



THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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SECOND APEC PUBLIC-PRIVATE SECTOR FORUM ON BOND MARKET DEVELOPMENT JULY 9, 2008 CUSCO, PERU

Office of the Advisory Group Chair

APEC PUBLIC-PRIVATE SECTOR FORUM ON BOND MARKET DEVELOPMENT

*A WORKSHOP ORGANIZED BY
THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY BUILDING
THE APEC BUSINESS ADVISORY COUNCIL
IN COOPERATION WITH THE MINISTRY OF ECONOMY AND FINANCE, PERU AND
PROCAPITALES*

(Draft as of 1 May 2008)

BACKGROUND

During the past four 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 and the Australian APEC Study Centre, organized the first Forum on 8 May 2007 in Melbourne, back-to-back with the Second APEC 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 Fourth APEC Senior Finance Officials' Meeting (SFOM IV) and is now collaborating with the Peruvian Ministry of Finance and Procapitales in holding the Second Forum in 2008.

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.

THE SECOND (2008) FORUM

Venue and date. The 2008 Forum will be held in Cusco, Peru on July 9, 2008 at the Libertador Palacio del Inka Hotel.

Co-organizers. Co-organizers are ABAC and the Advisory Group on APEC Financial System Capacity Building, in collaboration with the Ministry of Economy and Finance of Peru and Procapitales. The Advisory Group and ABAC will assume primary responsibility for developing the program and inviting speakers in coordination with the other collaborators, while the Ministry of Economy and Finance and Procapitales will provide local hosting and support arrangements.

Focus. The focus of the 2008 Forum will be the bond markets of Chile, Mexico and Peru. These three economies have been 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 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 will 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

A WORKSHOP ORGANIZED BY
THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY BUILDING
THE APEC BUSINESS ADVISORY COUNCIL
*IN COOPERATION WITH THE MINISTRY OF ECONOMY AND FINANCE, PERU AND
PROCAPITALES*

9 July 2008
Libertador Palacio del Inka Hotel
Cusco, Peru

PROGRAM

- 8:30 AM **SESSION 1: INTRODUCTORY SESSION – PUBLIC AND PRIVATE
SECTOR PERSPECTIVES ON THE DEVELOPMENT OF BOND
MARKETS IN THE ASIA-PACIFIC REGION**
- Forum and Session Chair:** Mr. Yoshihiro Watanabe, *Co-Chair, Advisory
Group on APEC Financial System Capacity Building, ABAC Finance and
Economics Working Group Co-Chair, and Chief Risk Officer, Mitsubishi
UFJ Financial Group**
- 8:30 **Opening remarks by the Forum and Session Chair**
- 8:40 **Welcome remarks**
 Mr. Javier Kapsoli, *Chair, APEC Senior Finance Officials' Meeting (SFOM)
and General Director of Economic and Social Affairs, Ministry of Economy
and Finance, Perú*
- 8:50 – 9:50 **Presentations by selected speakers**
- Overview of Latin American local currency bond markets**
 Ms. Daniela Carrera Marquis, *Chief, Financial Institutions and Capital Market
Division, Inter-American Development Bank*
- Regional cooperation to develop bond markets: The Asian experience**
 Ms. Lotte Schou-Zibell, *Economist, Office of Regional Economic Integration,
Asian Development Bank*
- The development of Latin American corporate bond markets**
 Mr. William Hayes, *Managing Director - Latin America, FitchRatings*
- Private sector perspectives on promoting the growth of corporate bond
markets**
 Representative from a private financial institution

9:50 **Open discussion**

10:15 **Summary and concluding remarks by the Forum and 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**
Mr. Jose Miguel Ugarte, *Executive Director of the National Directorate of Public Debt, Ministry of Economy and Finance, Perú*

11:15 **Comments**
Mr. Gonzalo Edmundo Camargo Cárdenas, *General Manager, BBVA Continental SAF and President, Association of Mutual Funds (ASBANC)*

11:25 **Comments**
Mr. Alberto Alejandro Arispe Bazán, *Project Development Manager, Lima Stock Exchange (Bolsa de Valores de Lima)*

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: Mr. Kenneth Waller, *Chairman, Financial Services Advisory Board, The Australian APEC Study Centre, and Senior Advisor, Australia ABAC Secretariat*

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:** Dr. Julius Caesar Parreñas, *Senior Advisor to the
Chairman, Chinatrust Financial Holding Co., Ltd. and Coordinator,
Advisory Group on APEC Financial System Capacity-Building*
- 4:30 **Introduction by Session Chair**
- 4:35 – 5:35 **Presentations**
- Capacity-building for emerging bond markets: Lessons from the US
Treasury’s bilateral technical assistance programs**
Representative from the US Treasury
- Capacity-building for emerging bond markets: Challenges and
opportunities**
Mr. Hemant Shah, *Deputy Division Chief, Capital Market Development and
Financial Infrastructure Division, International Monetary Fund*
- Capacity-building for emerging bond markets: The role of the APEC
Finance Ministers’ Process**
APEC Senior Finance Official
- Capacity-building for emerging bond markets: The role of public-
private sector partnership**
Mr. Kenneth Waller, *Chairman, Financial Services Advisory Board, The
Australian APEC Study Centre, and Senior Advisor, Australia ABAC
Secretariat*
- 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
- 5:35 **Open discussion**
- 5:50 **Summary and concluding remarks by the Session Chair**
- 6:00 **Closing remarks**
Representative from ABAC Peru
- 6:10 **End**

WELCOME RECEPTION