Second Meeting 2010
20 May 2010
The Grand Hyatt Taipei
Taipei, Chinese Taipei

Meeting Paper 8-B
Update on Capacity-Building Initiatives

Australian APEC Study Centre at RMIT University
THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY BUILDING
SECOND MEETING 2010, 29TH MAY, TAIPEI, CHINESE TAIPEI

AGENDA ITEM 8: CAPACITY BUILDING FOR REGULATORY REFORMS IN
THE REGION’S DEVELOPING ECONOMIES

PAPER SUBMITTED BY KEN WALLER, DIRECTOR, AUSTRALIAN APEC
STUDY CENTRE AT RMIT UNIVERSITY (AASC)

At its last meeting the Advisory Group noted and endorsed a proposal by AASC and the Asia
Finance and Development Centre, Shanghai, for APEC Support Funding and funding from
the Melbourne APEC Finance Centre, for a training program for APEC policy makers and
financial system regulators, entitled “Implementing Financial System Regulatory Reforms in
the Region following the Global Financial Crisis”.

We are pleased to advise the Group that funding was approved and that arrangements are
now being implemented to convene the training course in Shanghai from 7/11th June.
Invitations to participate in the course have been issued to the following economies: Chile,
China, Indonesia, Malaysia, Mexico, Peru, PNG, Philippines, Russia, Thailand and Vietnam.

This course is timely, in light of the major reforms being proposed to banking systems. The
course will examine those reforms and encourage the promotion and implementation of them
as they are seen to be relevant to APEC regional economies.

A copy of the draft program, objectives and course structure is attached for information. A
final program and a report of outcomes will be presented to the Advisory Group later in the
year.

Participants in this Advisory Group have provided support not just for the proposal but in the
provision of expert speakers and presenters from both public and private sectors. AASC
and AFDC are most grateful for that support.

The quality of the program is a commendable reflection of the value of this Group in
advising on and supporting capacity building initiatives in the region.

Australian APEC Study Centre at RMIT University 29th April 2010
Implementing Financial System Regulatory Reforms in the Region Following the Global Financial Crisis

~ Training Program ~

7 – 11 June 2010, Shanghai, China

**Background:**

This training program is funded by the APEC Secretariat through the APEC Support Fund and by the Melbourne APEC Finance Centre (MAFC) and is being jointly implemented by the Asia-Pacific Finance and Development Center (AFDC) in Shanghai and the Australian APEC Study Centre.

**Objectives:**

The program is designed to i) enhance the understanding of policy and regulatory officials concerned with banking systems of APEC developing economies, of changes being proposed to financial systems regulatory approaches as a consequence of the global financial crisis, and ii) to encourage and promote the implementation of regulatory reforms relevant to the needs of APEC regional economies.

To achieve these objectives, the program will bring together experts from some regional regulatory agencies, the International Monetary Fund, the Asian Development Bank, the Bank for International Settlements, and senior representatives of the region’s banks, with participants from APEC regional economies, in interactive sessions, involving presentations, panel discussions and case study work.

**Structure of the program:**

An interactive training program will be convened over 5 days, 7-11 June 2010.

Each day will include five modules. The key issues under each module are outlined below. The course will also include case studies and panel discussions as a component of each module. The academic coordinator will be Mr. Ken Waller, Director of the Australian APEC Study Centre and MAFC in association with Dr. Li Kouqing, Director, AFDC. The design of the program will be undertaken in consultation with specialists from regulatory agencies and multilateral institutions.

**Economies involved:**

The training program will involve policy makers and mid to senior level regulators from Chile, China, Indonesia, Malaysia, Mexico, Peru, Papua New Guinea, the Philippines, Russia, and Thailand. Economies including Hong Kong, Singapore, and Japan will be invited on a self-paying basis.
### COURSE PROGRAM

#### DAY ONE ~ Monday 7 June 2010

**Venue:** TBC, Shanghai

<table>
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<tr>
<th>Time</th>
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<tr>
<td>8:45 – 9:00</td>
<td>Registration and administration matters – Centres Staff</td>
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| 9:00 – 9:30   | **Session 1** Orientation: Introduction to the Training Program. Welcome and outline of the program and its objectives  
**Presenter** Ken Waller, Australian APEC Study Centre |
| 9:30 – 11:00  | **Session 2** A review of major recent developments in the global finance crisis, and its consequences; failures and causes, and dealing with systemic risk, liquidity risk and strains on capital adequacy in banking systems  
**Presenters** Kevin Davis, Melbourne Centre for Financial Studies  
IMF, TBC |
| 11:00 – 11:20 | Morning tea / coffee break                                                |
| 11:20 – 12:45 | **Session 3** Presentations by participants on current regulatory responses to the crisis, in their economies |
| 12:45 – 13:45 | Lunch                                                                     |
| 13:45 – 15:15 | **Session 4** Broad responses to the stresses and challenges of the crisis by international standard setting bodies; including key recommendations from the Financial Stability Board, the Basel Group of Banking Supervisors – drawing out proposed reforms to Basel I and Basel II  
**Presenter/s** Jason George, Bank for International Settlements  
Kevin Davis, Melbourne Centre for Financial Studies |
| 15:15 – 15:30 | Afternoon tea / coffee break                                              |
| 15:30 – 17:00 | **Session 5** Regional bank regulators’ responses to emerging reforms proposed by the standard setting bodies  
**Presenter/s** Luo Ping, Director-General, Training Department, CBRC  
Ministry of Economy, Peru TBC |

**Reception** TBC

#### DAY TWO ~ Tuesday 8 June 2010

**Venue:** TBC, Shanghai

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<tr>
<td>8:50 – 9:00</td>
<td>Registration and administration matters – Centres Staff</td>
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| 9:00 – 10:30  | **Session 1** Assessment of proposed banking system reforms by a representative of the Institute for International Finance  
**Presenter/s** Mark Lawrence, TBC |
| 10:30 – 10:50 | Morning tea / coffee break                                                |
| 10:50 – 12:20 | **Session 2** Regional bankers’ perspectives on the impact of the implementation of proposed reforms to banking supervision  
**Presenter/s** HSBC, TBC  
Sha Fei, Assets and Liabilities Management Department, ICBC |

**Reception** TBC
### Session 3 12:20 – 13:00
Moderated panel discussion between regulators and private sector banking representatives on the benefits and disadvantages of proposed reforms

**Presenter/s**
- International Department, CBRC
- Sha Fei, Assets and Liabilities Management Department, ICBC
- Ministry of Economy, Peru TBC

| 13:00 – 14:00 | Lunch |

### Session 4 14:00 – 15:30
Review of the impact of reforms on credit risk management – academic and supervisory perspectives

**Presenter/s**
- JP Morgan Chase & Co, TBC
- Chen Shuangjie, Risk Management Department, ICBC

| 15:30– 15:50 | Afternoon tea / coffee break |

### Session 5 15:50 – 17:00
An assessment of the implications of proposed reforms on bank capital adequacy and the economic impact of higher capital charges on the region’s economies

**Presenter/s**
- Jason George, BIS
- Kevin Davis, Melbourne Centre for Financial Studies
- Ministry of Economy, Peru, TBC

### DAY THREE ~ Wednesday 9 June 2010
Venue: TBC, Shanghai

| 8:50 – 9:00 | Registration and administration matters – Centres Staff |
| 9:00 – 10:30 | The objectives, constraints and benefits of macro-prudential management

**Presenter/s**
- Research Department, CBRC
- Kevin Davis, Melbourne Centre for Financial Studies

| 10:30 – 10:50 | Morning tea / coffee break |
| 10:50 – 12:20 | An evaluation of key component parts of the concept of macro-prudential management

**Presenter/s**
- IMF, TBC
- PBOC, TBC

| 12:30 – 13:00 | Moderated panel discussion on lessons learned from the preceding two sessions dealing with macro-prudential management

**Presenter/s**
- IMF, TBC
- Kevin Davis, Melbourne Centre for Financial Studies
- PBOC, TBC

| 13:00 – 14:00 | Lunch |
| 14:00 – 15:30 | Stress testing as a major tool in regulatory supervision; objectives, relevance, skills and data requirements; managing results and expectations

**Presenter/s**
- Geof Mortlock, Senior Policy Manager, Policy Department, APRA

<p>| 15:30 – 15:50 | Afternoon tea / coffee break |</p>
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<thead>
<tr>
<th>Session 5</th>
<th>15:50 – 17:00</th>
<th>Moderated panel discussion on benefits and constraints of stress testing from regulatory and banking industry perspectives</th>
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<tr>
<td><strong>Presenter/s</strong></td>
<td>Geof Mortlock, Senior Policy Manager, Policy Department, APRA</td>
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<th>DAY FOUR ~ Thursday 10 June 2010</th>
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<td><strong>Venue: TBC, Shanghai</strong></td>
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<td><strong>8:50 – 9:00</strong></td>
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<td><strong>Session 1</strong></td>
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| **Presenter/s** | Liao Min, Director General, CBRC  
FSA Japan, TBC |
| **10:30 – 10:50** | Morning tea / coffee break |
| **Session 2** | 10:50 – 12:00 | Workshop continues. |
| **Presenter/s** | Liao Min, Director General, CBRC, TBC  
FSA Japan, TBC |
| **Session 3** | 12:00 – 12:30 | Moderated panel discussion on outcomes of preceding sessions 1 and 2. |
| **Presenter/s** | TBC |
| **12:30 – 13:00** | Lunch |
| **Session 4** | 13:00 – 14:30 | Key aspects that a supervisor should consider in assessing a bank’s capital model and in evaluating the utility of capital models – supervisor and banking industry perspectives |
| **Presenter/s** | ANZ, TBC  
Geof Mortlock, Senior Policy Manager, Policy Department, APRA  
FSA Japan, TBC |
| **14:30 – 15:00** | Afternoon tea / coffee break |
| **Session 5** | 15:00 – 16:30 | Impact of the crisis on Pillar 3 of Basel II; emerging responses and reforms as they impact on bank disclosure; understanding the role of credit ratings in the post crisis era |
| **Presenter/s** | ANZ, TBC |

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<th>DAY FIVE ~ Friday 11 June 2010</th>
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<td><strong>Venue: TBC, Shanghai</strong></td>
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<td><strong>8:50 – 9:00</strong></td>
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<td><strong>Session 1</strong></td>
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<th>Event Description</th>
<th>Presenter/s</th>
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<tr>
<td>10:30 – 10:50</td>
<td>Morning tea / coffee break</td>
<td>HSBC, TBC</td>
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<td>10:50 – 12:20</td>
<td>APEC regional responses to calls to intensify co-ordination between home and host supervisors; supervisory and banking industry perspectives</td>
<td>Geof Mortlock, Senior Policy Manager, Policy Department, APRA</td>
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<tr>
<td>12:20 – 12:50</td>
<td>Moderated panel discussion on preceding two sessions.</td>
<td>Geof Mortlock, Senior Policy Manager, Policy Department, APRA</td>
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<td>12:50 – 13:50</td>
<td>Lunch</td>
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<tr>
<td>13:50 – 15:20</td>
<td>Forum: identification of emerging issues for regional supervisors and for regional banks and measures to handle them; is the regional financial system architecture adequate for the changing financial system environment?</td>
<td>ANZ, TBC</td>
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<td>15:20 – 15:40</td>
<td>Afternoon tea / coffee break</td>
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<td>15:40 – 17:00</td>
<td>Facilitated panel discussion: identification of key lessons learned from the program and most critical capacity building needs to strengthen the region’s banking systems.</td>
<td>ANZ, TBC</td>
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