



DRAFT AGENDA

Meeting of the Task Force on Latin American Equity Market Development

11 June, 2018

*Bolsa de Comercio, Sarmiento 299
Buenos Aires, Argentina*

Hosted by:



With the support of:



Background and Objectives of the Roundtable Task Force on Latin American Equity Market Development

The Latin American Corporate Governance Roundtable Task Force on Equity Market Development, involving finance ministries, securities market regulators, stock exchanges and private sector stakeholders from Argentina, Brazil, Chile, Colombia, Mexico and Peru along with other selected experts, has been established to review the state of Latin American equity markets and their corporate governance standards. Its objective is to enhance understanding of the current state of development and barriers to development of Latin American equity markets in the interest of identifying shared priorities for achieving further progress consistent with the G20/OECD Principles of Corporate Governance. This year's Task Force meeting will focus essentially on presenting and discussing the results of the **OECD Survey on access to equity financing in Latin America**, whose purpose is to enrich the Task Force's understanding of companies (listed and non-listed) and institutional investors' perspectives on the barriers to access equity markets.

Indeed, the first Task Force meeting, held in São Paulo in October 2017, identified the following two issues as a priority for the next phase of research:

- 1) Developing a better understanding of Latin American market characteristics: i.e. understanding the sources of finance, and the characteristics of both listed companies and those that are seen as potential candidates to make use of the equity markets.
- 2) Developing a better understanding of market incentives to make use of equity markets (e.g. cost to list, regulatory requirements etc.).

To support work on the first two priorities, an on-line survey of a sample of companies (listed, non-listed and cross-listed) and relevant institutional investors in each market was developed, with the help of country consultants and other Task Force stakeholders. Selective follow-up interviews were also conducted to develop a better understanding of corporate, investor and other public and private stakeholder perceptions and priorities on the issues being studied by the Task Force.

As background for the meeting, Task Force participants will receive a revised **synthesis report on access to equity financing in Latin America**, updated from the version prepared for the October 2017 meeting held in Sao Paulo to take account of the above-mentioned OECD survey results; and country chapters on Argentina, Brazil, Chile, Colombia, Mexico and Peru. In addition, a survey of corporate governance frameworks in Latin America, building on information provided for the OECD Corporate Governance Factbook 2017, will be tabled as a meeting background document.

This meeting of the Task Force is organized and co-ordinated by the OECD with funding support from the government of Spain and Argentina's Securities and Exchange Commission (CNV), and with special thanks to the Bolsa de Comercio for offering their venue for the meeting.

Simultaneous interpretation will be provided between Spanish and English.

DAY 1	Monday 11 June 2018
8:45-9:30	Registration /Coffee
9:30	<ul style="list-style-type: none"> • Welcome from Marcos Ayerra, President, CNV and OECD Corporate Governance Committee Vice-Chair Gabriela Figueiredo Dias
9:40-10:10	<p>Session 1: Introduction to the OECD Survey on access to equity financing in Latin America</p> <p><i>Introductory Speaker:</i></p> <ul style="list-style-type: none"> • Pablo Souto, consultant to the OECD and Senior Associate, Global Outcomes, Argentina to present the synthesis report on preliminary findings <p><i>Summary</i></p> <p>This session will provide an overview of the main findings of the OECD Survey on Access to Equity Financing in Latin America, which has been developed for the Task Force's consideration based on an on-line survey of institutional investors (IIs) and of selected listed and non-listed companies based in the region to get their perspectives on steps that could support the development of more active equity markets.</p>
10:10-12:30	<p>Session 2: Opportunities and challenges for equity market development in Argentina and Brazil</p> <p><i>Introductory Speakers:</i></p> <ul style="list-style-type: none"> • Pablo Souto, Senior Associate, Global Outcomes (author of chapter on Argentina) • Maria Helena Santana, Former Chair, Brazil Securities Commission (co-author of chapter on Brazil) <p><i>Lead Discussants:</i></p> <ul style="list-style-type: none"> • Argentinian and Brazilian regulatory and Ministry of Finance officials <p><i>Summary</i></p> <p>This session will provide an opportunity to explore more in-depth Argentina's and Brazil's perspectives on equity markets in their own countries. Following an introduction to the country chapters and lead remarks from relevant policy and regulatory representatives of Argentina and Brazil, discussion will be opened to all stakeholders.</p> <p><i>Note: a short coffee break is planned half-way through this session</i></p> <p><i>Key Issues for discussion</i></p> <ul style="list-style-type: none"> • In Argentina, what impact can be expected on equity market development from pending capital market legal reforms, regulatory and stock exchange initiatives, including a new Argentina corporate governance code, and introduction of a new listing segment with higher corporate governance standards? • Considering the small number of actively engaged domestic institutional investors

(IIs) in Argentina, can foreign investors be expected to help fill the gap, or are other reforms required to incentivise greater II involvement in the market?

- Does the 2017 increase in Brazilian market activity signal that it is back on the right track to building a more active equity market? What further actions may be required to reinforce and broaden issuer participation?
 - What steps may be taken to address the push from domestic institutional investors for stronger protections for minority shareholder rights?
 - What avenues for reducing costs of use of Brazilian equity markets show greatest promise: reducing regulatory compliance costs? Increased use of crowdfunding? Development of OTC alternatives?
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12:30 - 14:00 *Lunch*

14:00 - 15:30 **Session 3: Opportunities and challenges for equity market development in Colombia and Peru: regional versus domestic priorities**

Introductory Speaker:

- Andrés Bernal, Partner, Governance Consultants (author of chapters on Colombia and Peru)

Lead Discussants:

- Colombian and Peruvian regulatory and Ministry of Finance officials

Summary

This session will provide an opportunity to explore more in-depth Colombia's and Peru's perspectives on equity markets in their own countries and at the regional level. Following an introduction to the country chapters and lead remarks from relevant policy and regulatory representatives of Colombia and Peru, discussion will be opened to all stakeholders. A special focus of this session will be the impact and objectives of market integration through the MILA initiative involving Colombia, Peru, Mexico and Chile

Key Issues for discussion

- Can increased market integration through the MILA initiative or wider convergence of corporate governance standards help spur greater market development, and if so, how might this encourage more companies to make use of equity markets in Colombia or Peru? Are the objectives of MILA fully aligned with those of domestic regulators and policy-makers, or if not, how do they differ?
 - What do market participants suggest are the most important priorities for corporate governance improvement needed to boost investor confidence and attract greater investment to Colombian and Peruvian markets?
 - How important are the costs of listing (exchange fees, intermediary fees, regulatory requirements) as a barrier to more active equity markets in Colombia and Peru?
 - Or should the priority be given to market outreach and education?
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15:30 –15:50 *Coffee Break*

15:50 - 17:20 **Session 4: Opportunities and challenges for equity market development in Chile and Mexico**

Introductory Speakers:

- Carla Meza, Researcher, Centro de Gobierno Corporativo de la Pontificia Universidad Católica de Chile (author of chapter on Chile)
- Marta Vaca Viana, Managing Director, Delphi Consulting & Advisory Firm, (author of chapter on Mexico)

Lead Discussants:

- Chilean and Mexican officials and stakeholders

Summary

This session will provide an opportunity to explore more in-depth Chile and Mexico's perspectives on equity markets in their own countries and at the regional level. Because of significant recent changes to Mexico's and Chile's stock exchanges, this session will feature a stronger focus on developments in those countries and their impact on equity market development.

Key Issues for discussion

- What scope is there for reducing regulatory burdens to attract more non-listed companies to the market in Chile and Mexico, while maintaining or improving corporate governance practices?
- What are the most effective ways to shift family companies' attitudes toward listing in Chile and Mexico to become more receptive to use of capital markets (debt and equity?). Would more effective awareness-raising and outreach make a difference, or are more fundamental changes in incentives and costs necessary?
- In Chile, what impact might the transformation of the Securities Superintendency into a Commission with explicit mandate to promote market development have?
- In Mexico, how might market dynamics change with the introduction of a second stock exchange and market development initiatives being taken by both the existing Bolsa de Valores de Mexico and newly established Bolsa Institucional de Valores - BIVA?

17:20 - 18:00 **Conclusions, potential recommendations and next steps**

Moderator: Daniel Blume, Senior Policy Analyst, OECD Secretariat

Summary

This session will provide an opportunity to review main findings of the meeting, potential recommendations and future direction of the Task Force's future work.
