1. The Meeting of the BSEC Working Group on Banking and Finance was held on 29-30 September 1999 in Athens.

2. The Meeting was chaired by Mr. Theocharis PAPAMARGARIS, Director-Advisor, Bank of Greece.

3. The Meeting was attended by the following Member States of the BSEC:

   Republic of Albania
   Republic of Armenia
   Republic of Azerbaijan
   Republic of Bulgaria
   Georgia
   Hellenic Republic
   Republic of Moldova
   Romania
   Russian Federation
   Republic of Turkey
   Ukraine

4. The representative of the BSEC Business Council attended the Meeting as Observer.

5. The Meeting was also attended as guests by the representatives of the Black Sea Trade and Development Bank

The list of participants of the Meeting is attached as Annex I.
6. Mr. Theocharis PAPAMARGARIS made an opening speech.

7. The WG discussed and adopted the draft agenda of the Meeting. The agenda, as adopted, is attached as Annex II.

CONSIDERATION OF AN ACTION PLAN FOR THE WG ACTIVITIES PRESENTED BY THE COUNTRY-COORDINATOR

8. The Action Plan for the WG activities was presented by the Hellenic Republic. It was underlined that recent market evolution of transition economies in the region has created the necessary precondition for promoting cooperation in the field of banking activities among emerging financial institutions of the BSEC Member States.

9. The emphasis was made on the necessity to elaborate an appropriate implementation mechanism aimed at enhancing cooperation among the Member States, particularly by holding regularly on a rotation basis meetings between banks and financial institutions, harmonization of legislation, developing training programs in cooperation with other international organizations.

10. Having exchanged views on the content of the draft Action Plan, the participants expressed their appreciation to the Ministry of National Economy of the Hellenic Republic for the preparation of this comprehensive framework document and approved it. The text as amended is attached as Annex III.

11. They agreed that certain ideas and specific actions to be taken in the field of cooperation in banking and finance would be considered at the next meeting of the WG for further development of the Action Plan.

ELABORATION OF A STRATEGY FOR SECURING FINANCIAL RESOURCES FOR THE BSEC PROJECTS AND PROGRAMS AS WELL AS AN EXCHANGE OF VIEWS ON THE ESTABLISHMENT OF BSEC SPECIAL FUNDS

12. The participants recalled the decisions approved by the BSEC Subsidiary Bodies on the establishment of special funds in their specific areas of cooperation, namely:

- establishment of a special Fund for the implementation of projects aimed at stopping the destruction of the BSEC ecosystem (WG on Environmental Protection Meeting in Varna, November 1993);
- creation of a BSEC Scientific Fund to finance research projects of common interest, in accordance with the priority areas of economic cooperation (WG on Cooperation in Science and Technology Meeting in Yerevan, November 1994);
- setting up of the International Fund of Mutual Aid and Peace Initiatives of Rescue Services of the BSEC Countries (WG on Cooperation in Emergency Assistance Meeting in Borjomi, March 1999),

and exchanged views on possible sources of financing projects and programs of regional cooperation in the above fields.
13. The WG asked the PERMIS to provide the BSTDB with all the necessary information concerning the relevant decisions of the BSEC Subsidiary Bodies and to cooperate with the latter in obtaining financial resources for projects and programs of regional cooperation.

CONSIDERATION OF THE MODALITIES FOR BSEC-BSTDB INTERACTION

14. The participants appreciated the jointly elaboration by the BSEC PERMIS and the BSTDB of the draft Modalities for the BSEC-BSTDB Interaction and agreed it on with amendments. The text is attached as Annex IV.

15. They welcomed BSTDB’s willingness to consider and approve this document according to its internal procedures.

16. The Modalities for the BSEC-BSTDB Interaction shall be submitted to the Meeting of the Council of the Ministers of Foreign Affairs.

CONSIDERATION OF THE POSSIBILITY OF FOUNDING A UNION/ASSOCIATION OF THE BANKS OF THE BSEC MEMBER STATES

17. Upon the presentation of the Greek Banks Association, the participants exchanged views on the possibility of establishing a Union/Association of the Banks of the BSEC Member States. Having considered the idea as a very useful and practical step in general, the participants made the following suggestions:

- BSEC Member States might be represented in the above regional Union/Association by their respective national unions/associations of commercial banks;

- BSEC BC volunteers to encourage the participation of the commercial banks of the Member States in the regional Union/Association with an aim to assist them in resolving problems they may face in their practical activities in the BSEC region;

- Collection of information on the conditions of the state of the banking systems is the necessary precondition for further consideration of the matter;

- The growing interest of BSEC banking systems in considering further development of their activities in the BSEC area could become the driving force for establishing the association, subject to the consideration and decision of the Senior Officials in a future meeting.

18. In order to further develop the idea of establishing the regional Union/Association, the participants welcomed the willingness of the Greek Banks Association to prepare a background paper in this respect with the assistance of the BSEC PERMIS by the next Working Group Meeting.
19. With regard to the regional capital markets’ activities they took note with interest of the experience of functioning of the Federation of Euro-Asian Stock Exchanges (FEAS). The respective background paper is attached as Annex V.

**ANY OTHER BUSINESS**

20. The WG took note of a proposal of the Ukrainian Delegation on performing a paper on the harmonization of banking and financial law in the BSEC States.

21. It was agreed that the Ukrainian Center of Banking Law shall elaborate this proposal further and submit a respective background paper to the PERMIS for consideration at the next meeting of the Working Group.

**EXPRESSION OF THANKS**

22. The delegations expressed their sincere gratitude to the Government of the Hellenic Republic for hosting the Meeting and for the excellent arrangements as well as the warm hospitality extended to them.

**DATE AND VENUE OF THE NEXT MEETING**

23. The WG welcomed the offer of the Hellenic Republic to host the next meeting in Greece in January 2000.

**ADOPTION OF THE REPORT OF THE MEETING**

24. The WG adopted the report for submission to the Meeting of the Council of Ministers of Foreign Affairs in Thessaloniki.