The development of deep, liquid and integrated capital markets in the region is an important but complex undertaking that will take time to accomplish. While various initiatives are already being undertaken to achieve this goal, there is scope for accelerating the process through greater private sector involvement and collaboration with public institutions. Three areas where the Asia-Pacific Financial Forum (APFF) is promoting undertakings involving such collaboration as part of the APEC Finance Ministers’ Cebu Action Plan are: (a) classic repo markets; (b) the legal infrastructure for risk mitigation in capital markets; and (c) financial market infrastructure and cross-border practices.

Developing classic bond repurchase (repo) markets is critical to the deepening of the region’s capital markets and the real economy. Repo markets play an important role in increasing liquidity in local currency bond markets, expanding the pool of available finance, mobilizing collateral regionally, reducing funding costs for governments, pension funds, asset managers and other long-term investors and offering hedging tools which contribute to risk management.

However, the development of classic repo markets in the region has been impeded by a number of legal and market issues. Accordingly, undertaking legal and regulatory reform is an essential component of this effort. It is important for the public and private sectors to work together to address this issue, because the impediments to developing a cross-border classic repo model span policy and regulatory issues, as well as market conventions and regional best practices.

Over the counter (OTC) derivatives also play critical roles in capital markets, as they are used by firms to manage balance sheet liabilities and cash flows as well as hedge various economic risks, including interest rate and foreign exchange risks. A number of new regulations introduced to improve transparency, mitigate systemic risk and prevent market abuse are changing the landscape for these instruments, including in ways not intended but posing challenges in terms of their impact on hedging costs, bid-offer spreads and ease of trading.

APFF aims to help policy makers and regulators identify and address key issues that affect the effectiveness and connectivity of OTC derivatives clearing houses
in the region. An important focus of this work is the legal and documentation infrastructure required to support safe, efficient markets. Contractual legal certainty and protection of collateral rights are vital building blocks that allow capital markets to facilitate capital investments, extend credit and provide business risk mitigation hedging tools. Key issues revolve around three areas: legal netting infrastructure, protection of collateral interests, and margining of non-cleared derivatives.

This workshop brings together experts from industry and the private sector as well as government and regulatory agencies to examine the various issues that are relevant to the Philippines in its effort to develop deep and liquid capital markets. The conclusions of these discussions will be developed into a report that can serve as a guide for Philippine policy makers in designing and implementing concrete legal, policy and regulatory reforms that will help accelerate capital market deepening and development.
# WORKSHOP AGENDA

<table>
<thead>
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<th>Time</th>
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<tr>
<td>09:00-09:10</td>
<td>OPENING SESSION</td>
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| 09:00-09:05 | **Welcome remarks**  
Mr. Kelly Bird, Director, Asian Development Bank |
| 09:05-09:10 | **Opening remarks**  
Hon. Gil Beltran, Undersecretary of Finance, Republic of the Philippines  
Dr. Julius Caesar Parreñas, Coordinator, Asia-Pacific Financial Forum (APFF) and Senior Advisor, Nomura |
| 09:10-12:15 | **SESSION 1: DEVELOPING DEEP AND LIQUID REPO MARKETS IN THE PHILIPPINES**  
*Part I: Development of Classic Repo Markets as Part of Stable Financial Systems*  
**Session Chair:** Mr. Stephen R. Schuster, Senior Financial Sector Specialist, Asian Development Bank |
| 09:10-09:15 | Introduction by Session Chair |
| 09:15-10:10 | Presenters:  
- Mr. Mark Austen, Chief Executive Officer, ASIFMA - *The ABCs of Repo Markets*  
- Mr. Charles Anderson, US Department of the Treasury, Office of Technical Assistance – *Using repos to support the government debt market*  
- Mr. Ben Cushman, US Department of the Treasury; and Ms. Susan McLaughlin, SVP and Senior Policy Advisor Markets Group, Federal Reserve Bank of NY – *Classic Repo Markets: The US Experience*  
- Mr. Shanaka Jayanath Peiris, Country Representative, Philippines, International Monetary Fund – *Repo Markets and Financial Stability* |
| 10:10-10:30 | Panel Discussion and Open Forum  
Facilitator: Hon. Nestor Espenilla, Deputy Governor, Central Bank of the Philippines |
| 10:30-10:35 | Summary and Concluding Remarks by the Session Chair |
| 10:35-10:45 | **Coffee Break**  
*Part II: Infrastructure for Trading, Clearing and Settlement of Repos*  
**Session Chair:** Mr. Boon-Hiong Chan, Director and Head - Market Advocacy APAC, MENA, Deutsche Bank |
| 10:45-10:50 | Introduction by Session Chair |
| 10:50-11:50 | Presentations:  
- Mr. Hamid Latreche, Head of Fixed Income, BNP Paribas – Trading Infrastructure for Repos  
- Mr. Gaetan Gosset, Director, Product Management, Euroclear - Clearing and Settlements of Repo Transactions  
- Ms. Cornelia Dagdag, Executive Director, Sales and Solution Delivery, DTCC  
- Mr Coco Martin, BDO Bank Group, *The Philippines solution*  
- Sankha X Ghosh, JP Morgan, Co-Head, Public Side Structuring Team, Asia Ex-Japan |
| 11:50-12:10 | Open Forum  
Facilitator: Hon. Ephyro Luis B. Amatong, Commissioner, Securities and Exchange Commission |
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<td><strong>Part III: Impact of Legal, Tax and Accounting Frameworks</strong></td>
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<td><strong>Session Chair:</strong> Mr. Mushtaq Kapasi, Head, Representative Office in the Asia Pacific, International Capital Market Association (ICMA)</td>
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<td>13:55-14:00</td>
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<td>14:00-15:00</td>
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<td></td>
<td>• Mr. Paul Landless, Partner, Clifford Chance – <em>Legal Framework</em></td>
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<td>• Mr. Rafael A. Morales, Managing Partner, SyCip Salazar Hernandez &amp; Catmaitan – <em>The Philippines context</em></td>
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<td>• Mr. Jay Ballesteros, Tax Senior Director at SGV &amp; Co. – Tax and Accounting</td>
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<td>• Mr. Aidell Gregorio, Senior Director of Assurance at SGV &amp; Co.</td>
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<td>15:00-15:15</td>
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<td>15:40-17:45</td>
<td><strong>SESSION 2: ADDRESSING KEY ISSUES IN THE DEVELOPMENT OF OTC DERIVATIVES MARKETS IN THE PHILIPPINES</strong></td>
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<td><strong>To be conducted by:</strong></td>
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<td>• Mr. Keith Noyes, Regional Director – Asia-Pacific, International Swaps and Derivatives Association, Inc. (ISDA)</td>
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<td>• Mr. Paul Landless, Partner, Clifford Chance</td>
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<td>15:45-15:50</td>
<td>Introduction of OTC Derivatives Markets</td>
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<td>• The Impact of Financial Institution Resolution Regimes on Netting Enforceability</td>
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<td>• Collateral as a Risk Mitigation Tool</td>
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<td><strong>CONCLUDING SESSION</strong></td>
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<td>17:30-17:45</td>
<td>Closing Remarks</td>
<td>Mr. Hiroyuki Suzuki, Chair, Finance and Economics Working Group, APEC Business Advisory Council (ABAC) and Director and Member of the Board, Nomura Holdings Inc.</td>
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Ministry of Finance
1. Mr. Gil S. Beltran, Undersecretary and Chief Economist, Policy Development Management Services Group

Bangko Sentral ng Pilipinas
2. Mr. Nestor A. Espenilla, Jr. – Deputy Governor, Supervision and Examination Sector (SES)
3. Ms. Ma. Ramona GDT Santiago, - Assistant Governor, Treasury Department
4. Atty. Elmore O. Capule – General Counsel
5. Dr. Johnny Noe E. Ravalo - Assistant Governor, Financial Supervision Research and Consumer Protection Sub-Sector, SES
6. Mr. Zeno Ronald R. Abenoja – Director, Department of Economic Research
7. Ms. Bella S. Santos, Director, Payments and Settlements Office
8. Ms. Lagrimas Cruz, Head, Treasury Services Group, Treasury Department
10. Ms. Thea Josefina Natalia W. Santos, Deputy Director, Capital Markets Specialist Group, SES

Bureau of the Treasury
11. Mr. Roberto Tan, Treasurer of the Philippines
12. Mr. Erwin Sta. Anna, Deputy Treasurer of the Philippines
13. Ms. Sharon Almanza, Deputy Treasurer of the Philippines
14. Mr. Arturo Trinidad, Chief Treasury Operations Officer I
15. Mr. Dennis Landicho, Chief Treasury Operations Officer I
16. Ms. Badeth Dispo

Securities and Exchange Commission
17. Ms. Teresita J. Herbosa, Chairwoman, Securities and Exchange Commission
18. Mr. Ephyro Luis B. Amatong, Commissioner - Securities and Exchange Commission
20. Mr. Vicente Graciano P. Felizmenio Jr., Securities and Exchange Commission, Philippines - Director, Markets and Securities Regulation Department

Insurance Commission
21. Mr. Emmanuel F. Dooc, Commissioner
23. Mr. Ferdinand George A. Florendo, Deputy Ins. Commissioner – Financial Examination
25. Mr. Dennis B. Funa, Deputy Ins. Commissioner - Legal

Philippine Deposit Insurance Corporation
26. Ms. Cristina Q. Orbeta, President and Officer-in-Charge - Examination and Resolution Sector
27. Ms. Ma. Ana Carmela L. Villegas, Executive Vice President - Receivership and Liquidation Sector
28. Mr. Romeo M. Mendoza, Jr., General Counsel
29. Ms. Sandra A. Diaz, Senior Vice President - Management Services Sector
30. Ms. Alma Teresa R. Malanog, Senior Vice President - Corporate Services Sector
31. Ms. Elizabeth E. Oller, First Vice President & Officer-in-Charge - Deposit Insurance Sector

**Philippine Stock Exchange**
32. Mr. Hans B. Sicat, PSE (The Philippine Stock Exchange) - President and Chief Executive Officer
33. Mr. Roel A. Refran, Senior Vice President & Chief Operating Officer
34. Ms. Veronica Vicedo-Del Rosario, Officer-In-Charge General Counsel
35. Mr. J. Argel G. Astudillo, Vice President & Head of Governance, Risk & Compliance
36. Ms. Rachelle C. Blanch, Vice President & Head, Market Operations Division
37. Mr. Marvin M. Refuerzo, Head, Trading Operations Department
38. Ms. Sheryl V. Perillo, Head, Trading Development Department
39. Mr. John Benette B. Mamañgun, Officer-In-Charge of the Capital Markets Development Division ("CMDD")

**PDEx**
40. Mr. Cesar B. Crisol, Philippine Dealing System Holdings Corp. & Subsidiaries (PDS Group) - Chief Executive Officer
41. Mr. Antonino A. Nakpil, Philippine Dealing System Holdings Corp. & Subsidiaries (PDS Group) - Chief Operating Officer
42. Ms. Stephanie Zulueta, Philippine Dealing & Exchange Corp. - Associate Director

**Other**
43. Ms. Nellie Dagdag, Omgeo LLC - Executive Director, Sales and Solution Delivery, Asia
44. Mr. Nestor S. Aguila, Philippines Association of Securities Brokers & Dealers, Inc. - Governor

**Other attendees**
45. Dr. Megumi Muto, Japan International Cooperation Agency - Deputy Director General, Southeast Asia and Pacific Department
46. Mr. Jin Wakabayashi, Japan International Cooperation Agency - Director, Southeast Asia Division 5 (Philippines), Southeast Asia and Pacific Department
47. Mr. Yuya Takagi, JICA - Representative, Philippine Office
48. Mr. John Raymar Piscos, JICA, Program Officer, Philippine Office
49. Dr. Michael Taylor, Moody's Asia Pacific Limited - Managing Director and Chief Credit Officer APAC
50. Mr. Takashi Okamoto, Nomura Holdings, Inc. - Executive Director
51. Mr. Nicholas de Boursac, Penridge – CEO
52. Mr. Masayuki Tagai, JP Morgan - Managing Director and Industry Issues Executive, Asia
53. Mr. Lorenzo Tan, President and CEO RCBC
54. Mr. Wick Veloso, Country Head, HSBC
55. Mr. Roberto Dispo, President first metro Investment Corp
56. Mr. Michael V. Ferrer, MD ATR KimEng
57. Ms. Nataliya Mylenko, Senior Financial Sector Specialist, World Bank
58. Mr. Koichi Katakawa, Nomura Securities Philippines, Inc. - Managing Director

**Speakers**
59. Hon. Gil Beltran, Undersecretary of Finance, Republic of the Philippines
60. Hon. Roberto Tan, National Treasurer, Republic of the Philippines
61. Hon. Nestor Espenilla, Deputy Governor, Central Bank of the Philippines
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76. Mr Coco Martin, BDO Bank Group,
77. TBD, JP Morgan,
78. Mr. Jay Ballesteros, Tax Senior Director at SGV & Co.
79. Ms. Aidell Gregorio, Ernst & Young
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82. Mr. Stephen R. Schuster, Senior Financial Sector Specialist, ADB