

ATTACHMENT

PUBLIC/PRIVATE DIALOGUE FOR THE ASIA PACIFIC REGION ON CROSS-BORDER IMPLEMENTATION OF BASEL 2 AND EMERGING REGULATORY BANKING SUPERVISORY CONCEPTS

***THE SYMPOSIUM WILL BE JOINTLY SPONSORED BY SEACEN CENTRE, ABAC,
PECC AND ABA ON 4TH AUGUST 2005, AT THE RENAISSANCE KUALA LUMPUR
HOTEL, KUALA LUMPUR, MALAYSIA***

Background

The APEC Business Advisory Council (ABAC) and the Pacific Economic Cooperation Council (PECC) and the Asian Bankers' Association (ABA) have for some years supported the implementation of Basel 2 in the banking systems of the APEC region. In 2002, in Sydney, they sponsored a symposium on risk management and the implementation of Basel 2, and in September 2004 a public/private dialogue was convened in Santiago to promote Basel 2 in Latin American APEC economies. A number of APEC institutes have been conducting training programs on Basel 2 both for regulators and for private banking institutions. An output of the Santiago dialogue was a set of draft principles to do with cross-border implementation of Basel. These were proposed by Mr. Manuel Mendez, Chief Risk Officer and Executive Committee Member of BBVA, a Madrid based bank with banking interests in Latin America. It is proposed that these principles (a copy of which is attached to this outline) and the Basel principles on cross-border implementation will be major inputs for discussion at the Kuala Lumpur symposium.

Cross-border implementation clearly has significant implications for the banks in the region which have operations outside their home economy and for regulators in both the home and the host economy. Smooth implementation of Basel 2 will require understanding by both banks and regulators of the treatment of banks operating in more than one economy under the Basel 2 approach to prudential supervision and risk management. The Basel Committee has developed principles relating to cross-border implementation and the symposium will provide an opportunity to compare and contrast those principles with the draft which emanated from the Santiago meeting. Regulators and bankers from the APEC region are strongly encouraged to participate in this symposium. The symposium will provide an opportunity for the BIS and the Basel Committee to advise and discuss emerging regulatory concepts.

Symposium objectives

- to promote discussion and understanding by regulators and bankers of cross-border issues as Basel 2 is implemented in the APEC region by comparing and contrasting principles outlined by the Basel Committee with those emanating from the Santiago dialogue
- to highlight key potential problem areas in cross-border implementation and to discuss ways to deal with them, including the need for capacity building initiatives

involving public/private partnerships for training regulators and banks and for promoting and disseminating best practices and principles

- to discuss emerging regulatory concepts of relevance to the region's banking systems and to discern the need for capacity building initiatives to meet new supervisory challenges in banking in the region.

Supporting inputs

- regulators and bankers from the APEC region will be invited to participate as key speakers; SEACEN and ABAC will seek involvement of Asian/Pacific regulators and public policy makers; ABAC, ABA and PECC will also seek the involvement of APEC regional regulators and bankers from Latin America and from North America and from academics
- SEACEN will invite the BIS and the Basel Committee to discuss cross-border implementation proposals and to present their views on emerging supervisory developments; ABAC will invite Mr. Mendez of BBVA to talk to the principles attached

Structure and theme of the symposium

- **structure:** a one day symposium is proposed with six sessions; three each in the morning and afternoon

there will be a symposium dinner on the evening preceding the symposium (held jointly with ABAC's final dinner ?)

apart from the opening session, the sessions will involve 3 or 4 key note speakers and a panel discussion involving the session chairman/moderator, the key-note speakers and the audience

with the exception of three of four speakers who will be invited to speak for twenty minutes or so, remaining speakers will be asked to speak for 10/15 minutes; opening speeches will be followed by a short discussion between the speakers and moderated by the chair, followed by Q/A with the audience

- **themes**

- a) discern key issues to do with cross-border implementation of Basel 2 from a regulatory and from a private banking perspective – similarities and differences between Asia and Latin America?
- b) assess the efficacy of the Basel 2 principles to do with cross-border implementation and those emanating from the Santiago dialogue; highlight best practices to achieve regulatory objectives and challenges for banks in meeting them
- c) consider new emerging supervisory issues relevant to APEC regional regulators and banks

- d) consider regional public/private capacity building programs to promote cross-border implementation and to meet any new supervisory challenges

Outputs Conference report and recommendations; to be endorsed by SEACEN, ABAC, PECC and the Asian Bankers' Association and to be made available to APEC Finance Ministers and disseminated to regional regulators and bankers

Administration

SEACEN, ABAC, PECC and ABA

Financing

SEACEN and ABAC will provide administrative support

private sector participants, representatives of international organisations and regulators and officials will be expected to finance their own travel and accommodation

(ABAC and ABAC Malaysia to consider ways of meeting any costs relating to the venue and to pre symposium dinner and lunch, including possible sponsorships)

Conference chairs

Dr. Subarjo Joyosumarto, Executive Director, the SEACEN Centre
Mr. Mark Johnson, Chairman, ABAC Finance Working Group
Representative PECC Finance Forum
Representative Asian Bankers' Association

**Public Private Dialogue for the Asia-Pacific Region on
Cross-Border Implementation of Basel II and
Emerging Regulatory Banking Supervisory Issues
Kuala Lumpur, Malaysia, 4 August 2005**

**AN ABAC/SEACEN/ABA/PECC
PUBLIC PRIVATE SECTOR CAPACITY BUILDING INITIATIVE**

AGENDA (as of 20 July 2005)

*Dialogue Venue: Ballroom A, 1st Floor
Renaissance Kuala Lumpur Hotel, Kuala Lumpur, Malaysia*

08.15 **Registration of ABAC, ABA and PECC Delegates**

08.45 **SESSION 1: OPENING CEREMONY**

WELCOME REMARKS

- *Dr. Subarjo Joyosumarto, Executive Director, SEACEN Centre*
- *Tan Sri Dato' Azman Hashim, Chairman, AmBank Group*

Introductory Comments

- *Mr. Mark Johnson, Chairman, ABAC Finance Working Group*

**Keynote Address: Cross-Border Implementation of Basel II and
Emerging Regulatory Banking Supervisory Issues**

- *Tan Sri Dato' Sri Dr Zeti Akhtar Aziz, Governor, Bank Negara Malaysia **

Group Photograph Session

10.00 **COFFEE/TEA BREAK**

10.15 **SESSION 2: *What are the central regulatory objectives behind the Basel principles on cross-border implementation and how do they enhance achievement of the three pillars? Do they meet the requirements of banks operating across jurisdictions in efficiency in capital allocation and in effectiveness in risk management?***

Session Chair

- *TBC*

Speakers

- *Mr. Karl Cordewener, Deputy Secretary General, Secretariat of the Basel Committee on Banking Supervision*
- *Dr. Tarisa Watangase, Deputy Governor, Bank of Thailand*
- *Mr. Manuel Mendez, BBVA, Madrid*
- *Mr. Gunther Held, Advisor to, Superintendent of Banking, Chile*
- *Professor Kevin Davis, University of Melbourne*

Open Forum**Closing Remarks by Session Chair**

11.30 **SESSION 3:** *What are the key challenges arising from cross-border implementation for banking supervisors and for banks operating across borders? Are there sub-regional problems for Asia, the Pacific and Latin America? How best to deal with challenges – are there different challenges for regulators and banks in developed economies and in economies in transition to more liberal financial systems?*

Session Chair

- Ms. Shamshad Akhtar, Director General, Southeast Asia Department, Asian Development Bank

Speakers

- Mrs Nor Shamsiah Yunus, Assistant Governor, Bank Negara, Malaysia
- Mr. William A. Ryback, Deputy Chief Executive, Hong Kong Monetary Authority (HKMA)
- Mr Michael Martinson, Federal Reserve Board of Governors, USA
- Representative, Standards and Poors*
- Mr. Roman Cheng, Executive Vice President, Credit Risk Management Division, China Trust Commercial Bank
- Mr. Toru Shikibu, Deputy Commissioner for International Affairs, Financial Services Agency, Japan
- Mr. Francisco Garces, Board Member, Banco de Chile

Open Forum**Closing Remarks by Session Chair**

12.45 **LUNCH**

14.00 **SESSION 4:** *Looking forward, what new and emerging regulatory issues are under consideration in the Basel Committee - how will these impact on the three pillars of Basel II, on banks operating across borders and on regulatory capacities*

Session Chair

- Mr. Nestor A. Espenilla, Jr., Deputy Governor, Supervision and Examination Sector, Bangko Sentral ng Pilipinas

Speakers

- Mr. Brandon Khoo, Executive General Manager, Australian Prudential Regulatory Authority (APRA)
- Mr. Hernan Somerville, ABAC Chile *
- Mr. Choi, Chief Risk Officer, Chohung Bank, Korea
- Mr. Choo Yee Kwan, Executive Vice President and Chief Risk Officer, Malayan Banking Berhad

Open Forum**Closing Remarks by Session Chair**

15.45 **COFFEE/TEA BREAK**

16.00 **SESSION 5:** *Are the APEC banking systems – in Asia and Latin America up to meeting the challenges of implementing Basel II across borders, and expected new regulatory*

challenges? Where are the most likely stresses in the regulatory agencies and in the banks and what capacity building initiatives would be most relevant?

PANEL DISCUSSION

- *Moderated by: Mr. Ken Waller, Coordinator,
ABAC Finance Working Group*

Panelists:

- *Mr Karl Cordewener, Deputy Secretary General, Secretariat of the
Basel Committee on Banking Supervision*
- *Dr. Subarjo Joyosumarto, SEACEN Centre*
- *Dr. J.C. Parrenas, Special Advisor to the Chairman, Chinatrust
Financial Holding Co. Ltd.*
- *Mr. Gunther Held, Advisor to Superintendent of Banking, Chile*
- *Ms. Shamshad Akhtar, Director General, Southeast Asia Dept,
Asian Development Bank*

Closing Remarks by Moderator

17.00

CONCLUDING COMMENTS

- *Tan Sri Dato' Azman Hashim, Member, ABAC Malaysia*
- *Representative, Asian Bankers' Association*

17:15

END OF DIALOGUE

19:30

Closing Dinner hosted by SEACEN Centre

*Venue: Tai Zi Heen Restaurant, 2nd Floor, Prince Hotel, Jalan Conlay,
Kuala Lumpur*

* Speaker to be confirmed

