

Press release

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Financial Stability Forum review of its offshore financial centres initiative

At its meeting in Tokyo in March 2005, the Financial Stability Forum (FSF) announced a new process to promote further improvements in offshore financial centres (OFCs). This reflected the need to address remaining problems in several OFCs, notably in the areas of effective cross-border cooperation and information exchange and adequacy of supervisory resources. At the time, the FSF agreed to review the adequacy of its initiative in addressing the current concerns held by its members in two years' time.¹

The FSF's OFCs Review Group recently conducted such a review, drawing on input and contributions from member bodies. Based on that review, the FSF has agreed to the following:

- Thanks importantly to the FSF initiative and the efforts of its members, significant progress has been observed by the IMF, both before and after 2005, in its assessments of OFCs' compliance with international standards and by IOSCO in its engagement with selected jurisdictions on cooperation and information exchange practices. However, a few concerns remain and some members highlighted that information available since 2005 is incomplete and mixed.
- The FSF should continue to support the ongoing efforts of FSF members, which are appropriate to the concerns that are felt to exist. Information with regard to the progress of these initiatives and specific risk concerns should continue to be shared among Review Group members on a regular basis. FSF members are encouraged to enhance their consultations and exchange information on a bilateral basis as well. As long as FSF members continue their work and OFCs remain engaged, it is not necessary for the Review Group to meet prior to each FSF meeting.
- The FSF's interest in fostering compliance with international standards in onshore and offshore jurisdictions, including better cooperation and information exchange, remains undiminished. Political support from the FSF for the work of its members remains critical. Therefore the Review Group should remain ready to consider material problems, or potential problems, that members say they cannot resolve bilaterally and to recommend to the FSF ways in which it can support its members' efforts. The range of potential follow-up actions identified in 2005 remains available to be used.

¹ See the 11 March 2005 press release on OFCs www.fsforum.org/press/press_releases_74.html