

**OECD-ADBI 8th Round Table on Capital Market Reform in Asia
11-12 October 2006, ADB Institute, Tokyo**

AGENDA

WEDNESDAY, 11 October 2006

9:00 – 9:30 **Participants' Registration**

9:30 – 9:45 **Opening Remarks**

ADBI: Mr. Peter McCawley, Dean, ADBI

OECD: Ms. Carolyn Ervin, Director, Directorate for Financial and Enterprise Affairs, OECD

Mr. Andrew Sheng, Chairman of the Round Table

9:45 – 13:00 **SESSION 1: Capital Market Reforms in Asia: Issues, Progress and Challenges**

Capital markets play an important role in mobilizing savings to finance production and infrastructure investment needed for economic development. In Asia, the savings ratio has been much higher than in other regions. However, such savings have not been adequately invested in Asia. Only five percent of Asian total cross-border portfolio investment has been directed to other East Asian markets, as compared to Europe where 63 percent of cross-border flows remain within the European region. This is partly due to the underdevelopment and inefficiencies of the capital markets in the Asian region.

Various reforms have been made to: (i) improve corporate governance including investor protection; (ii) strengthen market regulations and supervision; (iii) expand investor base especially contractual savings, mutual funds, and cross-border funds; (iv) improve market infrastructure; and (v) develop new financial instruments.

The session focuses on the current state of financial market integration in Asia, the progress on Asian capital market reform and development and issues and challenges ahead. How should Asia accelerate the pace of domestic market development and integration in order to make more efficient resource allocation within Asia?

How could Asian economies (1) make better and strategic use of existing for a such as ASEAN + 3, EMEAP and APEC; (2) further engage with the private sector, and (3) utilize international institutions like IMF, World Bank, ADB and OECD. How could Asian economies better mobilize savings from surplus economies and finance much-needed infrastructure financing in other parts of Asia?

Presentations:

- **Mr. Masahiro Kawai**, Head, Office of Regional Economic integration, and Special Advisor to the President, ADB
- **Mr. Andrew Sheng**, Chief Adviser, China Banking Regulatory Commission
- **Sir. Andrew Large**, Former Deputy Governor, Bank of England

[11:00 - 11:20 coffee break]

Discussants:

- **Mr. Osamu Shimizu**, Deputy Director-General of the International Bureau, Ministry of Finance of Japan
- **Mr. Ghon Rhee**, K.J Luke Distinguished Professor of Finance, University of Hawaii
- **Mr. Akira Ariyoshi**, Director, IMF Regional Office for Asia and the Pacific

13:00 – 14:15 LUNCH

14.15 - 17:00 **SESSION 2: Financial Policy Landscape**

Last year the Round Table discussed various aspects of the formulation of financial policy against the backdrop of a rapidly changing financial services landscape. This year we will continue discussion by focusing on narrower topics of how financial policy has responded and should further respond to the internationalization of financial transactions. More specifically, this session will follow the discussion in Session 1 above by raising issues as to possible and desirable financial policy making in order to promote the market integration in Asia. If Asia is to aim to foster more common market place, what should the response of financial regulators be? Is it sufficient that we explore further regional co-operation among policy-makers and regulators, or should we explore some mechanisms for ensuring policy convergence in the region?

Presentations:

- **Mr. Stephen Lumpkin**, Principal Administrator, Financial Markets and Policies, OECD
- **Mr. Madhusudan Mohanty**, Senior Economist, BIS

[15:15 – 15:30 coffee break]

Discussants:

- **Mr. Kihwan Kim**, Chairman, Seoul Financial Forum
- **Mr. Junichi Maruyama**, Deputy Commissioner, Financial Services Agency of Japan
- **Mr. John Thompson**, Senior Fellow, Boston Institute for Developing Economies, Adviser, Asia-Pacific Finance and Development Centre (Shanghai)

17:30 **Departure for Dinner Reception**

18:00 **Dinner Reception**

- Special address by **Mr. Koutaro Tamura**, Parliamentary Secretary for Financial Services of Japan

THURSDAY, 12 October 2006

9:00 – 10.50 **SESSION 3: Competition and Integration of Exchanges and its Implications for Regulators**

As recently witnessed in Europe and the US, one of the key challenges facing securities market regulators is the rapid development towards integration of major exchanges. Such integration takes various forms including consolidation of exchanges through mergers. While these developments contribute towards further enhancing market efficiency, they also pose serious problems and concerns to securities market regulators in terms of application of their rules and regulations as well as supervision. Following the discussion in Session 2, this session will discuss the extent to which Asian stock exchanges are emulating the experiences of their European and the US counterparts in this regard, should the consolidation of stock exchanges be encouraged in Asia and how securities market regulators should respond to the emergence of big exchanges operating across the jurisdictions.

Presentations:

- **Mr. Wai Kwong Seck**, Senior Executive Vice President, SGX Ltd (Singapore Stock Exchange)
- **Mr. Ruben Lee**, Managing Director, Oxford Finance Group, United Kingdom

Discussants:

- **Mr. Martin Wheatley**, Chief Executive Officer, Securities and Futures Commission, Hong Kong
- **Mr. Toshitsugu Shimizu**, Senior Executive Officer, Tokyo Stock Exchange
- **Ms. Neelam Bhardwaj**, Deputy General Manager, Securities and Exchange Board of India

10:50 – 11:10 **coffee break**

11:10 – 13:00 **SESSION 4: Corporate Governance: Methodology for Assessment of the Implementation of the OECD Principles and Discussion of Progress**

Increasing importance has been attached to corporate governance for ensuring the integrity and efficiency of markets since the financial crisis in Asia in the late 90's and the corporate scandals in the US and Europe in the early 2000's. Following the revision of the OECD Principles of Corporate Governance in 2004, the OECD has developed an assessment methodology that will underpin its dialogue with member countries on the implementation of the Principles. As the Principles are one of the Twelve Key Standards for Sound Financial

Systems adopted by the Financial Stability Forum (FSF), this Methodology is also expected to provide the basis for the assessments undertaken by the IMF/World Bank either in the form of a Report on the Observance of Standards and Code (ROSC) or as part of the Financial Sector Assessment Programme (FSAP). In this session, based on the presentation by the OECD focusing on its work on the Methodology, efforts for the improvement of corporate governance in this region will be reviewed particularly by focusing on implementation and enforcement and the future challenges will be discussed.

Presentations:

- **Mr. Mats Isaksson**, Head, Corporate Affairs Division, OECD
- **Mr. Jeremy Cooper**, Deputy Chairman, Australian Securities and Investments Commission

Discussants:

- **Mr. Chee Keong Low**, Associate Professor in Corporate Law, The Chinese University of Hong Kong
- **Mr. A. Fuad Rahmany**, Chairman, Indonesian Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK)
- **Mr. Gamini Wickramasinghe**, Chairman of the Securities and Exchange Commission of Sri Lanka

13:00 – 14:00 LUNCH

14:00 – 15:50 SESSION 5: International Convergence of Accounting Standards

With the rapid globalization of capital markets, the convergence of accounting standards has become a key issue to develop comparable and high quality framework of financial reporting. IFRS (International Financial Reporting Standards) has been expanding its scope of application in the recent years. Many countries are now either adopting or converging with IFRS.

Norwalk Agreement in 2002 served as a wake up call for the convergence talk between the FASB (US Financial Accounting Standards Board) and the IASB (International Accounting Standards Board) followed by their renewed commitment, the Memorandum of Understanding in 2006. The ASBJ (Accounting Standards Board of Japan) also started the discussion with the IASB in 2005 and with the FASB in 2006.

Based on the presentation of convergence progress and recent agenda of IASB, the current issues of convergence and regulator's perspective will be discussed.

Presentations:

- **Mr. Tatsumi Yamada**, Board Member, International Accounting Standards Board
- **Mr. Taiji Ishii**, Board Member, Accounting Standards Board of Japan

Discussants:

- **Mr. Geoff Miller**, General Manager, Department of the Treasury, Australia
- **Ms. Rebecca Chung-Fern Wu**, Commissioner, Financial Supervisory Commission, Chinese Taipei
- **Mr. Chalee Chantanayingyong**, Senior Assistant Secretary-General, Securities and Exchange Commission, Thailand

15:50 – 16:00 **Closing Remarks**