

Proposals submitted by Switzerland on Chapter VI. Addressing Systemic Issues

Drafting sessions on the draft outcome document for the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

24. October 2008

52.

The emergence of new and highly globalized financial instruments is changing the nature of risks in the world economy. It is important that regulatory agencies in cooperation with the IMF, the Financial Stability Forum (FSF) and other agencies, both public and private, examine the factors that might increase systemic risks and trigger systemic crisis, **including [DELETE: in particular]** the various unregulated activities in international financial markets with a view to assess whether further regulation at the national and international levels is necessary.

56.

Most efforts in the formulation of standards and codes have taken place **firstly at national level [DELETE: outside the multilateral system]**. It is crucial to ensure an effective and equitable representation of developing countries in standards and norms-setting bodies. While these bodies have increased consultation with some countries, more should be done to broaden the participation. We recognize that the implementation of standards and codes in developing countries with less advanced financial systems should be flexible.

57.

[We recognize that changes in the governance regime of the global economic and financial institutions are needed. The agreement regarding the recent quota review in the IMF is a step in the right direction, yet greater efforts need to be exerted to increase the voice and participation of developing countries on the board. It is also important to examine conditions by which only a few members can at times block key decisions. The World Bank and other entities such as the FSF and the Basel Committee should consider taking similar steps to achieve a more equitable participation of all members of the international community; the same applies to other bodies engaged in international economic decision-making.]

58.

[Taking note of recent proposals, we acknowledge the need to convene a major international conference to review the international financial and monetary architecture and global economic governance structures. We thus invite the International Monetary and Financial Committee to include this subject in the agenda of its next meetings, and to make appropriate recommendations to the IMF Board of Governors and the international community.]