



## **INTERNATIONAL CONFERENCE ASIAN MARKET INTEGRATION AND FINANCIAL INNOVATION**

**Jointly organized by Japan Financial Services Agency,  
Japan Securities Dealers Association and Tokyo Stock Exchange Group, Inc.**

***February 10, 2012  
Mita Kaigisho, Tokyo, Japan***

### **Concept**

Asian financial markets have undergone rapid development and structural changes in the past decade, and have experienced numerous changes. With regard to the recent global financial crisis, the Asian financial markets were relatively less affected, as the Asian markets have implemented various measures to safeguard financial system stability following the Asian currency crisis and nonperforming loan problems. On the other hand, the effects of the recent global financial crisis are lingering in the U.S. and European financial markets, which are searching for an exit. Hence, capital and financial service providers have found the Asian markets even more attractive than before the crisis. However, not only individual countries but the Asian financial markets as a whole should be able to take policy responses against possible future crises. In order to make and keep the Asian financial markets more attractive, the integration of the major Asian markets is no longer just a dream for the future; the time has come to consider steps toward realizing it. To this end, the development of market infrastructure and regulations in the Asian financial markets needs to be analyzed and should be designed to keep pace with these circumstances.

In order to discuss integration and the further development of the Asian financial markets, policy makers need to: (i) ascertain the current status of post-crisis regulatory reform from the global perspective and also from the perspective of the Asian markets, and identify future challenges for the Asian markets; (ii) identify specific challenges in promoting competition and coordination in terms of Asian financial market integration; and (iii) consider developing financial infrastructure tailored to the needs of the regional markets, such as new services for settlement and businesses using, for example, information technology, and formulating the relevant regulatory framework for such services, and identify areas in which further progress is required.

This conference attempts to address the issues above through presentations and discussions by international and regional senior-level participants, from the private and official sectors, and aims to strengthen cooperation among market participants and regulators.

## Agenda

**9:30-9:35 Welcoming Remarks**  
**Ikko Nakatsuka**, Senior Vice-Minister, Financial Services Cabinet Office,  
Government of Japan

**9:35-9:50 Keynote Speech**  
**Ryutaro Hatanaka**, Commissioner, Financial Services Agency (FSA)

**9:55-11:15 Session 1: Post-Crisis Regulatory Reform in Financial Markets and Its Implications for Asia**

Having implemented various measures to secure financial system stability following the Asian currency crisis and nonperforming loan problems, Asian financial markets were relatively less affected by the global financial crisis. The effects of the crisis are, however, still lingering in the U.S. and European financial markets, which have been leading global finance up until the crisis; they are continuing their search for an exit. Consequently, many financial institutions find Asian markets more attractive compared to the time before the crisis. It should be noted, however, that while each country should be ready to respond to a possible future crisis individually, Asian financial markets as a whole should also be prepared.

In this session, the current situation of post-crisis regulatory reform will be reviewed both from global and Asian perspectives, and based on this analysis, challenges for Asian financial markets will be identified and measures to prevent future crises and the implications of such measures for Asia will be discussed.

**Moderator** **Jane Diplock**, Independent Director, Singapore Exchange (Former Chairman, International Organization of Securities Commissions (IOSCO) Executive Committee)

**Panelists** **Steven Maijoor**, Chair, European Securities and Markets Authority  
**Hans Hoogervorst**, Chairman, International Accounting Standards Board  
**Stephen Po**, Senior Director, Securities and Futures Commission, Hong Kong, and  
Chairman, IOSCO Standing Committee on Regulation of Market Intermediaries  
**Lee Chuan Teck**, Assistant Managing Director, Monetary Authority of Singapore  
**Jaspal Singh Bindra**, Group Executive Director and Chief Executive Officer, Asia,  
Standard Chartered Bank  
**Masamichi Kono**, Vice Commissioner for International Affairs, FSA

**11:20-11:35 Keynote Speech**  
**Choongsoo Kim**, Governor, Bank of Korea

**11:40-12:55 Session 2: Towards a Better Framework for Supply of Funds in Asian Financial Markets**

In Asian financial markets, evaluations of risks and returns by banks are not necessarily easy for lending to small and medium-sized enterprises (SMEs), and therefore bank lending secured with real estate currently plays a major role in indirect finance. In this regard, there is concern that

markets are not fully meeting the various funding needs of SMEs. Asia also faces a challenge in that markets for direct finance have not yet matured, as is evident from the fact that the supply of risk capital, through venture capital for example, is insufficient and that stable corporate bond markets have not yet developed. Cross-border capital flows also have a great impact on the supply of funds in Asian financial markets.

To address these issues, this session will analyze the situation in the financing of SMEs, including microfinance, followed by a discussion on measures for further development of Asian financial markets, including an appropriate regulatory framework.

**Moderator** **Naoyuki Yoshino**, Director, Financial Research Center (FSA Institute), and Professor of Economics, Keio University

**Panelists** **Adrian Blundell-Wignall**, Special Advisor to the Secretary-General for Financial Markets, and Deputy Director of Directorate for Financial and Enterprise Affairs, Organisation for Economic Co-operation and Development (OECD)  
**Andrew Sheng**, President, Fung Global Institute, and Convenor, International Council of Advisers to the China Banking Regulatory Commission  
**Jong-Goo Yi**, Senior Advisor and Foreign Attorney, Kim and Chang (Former Standing Commissioner, Financial Services Commission, Republic of Korea)  
**Kenji Fujii**, Executive Officer, Head of Global Risk Management Group, Mizuho Securities Co., Ltd.  
**Mamiko Yokoi-Arai**, Principal Administrator, Financial Affairs Division, OECD  
**Masaharu Okada**, Professor and Executive Director, Yunus & Shiiki Social Business Research Center, Kyushu University

**13:00-14:00 Lunch Break**

**14:10-14:25 Keynote Speech**

**Zeti Akhtar Aziz**, Governor, Bank Negara Malaysia (video appearance)

**14:30-16:00 Session 3: Asian Market Integration: Competition and/or Cooperation**

In order to maintain and further enhance the attractiveness of the Asian financial markets, the integration of major Asian financial markets should no longer be a dream, but the time has come to consider concrete steps toward realizing it. To this end, the development of market infrastructure and regulations in the Asian financial markets needs to be analyzed and appropriate measures need to be designed to keep pace with the evolving environment.

This session will first examine specific challenges regarding how competition and cooperation should be advanced from the perspectives of Asian market integration. Then discussion will follow on how Asian stock exchanges could cooperate and compete to stimulate Asian financial markets, and also on the possibility of new securities businesses that could arise therefrom.

**Moderator** **Zarinah Anwar**, Chairman, Securities Commission Malaysia

**Panelists** **Atsushi Saito**, President and Chief Executive Officer, Tokyo Stock Exchange Group, Inc.  
**Madhu Kannan**, Managing Director and Chief Executive Officer, Bombay Stock Exchange Ltd.  
**Greg Medcraft**, Chairman, Australian Securities and Investments Commission

**Julian Park**, Director General, International Cooperation Department, Financial Supervisory Service, Republic of Korea  
**Ramin Toloui**, Executive Vice President, Portfolio Manager, PIMCO Asia Pte. Ltd  
**Shigesuke Kashiwagi**, Senior Managing Director, Government Affairs and Risk Advisory Group, Nomura Holdings, Inc.

**16:00-16:30 Coffee Break**

**16:30-17:45 Session 4: Innovation in Financial Market Infrastructure in Asia: Advanced Settlement Systems**

Settlement systems, including central counterparties (CCPs), play the vital role of circulating funds safely and smoothly throughout the economy, and the safety, efficiency and convenience of settlement systems have been improved through the innovation of such systems to date. In addition to being an essential infrastructure for financial markets, settlement systems themselves have potential as a class of financial business, and also have an aspect of promoting development of new services and stimulating competition among existing services. At the same time, it is important to examine how their operation can be conducted in a way that suits the situations of individual systems.

In this session, we will take up examples of various innovations in Asia, such as Japan's electronically recorded monetary claims system aimed at enabling smooth financing by firms, the BOJ-NET (an interbank settlement system), and CCPs. Based on such observations, we will explore the current status of settlement systems and the possibility of their further development in Asian countries.

**Moderator** **Kanit Sangsubhan**, Director, Fiscal Policy Research Institute, Ministry of Finance, Thailand

**Panelists** **Magnus Böcker**, Chief Executive Officer, Singapore Exchange  
**Tajinder Singh**, Deputy Secretary General, IOSCO  
**Atsushi Miyauchi**, Director-General, Payment and Settlement Systems Department, Bank of Japan  
**Nobuhiko Sugiura**, Professor, Chuo University Graduate School of Strategic Management