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November 4, 1998

To: Members of the Executive Board

From: The Secretary

Subject: **Update on Code of Good Practices on Transparency in Monetary and Financial Policies—Declaration of Principles**

Attached for the information of Executive Directors is a working draft of a *Code of Good Practices on Transparency in Monetary and Financial Policies*, which has been prepared by the Monetary and Exchange Department (MAE), in consultation with the other departments. As noted in the *Progress Report* (SM/98/235) sent to the Board on September 22, 1998, MAE staff will be holding staff-level consultations on the Code with others outside the Fund, particularly with staffs of the Bank for International Settlements, the World Bank, the Organization for Economic Cooperation and Development, the Basle Committee on Banking Supervision, and CEMLA. To facilitate these staff-level discussions, we have provided these organizations a copy of the working draft.

Upon completion of staff-level consultations with the international organizations, and with national authorities and selected academic experts in the course of ongoing contact, the working draft will be revised to take into account the comments received. We expect to circulate a revised version of the draft Code to the Executive Board in December 1998. The revised Code, together with a note presenting an update on the consultations and identifying key issues, would then be scheduled for a Board seminar in early 1999.

Mr. Siegman (ext. 37906) or Mr. W. Alexander (ext. 35366) is available to answer questions related to this working draft.

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**WORKING DRAFT
(NOT FOR CITATION)**

INTERNATIONAL MONETARY FUND

**Code of Good Practices on Transparency in Monetary and Financial Policies —
Declaration of Principles**

Prepared by the Monetary and Exchange Affairs Department

(In consultation with the other departments)

Approved by Manuel Guitián

November 4, 1998

Introduction

The draft *Code of Good Practices on Transparency in Monetary and Financial Policies* focuses on those practices that would enhance the transparency and accountability of central banks¹ with regard to their conduct of monetary policy and of the central banks and the other financial regulatory and supervisory agencies for their conduct of financial policies.^{2 3} It

¹The institutional arrangements for assigning responsibility for the conduct of a country's monetary policy differ among the Fund's membership. For most Fund members, this responsibility is assigned to a "central bank." There are a number of countries, however, where this role is designated to a "monetary authority" or to a "currency board." To facilitate presentation, the term "central bank" in this Code will refer to both the "classical" central banks and to "monetary authorities" and "currency boards."

² The term "financial policies" in this Code refers to policies related to the regulation and supervision of the financial system.

³A wide range of institutional arrangements prevail among Fund members with regard to which unit of government carries exclusive or primary responsibility for the regulation and supervision of the financial system. In a few countries, an agency has been established with

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emphasizes ways to make the process and objectives of monetary and financial policies more open and comprehensible to the public and the markets. In addition, the Code identifies ways to achieve public accountability by the central bank and the other financial regulatory and supervisory agencies with respect to their operations and activities and the manner they conduct policy.

The case for transparency of monetary and financial policies is twofold. First, transparency encourages accountability and imposes discipline on policymakers. Good governance calls for holding the central bank and the other financial regulatory and supervisory agencies accountable, particularly if these agencies are to be given a high degree of operational autonomy within the governmental apparatus. Second, transparency can enhance credibility and thereby the effectiveness of monetary and financial policies. The benefit of enhanced credibility is that policy objectives can be achieved at a lower cost than would be the case if the policy commitment is not fully credible.⁴ In part, the benefits of increased credibility are gained by providing the private sector with a better understanding of how policymakers may react to developments in the economy and financial markets, thus making the monetary policy transmission mechanism more effective and helping in the formation of market expectations.

Four concepts underlie many of the principles of transparency for monetary and financial policies contained in the Code. First, a major prerequisite for achieving credibility of monetary and financial policies is a public commitment to clear objectives, procedures and practices for the conduct of these policies.⁵ Second, policy credibility typically is acquired if the authorities'

³(...continued)

oversight and policy formulation responsibility for regulating and supervising an array of financial institutions and activities (banking, insurance, securities dealers, and equity, commodity, and future markets). For most countries, the oversight responsibility for the financial sector is shared among several agencies. Thus, responsibility for the conduct of bank regulation and supervision or for bank deposit insurance policies in some countries is assigned to the central bank, or to an independent bank supervisory or deposit insurance agency, or split among several units of government. Similarly, responsibility for the conduct of policies related to the oversight of certain categories of financial institutions typically is assigned to a specialized government agency. To facilitate presentation, the phrase "the financial regulatory and supervisory agencies" is used to refer to the institutional arrangements for regulating and supervising the financial system.

⁴Kydland, Finn and Edward S. Prescott, "Rules Rather than Discretion: The Inconsistency of Optimal Plans," *Journal of Political Economy* (June 1977); and Barro, Robert T. and David Gordon, "A Positive Theory of Monetary Policy in a Natural Rate Model," *Journal of Political Economy* (August 1983).

⁵Henry Simons, "Rules versus Authorities in Monetary Policy," *Journal of Political Economy* (continued...)

judgment is systematically corroborated by successful performance. Usually, this form of credibility can only be achieved over a relatively long period of time. Third, as a way of accelerating the achievement of credibility for their monetary policies among market participants, a number of countries have adopted more extensive elements of transparency. For example, some countries have adopted policy approaches to guide their monetary policy, especially after having experienced above-average inflation rates, and have allowed the market to judge the country's performance through a transparent policymaking process in which they seek to monitor and publicly report on their adherence to their policy framework and commitments on an ongoing basis. Finally, greater transparency is consistent with the efficient operation of a competitive and open market economy. The Code, therefore, includes suggested good practices for monetary operations (cf. 1.3), which, if adopted, would yield information about the central bank's operating procedures through market signals that market participants can absorb and react to better than to policies that are directed at particular segments of the market.

While the Code emphasizes good practices for the formulation and reporting of monetary and financial policies, its focus is on transparency. It is not designed to offer judgments on the appropriateness or desirability of specific monetary or financial policy objectives or specific monetary or financial policies that countries should adopt. At the same time, the nature of policies is at least as important as their transparency.

Similarly, the good practices on transparency included in the Code are directed at encouraging central banks and other financial regulatory and supervisory agencies to provide the public with timely information on their policy objectives and policy decisions. They do not call for these institutions to reveal their near-term policy implementation tactics or strategy or to make public their supervisory discussions or decisions related to individual financial institutions that could be market sensitive. Full disclosure on these aspects of the conduct of policies could undermine the effectiveness of policies and constrict the flexibility that policymakers may require.

The draft Code covers both monetary policies and financial policies (i.e., policies related to the regulation and supervision of the financial system). Some have suggested that financial policies should be segregated from monetary policies and that the Code, therefore, should have separate monetary and financial policies sections or that there should be two separate codes, one for monetary policies and another for financial policies. Doing so, besides resulting in a code/codes that would be repetitive and bulky, would draw too sharp a distinction between monetary policy and supervisory responsibilities. These two sets of policies are interrelated and often reinforcing, with the health of the financial system affecting the

⁵(...continued)

(February 1936); and Manuel Guitián, "Rules or Discretion in Monetary Policy: National and International Perspectives," in *Frameworks for Monetary Stability*, (ed. by T. Baliño and C. Cottarelli), International Monetary Fund (1994).

transmission of monetary policy and vice versa. The draft Code, therefore, treats transparency for monetary and financial policies in one integrated code.

The coverage of financial policies in the draft Code includes suggested good practices for the operation of the nation's payment system (cf. 1.7).⁶ Given that in many countries the operation of a country's payment system is split between the public and private sectors, not much attention has been paid to transparency issues in this domain. The proposed good practices included in the Code related to the payment system are, therefore, less tested than most of the other good practices in the Code.

The Code is of sufficient breadth that it can span and be applied to a wide range of monetary policy and financial frameworks and good practices associated with them, and thus to a wide range of the Fund membership. Elements of the Code are drawn from a review of good transparency practices used in a number of countries and discussed in the professional literature.⁷ The Code thus represents a distillation of concepts and practices that are already in use and for which there is a record of experience. The Code, nevertheless, makes allowance for the prevailing diversity of the Fund's membership in institutional arrangements with regard to monetary and financial policies, different legal traditions, and levels of development. For some of the principles of good practice, therefore, the Code specifies that these are applicable to a set of countries and not to others and are, therefore, addressed to particular groups of countries. Similarly, the Code recognizes that given differences in the level of development among Fund members, some of the good practices listed in the Code are currently beyond the reach of a number of members. However, these practices are included in the Code in the expectation that countries would aspire over time to introduce such good practices.

A supporting manual to the Code will be prepared that will elaborate on the principles of transparency contained in the Code and that will offer guidelines to their interpretation and implementation.

⁶*Current Legal Issues Affecting Central Banks*, Volume 5. Introduction, (ed. Robert C. Effros), International Monetary Fund (1998); *Payment Systems, Monetary Policy and the Role of the Central Bank*, (ed. Omotunde E. G. Johnson, et. al), International Monetary Fund (1998).

⁷Blinder, Alan S., *Central Banking in Theory and in Practice* (1998); Briault, Clive, Andrew Haldane, and Mervyn King, "Independence and Accountability," Bank of England Working Paper Series, No. 49 (1996); and Fischer, Stanley, "Modern Approaches to Central Banking," National Bureau of Economic Research, Working Paper No. 5084 (March 1995); Bank for International Settlements, *68th Annual Report*, pp. 70-75 (June 1998); and Special Issue on "The Economics of Central Bank Independence," *Oxford Economic Papers* (July 1998).

I. CLARITY OF ROLES, RESPONSIBILITIES AND OBJECTIVES

- 1.1 The broad objective(s) of monetary and financial policies and the status of the central bank and the other financial regulatory and supervisory agencies within the government should be clearly defined and codified in legislation.**
 - 1.1.1 The roles and responsibilities of the central bank should be established in legislation in the form of a Central Bank Law.
 - 1.1.2 The government⁸ should define the broad objective(s) of monetary policy as part of the Central Bank Law.
 - 1.1.3 The government should delegate to the central bank, through the instrumentality of the Central Bank Law, responsibility for conducting monetary policy in a way that is consistent with meeting the broad objective(s).
 - 1.1.4 The Central Bank Law should specify that the central bank has operational independence to achieve the policy objective(s). The day-to-day conduct of monetary policy should not be subject to the dictate or direction of the government.
 - 1.1.5 The Central Bank Law should specify that the central bank is accountable to the government in the broad exercise of its responsibilities and should define the modalities of accountability.
 - 1.1.6 If the government reserves the right to override policy decisions of the central bank or direct the central bank to take a particular action, public and transparent procedures for its exercise should be specified in the Central Bank Law.
 - *1.1.7 The procedures for appointment, term of office, and criteria for removal of the Governor and other members of the central bank's governing body should be specified in the Central Bank Law.

⁸The term "government" in this Code is used generically to refer to the arms of government that carry broad responsibility for enacting legislation related to the country's economic and financial policies and for implementing these policies. Unless a particular arm of government is identified specifically in the Code, reference to "government" in the Code could refer either to both the legislature and the executive arms of government, or to one of these, or to a particular governmental ministry, depending on the issue at hand or the established tradition of government in particular countries.

*The same basic principle applies, when appropriate and adjusted as necessary, to other governmental financial regulatory and supervisory agencies.

- 1.1.8 Where the financial market regulation and supervision function is within the jurisdiction of the central bank, the objective(s) and modalities of financial market regulation and supervision should be defined in the Central Bank Law. In other cases, these objective(s) and modalities should be defined in separate legislation. In a manner parallel to that of the Central Bank Law, such legislation would establish a supervisory body (bodies) that is (are) separate from the government, with delegated responsibility for achieving its (their) objective(s) and with defined modalities of accountability.
- 1.2 **The operational framework that the central bank employs in pursuing the broad objective(s) of monetary policy should be described and explained to the public.**
 - 1.2.1 The central bank should specify the framework within which monetary policy will be conducted in order to achieve the ultimate policy objective(s), including the time horizon for their expected achievement and short-run operating targets and intermediate targets (if any).
 - 1.2.2 If the policy framework includes a target that would be used to guide the conduct of monetary policy that can be used to monitor the central bank's performance (e.g., a monetary aggregate target, an inflation target, or an exchange rate target), it should be publicly announced.
 - 1.2.3 The operational framework should take account of the interdependence of monetary and exchange rate policy.
- 1.3 **Monetary policy should be implemented by using market-based instruments.**
 - 1.3.1 The Central Bank Law should specify the principal powers and instruments available to the central bank to implement its monetary policy.
 - 1.3.2 Where money and capital markets are sufficiently developed, the actions by the central bank to affect money market conditions, and the instruments used to do so, should be directed at the market as a whole and not at particular economic agents, and should be based on transparent rules for interaction with counterparties in the market.
 - 1.3.3 Where money and capital markets are sufficiently developed, the central bank should rely primarily on open market operations to affect money market conditions.
- 1.4 **The separation of monetary and fiscal operations should be established, consistent with the principles of the Fund's *Code of Good Practices on Fiscal Transparency*.**

- 1.4.1 Where capital markets are sufficiently developed, the central bank should not underwrite or be a purchaser in the primary market for government securities. Where such conditions do not prevail, direct central bank participation in the primary market for government securities should be conducted in full transparency with regard to quantity and terms.
- 1.4.2 Direct credit by the central bank to the government should in principle be prohibited. Where it is allowed, an explicit and binding limit for such credits should be specified in the Central Bank Law and the central bank should be compensated at a market-related rate of interest. The amounts of credits, advances, or overdrafts by the central bank to the government should be publicly disclosed.
- 1.5 Agency roles performed by the central bank on behalf of the government should be clearly defined and should not interfere with the central bank's monetary policy responsibilities.**
 - 1.5.1 The activities performed by the central bank on behalf of the government should be closely related to its areas of competence.
 - 1.5.2 Responsibilities of the central bank for the management of domestic and external public debt should be specified in legislation and public regulations. There should be clear delineation of responsibilities between the central bank, the ministry of finance, or a separate public agency for the primary debt issues, secondary market arrangements, depository facilities, and clearing and settlement arrangements for trade in government securities.
 - 1.5.3 The central bank and the ministry of finance should establish procedures for keeping each other appropriately informed and for coordinating any intervention in, or assistance to, insolvent financial institutions.
- 1.6 The conduct of policies by the financial regulatory and supervisory agencies should be transparent and should adhere to accepted practices and norms.**
 - 1.6.1 The central bank, in coordination with other regulatory authorities as needed, should establish procedures for the monitoring and supervision of the markets in which it operates.
 - 1.6.2 The central bank and the other financial regulatory and supervisory agencies should implement, monitor, and report on the adherence by their country's financial institutions to the transparency aspects of the international standards and principles of good practice for financial supervision and regulation as set out, inter alia, in the *Basle Core Principles of Effective Banking Supervision*, and by the framework of principles for regulation and supervision and accounting related to financial institutions and instruments developed by the International Organization of Securities

Commissions (IOSCO), the International Association of Insurance Supervisors (IAIS), and the International Accounting Standards Committee (IASC).

- 1.6.3 The central bank and the other financial regulatory and supervisory agencies should formulate guidelines for financial reporting by the financial institutions under their jurisdictions.
- 1.6.4 The central bank and the other financial regulatory and supervisory agencies should provide the public with a periodic report and aggregate data on the state of the sector(s) of the financial system for which they carry designated responsibility.
- 1.6.5 To the extent that the authorities of the financial regulatory and supervisory agencies have developed protocols for information-sharing and consultation relevant to their respective jurisdictions and have developed procedures to share information and cooperate with their counterparts in other countries on matters of common concern, the public should be made aware through appropriate publications (e.g., Annual Report and the like) that such procedures are in place.
- 1.6.6 The central bank, in its role as lender-of-last-resort, should disclose any lending to financial institutions at an appropriate time when such information will not be disruptive to financial stability. (See 4.2.6 below)
- 1.6.7 Where the banking supervision function is outside the formal jurisdiction of the central bank, the central bank should have access to specific information and reports on individual financial institutions as they relate to the conduct of the central bank's policies, and be kept informed about any fundamental changes being considered in the regulatory and supervisory framework.
- 1.6.8 In those countries where there is a deposit insurance arrangement, information about the nature and form of deposit protection should be readily available to the public.
- 1.6.9 The central bank and the other financial regulatory and supervisory agencies should establish and publish a schedule of fees for services they render to financial institutions.
- 1.7 **The conduct of the central bank in its oversight role of the nation's payment system should be transparent.**
 - 1.7.1 The legal and regulatory framework governing the payment system and cashless transfers should be transparently and publicly specified, either in an explicit statutory framework and/or agreements and a code of practices set out in conjunction with the central bank.

- 1.7.2 Proposed substantive changes in the laws, regulations and procedures to payment facilities should be issued for public comment prior to their promulgation.
- 1.7.3 To the extent that the central bank has developed procedures for consultation and cooperation with its counterparts in other countries in maintaining a safe and efficient international payment and settlement system, the public should be made aware through appropriate publications (e.g., the Annual Report and the like) that such procedures are in place.
- 1.7.4 The central bank should report periodically to the legislature on the state of the nation's payment system.

II. OPEN PROCESS FOR FORMULATING AND REPORTING MONETARY AND FINANCIAL POLICY DECISIONS

- 2.1 **Where the central bank has a monetary policy making body, there should be regularly scheduled and publicly announced meetings of that body to assess underlying economic developments, monitor progress towards achieving its monetary policy objective(s), and formulate policy for the period ahead.**
 - 2.1.1 The schedule of meeting dates by the policy making body should be announced to the public.
- 2.2 **Monetary policy decisions should be reported publicly through defined channels in a timely manner.**
 - 2.2.1 Announcements about monetary policy decisions should be made available to the media at the same time by the central bank after the conclusion of the meeting of its policy making body.
 - 2.2.2 The central bank should designate an interval following meetings of its policy making body and a specific time of the day to issue announcements about monetary policy decisions made by its policy making body. Information on designated dates and time for such announcements should be readily available to the public.
- 2.3 **The central bank should publish, with a preagreed maximum delay, a summary of its monetary policy deliberations.**
 - 2.3.1 The central bank should release to the public a summary of the meetings on monetary policy deliberations of its policy making body within a specified maximum time after the meetings of the policy making body.

- 2.4 The central bank should issue periodic public statements on progress towards its monetary policy objective(s) as well as prospects for achieving them.
 - 2.4.1 The central bank should regularly present its monetary policy intentions to the public, specifying the rationale for its policy intentions, quantitative targets and instruments where applicable, and the key underlying assumptions.
 - 2.4.2 The central bank should publish on a specified schedule (quarterly or semiannually) a comprehensive report on the evolving macroeconomic situation and outlook and their implications for achieving the central bank's monetary policy objective(s).
- 2.5 **Policy decisions by the financial regulatory and supervisory agencies should be reported through defined channels in a timely manner.**
 - 2.5.1 Announcements about financial policy decisions should be issued through the media after the decision has been made.

III. PUBLIC AVAILABILITY OF INFORMATION

- 3.1 **The central bank should release to the public monetary and financial statistics on a preannounced schedule, consistent with the Fund-endorsed data dissemination standard.**
 - 3.1.1 The central bank should make available to the public a comprehensive set of monetary and financial data on a timely and regular basis, with particular emphasis on data that are the building blocks of the central bank's operational framework.
 - 3.1.2 The central bank should develop its data presentations and releases to meet the current standards related to coverage, periodicity, and timeliness of data, access to the public, integrity, and quality set out in the Fund's data dissemination standards as relevant (SDDS or GDDS).
- 3.2 **The central bank should release its balance sheet on a preannounced schedule and provide the public on a lagged basis information on market transactions, consistent with the Fund-endorsed data dissemination standard.**
 - 3.2.1 Summary central bank balance sheets should be published on a frequent and preannounced schedule. Detailed central bank balance sheets prepared according to national and international accounting standards should be published annually.
 - 3.2.2 Information on the central bank's monetary operations, including aggregate amounts of refinance or discount facility support provided by the central bank to commercial

banks (subject to the maintenance of commercial confidentiality) should be published on a preannounced schedule.

- 3.2.3 Information about foreign exchange market intervention by the central bank on behalf of its own account should be published after a predetermined interval following such activities. (Information about foreign exchange market intervention by the central bank on behalf of the finance ministry should be revealed by the finance ministry on a timely basis, unless the central bank is requested to do so by the finance ministry.)
- 3.3 **The central bank in the capacity as principal or agent should release to the public on a preannounced schedule detailed information on foreign exchange reserve assets, liabilities, and commitments, consistent with the Fund-endorsed data dissemination standard.**
 - 3.3.1 The central bank as principal or agent for the ministry of finance should publish in its statistical releases information on the country's international reserve position—in line with the standard established in the *Special Data Dissemination Standard* (SDDS).
 - 3.3.2 The central bank should augment the release of information on international reserves as prescribed and encouraged in the SDDS along the lines proposed in the Special Data Dissemination Consultation Paper.
- 3.4 **Regulations issued by the central bank and the other financial regulatory and supervisory agencies should be readily available to the public.**
 - 3.4.1 Full texts of regulations affecting the financial sector as well as outline versions of these regulations in non-technical language should be freely available to the public.
 - 3.4.2 Substantive changes in regulations affecting the financial sector should be issued for public comment.
 - 3.4.3 The central bank and the other financial regulatory and supervisory agencies should consult with the public, whether through periodic open-to-the-public meetings of their governing boards or by requesting feedback on regulatory proposals through suitable channels (e.g., the institution's web site), when they are considering substantive changes in their regulations.
- 3.5 **The central bank and the other financial regulatory and supervisory agencies should establish and maintain public information services.**
 - 3.5.1 The central bank and the other financial regulatory and supervisory agencies should establish and maintain web sites.

- 3.5.2 The central bank should have an official publication (monthly or quarterly bulletin) that should contain reports on its decisions, official statements and speeches by members of its governing body, new or amended regulations, and research and analytic studies by its staff and statistical information, with a particular emphasis on monetary issues and data.
- 3.5.3 The central bank should publish a document that describes the procedures and practices governing the monetary policy operations of the central bank.
- 3.5.4 The Governor or Chairman of the central bank and of the other financial regulatory and supervisory agencies (or members of the governing boards and senior officials of these institutions, where appropriate) should make public appearances to a variety of audiences to explain their institutions' objective(s) and performance.
- 3.5.5 Texts of speeches by officials and staff studies of the central bank and the other financial regulatory and supervisory agencies should be made available to the public.

IV. ACCOUNTABILITY AND ASSURANCES OF INTEGRITY

- 4.1 The Governor of the central bank should be obligated to appear before the legislature at least annually.
 - 4.1.1 Appearances by the Governor of the central bank before the legislature should be for the purpose of presenting the central bank's report on the conduct of policy (cf. 2.4.2), explaining the policy objective(s) of the central bank, reporting on its performance in achieving its objective(s), and exchanging views on the state of the economy and the financial system, including through questioning of the Governor by members of the legislature.
- 4.2 The central bank should publish an Annual Report.
 - 4.2.1 The Annual Report should contain a record of monetary and financial policy decisions during the reporting period.
 - 4.2.2 The Annual Report should contain data related to the monetary instruments employed by the central bank in its conduct of monetary policy.

•The same basic principle applies, when appropriate and adjusted as necessary, to other governmental financial regulatory and supervisory agencies.

- 4.2.3 The Annual Report should specify the terms of, and conditions for, access by financial institutions to the central bank's liquidity-providing facilities.
 - 4.2.4 The Annual Report should contain full financial statements.
 - 4.2.5 The Annual Report should contain information on the procedures related to the transfer of the central bank's profits.
 - 4.2.6 The Annual Report should contain information on longer-term financial support that the central bank has provided to financial institutions in its role as lender-of-last-resort. This information should appear at an appropriate time when such information will not be disruptive to financial stability.
 - 4.2.7 The Annual Report should contain information on legislation affecting the financial sector enacted by the legislature and texts of any new or amended regulations issued by the central bank during the reporting period.
 - 4.3 **The central bank should prepare a full set of financial statements on a preannounced schedule, and have these statements audited by an independent external auditor.**
 - 4.3.1 The central bank should have a professional internal audit unit responsible for monitoring the central bank's operations and assure the integrity of the bank's operations.
 - 4.3.2 The financial statements of the central bank should be consistent with national and international accounting standards.
 - 4.3.3 The central bank should issue to the public the externally audited financial statements of its operations on a preannounced schedule. Any qualification by the external auditor to the financial statements should be an integral part of the public financial statements.
 - 4.3.4 The Central Bank Law should specify procedures and criteria for the transfer of the central bank's profits and for the reimbursement of losses by the central bank.
 - 4.4 **Information and data on the budget of the central bank should be made available to the public on a preannounced schedule.**
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•The same basic principle applies, when appropriate and adjusted as necessary, to other governmental financial regulatory and supervisory agencies.

- 4.4.1 The budget of the central bank should be subject to review by an independent outside body.
 - 4.5 The central bank and the other financial regulatory and supervisory agencies should have codes and rules for the manner their officials and staff conduct their personal financial affairs.**
 - 4.5.1 Officials and staff of the central bank and the other financial regulatory and supervisory agencies should maintain high ethical standards in the conduct of their personal financial affairs.
 - 4.5.2 Officials and staff of the central bank and the other financial regulatory and financial agencies should conduct their personal financial affairs in ways that avoid a conflict of interest and seek to avoid the appearance or possible perception of a conflict.
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