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Organisation de Coopération et de Développement Economiques
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English - Or. English

COUNCIL

Council

REVISION OF THE MANDATE OF THE COMMITTEE ON FINANCIAL MARKETS

(Note by the Secretary-General)

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1. This document contains a proposal to revise the current mandate for the OECD Committee on Financial Markets which expires on 31 December 2008.

2. The Group of Governmental Experts on Financial Markets was created on 17 November 1969 with, as general terms of reference, “the study of measures intended to improve the operation of national financial markets and the international financial market” [C(69)131(Final)]. The Group was renamed the Committee on Financial Markets on 16 March 1971 [C(71)28(Final)]. On 7 November 1975, the Council agreed that the Committee should also “review technical developments in foreign exchange markets”. The Committee has two working parties: the Working Party on Financial Statistics created on 7 March 1967 [C/M(67)4(Final), Item 36] and the Working Party on Debt Management created on 4 December 1981 [CMF/M(81)3, Item 7 (iv)].

3. On 11 March 2004, in the framework of its Decision regarding a Sunset Clause for all Committees, the Council agreed that the mandate of the Committee on Financial Markets “will expire, at the latest, on 31 December 2008, unless the Council decides otherwise” [C/M(2004)5]. At its session held on 12 and 13 October 2006, the Council decided that the Committee would be evaluated in 2007-08 [C/M(2006)16]. On 12 September 2007 the Council approved recommendations proposed by the Evaluation Sub-group in its report on the In-depth Evaluation of the Committee on Financial Markets [C(2007)82 and C(2007)82/CORR1], including that “the Committee should revise its mandate so that it provides a clear set of medium and long-term policy objectives that reflect the various dimensions of its work, including in the areas of debt management and financial statistics; the CMF mission statement should be used as a key input into this process” [C/M(2007)12, Item 158].

4. At its 25-26 October 2007 meeting, the Committee considered the best ways to develop and improve the CMF mandate. Based on the results of the evaluation, the 2004 mission statement and the 2007-08 programme of work, the Committee agreed on an overarching objective as well as on a set of more specific objectives to be reflected in its new mandate, which was subsequently finalised through the written procedure.

5. The In-depth Evaluation provided an opportunity for the Evaluation Sub-group and the Committee to assess the relevance of its working parties (the Working Party on Debt Management and the Working Party on Financial Statistics). The later was clearly confirmed by the addition in the CMF mandate of two objectives reflecting the core mission of the two working parties. The Committee confirmed also the need for such groups, composed of experts able to deal with technical issues which may not be at the core competence of the delegates to the CMF and decided to strengthen further the relationship between the Committee and its working parties [see DAF/CMF(2007)21]. The completion of the evaluation recommendations related to the CMF Working Parties was actively initiated by both the Committee and the Working Parties in 2007 and is still underway.

6. On 28 November 2007 the Evaluation Sub-group reported to the Council on the implementation of the evaluation recommendations and included, as an annex to its report, the draft mandate prepared by the Committee [C(2007)143]. On 17 December 2007 the Council welcomed the response by the Committee to the evaluation recommendations as set out in document C(2007)143 and its Annex [C/M(2007)17].

7. The draft revised mandate has been structured in three parts. The first part details the overarching and main specific objectives of the Committee in accordance with the high-priority policy needs identified by Member countries. It also promotes policy dialogue with non-Members. The second part highlights methods of work which have been considered to be particularly relevant for achieving these objectives and ensuring they will have a high policy impact. The last part is devoted to the Committee’s strengthened co-operation with other OECD bodies, relevant international organisations, and major stakeholders.

8. It is proposed that the revised mandate, if approved, will remain in force until 31 December 2013, unless the Council decides otherwise. The Committee will return to the Council to propose a revision to its mandate should there be any major developments that warrant such a change.

Proposed Action

9. In the light of the preceding, the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL

- a) noted document C(2008)25;
- b) adopted the draft Resolution concerning the mandate of the Committee on Financial Markets as set out in the Annex to document C(2008)25;
- c) noted that the draft Resolution concerning the mandate of the Committee on Financial Markets as set out in the Annex to document C(2008)25 supersedes all previous provisions concerning the mandate of the Committee and its predecessor.

ANNEX

DRAFT RESOLUTION OF THE COUNCIL CONCERNING THE MANDATE OF THE COMMITTEE ON FINANCIAL MARKETS

THE COUNCIL

Having regard to the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

Having regard to the Rules of the Procedure of the Organisation;

Having regard to the Resolution of the Council concerning the Establishment and Terms of Reference of a Group of Governmental Experts on Financial Markets [C(69)131(Final)];

Having regard to the Resolution of the Council amending the Resolution of the Council concerning the Establishment and Terms of Reference of a Group of Governmental Experts on Financial Markets [C(71)28(Final)];

Having regard to the Decision of the Council concerning the future of the Exchange Guarantee Agreement Between Certain Central Banks and of the Committee for Monetary and Foreign Exchange Matters [C(75)134(Final), Item IV];

Having regard to the Decision of the Council regarding a Sunset Clause for all Committees [C/M(2004)5, Item 75] which entered into force on 22 April 2004 [C/M(2004)10, Item 143, IV, c];

Having regard to the results of the In-depth Evaluation of the Committee on Financial Markets [C(2007)82 and C(2007)82/CORR1];

Having regard to the recommendations approved by Council on the In-Depth Evaluation of the Committee on Financial Markets [C/M(2007)12, Item 158];

DECIDES

1. The mandate of the Committee on Financial Markets is as follows:

i) Objectives

- a) The overarching objective of the Committee on Financial Markets is to promote efficient, open, stable and sound market-oriented financial systems, based on high levels of transparency, confidence and integrity. To achieve this objective, the Committee shall improve awareness and understanding of major financial policy issues and shall assist policymakers in designing, adopting and implementing relevant policies.

- b) The main objectives of the Committee include:
- improving efficiency and effectiveness of the regulatory approach in the financial sector;
 - improving the capacity of financial markets and individuals to respond to financial challenges, in particular those associated with an ageing population and a riskier environment;
 - improving financial education and awareness;
 - promoting the contribution of financial markets and institutions to savings and investment, to the financing of business and individuals and to growth;
 - promoting the liberalisation of international trade and market access in the financial services sector.
- c) Additional objectives to be addressed by the Working Parties of the Committee are:
- improving public debt management;
 - improving financial statistics.
- d) With regard to non-Members, the Committee shall promote policy dialogue and co-operation, encourage the implementation of best principles and practices, and provide related assistance.

ii) Methods

- a) In order to achieve these objectives, the Committee shall:
- develop in-depth and proactive surveillance of financial developments and of their impact on economic growth and stability;
 - focus its work on delivering outputs of high quality and with high policy impacts and shall regularly assess whether these objectives are being met; it shall strive to achieve these objectives through policy dialogue, the collection of information and statistics, policy analysis, and the establishment of good practices and guidelines for adequate policies and regulations, and for mechanisms to facilitate their proper implementation;
 - monitor and co-ordinate the work undertaken by the Organisation in the financial fields and, as appropriate, submit opinions, recommendations and proposals to the Council or to other Committees.
- b) The Committee shall consider revisions to its mandate whenever appropriate, for instance following major policy developments in financial markets.

iii) Co-operation

- a) The Committee shall co-operate with relevant OECD bodies, particularly the Insurance and Private Pensions Committee;
- b) The Committee shall keep itself informed of the activities carried out in other international bodies in respect of financial issues, coordinate work and avoid duplication with these bodies, and shall provide a forum for consultations among Member countries to enable them to exchange views on issues raised in these bodies;

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- c) The Committee shall consider the views and input of major stakeholders in the financial field.

2. The mandate of the Committee on Financial Markets shall remain in force until 31 December 2013 unless the Council decides otherwise.