

*Sponsored by the Government of Japan*  
**OECD-ADB Roundtable on Capital Market Reform in Asia**  
**4-5 April 2013, Tokyo, Japan**

**AGENDA**

**Chair: Dr. Malcolm Edey, Assistant Governor (Financial System), Reserve Bank of Australia  
and Chair of the OECD Committee on Financial Markets**

<b>DAY ONE: 4 April 2013 (Thursday)</b>	
<b>09:00 – 09:30</b>	<b>Registration of participants</b>
<b>09:30 – 10:10</b>	<b>Opening remarks</b> <ul style="list-style-type: none"> <li>• <b>Dr. Masahiro Kawai</b>, Dean and CEO, ADBI</li> <li>• <b>Mr. Rintaro Tamaki</b>, Deputy Secretary General, OECD</li> <li>• <b>Dr. Malcolm Edey</b>, Assistant Governor (Financial System), Reserve Bank of Australia and Chair of the OECD Committee on Financial Markets</li> </ul>
<b>10:10 – 10:40</b>	<b>Keynote address:</b> <b>Mr. Takehiko Nakao</b> , Special Advisor to the Minister of Finance; former Vice Minister of Finance for International Affairs, Ministry of Finance, Japan
<b>10:40 - 11:00</b>	<b>Coffee break</b>
<b>11:00 – 12:45</b>	<b>SESSION 1:</b> <b>European Sovereign Debt Crisis: Implications for Asia</b>
	<i>The Euro area sovereign debt and banking sector crisis poses a major threat to global economic growth and financial stability. The process of economic and financial integration in the European Union also provides an important benchmark for similar processes in Asia, although the latter are still at a much earlier stage, so it is important to understand the lessons, both positive and negative, from the EU integration process. Also, it is important to identify potential major systemic risks to Asian economic and financial stability emanating from the crisis, and what steps, including regional cooperation, can be taken to minimize the potential impact of those risks.</i>
<b>11:00 – 11:45</b>	<b>Moderator: Dr. Adrian Blundell-Wignall</b> , Special Advisor to the OECD Secretary General on Financial Markets, Deputy Director, Directorate for Financial & Enterprise Affairs, OECD <b>Speakers:</b> <ul style="list-style-type: none"> <li>• <i>Asian Perspectives:</i>  <b>Dr. Masahiro Kawai</b>, Dean and CEO, ADBI</li> <li>• <i>European perspective:</i>  <b>Professor Martin Klein</b>, Professor of International Economics, Martin-Luther-Universität Halle-Wittenberg, Germany</li> <li>• <i>Chinese Perspective:</i>  <b>Dr. Jin Zhongxia</b>, Director General, Research Institute of People’s Bank of China, PRC</li> </ul>

11:45 – 12:45	<p><b>Discussant:</b></p> <ul style="list-style-type: none"> <li>• <b>Dr. Michael Spencer</b>, Chief Economist, Asia Pacific and Co-Head, Global Economics, Deutsche Bank, Hong Kong</li> </ul> <p><b>Open discussion</b></p>
12:45 – 14:15	<b>LUNCH</b>
14:15 – 16:15	<p><b>SESSION 2:</b>  <b>Understanding the Relationship between Liberalization, Capital Flow Measures &amp; Macro-Prudential Measures</b></p>
	<p><i>Openness of financial markets to foreign capital inflows can support economic development, but also exposes emerging economies to foreign financial shocks and high volatility of capital flows that can destabilize both domestic financial markets and economies. In an environment of low interest rates and quantitative easing policies in a number of advanced economies, capital outflows to emerging economies remain large. In response to such volatility, a number of emerging economies have adopted capital flow measures (e.g. unremunerated reserve requirements or limitations on hedging) that can have a discouraging effect on foreign investment.</i></p> <p><i>The OECD has hosted a forum for discussing capital flow management and liberalization, and its Code of Liberalisation of Capital Movements has provided a framework for promoting transparency and mutual accountability, sharing experiences with progressive liberalisation, and supporting countries at times of economic and financial disturbance.</i></p>
14:15 – 15:15	<p><b>Moderator: Dr. Jae-Ha Park</b>, Deputy Dean, ADBI</p> <p><b>Speakers:</b></p> <ul style="list-style-type: none"> <li>• <i>Understanding the Relationship between Liberalization, Capital Flow Measures &amp; Macro-Prudential Measures:</i>  <b>Dr. Sukudhew Singh</b>, Assistant Governor, Bank Negara Malaysia</li> <li>• <i>Capital Account Liberalization and Capital Flow Management: Perspective from China:</i>  <b>Mr. Fan Zhai</b>, Managing Director, China Investment Corporation</li> <li>• <i>The IMF's Institutional View on the Liberalization and Management of Capital Flows:</i>  <b>Dr. Giovanni Ganelli</b>, Senior Economist, IMF Regional Office for Asia and the Pacific</li> <li>• <i>The OECD Codes of Liberalisation perspective:</i>  <b>Mr. Pierre Poret</b>, Counsellor, Directorate for Financial and Enterprise Affairs,</li> </ul>
15:15 – 16:15	<p><b>Discussants:</b></p> <ul style="list-style-type: none"> <li>• <b>Mr. Bongjun Kim</b>, Deputy Director, Ministry of Strategy and Finance, Republic of Korea</li> <li>• <b>Dr. Richard Jerram</b>, Chief Economist, Bank of Singapore</li> </ul> <p><b>Open discussion</b></p>
16:15 – 16:30	<b>Coffee break</b>

<p><b>16:30 – 18:15</b></p>	<p><b>SESSION 3: Implications of Globalization for the Funding of Investments: Trends &amp; Policy Issues</b></p> <ul style="list-style-type: none"> <li>• <b>Shifting Trends in Funding (Market Based)</b></li> <li>• <b>SME Financing</b></li> <li>• <b>Corporate Governance and Value Creation</b></li> </ul>
	<p><i>Various factors in the business operating environment or the broader financial system have the potential to foster development of the SME sector by facilitating investment or to hinder it by creating disincentives to entrepreneurship and investment, especially of risk capital. In some cases, problems confronting SMEs may be symptomatic of a larger structural problem that affects all small firms, such as macroeconomic imbalances or impediments in the tax, legal, or regulatory frameworks. In others, problems may be confined to particular sub-sectors of the SME population such as start ups and very young firms that typically lack sufficient collateral, or firms whose activities offer the possibilities of high returns, but at a substantial risk of loss.</i></p> <p><i>Despite a wide range of government support measures there is still some evidence that the problem of access to finance has not been fully resolved even in normal times. In times of financial market stress, the traditional problems and market failures can be much worse. And it remains to be seen how the evolving financial landscape, given the impact of stricter capital and liquidity requirements and changes in business models, will affect the provision of finance to the SME sector and the broader economy. Already in key parts of the banking sector, the provision of long-term financing has become tighter owing to economic circumstances, financial turbulence and large-scale deleveraging, and may be further constrained in coming years. For example, there is growing evidence that banks are shying away from the traditional project finance model for infrastructure financing based on long-term, low-cost loans secured by the income stream of the underlying assets and may be curtailing their appetite for other types of risky assets.</i></p> <p><i>This session will cover trends and developments in the provision of funding of investments, looking at the implications for SMEs' access to finance and for the productive sector more generally.</i></p>
<p><b>16:30 – 17:30</b></p>	<p><b>Moderator: Mr. Pierre Poret</b>, Counsellor, Directorate for Financial and Enterprise Affairs, OECD</p> <p><b>Speakers:</b></p> <ul style="list-style-type: none"> <li>• <i>Small Business Finance and SME Data Analysis:</i> <b>Professor Naoyuki Yoshino</b>, Professor of Economics, Keio University, Japan</li> <li>• <i>Capital Market Financing for SMEs - Trends and Potency in Emerging Asia:</i> <b>Mr. Shigehiro Shinozaki</b>, Financial Sector Specialist (SME Finance), Office of Regional Economic Integration, Asian Development Bank (ADB)</li> <li>• <i>Equity Markets, Corporate Governance and Long-term Financing:</i> <b>Mr. Serdar Celik</b>, Economist, Corporate Affairs Division, Directorate for Financial and Enterprise Affairs, OECD</li> <li>• <i>Seed and Early Stage Finance and the Role of Policy:</i> <b>Ms. Karen Wilson</b>, Consultant, Structural Policy Division, Directorate for Science, Technology and Industry, OECD; Visiting Fellow, Bruegel</li> </ul>
<p><b>17:30 – 18:15</b></p>	<p><b>Discussant:</b></p> <ul style="list-style-type: none"> <li>• <i>SME Financing: Japan's Experience:</i> <b>Mr. Koji Nakamura</b>, Head of Division, Financial System Research Division, Financial System and Bank Examination Department, Bank of Japan</li> </ul> <p><b>Open discussion</b></p>
<p><b>18:30 – 20:30</b></p>	<p><i>Reception dinner hosted by ADBI and OECD</i></p>

**DAY TWO: 5 April 2013 (Friday)**

<p><b>09:30 – 10:00</b></p>	<p><b>Keynote address:</b>  <b>Mr. Masamichi Kono, Vice Commissioner for International Affairs, Financial Services Agency, Government of Japan; Chairman of the IFRS Foundation Monitoring Board; and former Chairman of the IOSCO Board</b></p>
<p><b>10:00 – 12:30</b></p>	<p><b>SESSION 4:</b>  <b>Contribution of Long-Term Institutional Investors to Growth: SWFs / Pension Funds</b></p>
	<p><i>The growth of institutional investors helps contribute to the development of capital markets, providing financing to companies and governments and helping to develop mechanisms for corporate control and risk management. Given their long-term liabilities, institutional investors – in particular, pension funds, life insurers, sovereign wealth funds, and mutual funds that operate in retirement savings systems – should in principle be concerned with long-term investment performance, providing and monitoring investment mandates that reflect such an investment horizon and holding on to assets for long periods. This should enable them to act in a counter-cyclical manner, continuing to invest in riskier assets and even seeking new investment opportunities at times of market weakness. By the same token, they should normally rebalance their portfolios when asset price bubbles develop, reducing exposure to such asset classes. Through such investment strategies institutional investors can promote financial stability, helping to correct speculative excesses and providing a buffer during a financial crisis. Institutional investors can also complement the long-term lending function performed by banks, particularly for major infrastructure projects that are necessary to sustain economic growth.</i></p> <p><i>This session will cover the main contribution of long-term institutional investors to economic growth in the Asian region, including their role in financing investments in infrastructure and “Green Growth”. It will also address policies for facilitating long-term investment and discuss work carried out by the ‘OECD Taskforce on Institutional Investors and Long-Term Financing’, including a set of principles currently being developed by the Taskforce.</i></p>
<p><b>10:00 – 11:00</b></p>	<p><b>Moderator: Dr. Peter Morgan, Senior Consultant, ADBI</b></p> <p><b>Speakers:</b></p> <ul style="list-style-type: none"> <li>• <i>Pension Funds and Long-Term Investment - Evidence and Policy Challenges:</i>  <b>Mr. Juan Yermo</b>, Principal Administrator, Financial Affairs Division, Directorate for Financial and Enterprise Affairs, OECD</li> <li>• <i>NPS in the Context of Long-Term Investment:</i>  <b>Mr. Kyungjik (KJ) Lee</b>, Head of Global Public Market Investment Division, National Pension Service, Korea</li> <li>• <i>Contribution of Long-Term Institutional Investors to Growth:</i>  <b>Dr. Leslie Teo</b>, Chief Economist, GIC, Singapore</li> <li>• <i>Long-Term Investing in Emerging Markets:</i>  <b>Mr. Donald M. Raymond</b>, Senior Vice-President and Chief Investment Strategist, Canada Pension Plan Investment Board (CPPIB), Toronto, Canada</li> </ul>
<p><b>11:00 – 11:15</b></p>	<p><b>Coffee break</b></p>
<p><b>11:15 – 12:30</b></p>	<p><b>Discussants:</b></p> <ul style="list-style-type: none"> <li>• <b>Mr. Isa Rachmatawarta</b>, Chairman of Financial Sector Policy Formulation Team, Fiscal Policy Office, Ministry of Finance, Indonesia</li> <li>• <b>Mr. Makoto Okubo</b>, General Manager, International Affairs, Nippon Life Insurance Company</li> </ul> <p><b>Open discussion</b></p>

12:30 – 13:45	LUNCH
13:45 – 15:15	<b>SESSION 5:</b> <b>Changing Business Models of Financial Institutions</b>
	<p><i>The institutional structure considered most efficient for conducting financial activities generally changes over time and may differ across jurisdictions, as institutions respond to competitive impulses and to changes in the policy environment. Large size and integrated business models may or may not prove to be profitable in all circumstances. The details matter, which relate in part to risk management. An institution's size or scope can result in either a lower or higher probability of financial difficulty, depending on the extent to which its risk-taking is counterbalanced by improved diversification or simply by its having a larger capital base to absorb losses.</i></p> <p><i>The same forces that are affecting financial service providers are also producing shifts in trading paradigms and financial market infrastructures. For example, the trading process itself, which takes many forms, has embraced the Internet and other electronic trading platforms, which enables clients to be served without a physical presence. New technologies are also resulting in new trading capabilities that surpass those of typical human traders, including the ability to assimilate and integrate vast quantities of data and make multiple accurate trading decisions in split-second time-intervals. This process brings some benefits, but also poses risks.</i></p> <p><i>This session will discuss the implications for financial system stability and efficiency of changes in institutions' business models and the evolutions in market infrastructure.</i></p>
13:45 – 14:30	<p><b>Moderator: Ms. Mamiko Yokoi-Arai</b>, Principal Administrator, Financial Affairs Division, Directorate for Financial and Enterprise Affairs, OECD</p> <p><b>Speakers:</b></p> <ul style="list-style-type: none"> <li>• <i>Business Models of Banks, Leverage and the Distance-to-Default:</i> <b>Dr. Adrian Blundell-Wignall</b>, Special Advisor to the OECD Secretary General on Financial Markets, Deputy Director, Directorate for Financial and Enterprise Affairs, OECD</li> <li>• <i>Effect of High Frequency Trading on Stock Market:</i> <b>Mr. Ko Nakayama</b>, Director, Financial Markets Department, Bank of Japan</li> <li>• <i>Structural Reform of the Banking Sector and Supervision in France:</i> <b>Mr. Edouard Fernandez-Bollo</b>, Deputy Secretary General, ACP-Prudential Supervisory Authority, France</li> </ul>
14:30 – 15:15	<p><b>Discussant:</b></p> <ul style="list-style-type: none"> <li>• <b>Mr. Shigeru Ariizumi</b>, Director of Banks Division I, Financial Services Agency, Japan</li> </ul> <p><b>Open discussion</b></p>
15:15 – 15:30	Coffee Break

15:30 – 17:30	<b>SESSION 6:</b> <b>ASEAN + 3 Financial Cooperation: Progress, Perspectives &amp; Challenges</b>
	<p><i>The Chiang Mai Initiative Multilateralization (CMIM), the associated ASEAN+3 Macroeconomic Research Office (AMRO) and the Asian Bond Markets Initiatives (ABMI) are the most salient examples of ASEAN+3 financial cooperation. However, the CMIM has never been used, partly reflecting the continuance of IMF conditionality, but also a lack of operationalization of its procedures. Another fundamental issue that still needs to be agreed upon is the CMIM's role and how it fits in among existing regional and global financing facilities. The AMRO has begun its surveillance of regional economic and financial conditions, but remains under-resourced, and its role vis-à-vis other regional surveillance entities needs to be clarified. It is important to identify possible areas in which the effectiveness of the CMIM and AMRO may be increased, despite constraints and limitations. The ABMI started in 2003 after the experience of the Asian currency crisis of 1997-98 to develop efficient and liquid bond markets in Asia, which would enable better utilization of regional savings for regional investments. Since then, local currency-denominated bond markets in the region have achieved remarkable growth in terms of size and diversity of issuers.</i></p>
15:30 – 16:30	<p><b>Moderator: Dr. Masahiro Kawai</b>, Dean &amp; CEO, ADBI</p> <p><b>Speakers:</b></p> <ul style="list-style-type: none"> <li>• <i>Does East Asia have a Working Financial Safety Net?:</i> <b>Dr. Jayant Menon</b>, Lead Economist, Office of Regional Economic Integration (OREI), Asian Development Bank (ADB)</li> <li>• <i>10+3 Financial Cooperation:</i> <b>Mr. Qiangwu Zhou</b>, Executive Deputy Director General, Asia-Pacific Finance and Development Center, Ministry of Finance, PRC</li> <li>• <i>Asian Bond Markets Initiative (ABMI):</i> <b>Mr. Kouji Kawashima</b>, Director, Promotion of Regional Financial Cooperation, International Bureau, Ministry of Finance, Japan</li> <li>• <i>Regional Financial Cooperation in Asia: Past, Present and Challenges:</i> <b>Dr. Inseok Shin</b>, Chung-Ang University, Republic of Korea</li> </ul>
16:30 – 17:30	<p><b>Discussants:</b></p> <ul style="list-style-type: none"> <li>• <i>ASEAN+3 Financial Cooperation: Progress, Perspectives and Challenges:</i> <b>Ms. Salinee Wangtal</b>, Assistant Governor, Supervision Group, Bank of Thailand</li> <li>• <i>The Case for Strong Regional Surveillance:</i> <b>Dr. Jae Young Lee</b>, Senior Economist, ASEAN+3 Macroeconomic Research Office</li> <li>• <b>Ms. Detty Agustono</b>, Chief Representative, Bank of Indonesia</li> </ul> <p><b>Open discussion</b></p>
17:30 – 17:45	<p><i>Conclusions and Closing Remarks</i></p>