

9th OECD-ADBI Roundtable on Capital Market Reform in Asia
- Ten years after the financial crisis: Prospects towards the future -
26-27 February 2008, ADBI, Tokyo

AGENDA

TUESDAY, 26 February 2008

09:00 – 09:30 Registration and coffee

09:30 – 09.45 Opening Remarks:

Dr. Masahiro Kawai, Dean, ADBI

Mr. Adrian Blundell-Wignall, Deputy Director, Directorate for Financial and Enterprise Affairs, OECD

Mr. Andrew Sheng, Chairman of the Roundtable

SESSION 1: Ten years after - Implications of the current financial market turmoil

Ten years have passed since the financial crisis occurred in East Asia. During this period various policy initiatives have been taken in respective countries as well as internationally to prevent this sort of crisis from happening again. Arduous efforts have been made to strengthen financial systems and develop capital markets with a view to making the economy more resilient to shocks, but there still seem to remain a number of challenges to be addressed. The current turmoil in US and European markets which has been affecting Asian markets to a limited extent provides a good opportunity to review and rethink what has to be done to further reform capital markets in Asia.

This session will discuss implications of the current world financial market turmoil for the Asian markets. How far have capital markets in Asia been developed during the past ten years? What are the lessons Asian countries should learn from the on-going market turmoil? What are the main policy challenges to be addressed to prevent, or minimize the impacts of, regularly occurring international financial market turbulence?

Presentations:

Dr. Srinivasa Madhur, Director, Office of Regional Economic Integration, ADB

Mr. Adrian Blundell-Wignall, Deputy Director, Directorate for Financial and Enterprise Affairs, OECD

Ms. Yuko Kawamoto, Senior Advisor, McKinsey & Company

Discussants:

Mr. Nobuyoshi Chihara, Deputy Commissioner, Financial Services Agency, Japan

Dr. Atchana Waiquamdee, Deputy Governor, Bank of Thailand

Mr. Eddie Yue, Deputy Chief Executive, Hong Kong Monetary Authority

Mr. Akira Ariyoshi, Director, Regional Office for Asia and the Pacific, IMF

COFFEE BREAK

Open discussion

LUNCH

SESSION 2: Enhancing Regulatory Framework

Effective and efficient regulation is essential for ensuring functional and stable financial markets. Views on how best to attain optimal regulatory framework, however, vary over time and across countries. In fact, changes in financial regulation have often been implemented in response to particular financial crises, a process that has resulted in a patchwork structure inside many national jurisdictions and differences in the specific modalities of policy implementation across sectors and jurisdictions. It is perhaps not surprising that regulatory authorities with different mandates and constituencies may take inconsistent approaches to similar problems, which can include high costs and competitive inequalities imposed on individual firms and impediments to market efficiency. As always, there are trade-offs. There are two main dimensions in which difficulties arise: 1) the cross-sector issues associated with financial groups in general, and 2) the cross-border issues associated with foreign operations. Possible mechanisms for agreement might include further harmonisation of rules and mutual recognition to permit home-country control. The EU approach is an example of minimum harmonisation on a cross-border basis, whereby national governments draft laws and regulations to implement community-wide directives that remove the most obvious barriers to competition and establish common rules and standards for some areas. Within Asia, mutual recognition of each other's regulatory regime, recognizing differences, allows a variable geometry in convergence of regulatory standards. There is a role for IFIs such as ADB and other donors to aid the implementation of global standards within Asia.

This session will discuss how to ensure effectiveness and efficiency of regulations, including possible mechanisms for assessing the regulatory framework. Discussion will also be extended to issues on regional regulatory harmonization in the context of market integration.

Presentations:

Mr. Stephen Lumpkin, Principal Administrator (Structural Issues), Financial Affairs Division, Directorate for Financial and Enterprise Affairs, OECD:
Regulatory Effectiveness and Efficiency

Mr. Andrew Sheng, Special Advisor, Chinese Banking Regulatory Commission:
Mutual Recognition and Harmonization of Standards in Asia, an Overview

Discussants

Dr. Ahmad Fuad Rahmany, Chairman, Indonesian Capital Market and Financial Institutions Supervisory Agency

Mr. Michael Webb, Managing Director, Qatar Financial Centre Regulatory Authority

Ms. Narelle Hards, Policy Analyst, Treasury Department, Australia

COFFEE BREAK

Open discussion

Session 3: Bond Markets Development

Development of bond markets has been high on the policy agenda of Asian policy makers since the financial crisis of the late 1990s. It is based on the view that it is desirable to decrease excessive dependence on bank financing and to make more use of domestic savings to finance key investments within the region. Along with an increasing need to finance budgetary deficits, government bond markets have expanded rapidly in many Asian countries, while progress has also been made in developing corporate bond markets. Liquid government bond markets play an important role in the kick-starting of private bond markets, including by providing a benchmark for the proper pricing of corporate bonds.

This session will (1) review the current situation of bond market development in the region and related international initiatives being taken both in the public and private sectors, and (2) discuss urgent future policy issues. This review will include a recent assessment of the development of Asian bond markets by experts from the 17th OECD Global Forum on “Public Debt Management”, held on 11-12 December, 2007 in Amsterdam, the Netherlands.

Presentations:

Mr. Hans Blommestein, Head of Public Debt Management and Emerging Financial Markets Programmes, Financial Affairs Division, Directorate for Financial and Enterprise Affairs, OECD

Dr. Nik Ramlah Mahmood, Senior Executive Director, Securities Commission, Malaysia: *Bond Market Development in Malaysia*

Dr. J.C. Parrenas, APEC Business Advisory Council: *Recent developments under the APEC public-private sector bond market forum*

Discussants:

Ms. Cathy Quinn, Commission Member, New Zealand Securities Commission

Mr. Masaaki Kaizuka, Director, Market Finance Division, Finance Bureau, Ministry of Finance, Japan

Open discussion

18:30 – 20:30

DINNER RECEPTION

Tokai Club (33rd floor, Kasumigaseki Building)

Special guest: **Mr. Takafumi Sato**, Commissioner, Financial Services Agency, Japan

WEDNESDAY, 27 February 2008

SESSION 4: Equity Markets Development

In addition to bond markets, equity markets are also an important counterpart in providing long-term financing instruments, particularly for private sector investment. Development of equity markets usually follows the development of bond markets and has recently been given greater priority by many developing countries in Asia in an effort to adjust their economies to better benefit from the increasing trend in regional economic integration. Some have developed their capital market masterplans and some are in the process of implementing them. At the regional level, in its ASEAN Economic Community Blueprint adopted by the ASEAN Leaders last November, ASEAN countries have recognized the need to strengthen their capital market development and integration in order to facilitate greater intra-regional flows of capital in support of their Economic Community building. This is in addition to an earlier ASEAN initiative to develop an interlinked ASEAN securities market by 2010. In support of this initiative, the relevant ASEAN Agencies and Authorities have been working together towards better linkages of trading platforms, more efficient clearing and settlement system and greater harmonization of market standards and practices.

This session will review the stages of development of equity markets in East Asia, the progress of various initiatives to promote their development and linkages and discuss remaining challenges and issues that need to be addressed to further facilitate the development and integration of equity markets in ASEAN and East Asia.

Presentations:

09:00 – **Mr. Jaseem Ahmed**, Director, Governance, Finance and Trade, Asian Development Bank:
Enhancing Co-operation among South-East Asian Equity Markets
Ms. Tipsuda Thavaramara, Assistant Secretary-General, Securities and Exchange Commission, Thailand:
Interlinked ASEAN Securities Market initiative
Mr. Francisco Ed. Lim, Director-President, the Philippines Stock Exchange, Inc.:

Discussants:

Mr. Chen Chaw Min, Senior Principal Assistant Secretary, Ministry of Finance, Malaysia
Mr. Diwa Guinigundo, Deputy Governor, Bangko Sentral Ng Pilipinas
Mr. Nguyen Van Anh, Manager, Department of Foreign Exchange, State Bank of Viet Nam

Open discussion

COFFEE BREAK

SESSION 5: Roles of Capital Market in Infrastructure Financing

Capital markets can play an important role in mobilizing savings to finance production and infrastructure investment needed for economic development. Average annual infrastructure needs during 2006–2010 for Asia and the Pacific were estimated at about \$230 billion by the World Bank. Based on this requirement, a financing gap of \$180 billion per year is expected. To address this huge financing need, there have been growing calls for greater private sector participation in infrastructure investment (through public-private partnership – PPP) as well as for more financing through bonds and equities. Having a deep and liquid capital market is also deemed an important enabling environment for PPP in infrastructure as it enhances the risk/return profile of infrastructure projects through the provision of long-term financing and an exit strategy for private sector investors as well as for privatization of state owned enterprises.

In light of the recent surge in capital inflows into Asia, it is also timely to look at the roles of capital markets in channeling these funds to support the development of infrastructure in the region. Recognizing the need for a collective effort to promote infrastructure development in the region, ASEAN is in the process of setting up an ASEAN Infrastructure Fund to mobilize public and private sector funding to support regional infrastructure development.

This session will review the roles of capital markets in supporting infrastructure development and investment, the progress of regional efforts in promoting PPPs in infrastructure investment and explore possible contributions capital markets can make in filling the above infrastructure financing gaps.

Presentations:

Dr. Worapot Manupipatpong, Director, ADBI:

PPP on Infrastructure Development: Roles of Capital Market

Mr. Toru Hayakawa, Executive Director, UBS Securities Japan Ltd.

Discussants:

Mr. Zhenying Wang, Deputy Director General, People's Bank of China

Mr. Roberto Tan, Undersecretary, Department of Finance, Philippines

Mr. Ngoc Anh Nguyen, Deputy Director General, Ministry of Finance, Viet Nam

Open discussion

LUNCH

SESSION 6: Corporate Governance and Capital Market Developments

Improving corporate governance has been one of the key measures to re-establish investors' confidence in Asian markets and re-open Asian companies' access to global capital markets. Most Asian jurisdictions have substantially revamped their laws, regulations and other norms in relation to corporate governance. A number of challenges, however, are still to be addressed and new issues are emerging as capital markets evolve. Further enhancement of implementation and enforcement may be one and improved monitoring and disclosure of related party transactions may be another, the latter having particularly important implications for Asian economies. At the same time, Asian capital markets continue to be influenced by global developments such as the increasing importance of activist investors and the appearance of "new" classes of investors such as Sovereign Wealth Funds and the rise of state-owned companies as international investors, each of which is associated with its own policy challenges.

This session will discuss on-going efforts and challenges to enhance corporate governance in the region and the way international organisations such as the OECD can help address those challenges.

Presentations:

Mr. Grant Kirkpatrick, Senior Economist, Corporate Affairs Division,
Directorate for Financial and Enterprise Affairs, OECD

Mr. Mohammad Zainal Shaari, Executive Director and Chief Operating Officer,
Khazanah Nasional Berhad, Malaysia

Discussants:

Mr. David Knott, CEO, Dubai Financial Centre

Ms. Fe B. Barin, Chairperson, Securities and Exchange Commission, Philippines

Open discussion

Closing Remarks