Ninth Annual OECD-World Bank-IMF Global Bond Market Forum
Derivatives and Domestic Debt Market Development
May 22-23, 2007
OECD, Room C
2 rue André Pascal, 75016 Paris


**DAY ONE**

09:00-9:30 Opening session
- Teresa Barger, Director of Corporate Governance and Capital Markets Development Department, *World Bank Group*
- Udaibir Das, Division Chief, Sovereign Asset & Liability Management Division, *IMF*
- Adrian Blundell-Wignall, Deputy Director, Financial Affairs Directorate, *OECD*

09:15-9:30 Overview of Program: Hans J. Blommestein, *OECD*

9:30-13:00 Session I: Recent Development of Fixed Income Derivatives
This session will provide an overview of the recent trends in fixed income derivatives markets, how the markets have been evolving, and developments relating to instruments, infrastructure, transparency, and investor base

Session I
09:30-10:15 Fixed Income Derivatives: An Overview of the State of the Markets, Trends and the Role of Sovereigns
Speaker: Moorad Choudhry, Visiting Professor, *London Metropolitan University*

10:15-10:45 Q&A

10:45-11:15 Coffee break
11:15-12:30  **Panel Discussion**  
Moderator: Jean-Pierre Landau, Deputy Governor, *Banque de France*  
Panelists:  
- William Allen, Exec. Managing Director, *Global Markets Consultant*  
- Bim Hundal, Head of the New Markets Liabilities Group, *Goldman Sachs Int.*  
- Paul Murray-John, Head of Fixed Income Trading and Investing, *Threadneedle Asset Management*  
- Jean-Pierre Mustier, Global Head of Investment Banking, *Société Général*  
- Dr. James Overdahl, Chief Economist, *CFTC*  
- Amanda Sudworth, Director of Interest Rate Products, *Euronext.LIFFE.*

12:30-13:00  **Open floor discussion and summary of the panel discussion**

13:00-14:00  **Lunch**  
Keynote speaker: “Regulations on Derivatives”, Mr. Michel Prada, Chairman, *Autorité des Marchés Financiers, (AMF), France*

14:30-18:00  **Session II: The Role of Derivatives in Public Debt Management**  
*This session will discuss why debt managers use derivatives, what kinds of derivatives are used, the benefits, risks and costs of using derivatives, the modalities for executing derivatives transactions, how credit risk is managed, valuation challenges and operational risks.*

**Session IIa.**  
14:30-14:50  **Role of Derivatives in Public Debt Management in Mature Markets**  
Speaker: Lars Boman, Deputy Head of Portfolio Management, *Swedish National Debt Management Office*

14:50-15:40  **Panel Discussion**  
Moderator: Bo Lundgren, Director General, *Swedish National Debt Management Office*  
Panelists:  
- Paul Chilcott, Director, *Financial Markets Department Bank of Canada*  
- Ove Jensen, Head of Debt Management Department, *Danish National Bank*  
- Maria Cannata, Director General of Public Debt, *Italy*  
- Stefano Iacobelli/Laura Clemente, *Banca d’Italia*  

15:40-16:00  **Coffee break**
Session IIb  
16:00-16:20  
**Role of Derivatives in Public Debt Management in Emerging Markets**  

16:20-17:10  
**Panel Discussion**  
Panelists:  
- Zsolt Bangó, Head of Treasury Department, *Hungarian Government Debt Management Agency Ltd.*  
- Gerardo Rodriguez, Deputy Undersecretary of Public Credit, *Ministry of Finance and Public Credit, Mexico*  
- Jaroslaw Wysoczynski, Senior Specialist, *Public Debt Strategy and Forecast Division, Poland*  
- Antony Julies, Director, Strategy & Risk Management, *Treasury, South Africa*

17:10-18:00  
Open floor discussion and summary of the panel discussion

**DAY TWO**

09:00-09:20  
**Overview of Day Two Program:** Hans J. Blommestein, *OECD*

09:20-13:00  
**Session III: Importance of Derivatives for Government Securities Market Participants**  
The session will discuss the roles of derivatives for the government securities market development from the perspective of market participants, in particular, the use of derivatives, the importance of derivatives for operations in domestic bond markets, interrelation between derivatives and government securities, feedback to supply-side policies in government securities markets, and key conditions and regulations for proper function of derivative market.

Session IIIa  
09:20-09:40  
**The Importance of Derivatives for Government Securities Market Participants**  
Speaker: Clément Perrette, Head of Euro Swap & Government Bond Trading, *Barclays*

09:40-10:40  
**Panel Discussion**  
Moderator: Ms. Andrea Corcoran, Managing Director Promontory Financial Group, *LLC*  
Panelists:  
- Michael Decker, *Senior VP of Securities Industry and Financial Markets Association*
Andy Lutz, Head of Fixed Income for Susquehanna International Group, LLP
Jose Maria Fernandez, Managing Director-Capital Markets, Calyon Corporate and Investment Bank

10:40-11:00 Coffee break

Session IIIb
11:00-11:20 Importance of Derivative Markets for Market Participants in EMs
Speaker: Drausio Giacomelli, MD and Head of Latin American Local Markets Research, JPMorgan

11:20-12:10 Panel Discussion
Moderator: Alison Harwood, Head of Capital Market Unit, World Bank Group
Panelists
- Roberto Sallouti, Managing-Director, Co-head Latam FI and MCC, UBS Pactual
- Thomas Glaessner, MD and Head EM Trading Strategy, Citigroup
- Martin Hohensee, Deutsche Bank

12:10-13:00 General discussion for key policy issues and how to address them
Facilitator: (TBD)

13:00-14:30 Lunch

14:30-16:00 Session IV: Conclusion
This session summarizes the main issues raised in the previous three sessions and identifies key challenges for debt managers in EM concerning the use of derivatives.

14:30-15:15 A panel based discussion on the main conclusions of Sessions I-III

15:15-16:00 Conclusion of conference, key policy outcome, and issues going forward for debt managers.

- Representatives from the World Bank Group, IMF, and the OECD.
Issues for Discussion

Session I - Recent Development of Fixed Income Derivatives

1. What is the current state of global fixed income derivative markets (interest rate/currencies)

2. What constitute the key drivers behind recent developments? What are the most critical impediments to further growth – by region and by instrument?

3. What are the essential building blocks of derivative markets and how are they affected by the direct (i.e., active sovereign debt management) and indirect involvement of governments (i.e., policy decisions)?

4. What are the relevant (and systematic) sequencing issues regarding OTC versus exchange-based derivatives markets? Where do these distinct infrastructural boundaries begin to blur? What are the benefits and costs of using regional exchanges, especially for commodity and currency derivatives?

5. How are derivative markets complementing domestic government debt markets?

Issues for Discussion

Session II – The Role of Derivatives from the Debt Manager’s Perspective

1. Why do debt managers use derivatives? What are the objectives? What does the use of derivatives enable debt managers to accomplish?

2. What kinds of derivatives do debt managers use? What drives the choice of which kinds of derivatives to use or not use?

3. What are the risks, costs, drawbacks, or other considerations against which the benefits or advantages of using derivatives are considered?

4. What are the modalities for executing derivatives transactions? Who are the counterparties and how are they selected? What is the timing of transactions and volume of transactions, and how does that relate to overall securities issuance? What is the mechanism for transactions? How is it determined whether an individual transactions represents good value?

5. How is the credit risk associated with derivatives managed? If collateral arrangements are used, how are the operational challenges handled?
6. **What are the valuation (and related operational) challenges with derivatives?** How is the need for real-time market information (e.g., for evaluating a new transaction, periodic rate resets, determination of required collateral movements, remuneration of posted collateral) accommodated?

7. **What transparency surrounds the use of derivatives?** What information, and how detailed, is disclosed ex ante and ex post? What is the accounting treatment of derivatives, in comparison to the accounting treatment of securities?

8. **What does the market get out of derivatives that is beneficial to the debt manager?** Does the existence of robust derivatives markets encourage behaviours on the part of investors and intermediaries that leads to better primary and secondary markets?

9. **What are the operational risks related to the use of derivatives?** How to service contracts? What is the role of Central Banks as paying agents? How to manage operational risks?

**Issues for Discussion**

**Session III – Importance of Derivatives for Government Securities Market Participants**

1. Use of derivative products: What fixed-income derivative products are most used in different regions/markets and by type of investor? Include all types, OTC, exchange traded. This part should be brief and just set the ground for the next topics below.

2. Importance of Derivatives for operations in domestic bond markets: How does the existence, or lack thereof, of derivative products influence operations in domestic bond markets? Comment on most relevant and critical dimensions, such as but not limited to ability to manage risk, costs, income and services provided to clients.

3. Marketplace: Given the comments just made, how does this then affect the marketplace, in terms of ability to support new issues, costs to the issuer, costs/returns to investors.

4. Interrelation between derivatives and government securities: From a demand side perspective, what is the extent which government securities markets and fixed-income derivatives function as complements or substitutes in the marketplace and in the operations conducted by each type of participant?

5. Feed-back to supply-side policies in government securities markets: What is the influence of supply-side policies of government debt (issuing policy, types of
instruments, maturity, frequency, size etc) on decisions and operations in fixed-income derivatives markets? Explore different angles according to the type of government securities market participant. Speakers and Panelists should focus their discussion on the perspective of government securities market participants to avoid overlap with session 2, which will discuss the same topic but from the debt managers’ point of view.

6. **Key conditions and regulations for proper function of derivative markets**: What are the key conditions needed for the derivatives of interest to you to function properly? In what ways might the products, marketplace and the regulatory framework be improved? Include all elements, such as the structure of the instrument, the operating systems supporting it, risk management mechanisms of the clearing entity, cross-margining and contracts.