

C20 Working Group on Financial Architecture, Market Regulation and Sovereign Debt: Position paper

Civil society is seriously concerned that with the instruments available today, financial crisis could not be averted, despite G20 commitments. Civil society urges the leaders to make the financial markets serve the real economy and regain democratic control over the sector of finance. G20 interventions into global imbalances and institutional and regulatory frameworks should achieve stability while decreasing income in-equality. The financial sector must bear its risks. Civil society is concerned over effectively regulating food price speculation and continues to advocate for the Financial Transaction Tax (FTT). Civil society requests the leaders of the G20 to:

Global imbalances	Establish upper limits for current account imbalances with surpluses and deficits of three percent of GDP and limit exports to certain thresholds Establish an effective global surplus recycling and deficits avoidance mechanism through an international clearing union for trade imbalances
SIFIs	Governments must bail-in share holders, large creditors and the firms' leadership but protect low- and mid-level saving deposits and employees A resolution fund with adequate reserves provided by the financial industry should absorb risks that cannot be covered by the creditors
Derivatives	Clearing houses must provide sufficient collateral for each transaction OTC- trading must be banned, derivatives' accounting harmonized State-insured deposit institutions must abstain from derivatives trading
Capital requirements	Capital buffers must be increased, a central role has the leverage ratio, compared to ratios based on risk- weighted assets, capital must consist of buffers based on equity. Minimum leverage ratio of at least 6 %, total capital requirements should be set beyond 15% especially, for SIFI's, Basle III must be hastened
Shadow banking	All actors with annual turnover of more than US\$100 million must be subject to the same regulation and supervision as commercial banks
Sovereign Debt	To guide a process of initial conceptualization and consensus building, a UN/G20 working group should be instituted
Global monetary system	Support diverse regional schemes for monetary and financial coordination Establish a new global reserve system that is not based solely on sovereign currencies Agree on a global framework agreement on capital account management
Quota reforms	Adopt a balanced approach to debtor and creditor indicators for IMF resources Adopt greater weight to PPP and population size of member countries Introduce a "double-majority voting system" where decisions are taken according to the quota as well as according to the number of countries supporting the decision

Finance for investment for development	Mobilize institutional investors', pension funds' and nat. development banks' liquidity ODA for leveraging private finance (including in PPPs) should not crowd out local credit markets Private investors using official finance must assume their fair share of risk Governments must monitor the impact of portfolio and FDI and implement appropriate social (labor), economic, cultural and environmental safeguards
---	---

Signatories:

Action from Ireland (Afri), Ireland

ADEPTTs, Czech Republic

AFASDA (Association Femmes Soleil d'Haiti), Haiti

Africa Development Interchange Network (ADIN)

ATTAC, Finland

Bread for the World, Germany

CAFOD, UK

Comision Nacional de Enlace, Costa Rica

Congregation of Our Lady of Charity of the Good Shepherd, USA

Council for NGOs in Malawi (CONGOMA), Malawi

Daughters of Charity of St. Vincent de Paul, USA

Development Network of Indigenous Voluntary Associations (DENIVA), Uganda

EDUCON, Czech Republic

Europe External Policy Advisors (EEPA)

FEMNET, Mali

Global Foundation for Democracy and Development, USA and Dominican Republic

INFID, Indonesia

Institute for Development Policy Research (IDPR)

International Presentation Association of the Sisters of the Presentation

Jubilee Debt Campaign, UK

Latin American Network on Debt, Development and Rights -LATINDADD

Leadership Team of the Sisters of the Presentation

Marianists International

Mwelekeo waNGO (MWENGO), Zimbabwe

New Rules for Global Finance

Passionists International, USA

Presentation Justice Network, Ireland

Presentation Sisters of Staten Island, New York, USA

Religious of the Sacred Heart of Mary NGO, United States

RUMPUN, Indonesia

Rural Area Development Programme (RADP), Nepal

Salesian Missions, Inc

Sisters of Charity Federation, USA

Sisters of the Presentation of the BVM

Social Agenda Working Group (Social watch, Thailand),Thailand

Social Justice in Global Development

Social Justice Ireland

Society of Catholic Medical Missionaries, USA

Somalia Social Watch

Stamp Out Poverty, UK

The Finnish NGDO Platform to the EU, Finland

UBUNTU - World Forum of Civil Society Networks

Voluntary Action Network India (VANI), India

World Democratic Governance project association, WDGpa, Spain

World Economy, Ecology & Development Assoc., Germany

Worldview Mission, Netherlands