wind-down, or resolution of an FMI. Inadequate cooperation, especially during times of market stress and crisis situations, can impede significantly the work of relevant authorities.
International coordination	***Explanatory note*** *Identification of FMIs and relevant authorities* P4.5.3. If an authority has identified an actual or proposed operation of a cross-border or multicurrency FMI in its jurisdiction, the authority should, as soon as it is practicable, inform other relevant authorities that may have an

	interest in the FMI's observance of the CPSS-IOSCO *Principles for financial market infrastructures*. To determine whether such notification is appropriate, the authority should consider (to the extent it has such information) the nature and scope of other relevant authorities' regulatory, supervisory, or oversight responsibilities with respect to the FMI and the FMI's systemic importance in those authorities' jurisdictions. *Advance notification* P4.5.10. Relevant authorities should provide advance notification, where practicable and otherwise as soon as possible thereafter, regarding pending material regulatory changes and adverse events with respect to the FMI that may significantly affect another authority's regulatory, supervisory, and oversight interests. In particular, for cross-border or multicurrency FMIs, where other authorities may have an interest in the FMI's observance of the principles, advance notification arrangements should take into account the authorities' responsibilities with respect to the FMI's potential systemic importance to their jurisdictions.

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