

PROPOSALS FOR PROMOTING THE DEVELOPMENT OF ASIA- PACIFIC BOND MARKETS

ABAC Finance Working Group

Submitted by ABAC Chinese Taipei

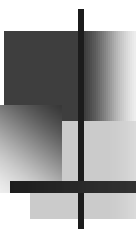




Three Proposals

- Mechanism for public-private partnership for corporate bond market development
- General principles for bond market development cooperation
- Regional framework for cross-border insolvency and informal workouts

1. Mechanism for public-private partnership for corporate bond market development



1. Mechanism for bond market development cooperation

- ABAC/PECC Taipei and Tokyo conferences
 - Developed recommendations
 - Underscored the need for effective mechanisms
 - Importance of involving developed economies and international institutions

1. Mechanism for bond market development cooperation

- Focus on corporate bond market development in developing economies
- Possible form: policy dialogues
 - Involve developed/developing economies
 - Utilize Advisory Group on APEC Financial System Capacity-Building
 - Publicly-available reports

1. Mechanism for bond market development cooperation

Recommendations:

- Endorse establishment of mechanism in 2006
- Under APEC Finance Ministers' Process with initial activities in 2007, with Advisory Group on APEC Financial System Capacity-Building collaborating

2. General principles for bond market development cooperation

2. General principles for bond market dev't cooperation

- Guide to effective cooperation, based on recommendations from private sector, officials, regulators, international institutions, academic experts
- Help promote consistency among various efforts being undertaken by different regional organizations (APEC, APT, EMEAP etc.)

2. General principles for bond market dev't cooperation

- Preamble
- Public-private partnership
- Global and regional integration
 - Elimination of restrictions to cross-border investment and issuance
 - Region-wide convergence toward global standards and practices

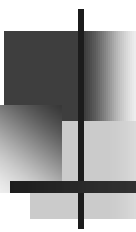
2. General principles for bond market dev't cooperation

- Domestic-level coordination
- Regional-level cooperation
 - Address interlocking measures
 - Coordination among regional organizations
- Strengthening market mechanisms

2. General principles for bond market dev't cooperation

- The role of government
 - Provide enabling environment for market participants
 - Importance of government bond market
- Cooperation in the context of diversity

3. Regional framework for cross-border insolvency and informal workouts



3. Regional insolvency and informal workout regime

- Endorse regional guidelines for informal workouts and a model agreement for wider adoption by financial institutions in the region + for APEC Finance Ministers, CBs, financial regulators to encourage their adoption
- Endorse proposals to support the development of effective informal workout regimes to APEC Finance Ministers