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June 29, 2020

**Statement by Mr. Mouminah, Mr. Alkhareif, and Mr. Aldrees on The Central Bank
Transparency Code - Staff Proposal
(Preliminary)
Executive Board Meeting
July 2, 2020**

We thank staff for the extensive engagement and outreach in the preparation of the Central Bank Transparency Code (CBT). We would like to highlight the following points for emphasis.

We welcome the revised CBT and support the efforts to promote central bank transparency. Central banks can use the CBT to help them make well-informed decisions on their transparency arrangements and guide their transparency frameworks amid operationally and institutionally more complex environment. We take note that the CBT is not intended to serve as a central bank governance framework. To help strengthen central banks' transparency practices, we would like to stress the importance of providing capacity development assistance where needed. *Can staff share their views on the expected demand from the membership on CD support in this area?*

We welcome the voluntary nature of the CBT, which is intended to help central banks assess their existing transparency frameworks and should only be conducted at their request. The CBT rightly underlines the heterogeneity of central banks' transparency practices given the differences in domestic legal and regulatory frameworks. In particular, some central banks are subject to legal and regulatory frameworks that can restrict their ability to be transparent about specific information. We encourage staff to clarify more extensively the voluntary nature of the CBT throughout the paper. We welcome the emphasis that the CBT is not intended to be a tool for transparency ranking of central banks. Here, we thank staff for adjusting the labels used for different transparency practices.

We welcome staff's efforts to strike the right balance between confidentiality and transparency in the CBT. The level of central bank transparency should especially take into

account the chosen exchange rate regime and country-specific circumstances. For central banks with fixed exchange rate regime, there are legitimate needs for more confidentiality. In particular, greater transparency around foreign exchange management and disclosure of composition of reserve assets and liabilities could entail considerable costs and financial stability risks. Therefore, the CBT should take into account the potential costs of greater transparency and respect the need to preserve confidentiality in key areas.

Finally, we support staff's proposal to carry out CBT pilot reviews in close consultation and collaboration with the relevant authorities and on voluntary basis. We welcome staff's plan to select different central banks that broadly reflect the diverse membership. In particular, ensuring well-diversified pilot reviews will contribute positively to the quality of the envisaged guidance note and template for future voluntary applications of the CBT. Here, *we invite staff to comment whether they plan to include central banks with fixed exchange rate regime in the pilot reviews?*