

**FOR
AGENDA**

SM/13/145
Supplement 2

June 21, 2013

To: Members of the Executive Board

From: The Secretary

Subject: **Key Aspects of Macprudential Policy—Draft Public Information Notice**

Attached for consideration by the Executive Directors is the background section of the draft Public Information Notice (PIN) relating to the paper on key aspects of macroprudential policy (SM/13/145, 6/11/13), which is tentatively scheduled for discussion on **Monday, July 1, 2013**.

The staff proposes the publication of this PIN, together with the main paper, after the Executive Board completes its discussion.

Questions may be referred to Mr. Nier (ext. 34483) and Mr. Osinski (ext. 36263) in MCM.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

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INTERNATIONAL MONETARY FUND

Public Information Notice



Public Information Notice (PIN) No. 13/xx
FOR IMMEDIATE RELEASE
[Month, dd, yyyy]

International Monetary Fund
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Washington, D. C. 20431 USA

IMF Executive Board Discusses Key Aspects of Macroprudential Policy

On July 1, the Executive Board of the International Monetary Fund (IMF) concluded discussions of a staff paper on “Key Aspects of Macroprudential Policy.”

Background

The crisis has underscored the costs of systemic instability at the national and global levels and highlighted the need for macroprudential policies to achieve financial stability. Building on recent advances, this paper proposes a framework to inform the IMF’s country-specific advice on macroprudential policy. Synthesizing lessons from previous staff papers, existing research, and the international experience, the paper offers analysis of key issues arising in ensuring the effectiveness of macroprudential policy.

The paper first recalls the definition and sets out the scope of macroprudential policy, drawing on previous papers discussed by the Board. It then examines interactions between macroprudential and other public policy areas; describes key steps in operationalizing macroprudential policy; and discusses issues to be considered when setting up the institutional framework underpinning macroprudential policy. The paper also examines multilateral aspects that can arise from a lack of action of national authorities, imperfectly aligned financial cycles and conflicts between home- and host authorities of cross-border institutions.

The paper recognizes that developing macroprudential policy will remain work in progress in the years to come and highlights the main challenges and limitations of macroprudential policy. The paper finally sets out the role of the Fund, in partnership with international standard setters and national authorities, to help ensure that macroprudential policy can be pursued effectively in support of domestic and global stability.

Executive Board Assessment

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