

THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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Meeting Paper 3-A

THE SECOND APEC PUBLIC-PRIVATE SECTOR FORUM ON BOND MARKET DEVELOPMENT

Office of the Advisory Group Chair

APEC PUBLIC-PRIVATE SECTOR FORUM ON BOND MARKET DEVELOPMENT

(Draft as of 14 January 2008)

BACKGROUND

During the past three years, various public-private sector dialogues on the development of local currency bond markets in the region have been conducted.¹ Aside from producing important insights and a compendium of key recommendations, these exercises have been very useful to both public and private sectors – the former obtaining a better picture of which measures are likely to successfully encourage private sector activity to deepen and increase the liquidity of bond markets, and the latter a better grasp of how markets are likely to develop in response to measures being planned and undertaken by authorities.

At their meeting in Hanoi on 7 September 2006, APEC Finance Ministers welcomed a proposal submitted by ABAC that the Advisory Group, together with ABAC, facilitate in-depth discussions with individual economies on how the public and private sectors can collaborate to develop their respective bond markets (with special attention to corporate bond markets). These will take the form of a series of one-day sessions, each focused on three or four developing member economies' bond markets.

The central objective is to hold a dialogue among interested economies, private sector market players and experts from international public and private sector organizations, aimed at identifying aspects in the policy and regulatory areas which could be addressed by authorities to enhance the environment for bond market development, and in particular, corporate bond issuance. The dialogues also aim to identify capacity building initiatives, including public/private partnerships to build the environment conducive to bond market development.

The Advisory Group and ABAC, in cooperation with the Australian Treasury, organized the first Forum on 8 May 2007 in Melbourne, back-to-back with the Second Senior Finance Officials Meeting (SFOM II). This first forum, which focused on the bond markets of Indonesia, the Philippines and Vietnam, was successfully concluded. Following a review of these results, the Advisory Group and ABAC endorsed the holding of subsequent forums in conjunction with the APEC Senior Finance Officials' Meeting and look forward to collaboration with the Peruvian Ministry of Finance in holding the Second Forum in 2008.

THE SECOND (2008) FORUM

Venue and date. The 2008 Forum would be held in Cusco, Peru in July 2008 (exact date to be announced).

Focus. The focus of the 2008 Forum would be the bond markets of Chile, Mexico and Peru. These three economies would be requested to (a) arrange for senior policy makers and regulators responsible for key aspects of their respective bond markets' development to participate in the Forum; and (b) collaborate with the Advisory Group and ABAC in developing the program and identifying participants of the Forum.

Participation. Participants will include the following: (a) participants from the above-mentioned 3 economies; (b) participants from other interested APEC economies, including, importantly, members of the Senior Finance Officials' Meeting; (c) participants from the Advisory Group (including ABAC); (d) representatives from the IDB and other multilateral development and international financial institutions; and (e) key experts and representatives

¹ Notable among these were the bond market conferences organized by ABAC and PECC in Taipei in May 2004 and in cooperation with the Asian Development Bank Institute (ADBI) in Tokyo in June 2005.

from investment banks, institutional investors, fund managers, rating agencies and other relevant private sector organizations, to be selected and invited by the organizers.

Format. Officials or regulators from each of the three economies would make a presentation on (a) the current situation of their respective markets, (b) the measures being planned or undertaken, (c) the challenges, and (d) possible areas of cooperation with the private sector, followed by inputs from the other participants, an open discussion and a summary by the respective session chair.

Output. The results of the Forum will be reported to the APEC Senior Finance Officials Meeting (SFOM). A complete report will be prepared and submitted to the APEC Finance Ministers before their 2008 meeting. The office of the Advisory Group Chair will be responsible for drafting the conference report, in collaboration with Advisory Group participants and relevant officials from the three economies.

The Second APEC Public-Private Sector Forum on Bond Market Development

July 2008
Cusco, Peru

PROVISIONAL PROGRAM

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|-------------|---|
| 8:30 AM | SESSION 1: INTRODUCTORY SESSION – PUBLIC AND PRIVATE SECTOR PERSPECTIVES ON THE DEVELOPMENT OF BOND MARKETS IN THE ASIA-PACIFIC REGION <i>Session Chair:</i> Representative of ABAC/Advisory Group |
| 8:30 | Introduction by the Session Chair |
| 8:35 | Welcome remarks <i>Chair, APEC Senior Finance Officials' Meeting</i> |
| 8:45 – 9:45 | Presentations by selected speakers Overview of Latin American local currency bond markets <i>Ms. Daniela Carrera Marquis, Chief, Financial Institutions and Capital Market Division, Inter-American Development Bank</i> Regional cooperation to develop bond markets: The Asian experience <i>Representative from ADB</i> The development of Latin American corporate bond markets <i>Representative from a global rating agency</i> Private sector perspectives on promoting the growth of corporate bond markets <i>Representative from a private financial institution</i> |
| 9:45 | Open discussion |
| 10:15 | Summary and concluding remarks by the Session Chair |
| 10:20 | Coffee break |

- 10:40 **SESSION 2: THE PERUVIAN BOND MARKET**
 Session Chair: Representative from ABAC or PECC
- 10:40 **Introduction by the Session Chair**
- 10:45 **Presentation**
 Senior official or regulator from Peru
- 11:15 **Comments**
 Representative from the private sector
- 11:25 **Comments**
 Representative from the private sector
- 11:35 **Open discussion**
- 11:55 **Summary and concluding remarks by the Session Chair**
- 12:00 Noon **LUNCH**
 Keynote Address: Representative of sponsor or senior official
- 1:30 PM **SESSION 3: THE CHILEAN BOND MARKET**
 Session Chair: Representative from ABAC or PECC
- 1:30 PM **Introduction by the Session Chair**
- 1:35 **Presentation**
 Dr. Guillermo Larraín Ríos, Superintendent, Office of the Superintendent of Securities and Insurance, Chile
- 2:05 **Comments**
 Mr. Jorge Errázuriz Grez, President, Celfin Capital Corredores de Bolsa S.A.
- 2:15 **Comments**
 Mr. Vicente Monge, Managing Director, JP Morgan Chase Bank, Chile
- 2:25 **Open discussion**
- 2:45 **Summary and concluding remarks by the Session Chair**
- 2:50 **SESSION 4: THE MEXICAN BOND MARKET**
 Session Chair: Representative from ABAC or PECC
- 2:50 **Introduction by the Session Chair**
- 2:55 **Presentation**
 Senior official or regulator from Mexico
- 3:15 **Comments**
 Representative from the private sector
- 3:25 **Comments**
 Representative from the private sector
- 3:35 **Open discussion**
- 4:05 **Summary and concluding remarks by the Session Chair**
- 4:10 Coffee break
- 4:30 **SESSION 5: CONCLUDING PANEL DISCUSSION: CHALLENGES FOR CAPACITY-BUILDING AND PROSPECTS FOR PUBLIC-PRIVATE PARTNERSHIP**
 Session Chair: Representative from ABAC or PECC

- 4:30 **Introduction by Session Chair**
- 4:35 – 5:35 **Comments by selected panelists**
- Regional bond funds and structured products: Experiences from the Asian Bond Fund and Implications for APEC’s work on bond markets**
Representative from State Street Global Advisors
- Capacity-building for emerging bond markets: Challenges and opportunities**
Representative from an international financial or development institution
- Capacity-building for emerging bond markets: The role of developed APEC economies**
Representative from a developed APEC member economy
- Capacity-building for emerging bond markets: The role of the APEC Finance Ministers’ Process**
APEC Senior Finance Official
- 5:35 **Open discussion**
- 5:50 **Summary and closing remarks by the Session Chair**
- 6:00 **End**