

The “Towers of Basel”: The World’s Biggest Central Bank Has Private Shareholders

By [Washington's Blog](#)

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As I've [pointed out](#) for years, the Bank for International Settlements (BIS) is owned by the world's central banks, which are in turn owned by the big banks. See [this](#) and [this](#).

It turns out there may be a very interesting wrinkle to the private ownership issue.

By way of background, BIS is often called the “central banks’ central bank”, as it coordinates transactions between central banks, and which is the entity [determining](#) the level of reserves banks are required to keep worldwide.

As Spiegel [reported](#) in 2009:

The BIS is a closed organization owned by the 55 central banks. The heads of these central banks travel to the Basel headquarters once every two months, and the General Meeting, the BIS's supreme executive body, takes place once a year.

But as the New York Federal Reserve Bank currently [states](#) on its website:

As of March 2006, the BIS had 55 shareholding central banks from around the world. As of March 2006, the Bank's assets were approximately \$221 billion, including \$5.8 billion of its own funds.

When the BIS initially raised capital, participating banks were given the option to buy BIS shares or arrange for those shares to be bought by the public. Currently, 86 percent of the shares of the BIS are registered in the names of central banks, and 14 percent are held by private shareholders. The shares owned by private shareholders consist of part of the French and Belgian issues and all of the shares that were in the original U.S. issue in 1930.

So the private banks own the Fed (and most other central banks), and the central banks - and private shareholders - in turn own BIS, the global bank regulator.

It would obviously be very interesting to find out who these private shareholders are.

And to find out if the shareholders enjoy any special benefits. As Spiegel notes:

Formally registered as a stock corporation, it is recognized as an international organization and, therefore, is not subject to any jurisdiction other than

international law.

It does not need to pay tax, and its members and employees enjoy extensive immunity. No other institution regulates the BIS, despite the fact that it manages about 4 percent of the world's total currency reserves, or €217 trillion (\$304 trillion), as well as 120 tons of gold...

Central bankers are not elected by the people but are appointed by their governments. Nevertheless, they wield power that exceeds that of many political leaders. Their decisions affect entire economies, and a single word from their lips is capable of moving financial markets. They set interest rates, thereby determining the cost of borrowing and the speed of global financial currents.

Could that mean that the private shareholders owning 14% of the world's central bank have somehow been "grandfathered in", and are immune from taxes and other national rules? Wouldn't it be interesting to find out?

The New York Fed claims that the private BIS shareholders don't have voting rights:

All shareholders receive the Bank's dividends. However, private shareholders do not have voting rights or representation at the BIS annual meetings. Only a country's central bank or its nominee may exercise the rights of representation and voting.

This may or may not be true. It is common for powerful and wealthy people informally influence agency decisions. Just look at every captured financial regulator in the United States.

But whether or not the shareholders get special treatment or influence the decisions of the world's most powerful banking institution, it is still newsworthy that there are private parties with not insignificant ownership interests.

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