

# AGENDA

## Meeting of the Task Force on Latin American Equity Market Development

11 November, 2019

*Bolsa Mexicana de Valores, Paseo de la Reforma, 255  
Mexico City, Mexico*

*Hosted by:*



*With the support of:*



## Background and Objectives of the 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 on comprehensive capital markets reforms that have been recently initiated in Colombia and Peru, capital market and corporate governance reform agenda in Mexico, the reasoning behind reforms that have the goal of reducing the regulatory costs related to disclosure and the public enforcement of corporate governance rules.

Indeed, the **OECD Survey on access to equity financing in Latin America**, which was discussed in the Task Force's meeting held in Buenos Aires in June 2018, identified the following two issues as a priority for the next phase of research:

- 1) What capital markets regulators could do to improve minority shareholder protections and transparency of listed companies in order to increase the participation by international institutional investors in the local markets in Latin America; and
- 2) How policy-makers could reduce the regulatory burden and the costs of compliance in order to attract new companies to local markets while at the same time ensuring that safeguards are in place to maintain the level of transparency and investor protection needed to pass value creation onto the broader economy.

To support work on these priorities, a survey on public enforcement issues in the six jurisdictions that take part in the Task Force was developed, with the help of securities markets regulators in the region. The survey focuses on how to improve the effectiveness and autonomy of the capital markets regulators in Latin America, including through opportunities provided by new technologies, with the final goal of increasing confidence in the markets and, therefore, the volume of savings invested in them.

As background for the meeting, Task Force participants will also receive a discussion paper on cost and benefit analysis of listed companies disclosure rules and practices, including the rules applied to an issuer that is going through an Initial Public Offer as well as ongoing disclosure requirements. The objective will be to explore methodologies that might be used by regulators to deal with the challenge of attracting new companies to issue new shares and, therefore, increase the liquidity in their respective domestic markets.

This meeting of the Task Force is organized and co-ordinated by the OECD in collaboration with our Mexican host, the Comision Nacional Bancaria y de Valores (CNBV), with funding support from the government of Spain, and with special thanks to the Bolsa Mexicana de Valores (BMV) Group for offering their venue for the meeting.

*Simultaneous interpretation will be provided between Spanish and English.*

Monday 11 November 2019

8:45 - 9:15 *Registration /Welcoming coffee*

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9:15 - 9:30 **Introductory remarks**

Adalberto Palma Gómez, Chairman, National Banking and Securities Commission, Mexico

Juan Munguira, OECD Corporate Governance Committee Bureau member, CNMV, Spain

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9:30 - 11:15 **Session 1: Capital markets reforms in Colombia and Peru**

*Moderator:*

- Ana Fiorella Carvajal, Lead Financial Sector Expert, World Bank Group

*Introductory Speakers:*

- José Manuel Peschiera Rebagliati, Chair, Securities Commission of Peru
- Felipe Lega, Director, Ministry of Finance of Colombia

*Open discussion*

*Summary*

This session will provide an overview of capital market reviews and reform proposals that recently have been developed in Colombia and Peru by groups formed by representatives from both the private and public sector with support from the World Bank. Discussion will be aimed at extracting what lessons may be learned from these countries' experiences and planned next steps, and how their experience may also be relevant for other countries with ambitions to stimulate the growth of their markets.

*Key Issues for discussion*

- What are the main proposals related to strengthening market regional integration, boosting the number of listed companies, and addressing conflicts of interests that may impair market development or influence competition among financial intermediaries? What are the main obstacles that those actions will try to deal with?
- In terms of the governance, composition and approaches taken by the advisory groups created to propose the reforms, what are the lessons learned by the Misión del Mercado de Capitales in Colombia and the Consejo Consultivo del Mercado de Capitales del Perú? What are the strengths and weaknesses of the different approaches taken?
- What are the envisioned next steps and what impact can be expected on equity market development from new capital market legal reforms, regulatory and stock exchange initiatives in Colombia and Peru?

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11:15 – 11:45 *Coffee Break*

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11:45 - 13:30 **Session 2: Disclosure and compliance costs and benefits**

*Co-moderators:*

- Andres Bernal, Partner, Governance Consultants S.A.
- Daniel Blume, Senior Policy Analyst, OECD

*Introductory Speakers:*

- Pablo Souto, Senior Associate, Global Outcomes
- Gustavo Gonzalez, Commissioner, Brazil Securities Commission

*Open discussion among all participating countries*

*Summary*

Timely and accurate disclosure of material information is a key foundation for well-functioning markets. Yet, more is not necessarily better and there is an active debate over how best to create a policy framework where innovative companies can thrive without being stifled by inappropriate regulation, while at the same time ensuring that safeguards are in place to maintain the level of transparency and investor protection needed to pass value creation onto the broader economy.

This session will aim to provide a framework for thinking about these questions, drawing upon the findings of an OECD discussion paper reviewing approaches to costs and benefits analysis of transparency and disclosure regulations, based on a preliminary review of academic literature and experience among OECD, G20 and Latin American countries on corporate disclosure. The session will seek Task Force participant perspectives on the potential for reducing disclosure costs – including through mechanisms for proportional and flexible regulation – to support the development of more active equity markets. Likewise, it will provide an opportunity to better understand Brazil's ongoing experience in its initiative to reduce compliance costs in order to attract non-listed companies to become public.

*Key Issues for discussion*

- How useful can structured regulatory impact analyses be for capital markets regulators? What alternative methodologies are used in practice and how might they be strengthened to evaluate the costs and benefits of existing and planned corporate disclosure rules?
- How could corporate governance regulators facilitate the access of SMEs to the capital markets? Would the simplification of prospectuses, and reliance on continuing disclosure rules be an adequate solution?
- In Brazil, what scope is there for reducing regulatory burdens to attract more non-listed companies to the market, while ensuring that high quality and most relevant information remains accessible to the market? What are the planned steps and expected outcomes of CVM's project to reduce compliance costs in the Brazilian capital markets?

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13:30 - 15:00 **Lunch**

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15:00 – 15:50 **Session 3: Capital market and corporate governance challenges for Mexico**

*Moderator: Marta Vaca Viana, Managing Director at Delphi Consulting & Advisory Firm*

*Introductory Speaker:*

- Adalberto Palma Gómez, Chairman, National Banking and Securities Commission, Mexico

*Lead Discussants:*

- Jaime Ruiz Sacristán, Presidente, Bolsa Mexicana de Valores
- Santiago Urquiza, President, Bolsa Institucional de Valores
- José Méndez Fabre, President, Asociación Mexicana de Instituciones Bursátiles

Mexico has reached an important stage in the development of its capital market, with the 2018 introduction of a second stock exchange, the Bolsa Institucional de Valores (BIVA), and the consideration of possible reforms and incentives to spur new listings in the market. Possible legal changes to the corporate governance framework are also under consideration. This session will provide an opportunity to learn about and discuss the current capital market and corporate governance reform agenda in Mexico.

*Key issues for discussion:*

- What types of reforms are under consideration in Mexico to support capital market development – either on corporate governance or on the broader enabling framework and incentives?
- What has been the impact of the introduction of a second exchange in Mexico on capital market development and trading? Have there been new listings or other impacts created by increased competition, or is it still soon to assess?

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15:50 - 16:10 **Coffee Break**

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16:10 - 17:45 **Session 4: Public enforcement issues in Latin America**

*Moderator:*

- Mike Lubrano, consultant to the OECD

*Introductory Speaker :*

- Caio de Oliveira, Policy Analyst, OECD

*Lead Discussants:*

- Regulatory officials from Argentina, Brazil, Chile, Colombia, Mexico and Peru

*Summary*

Without effective supervision and enforcement, laws and regulations have little meaning. This is fully recognised in the opening chapter of the G20/OECD Principles, which emphasises the need for an effective legal and regulatory framework to underpin well-functioning markets that both companies and investors can rely upon. In light of the important role that effective enforcement plays in supporting equity market development, this session will feature the presentation and discussion of a stocktaking exercise on the trends in public enforcement of corporate governance rules over the last few years in Latin America. Following an introduction to the results of the survey and lead remarks from regulatory representatives from the region, discussion will be opened to all stakeholders.

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A special focus of this session will be on how to enhance the effectiveness and autonomy of the capital markets regulators in the region, including through opportunities provided by new technologies.

*Key Issues for discussion*

- In practice, what have been the roles of capital markets regulators, the Judiciary, self-regulatory organisations and private arbitrators in enforcing corporate governance rules? Has there been a change in the balance between the sanctioning and advisory roles of some of these institutions?
- What would be the reforms that could improve corporate governance regulators' effective autonomy?
- What are the opportunities presented by machine learning and other new technological solutions to improve public enforcement? Are corporate governance regulators ready to fully benefit from those opportunities?
- What are the biggest obstacles to improve the effectiveness of the enforcement in the region? Both from political and managerial perspectives, how could one surpass such obstacles?

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17:45 - 18:15 **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, and how best to follow up to further advance the work with a view to developing potential recommendations to consider at the next meeting of the Task Force and Latin American Corporate Governance Roundtable scheduled to take place in mid-2020 in Lima, Peru.

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