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**Joint Statement by Mr. Buisse, Mr. Fanizza, Mr. Merk, and Mr. Rashkovan on The
Central Bank Transparency Code - Staff Proposal
(Preliminary)
Executive Board Meeting
July 2, 2020**

General remarks

We thank staff for the proposed Central Bank Transparency Code (CBT) and commend them for their extensive and continuous outreach efforts in the preparation of the Code as well as for taking different legal and institutional frameworks into account, including those pertaining to members of currency unions.

In recent years, the role of central banks has evolved and the diversity and complexity of their operational toolkits has increased, reflecting in part the need to deal with a number of extraordinary shocks. In order to fulfil their mandates, central banks adopted a number of monetary policy measures taken both from within and outside their standard toolkits. As a result, they have been subject to close attention and scrutiny, in line with the necessity for independent authorities to be held accountable by democratically elected bodies and the public at large.

Against this background, the IMF's Central Bank Transparency Code (CBT) can be a useful tool for central banks to guide their transparency practices as they pursue their objectives within an operationally and institutionally more complex environment.

While we are overall ready to approve staff's CBT proposal, we have suggestions for further refinement of the final version.

Going forward, we agree that staff should carry out CBT pilot reviews on a voluntary basis and in close consultation with the national authorities, which could then be discussed at the Board.

Practice labels

We consider the revised practice labels, as proposed by staff, to be an agreeable compromise. Relabeling the practices into “core, expanded and comprehensive” achieves a pragmatic balance of providing a neutral maturity scale to guide central banks in mapping and assessing the evolution of their transparency frameworks, while limiting possible perceptions of rating, grading, and ranking.

Voluntary nature

We welcome the emphasis that the note rightly puts on the fact that the CBT is voluntary in nature, which could be clarified more extensively throughout the text. We note that paragraph 11 in the Introduction underlines the voluntary nature of the CBT and expect that it will be an important benchmark to help central banks assess their transparency frameworks. For the CBT to adhere to this voluntary nature in letter as much as in spirit, it is therefore important that wordings such as “apply”, “should be applied to” – in particular as can be found in paragraphs 5 and 12 of the Introduction to the CBT – should not be misunderstood as suggesting a legally relevant or even binding nature of the document.

Legal framework and currency unions

Unless the Code aims at assessing the transparency principles underlying the legal framework applicable to a central bank, transparency standards should be formulated and applied in such a way as to take into account the limits of what is possible under the relevant legal framework. In that respect, we welcome that the CBT notes that the degree of a central bank’s transparency is shaped by its legal framework and central banks may be subject to domestic legal and regulatory frameworks that restrict their ability to be transparent about specific information. This legal and regulatory context could be usefully stressed throughout the document to make clear that publication or disclosure of information is not always at the discretion of the central bank (e.g. points 7 and 10 of the introduction).

We welcome the provisions in the CBT regarding the fact that membership in a currency union might make central banks subject to additional information-sharing agreements. More generally, it is important that the CBT, both in its formulation and concrete application, recognizes the specificities of the legal frameworks applying to central banks that are part of currency unions. This was put forward by several respondents during the CBT survey in March 2020.

We note that a new feature under the “comprehensive” practice on monetary policy decisions has been introduced regarding the publication of decision-makers’ voting behavior (page 42). In that respect, it is important to recognize that decisions can be taken in ways other than by voting (notably by consensus) and that the publication of voting behavior has to be carefully considered. The latter is particularly relevant in the context of currency unions and the Code needs to recognize the important trade-offs involved when specifying best practices without being overly prescriptive. Moreover, the publication of decision-makers’ voting behavior is another example where the specific legal framework of a central bank might define limits that are not at the discretion of the central bank, as it is the case for the Eurosystem regarding the confidentiality of the proceedings of the meetings of the ECB Governing Council (Article

10.4 ESCB Statute). The reason for the confidentiality requirement is due to the institutional framework of the euro area as a currency union: the discretion is intended in particular to protect national central bank governors from national influence so that they can make decisions independently of public opinion in their home country and in the interests of the entire euro area.

Transparency and confidentiality

A benchmark for central bank transparency cannot be set in isolation of the legal framework and constraints regarding confidentiality and professional secrecy. The CBT acknowledges that there are many central bank activities where there are legitimate needs for confidentiality. In this context, we have noted point 10a in the Introduction to the Code which reads ‘Transparency requirements throughout the CBT are qualified for market sensitive information, financial stability considerations, and personal data’. In order to cover the whole spectrum of confidentiality reasons set by the different legal frameworks (e.g. Public Access Regimes/Freedom of Information Laws) a broader definition of qualified confidentiality reasons might be considered which would also cover inter alia monetary policy considerations, third party business secrets or international financial, monetary or economic relations as well as internal AML/CFT regulations and controls. Therefore, it would be preferable to speak more broadly of “sensitive information”. This would also be in line with the current wording in the rest of the CBT (see e.g. 1.8 Confidentiality).

Point 10 of the CBT Introduction expands in terms of areas where confidentiality is warranted, mentioning that “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”. In order to avoid that this statement regarding legitimate confidentiality concerns remains mostly declaratory, it would be useful to more consistently and explicitly apply it to the design of transparency in all policy areas. The suggested practices should therefore be formulated and applied in a way that adequately observes the limits of what is possible under the relevant legal frameworks.