

# THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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**Third Meeting 2013**  
10 July 2013  
7:30 AM – 9:30 AM  
Gyoun Room, Kyoto Hotel Okura  
Kyoto, Japan

## **Meeting Paper 5-A** **Facilitating Finance through Legal Architecture** **Reforms: The Role of APEC**

Office of the Advisory Group Chair

<b>PURPOSE</b>	For information.
<b>ISSUE</b>	Program of Workshop “Facilitating Finance through Legal Architecture Reforms: The Role of APEC”
<b>BACKGROUND</b>	Many of the region’s emerging markets stand to greatly benefit from legal reforms, particularly in the areas of secured lending and insolvency regimes, which form a single integrated body of law representing the backbone of modern commercial legal systems. This workshop looks at how APEC can contribute to promoting these reforms. It seeks to build on and update previous work undertaken by the Advisory Group and ABAC and to develop concrete and practical recommendations that can be submitted to APEC Leaders, Ministers, Senior Finance Officials and Senior Officials for consideration, adoption and implementation.
<b>PROPOSAL</b>	N.A.
<b>DECISION POINT</b>	Note the program.

## **FACILITATING FINANCE THROUGH LEGAL ARCHITECTURE REFORMS: THE ROLE OF APEC**

*Organized by  
The Advisory Group on APEC Financial System Capacity Building  
APEC Business Advisory Council*

9 July 2013  
Kobu Room, Hotel Okura, Kyoto, Japan

Finance in emerging markets has taken on a greater importance under the current global economic environment. As advanced economies go through an extended period of economic adjustment, the continued rapid growth of emerging markets is needed for the world economy to avoid a painful retrenchment and to continue moving toward greater prosperity. This will require among others making more finance available to enterprises, especially small- and medium scale firms that are key to job creation, as well as to infrastructure projects in developing economies.

Experience has shown that providing attractive environments for lenders and investors requires well-defined legal systems with effective enforcement mechanisms. Such systems provide a highly predictable environment that reduces non-commercial risks faced by lenders and investors and leads to lower financing costs. An important area where reforms can have a major impact on finance is commercial law, which sets the rules governing various stages of the relationship between lenders and investors, on one hand, and borrowers, on the other.

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### **PROGRAM**

1430-1500     **Registration**

#### **OPENING SESSION**

1500-1520     **Welcome and opening remarks**

Mr. Yoshihiro Watanabe, Member, ABAC Japan and Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd.

**Keynote Presentation: Addressing Legal Issues that Constrain the Financing of Economic Growth**

Mr. Yutaka Yoshimoto, Director, Industrial Revitalization Division, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry

## SESSION ONE

### 1520-1645 **IMPROVING THE LEGAL ARCHITECTURE FOR SECURED LENDING**

For many mid-market companies, access to asset-based lending products is an important component of liquidity, allowing them to use inventory, movables, accounts and trade receivables and other intangibles as collateral. However, in many economies in the region, gaps in the legal regime for secured lending create disincentives to creditors to extend loans to such borrowers, resulting in increased cost of credit, or even inability to access credit, in the face of perceived risks. Promoting enhanced certainty and transparency in the legal regime, including through such measures as unified collateral registrations systems, elimination of hidden liens, expanded definitions of eligible collateral, and assignability of claims, among others, can promote a more varied and affordable set of financing options for SMEs.

**Chair:** Mr. Thomas Clark, Vice President, Government Relations, GE Capital

#### 1520-1525 **Overview: Secured Financing and APEC's Inclusive Growth Pillar**

Mr. Thomas Clark, Vice President, Government Affairs and Policy,  
GE Capital Asia-Pacific

#### 1525-1600 **Improving the Legal Architecture for Secured Lending: Current Gaps in the Legal Architecture for Secured Lending in the Region and Towards Elements of an APEC Model Code**

Mr. Clark Griffith, Head of Structured Finance, GE Capital Japan  
Mr. Atsushi Horiike, Managing Director, Gordon Brothers, Japan    Mr.  
Hideaki Horiuchi, Senior Vice President, Structured Finance, GE Capital  
Japan

#### 1600-1615 **Secured Transactions Reform in Asia Pacific Countries: Progress and Challenges**

Mr. Alejandro Alvarez de la Campa, Global Product Leader for Secured Transactions, and Program Manager for Financial Infrastructure, Africa Region, International Finance Corporation

#### 1615-1630 **Comments by Panelists**

#### 1630-1645 **Open discussion**

### 1645-1700 **Coffee Break**

## SESSION TWO

### 1700-1825 **PROMOTING EFFECTIVE REGION-WIDE INSOLVENCY REGIMES BY CREATING REGIONAL INFORMAL WORKOUT RULES**

In the Asia-Pacific region, the number of multinational enterprises owing debts to multinational financial creditors has grown and continues to grow dramatically. It looks almost impossible to enact uniform insolvency and reorganization laws that could be applicable all over the world. However, global informal workout rules approved by the global financial community may be useful even if uniformed statutes are not possible. "Asian Banker's Association Informal Workout Guidelines" and "Model Agreement to Promote Company Restructuring by Informal Workout" were approved by the Asian Bankers' Association on 2005. The Guidelines and Agreement are buried treasure tools. It is recommended to be adopted in wider APEC region with some minor amendments to activate them. Finally, Global Informal Workout maybe a goal.

**Chair:** Dr. Shinjiro Takagi, Advisor, Nomura Securities, Co.,Ltd.

#### 1700-1715 **Proposal to formulate updated Asia Pacific Regional Rules and Model Agreement to Promote Company Restructuring by Informal Workout**

Dr. Shinjiro Takagi, Advisor, Nomura Securities, Co.,Ltd.,Japan

1715-1730 **Informal Workouts: Background on Existing Guidelines and Model Agreement**

Professor Richard Fisher, General Counsel, University of Sydney

1730-1825 **Commentators:**

Mr. Chiyong Rim, Senior Partner, Bae Kim & Lee

Mr. George Kelakos, Kelakos Advisors LLC.

Mr. John R. Lees, Director, Corporate Workout/Turnaround and Insolvency Management, JLA Asia Ltd.

Open discussion

## CONCLUSION

1825-1830 **Closing remarks**

Mr. Mark Johnson, Chair, Advisory Group on APEC Financial System Capacity Building and Senior Adviser, Gresham Partners Limited

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