The Basel Committee on Banking Supervision

The Basel Committee on Banking Supervision (BCBS) sets the guidelines for worldwide regulation of banks. It is the forum for agreeing international regulation on the conduct of banking. Based on special access to the archives of the BCBS and interviews with many of its key players, this book tells the story of the early years of the Committee from its foundation in 1974/5 right through until 1997 – the year that marks the watershed between the Basel I Accord on Capital Adequacy and the start of work on Basel II. In addition, the book covers the Concordat, the Market Risk Amendment, the Core Principles of Banking and all other facets of the work of the BCBS. While the book is primarily a record of the history of the BCBS, it also provides an assessment of its actions and efficacy. It is a major contribution to the historical record on banking supervision.

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The Basel Committee on Banking Supervision

_A History of the Early Years, 1974–1997_

Charles Goodhart
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In May 2004 Professor Charles Goodhart wrote to the then General Manager of the Bank for International Settlements (BIS), Dr Malcolm Knight, proposing that he would compose a history of the early years of the Basel Committee on Banking Supervision (BCBS), 1975–97, with the cut-off date excluding all discussions on Basel II. He asked for permission to see the files from the archives in the BIS for these years, while at the same time offering to show all his drafts to the relevant central banks and supervisory experts prior to publication, and to take into account their comments.

This was, in several respects, a difficult issue. While the BIS is, in principle, in favour of providing such historical assessments, in practice it does not control the copyright to the archives of the BCBS. The BCBS is a standing committee of the central bank Governors of the G10 countries, who meet at the BIS in Basel. Copyright and access to the archives rests with the BCBS itself and through it to the G10 Governors and central banks.

In the event these central banks, and members of the BCBS, were willing to give permission to view the relevant archives, subject to having the opportunity to review the archives beforehand and to remove from them such documents as they regarded as still being inappropriate for historical reporting in public, as well as having the opportunity to review and to comment on the draft in advance of publication.

Some papers were thus winnowed, but only a very small minority. When reading the early drafts, every attempt has been made to ensure the accuracy of the factual reporting. The interpretation of such facts, and the judgements about the merits, or otherwise, of the work of the BCBS remain, however, with the individual author, that is Professor Goodhart. The fact that the author has been given (restricted) access to these archives, and support by the BIS, does not imply that the BIS, BCBS or the member central banks would necessarily share those interpretations and judgements. Indeed in a few cases they almost certainly would not do so. Even so, we believe that this work will provide
Foreword

NOUT WELLINK

Chairman of the Basel Committee on Banking Supervision

a useful background and extension to the understanding of the history and conduct of financial regulation in general, and of the work of the BCBS in particular.
I became 65 in October 2001 and retired from my position, as Norman Sosnow Professor of Banking and Finance at the London School of Economics (LSE), in July 2002. By 2004 I was beginning to wonder how I might usefully fill the many prospective years of retirement that enhanced life expectancy indicated might lie ahead.

So in 2004 I took the initiative of writing to the then General Manager, Malcolm Knight, of the Bank for International Settlements (BIS) to propose that I prepare a history of the early years of the Basel Committee on Banking Supervision (BCBS). I had always been fascinated by financial history; my Harvard PhD had been about the 1907 banking crisis in the USA. The historical development of financial regulation in general and of the BCBS in particular were important topics that had not, in my view, been sufficiently researched.

Malcolm Knight was both welcoming and supportive and my first thanks are to him. Indeed all the staff of the BIS were equally welcoming and I was even given a room there for my work. I am particularly grateful to Elizabeth Koehl for handling the administration details so efficiently. But there was a problem. The archives of the BCBS were not the property of the BIS. The BCBS was a standing subcommittee of the G10 governors of central banks, who meet regularly at the BIS at Basel (see Toniolo and Clement 2005). While the BIS provided the meeting place and administrative and secretarial support functions, the BCBS’ papers and archive belonged to the BCBS itself and through them to the G10 central banks.

My request to access their papers needed to be passed on to the BCBS itself and to their parent central banks. So my second set of thanks is to the BCBS itself, its chairmen, Jaime Caruana and Nout Wellink, and its Chief Secretary, Stefan Walter, and through them also to the parent central banks. I had promised to send all the central banks a copy of my text, which I did in July 2009, though only a few came back to me with any comments. There was, however, one proviso, that all members of the BCBS could preview the archives and remove, in advance of my use
of them, any which were felt, by any one of them, to be too sensational or still too confidential for my eyes.

This turned out to be a blessing in disguise for me. The reports of BCBS meetings virtually all had both a ‘Short Report’, setting out what was decided and why, and an ‘Informal Record’, giving a brief account of what everyone said at each, usually two-day, meeting. These latter had all been winnowed. The Short Reports were usually about 4–5 pages long, whereas the Informal Records were often over 50, or even 100 pages long. Since there were some 83 BCBS meetings during this period, such winnowing reduced my necessary reading load dramatically, perhaps halving it, without obscuring, I believe, my ability to follow the main lines of development and their rationale significantly.

Even so, going through the BCBS’ (winnowed) archives was quite an effort and I was privileged to have been accorded that opportunity. So, I thought it behoven to the BIS, to the BCBS and to future historians to make it less necessary for others to follow my path in this respect by reproducing what I have felt to be the key documents from the archives, mostly in long Appendices to each chapter. Future historians can read it here rather than need to go to the BIS themselves. Similarly, in the chapters themselves I have tried to present the main story as the BCBS saw it themselves. So there is much ‘cut and paste’. While I do not hide my own views, I did not want them to obtrude in the main text (except in Chapters 14–17, and at the end of most of the previous chapters).

One of the reasons for writing this history now is that most of the main protagonists are still alive and in good shape. A few had died earlier, Huib Muller and Chris Thompson, and Michael Dealtry died in 2006; and a few were in no shape to talk to me. Like most committees, the BCBS has been run by its Chairmen and secretaries. My next set of thanks is to the BCBS’ Chairmen in these years, George Blunden, Peter Cooke, Gerald Corrigan, Tommaso Padoa-Schioppa and Tom de Swaan, all of whom I bludgeoned into part-writing their own short biographies in Chapter 3, and particularly to Peter Cooke. I also got much valuable assistance from the BCBS’ Secretariat, especially Michael Dealtry before he died, Erik Musch, and especially and particularly from Charles Freeland, who really should have written this instead of me. I would like to dedicate this book to the memory of Huib Muller and Michael Dealtry, two outstanding public officials.

Being an ex Bank of England official myself and living in London, it was easiest for me to discuss the BCBS’ history with other Bank and British officials who had participated in the establishment or activities of the BCBS. In this category I am grateful to Sir Kit McMahon, Rodney Galpin, Robin Hutton, who died in 2007, Colin Powell (of Jersey) and
Brian Quinn for sharing their insights with me. If this book has an excessively British slant, so be it.

Archives do not just open up for the historian at the right page. They need to be carefully prepared. Here my thanks go to the set of archivists who helped me on my way, first and foremost to Edward Atkinson and Piet Clement at the BIS, but also to Sarah Millard at the Bank of England, to Arnoud Glaudemans of the Nedelandsche Bank and to Danielle Mander of the Commission de Surveillance du Secteur Financier in Luxembourg.


Finally my thanks go to those whom I asked to read and comment on some, or all, of the text, notably Kern Alexander and Rosa Lastra, especially on legal issues, and to Ethan Kapstein on international relations, and also to Ian Bond, Ivo Maes and Brian Quinn. I must also thank my research assistant, Burc Tuger, for checking on factual details, my secretary, Marina Emond, for the herculean task of preparing this book for publication, and my wife, Miffy, for almost everything other than this book. It goes without saying that all errors of fact and judgement remain my own responsibility.
Most people working in the financial sector have heard of the Basel Committee on Banking Supervision (BCBS), and have a reasonably good idea what it does, notably its responsibility for the Accords on Capital Adequacy, commonly known as Basel I and Basel II. Not so many know that the BCBS is a Standing Committee set up by, and reporting to, the central bank Governors of the G10 group of countries. Few would probably be able to name any of the other (in 2008 three) Standing Committees of the G10 Governors, or be able to describe what they did. Indeed, the name of each current Chairman of the BCBS has become probably better known worldwide than is the identity of the contemporaneous President of the G10 governors, and possibly better known than that of the contemporaneous General Manager of the Bank for International Settlements, at whose headquarters in Basel, Switzerland, the BCBS, G10 governors, and so on, meet, and which provides the Secretariat for all these groups. The names of the consecutive Chairmen of the BCBS, the Presidents of the G10 governors’ committee and the General Managers of the BIS during the years covered by this book (1974–97) are recorded in Appendix A of this chapter.

In short, the BCBS has become publicly well known, even famous; in some respects it is now perhaps the best-known member of the collection of BIS groups and institutions. How did this happen? It is a truism that finance and financial markets have become international, global, in scope whereas the regulation, supervision and control of financial systems have remained national, subject to national legislation and jurisdiction. This basic contrast has inevitably caused, and continues to cause, all kinds of tensions about competition between financial institutions headquartered in different countries (the ‘level playing field’ issue), about the coverage of supervision of international banks, about the relative responsibilities of home v. host regulators/supervisors, and so on. In particular, the level playing field issue meant that no single country could tighten its own financial regulations unilaterally without finding that its own banks might lose their competitive edge vis-à-vis
their international rivals, certainly abroad and even possibly at home. The domestic banks could then become subject to a process known as disintermediation, whereby the more toughly regulated institutions lose business to their more lightly regulated competitors. This has meant that unilateral domestic regulation would normally be vehemently opposed by that country’s (international) banks. Since regulation, to be effective, does generally need the acquiescence of the regulated, at least up to a point, this has meant that financial regulation has to be coordinated on an international basis.

This tension between the need for international harmonisation and national jurisdiction has been particularly marked within the European Union, and finding ways to overcome this tension has been a leitmotif of the European Commission. So the BCBS has usually operated in tandem, at least since the mid-1980s, as will be described subsequently in Chapter 5, with complementary groups acting at the EU level, such as the Groupe de Contact and the Banking Advisory Committee (BAC). Nevertheless, given the leading role of US financial intermediaries in the world’s financial system, and the large role of those from Japan, it was clearly preferable to agree on a common regulatory basis between Europe, North America and Japan, rather than for the Europeans to follow an entirely separate approach that might be unacceptable to their American and Asian colleagues.

While the various strictly European bodies, such as the BAC, would most often be discussing identical issues simultaneously with the BCBS, for example on supervisory consolidation, capital adequacy, maturity mismatch in the Euromarkets, and so on, it became in practice the BCBS where the main decisions were taken, with the EC Directives transcribing the positions agreed within the BCBS. This is not to suggest that the BCBS overrode European concerns; rather the reverse. Seven of the ten members of the G10 were European (Belgium, France, Germany, Italy, Netherlands, Sweden and the UK). Switzerland also became a member of the G10 governors, not only as host country to the BIS but also as a contributor to the International Monetary Fund’s (IMF) General Agreement to Borrow (GAB), and so participated in all the Standing Committees. Finally, for special reasons that will be recorded in Chapter 2, Luxembourg, although not a member of the G10 governors, did send a participant to both the BCBS and to the Euro-currency Standing Committee. So the European contingent was numerically dominant on the BCBS (nine out of twelve, the other three being Canada, Japan and the USA). European concerns were always fully voiced.

The initial emergence of the global financial system, following decades when exchange controls and other restrictions confined and
constrained financial institutions to operate primarily within their own domestic economy, appeared in the guise of the rapidly developing euro-currency market in the 1960s. This free and international market frightened many, including economists, central bankers and politicians, concerned that they might lose the control that they had previously wielded. Some economists feared that a system of deposits without any required reserve base might spiral out of control; some central bankers feared that the resulting monetary expansion would be inflationary; some politicians (and central bankers) feared that this huge and internationally mobile stock of funds could threaten the maintenance of the Bretton Woods system of pegged (but occasionally adjustable) exchange rates. All this is set out in greater detail in Chapter 2.

Be that as it may, the central bank Governors were sufficiently concerned about all this to set up the special, separate Euro-currency Standing Committee, one of the first such committees, in April 1971. The remit of this Committee was to study the macro-economic and international financial implications of this new, fast-growing market. This Committee has continued to this day to explore and to report to the G10 governors on international macro and financial developments. As such international markets have changed, so has the formal name of this Committee, and it is now known as the Committee on the Global Financial System.

The years 1973/4 were among the most disturbed in the second half of the twentieth century. The Arab/Israeli war in 1973 led to a quadrupling in the price of oil, and raised the question of how the sudden huge oil revenues could be recycled to the oil-importing countries. This led to a reconsideration of the role of the Eurodollar system. It was now viewed, not so much as a threat to macro-stability, but as a vital component of the necessary global recycling process. But was the Eurodollar market, and the banks that ran it, structurally strong and sound enough to do this without putting the whole system at risk?

That question was given immediacy and greater urgency by the failure of a (smallish) German bank (Bankhaus Herstatt) on 26 June 1973.

1 The Euro-currency Standing Committee was the first BIS-based G10 committee to be set up explicitly by a decision of the Governors at their meeting of April 1971. However, the Gold and Foreign Exchange Committee (now: Markets Committee) predates the Euro-currency Standing Committee. It evolved from the gold and foreign exchange experts’ group created in 1961 to monitor the gold market (and administer the Gold Pool), and in fact became a G10 committee when representatives from Canada, Japan and Sweden joined the group. So although there was no formal Board decision creating the Gold and Foreign Exchange Committee as a G10 committee, it has in practice been operating as a G10 committee since 1964 (see Toniolo and Clement 2005, p. 365).
This was not a major player in the Euromarkets, but had taken out large positions in the foreign exchange market, which was one of the reasons for its collapse. By misadventure, it was closed in Germany before its foreign exchange (fx) positions in New York were settled. The liquidator of Herstatt then refused to make payments on its spot US$ positions. This badly rattled the fx market, which almost closed for several days.

Although this debacle related to the structure of the fx market (where the basic problem became known as Herstatt risk and was not finally settled until almost thirty years later with the establishment then of the Continuously Linked Settlement (CLS) system), rather than to the structure of Euromarkets and international capital transfers, it forcibly reminded everyone of the inherent fragility of these latter systems, on which the world’s economy was now becoming so reliant. Under strong prodding from leading politicians (outlined in Chapter 2), the central bank Governors, in some cases somewhat unwillingly, were put under pressure to come up with mechanisms and procedures to maintain stability in the international financial system.

The focus of this new commitment and work was to be on the systemic stability front, concerned with the structure of institutions and their supervision, in effect micro-focused. This required a different focus from the macro approach of the existing Euro-currency Standing Committee, and, in particular, a different cast of specialists, notably including bank supervisors. In many countries in the G10 group bank supervision was carried out by a different authority than the central bank. This was then so in Belgium, Canada, Japan, Sweden and Switzerland, and to a degree in France, Germany and the USA. The institutions represented in the BCBS at the end of our period, 1997, are recorded in Appendix B of this chapter; there is further discussion of such representation in Chapter 3. This would be the first time that non-central bank representatives would serve on a G10 governors’ standing committee. For all these reasons the G10 governors set up a new separate committee to handle this remit.

Having played quite a large role in prodding the G10 governors into setting up the BCBS, the politicians then largely retired from the scene, apparently content that there had been an international expert body established to deal with the complex technical issues of handling the

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2 The concurrent problems of the Fringe Banks in the UK (see Reid 1982) and of Franklin National, earlier in May 1974, in the USA added to the general ambience of concern about financial stability but were less germane to the specific international issues.
interface between international and domestic financial stability issues. Indeed, the politicians thrust the arising problems in the direction of the BCBS.

In particular, the 1982 crisis, when Mexico, Argentina and Brazil all threatened to default, revealed the insufficiency of (US) money-centre banks’ capital reserves, and Congress passed an International Lending Supervision Act (ILSA 1983) to tighten up on banks’ procedures, to enhance supervision and to raise capital standards (see, for example, Solomon 1995, pp. 247, 418–19; Markham 2002; and Tomz 2007). But Congress was made well aware that unilateral action to raise US banks’ required capital ratios, on their own, could act as a competitive penalty in their international business, especially vis-à-vis the Japanese banks, which were seen as a major competitive threat at that juncture. So Chairman Volcker of the Federal Reserve Board (Fed) was effectively mandated to go to the G10 governors’ meeting to seek the establishment of some internationally ‘functionally equivalent’ capital adequacy requirement (CAR).

The search for an international agreement on CARs was, naturally, passed on to the BCBS, who had been working on this subject, on and off, already for several years (see Chapter 6). This remit had both disadvantages and advantages. The disadvantage was that, hitherto, the BCBS had operated by achieving consensus on best practice, for example on consolidated supervision; once such agreement was reached, the BCBS would advise the G10 governors to recommend the adoption of such practices domestically. The problem with the new remit was that existing practices and attitudes towards CARs were sufficiently distinct in a few key respects in several major countries to make the achievement of a general consensus well nigh impossible; and the ethos of the BCBS was always to try to find such common ground. That meant that progress there was slow; this was one reason for the separate adoption of a common UK/US accord on CARs in the autumn of 1986, which had the (intended) effect of putting considerable extra pressure on the BCBS to agree to a compromise solution, which involved several of those concerned giving up some ground on their own previously preferred positions.

The advantage to the BCBS (if it can, indeed, really be considered such) was that it subtly shifted its role from being a body which made recommendations to its respective Governors, to being a body which formulated regulations to be applied to banking systems both within the G10 and much more widely, especially throughout the whole of the European Union. The BCBS always emphasised that it had no formal legal role whatsoever, and especially that it could apply no sanctions to
any country failing to implement its proposals (the question of sanctions for any such failures appears never to have been discussed in the BCBS during these years – it was outside the locus of the Committee). That said, the 1988 Basel Accord on capital adequacy, or Basel I as it is now normally known, involved regulations that needed to be transposed by the various national and regional authorities, for example in the EU, into law. The whole question of the legal position of the BCBS is reviewed further in Chapter 14.

Be that as it may, questions concerning the interface between the international nature of banking and the domestic character of financial regulation/supervision otherwise faced a political/economic/legal vacuum at this time. It was this vacuum that the BCBS filled, and between the BCBS’ foundation in 1975 and 1995, it was largely left without much outside political direction. In 1995 the politicians revisited this subject, with expressions of growing concern on the financial stability of emerging economies, starting with the Halifax G7 summit, but continuing through to the end of the period of this book (1997).

By 1997 the BCBS was well established with several striking successes to its name, for example the Concordat, and had become, following the successful adoption of Basel I, the primary source for international banking regulations. Moreover, the BCBS had encouraged and facilitated the formation of satellite groups of regional banking supervisors, many from emerging economies, in various parts of the world (see Chapter 5) and had begun to run training programmes for them. Even so, the BCBS tended then to see its core function as providing a regulatory structure for the international role of banks from the developed world. So, when the call first came from the G7 politicians to devise a regulatory/supervisory framework for the wider, emerging economies, there was initially some reluctance within the BCBS to see this as part of its own role. No doubt in part because the alternative was for the IMF to take over this role, views within the BCBS changed rapidly. Indeed, the compilation and agreement on ‘The Core Principles of Banking Supervision’ was achieved in record time in 1996/7 (see Chapter 8).

The end of 1997 is the date at which this history ends. It represents a high point for the BCBS. The Concordat and Basel I had been fully and successfully implemented. The Market Risk addendum to Basel I, allowing banks to use their own models to assess market risk in their Trading Books, had been introduced in 1996, to general applause, (see Chapter 7). The Core Principles had been promulgated, and a division of responsibilities (tacitly) agreed with the IMF/World Bank (WB), whereby the BCBS would formulate the proposed regulations while the IMF/WB would undertake checks on their implementation via the Financial Sector Assessment Programmes (FSAPs).
In 1997 a new subcommittee of the BCBS was established with the remit of thinking about the next stage of credit risk and capital adequacy regulation. But the Basel II exercise, which was to become the focus of so much of BCBS work in subsequent years, had yet to start. This latter is too recent, and for the time being too contentious, to become the subject of a historical study such as this. So for all these reasons the end of 1997 has seemed a good finishing date.

The Basel Committee on Banking Supervision did not carry that same name throughout its history. Like several of the other Standing Committees of the G10 governors, its nomenclature changed over time. At its inception it was given the title of the Basle Committee on Banking Regulations and Supervisory Practices. This was rather a mouthful, and there was no accompanying catchy acronym. So, the Committee came to be known by other shorter names. In the UK certainly, and perhaps in other countries, it was better known in its earlier years by the name of its (British) Chairmen, first the Blunden Committee (1975–77) and then the Cooke Committee (1978–88). More neutrally, it increasingly began to be referred to as the Basle Supervisors Committee, or the Basle Committee on Supervision. In 1985 the Committee discussed a note proposing that the name be shortened to the Basle Supervisors’ Committee, but took no action. Then in 1989 the (BIS) Secretariat put forward a note to the Committee, now under the chairmanship of H. Muller of the Nederlandsche Bank, proposing some alternative names, to replace the original longer name, and the Basle Committee on Banking Supervision emerged as the generally agreed choice (see ‘Report on International Developments in Banking Supervision’, BCBS, September 1990, Chapter 1, Footnote 1). Notice that the spelling of Basle was Anglophone. The good burghers of Basel, which is in the German-speaking part of Switzerland, preferred, however, that Basel be spelt according to local custom, and so, in 1998, during negotiations (of the tax treaty) with the local government, it was agreed to do that, and so the name changed once again to its present and current form. Rather than confuse matters by referring to the Committee by the title currently in use at each moment, this record will try to simplify matters by calling it by its latest, and current, name, the Basel Committee on Banking Supervision, or even shorter by its acronym, the BCBS.

The way in which this book is organised is as follows. It starts with two chapters setting the scene, Chapter 2 on how and why the BCBS was set up, and what went before, and then Chapter 3 on its membership

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3 As Rosa Lastra has reminded me, the BCBS has become above all a regulatory body, a standard-setting institution. Hence, the word ‘regulation’ in its title (as at its inception) would have been more appropriate to define its role than the word ‘supervision’.
and operations. This is followed by eight chapters on what the BCBS did, its main work. The chapters each focus on a main topic, but each chapter then follows its own separate chronological order. In recording what the BCBS did, I aim intentionally to allow it to speak for itself. So, as already noted in the Preface, there is much ‘cut and paste’ here, and even longer Appendices. No committee operates in a void, so Chapters 12 and 13 cover the BCBS’ interactions with counterparties, first with banks and other banking regulators and then with non-bank oversight and supervisory bodies. In a sense Chapters 2 to 13 are meant to be a quasi-official historical record. In contrast, the last four chapters, which are also much shorter, are commentaries, from a legal perspective (Chapter 14), from an international relations viewpoint (Chapter 15) and from an economics, social science, stance (Chapter 16), ending with a brief epilogue (Chapter 17).

### Appendix A

#### 1975–1997

<table>
<thead>
<tr>
<th>Year</th>
<th>Chairman of the BCBS</th>
<th>President of G10 governors’ committee</th>
<th>General Manager of the BIS</th>
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<tr>
<td>1975 76</td>
<td>Blunden (Bank of England)</td>
<td>Zijlstra (Nederlandsche Bank)</td>
<td>Larre</td>
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<td>77 78 79</td>
<td>Cooke (Bank of England)</td>
<td>Richardson (Bank of England)</td>
<td>Schlieminger</td>
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<td>1980 81</td>
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<td>Pohl (Deutsche Bundesbank)</td>
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<td>82 83</td>
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<td>Lamfalussy</td>
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<td>84 85 86</td>
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<tr>
<td>87 88 89</td>
<td>Muller (Nederlandsche Bank)</td>
<td>De Larosière (Banque de France)</td>
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<td>1990 91</td>
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<td>92</td>
<td>Corrigan (FRBNY)</td>
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<tr>
<td>Year</td>
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<td>President of G10 governors’ committee</td>
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<tr>
<td>93</td>
<td>Padoa-Schioppa (Banca d’Italia)</td>
<td>Crow (Bank of Canada)</td>
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<td>94</td>
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<td>Tietmeyer (Deutsche Bundesbank)</td>
<td>Crockett</td>
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<td>97</td>
<td>De Swaan (Nederlandsche Bank)</td>
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Handover date to the nearest calendar year.

### Appendix B

**List of member institutions in 1997**

Belgium – Central Bank Commission Bancaire, Financière et des Assurances

Canada – Central Bank Office of the Superintendant of Financial Institutions (OSFI)

France – Central Bank Commission Bancaire

Germany – Central Bank Bundesaufsichtsamt für das Kreditwesen (BaKred)

Italy – Central Bank

Japan – Central Bank Ministry of Finance

Luxembourg – Institut Monétaire Luxembourgeois

Netherlands – Central Bank

Sweden – Central Bank Financial Supervisory Authority

Switzerland – Central Bank Eidgenössische Bankenkommission (EBK) (Swiss Federal Banking Commission)

UK – Central Bank

USA – Board Fed NY Office of the Comptroller of the Currency (OCC) Federal Deposit Insurance Corporation (FDIC)