

Press release

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First Asia-Pacific Regional Meeting of the FSF

The Financial Stability Forum (FSF) held its first regional meeting in the Asia-Pacific region, at the Mita House in Tokyo, Japan. Senior representatives from finance ministries, central banks, and supervisory and regulatory authorities from 5 FSF members and 8 regional non-members attended the meeting. Senior officials from the European Central Bank and the Asian Development Bank also took part in the meeting.

Participants exchanged views on vulnerabilities in domestic and international financial systems in the current conjuncture. Against the backdrop of a weak prospect for the world and regional economies, especially following the events of 11 September, participants felt that domestic financial systems have displayed resilience but that vigilance on the soundness of the financial sector in individual jurisdictions remains warranted. They also discussed changing patterns of capital flows in the region and noted that the decrease in inflows to the region, if sustained, could constrain the region's growth prospects.

Participants also discussed structural issues in the global financial system. They discussed ways to strengthen further the domestic and regional financial systems. While much has been done since the Asian crisis, many felt that the present downturn has accentuated the need for a continued commitment by the authorities to reform. In this context, a discussion of the usefulness of standards and codes placed considerable emphasis on the importance of upgrading national accounting and auditing standards and corporate governance practices. A number of participants felt that broader representation in the development of standards and codes would be desirable.

Participants expressed continued interest in issues related to the role of hedge funds in financial markets and the implications of recent changes in that industry for the ongoing review of the implementation of the FSF's earlier recommendations ('Report of the Working Group on Highly Leveraged Institutions' March 2000), which is expected to finish by March 2002.

Participants thanked the Japanese Ministry of Finance for its hospitality. They expressed interest in future regional FSF meetings.

Note for editors. The FSF was established in February 1999 to promote international financial stability through enhanced information exchange and international co-operation in financial market supervision and surveillance. It brings together on a regular basis national authorities responsible for financial stability in significant international financial centres, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSF is chaired by Andrew Crockett, General Manager of the Bank for International Settlements, in a personal capacity.

The objective of bringing together regionally based Forum members and non-Forum members is to allow an exchange of views of potential vulnerabilities from a regional perspective, brief non-members on the Forum's discussions and enable non-members to inject views and perspectives on the Forum's work. A listing of the institutions represented at today's meeting is attached.

For further information on the FSF, its membership, the activities of its working groups and previous FSF meetings, please visit the FSF web site at www.fsforum.org.

FINANCIAL STABILITY FORUM

FSF Asia-Pacific Regional Meeting

List of Institutions Represented

Tokyo, 18 -19 October 2001

Australia	Treasury Reserve Bank of Australia Australian Prudential Regulation Authority
China	Ministry of Finance People's Bank of China
Hong Kong SAR	Hong Kong Monetary Authority
India	Reserve Bank of India Securities & Exchange Board of India
Indonesia	Indonesian Capital Market Supervisory Agency
Japan	Ministry of Finance Bank of Japan Financial Services Agency
Korea	Ministry of Finance and Economy Bank of Korea
Malaysia	Securities Commission Malaysia
New Zealand	Reserve Bank of New Zealand
Philippines	Banko Sentral ng Pilipinas
Singapore	Monetary Authority of Singapore
Thailand	Bank of Thailand
United States	Board of Governors of the Federal Reserve System
European Central Bank	
Asian Development Bank	