



## Core principles for effective banking supervision

**April 1997**

The Basle Core Principles have been drawn up by the Basle Committee in close collaboration with the supervisory authorities in fifteen emerging market countries and have benefited from broad consultation with many other supervisory authorities throughout the world.

The Principles represent the basic elements of an effective supervisory system. They are comprehensive in their coverage, addressing the preconditions for effective banking supervision, licensing and structure, prudential regulations and requirements, methods of ongoing banking supervision, information requirements, formal powers of supervisors and cross-border banking.

The Basle Core Principles are intended to serve as a basic reference for supervisory and other public authorities worldwide to apply in the supervision of all the banks within their jurisdictions. Following due consultation, supervisory authorities throughout the world will be invited to make a formal endorsement of the Core Principles, not later than October 1998. Endorsement will include an undertaking to review current supervisory arrangements against the Principles and to set a time-table for addressing any material deficiencies. The speed with which changes can be introduced will vary, depending on whether the supervisory authorities already possess the necessary statutory powers. Where legislative changes are required, national legislators will be requested to give urgent consideration to the changes necessary to ensure that the Principles can be applied in all material respects.

In parallel with the Basle Core Principles, the Basle Committee will also shortly release for information a three-volume Compendium of its existing recommendations, guidelines and standards. This has been prepared in order to supplement the Principles, which contain cross-references to the Compendium documents where appropriate.

The text of the Principles can be obtained from the BIS Web Site on the Internet at <http://www.bis.org> with effect from 9th April, from national supervisory authorities or from the Basle Committee Secretariat at the Bank for International Settlements. The Compendium will be available later in April.