

Press release

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Second FSF regional meeting with Latin American authorities

The Financial Stability Forum (FSF) today held its second regional meeting with Latin American countries at the Central Bank of Brazil in Rio de Janeiro. Senior representatives from finance ministries, central banks, and supervisory and regulatory authorities from 11 FSF member and regional countries attended the meeting. A list of participating institutions is attached.

Participants exchanged views on **vulnerabilities in financial systems** from both a global and a regional perspective and noted that financial systems have shown significant resilience. They agreed that the improved economic outlook should create a more benign financial stability environment in the period ahead, supporting capital flows to the region. Although the Argentine crisis had had little direct immediate impact on the regional economy, participants from the region warned of the potential consequences of a prolonged crisis and a failure to resolve it quickly. Participants expected a strong signal from the Argentine authorities to reverse prior policy actions that had aggravated the crisis.

The meeting also addressed the issues arising from the collapse of Enron and other **recent large corporate failures and the need for reform**. Participants observed that these issues were also relevant to Latin America and underscored the importance of reinforcing market foundations through sound practices in corporate governance, improved audit quality, and strengthened independence of oversight and enforcement institutions. Moreover, it will be equally important to reinforce transparency in the financial and non-financial sectors both for parent companies and local subsidiaries throughout the region.

The meeting also reviewed the focus of ongoing **work to strengthen financial systems and progress made in combating money laundering and terrorist financing** by international bodies and efforts within the region. Efforts within the region centre on the implementation of international bank and insurance supervisory standards and international principles for securities market regulation, in many cases following up on recent IMF/World Bank Financial Sector Assessment Programs (FSAPs). Regional participants underscored the importance of participation by emerging market economies in the setting of new international standards.

Participants thanked the Central Bank of Brazil for its hospitality and 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 cooperation 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. Andrew Crockett, General Manager of the Bank for International Settlements, chairs the FSF in a personal capacity.

The objective of bringing together Forum members and regional representatives is to allow an exchange of views on potential vulnerabilities from a regional perspective, brief regional authorities on the Forum's discussions and enable them to inject their views and perspectives on the Forum's work.

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

**Second FSF Latin American Regional Meeting
29 & 30 April 2002, Rio de Janeiro, Brazil**

- List of Participating Institutions -

Chairman	Mr Andrew Crockett Financial Stability Forum
Argentina	Central Bank of the Republic of Argentina
Brazil	Ministry of Finance Central Bank of Brazil Securities & Exchange Commission of Brazil
Chile	Central Bank of Chile
Colombia	Bank of the Republic of Colombia
Mexico	Bank of Mexico National Banking & Securities Commission (CNBV)
Peru	Central Reserve Bank of Peru Banking Supervision Agency
South Africa	Reserve Bank
Spain	Ministry of Economy Bank of Spain
Venezuela	Banking Supervision Agency
Canada Department of Finance	
US Board of Governors of the Federal Reserve System	
International Monetary Fund	
World Bank	
Basel Committee on Banking Supervision	
International Association of Insurance Supervisors	