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3RD ANNUAL SYMPOSIUM

EU-ASIA RELATIONS IN FINANCIAL SERVICES

26-27 MAY 2016

BEIJING

3rd Annual Symposium on EU-Asia Relations in Financial Services

Promoting Convergence and Investments
in EU-Asian Financial Markets

PROGRAMME

26-27 May 2016, The Westin Beijing Financial Street

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The **2016 Symposium on EU-Asia Relations in Financial Services** is organized by the Centre for European Policy Studies (CEPS), the Asia Securities Industry & Financial Markets Association (ASIFMA), Afore Consulting, the International Monetary Institute of Renmin University of China (IMI), the Centre for Banking & Finance Law of University of Singapore (CBFL) and the German International Cooperation Agency (GIZ).

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Objective:

Following the success of two previous editions in Singapore (2014) and Hong Kong (2015), the 2016 Symposium on EU-Asia Relations in Financial Services will take place in Beijing, 26-27 May. China holds the G20 Presidency this year and celebrated the 40th anniversary of the EU-China partnership last year. The symposium provides a unique opportunity for global, European and Asian policy-makers, leading academics and industry executives to meet and discuss issues affecting the functioning of EU-Asian trade, investment, and financial services.

The cornerstone of the annual event is an informed and open exchange of ideas among decision-makers in small group discussions and plenary sessions, as well as during networking events. It offers many opportunities for interactive and frank dialogue, which is conducted under the Chatham House Rule. Discussions are then summarised and presented on the final day of the Symposium and debated in a plenary session.

Programme format:

A high-level symposium closed to the media with a dinner networking events, small group sessions, panel discussions and keynote speeches in plenaries.

Delegate profile:

This event open to around 100 participants (high-level regulators, policy makers, academics and sell-side and buy-side firm representatives). Detailed information about the registration conditions [here](#).

Venue:

The Westin Beijing Financial Street
Address: 9B, Financial Street, Xicheng District, Beijing, China

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THURSDAY 26th MAY 2016

Discussions and Dinner

Venue: The Westin Beijing Financial Street (Treasury III, Level 2)

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08:30-09:00 Check-in

09:00-09:05 Welcome and Introduction

Karel Lannoo, CEO, CEPS

09:05-09:25 Opening Keynote

Hans-Dietmar Schweisgut, Ambassador of the European Union to China

09:25-09:45 Introductory Keynote

Andrea Enria, Chairperson, European Banking Authority (EBA)



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09:45-10:45 Session 1: Fundamental Review of the Trading Book (FRTB): What Implications for Banks' Business Models?

The financial crisis raised questions as to the level of capital required against banks' trading book exposures. In line with the G20 leaders' commitments, the Basel Committee on Banking Supervision (BCBS) proposals on FRTB aim at readdressing the allocation of regulatory capital between the banking and trading books by introducing "presumptive lists", and making banks properly account for the market risk of their trading activities on a desk-by-desk basis. The FRTB proposal marks a shift from the use of the value-at-risk (VAR) to expected shortfall (ES) in the banks' internal models, so as to better capture tail risks. It also introduces extended "liquidity horizons" for each risk factor category and prescribes re-calibrated risk weights for the buckets in each asset class. Investment banks argue that these measures will most likely cause capital increases in several business lines, such as high-yield corporate and sovereign debt, small-cap equities, securitized products as well as commodities and foreign exchange hedges, with broad implications for market liquidity.

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Are these measures sufficient to ensure the resilience of banks to volatile market conditions? Will these measures force banks to engage less in principal trading activities due to increasing costs? Are these costs going to be transferred to issuers and/or end investors? Is market liquidity going to be impacted, and in which ways? Will the competitiveness of global banks be affected?

Speakers:

- **Andrea Enria**, Chairperson, European Banking Authority (EBA)
- **Toshio Tsuiki**, Deputy Director General, Financial System and Bank Examination Department, Bank of Japan (BOJ)
- **Wei Wang (Steve)**, Managing Director, Head of Fixed Income Research, Bank of China International (BOCI)
- **Geng Xiao**, Professor of Practice in Finance and Public Policy, School of Business and Faculty of Social Sciences, University of Hong Kong (HKU)

Moderated by: **Karel Lannoo**, CEO, CEPS

10:45-11:10 Coffee Break

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11:10-11:30 Presentation of the **Policy Report on Improving the Investor Base for Local Currency Bond Markets in China, India and Indonesia** commissioned by GIZ to the Centre for European Policy Studies, with contributions from the Research Bureau of the People's Bank of China, the Observer Research Foundation in India, and the Economic Research Institute for ASEAN and East Asia

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Introduced by **Achim Deuchert**, Director, Emerging Markets Dialogue on Finance (EMDF), German International Cooperation (GIZ)

Presentation by **Diego Valiante**, Head of Financial Markets and Institutions, CEPS

11:30-12:30 Session 2: Corporate Bonds in Asia: Steps Towards an Integrated Regional Market? (Topic 1)

Since 2008, corporate bonds markets have grown rapidly, though unevenly, across Asia. Increasing demand from foreign investors in 'search for yield', as well as a number of regulatory initiatives at national and regional level, have fuelled corporate issuance. Asia's corporate bond markets are highly fragmented and bond transactions are very limited because of capital and currency controls, as well as regulatory impediments and lack of infrastructure. Following up on the case studies for China, India and Indonesia, as well as the general findings from the poster presentation, the panel discussion will also discuss developments in the EU. The EU is also looking at the balance of equity vs debt issuance, how cross-border debt corporate financing could be improved and opened to a wider set of companies.

Can harmonisation of common standards or mutual recognition of issuing procedures, settlement process, listing and disclosure, documentation, secondary market practices, among others, be a game changer? Which reforms are mostly needed for the corporate bonds to become a viable non-bank funding source? Which incentives would result in broadening the investor base? How to make secondary markets more liquid, transparent and interconnected? Which concrete initiatives have been taken towards deepening integration in the region, e.g. mutual recognition of prospectus requirements? What can be learned from EU and US experience in their efforts to stimulate and integrate corporate bond markets?

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Speakers:

- **Yu Li**, Director, Financial Markets Division, Research Bureau, People's Bank of China (PBoC)
- **Pierre Van Peteghem**, Group Treasurer, Asian Development Bank (ADB)
- **Katie Rowbottom**, Head of FI eTrading APAC, Bloomberg
- **Mark Austen**, CEO, ASIFMA

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Moderated by: **Steve Garton**, Editor, IFR Asia, F&R Financial Fixed Income, Thomson Reuters

12:30-13:00 Small Group Sessions on Topic 1

Participants will be divided into small groups in order to discuss Topic 1/2 in greater detail. Within each group, a Discussion Leader will moderate and ensure that the key views on the topic are explored and that answers to specific questions are provided; a Rapporteur will keep record, and will then convey this back to the Rapporteurs' meeting.

Discussion leaders:

- **Lorenzo Bencivelli**, Financial Attaché, Embassy of Italy to the People's Republic of China, Bank of Italy representative
- **Mark Austen**, CEO, ASIFMA
- **Diego Valiante**, Head of Financial Market and Institutions, CEPS

Rapporteurs:

- **Ashley Lee**, Manager, Policy and Regulatory Affairs, ASIFMA
- **Cosmina Amariei**, Researcher, CEPS
- **Linde Jing**, Research Assistant, International Monetary Institute (IMI), Renmin University of China

13:00-14:00 Buffet Lunch

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14:00-15:00 Session 3: The FinTech revolution: how will it reshape finance? (Topic 2)

Innovative financial technologies are changing the way we look at financial markets. Blockchain technologies, robot advisory services, algorithms-based portfolio management, mobile banking and many other tools are re-shaping the whole financial industry (banking, investment and insurance) and claim to produce disruptive effects in market structure. Data analytics (e.g. risk management), IT security and infrastructure for capital market transaction, bank credit and corporate financial information, personal financial management are only some of the areas where new communication and information technologies are only some of the areas affected by this revolution.

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How are financial technologies developing in Europe and Asia? What role can fintech play for financial inclusion? Are they capable to deliver disruptive changes in the plumbing of the financial system? Are current financial institutions able to take on the challenge or will newcomers enter the market and quickly gain market share? Who are the main competitors of traditional financial institutions and how the latter will change their business model to cope with this new influx of competitive pressures? Are European and Asian regulators and supervisors following properly this phenomenon? What are the major challenges in supervising these new tools and market players?

Speakers:

- **Benedicte Nolens**, Senior Director & Head of Risk and Strategy, Hong Kong Securities and Futures Commission (SFC)
- **Alex Lin**, Head of Infocomm Investments Pte Ltd , subsidiary of Infocomm Development Authority of Singapore
- **Ben Shenglin**, Professor of Banking & Finance, Dean, Academy of Internet Finance, Zhejiang University
- **James Chang**, Managing Partner, China Financial Services Consulting Leader, PwC

Moderated by: **Nickolas Reinhardt**, Director, Afore Consulting

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15:00-15:45 Small Group Sessions on Topic 2

Participants will be divided into small groups in order to discuss Topic 1/2 in greater detail. Within each group, a Discussion Leader will moderate and ensure that the key views on the topic are explored and that answers to specific questions are provided; a Rapporteur will keep record, and will then convey this back to the Rapporteurs' meeting.

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Discussion leaders:

- **Ben Shenglin**, Professor of Banking & Finance, Dean, Academy of Internet Finance, Zhejiang University
- **Nickolas Reinhardt**, Director, Afore Consulting
- **Wayne Arnold**, Executive Director – Head of Policy and Regulatory Affairs, ASIFMA

Rapporteurs:

- **Willem Pieter de Groen**, Research Fellow, CEPS
- **Ashley Lee**, Manager, Policy and Regulatory Affairs, ASIFMA
- **Yin Chen**, Research Assistant, International Monetary Institute (IMI), Renmin University of China

15:45-16:00 Coffee break

16:00-17:00 Session 4: Modern Payments for the 21st Century - how will the landscape look like?

The payment infrastructure is critical to the functioning of the economy. Payments ecosystems are inherently complex, with numerous market players, such as operators of national payment infrastructures, cards schemes, banks and non-banks, B2B and P2P payments providers, processors and merchant acquirers, payment gateways and terminals etc. Market, regulatory and technological/digital forces are currently transforming the payments landscape. In the recent years, a growing number of fintech companies and non-bank payment providers with alternative business models have emerged. The incumbents have now strategic choices to make: to compete and/or collaborate. Moreover, payment data analytics is presenting significant opportunities to enhance the value proposition and explore multiple revenue streams.

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In the EU there is now in place a new regulatory framework for payments: capping the fees for credit and debit card payments - similar to Australia. In addition, the revised Payment Services Directive (PSD2) widens the scope of the PSD by covering new services and players, enabling their access to payment accounts. Japan, Korea and other Asian jurisdictions have also developed their own regulatory frameworks for non-bank payments. How will the established payment infrastructure networks going to react to the rise of new payment solutions (mobile, contactless, instant payments, blockchain) and market trends (consumer/retail vs wholesale/corporate)? How should policy makers balance competition against the integrity of the payment system? Should any policy response be regional or global?

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Speakers:

- **Yun Dong**, Deputy General Secretary, Research Center of Payment and Settlement, Institute of Finance and Banking, Chinese Academy of Social Sciences (CASS)
- **Esmond Lee**, Executive Director, Financial Infrastructure, Hong Kong Monetary Authority (HKMA)
- **Helmut Wacket**, Head Market Integration Division, DG Market Infrastructure and Payments, European Central Bank (ECB)
- **Nellie C. Dagdag**, Managing Director, Global Industry Relations, DTCC

Moderated by: **Dora Neo**, Director, Center for Banking & Finance Law, National University of Singapore (NUS)

17:00-18:00 Rapporteurs Meeting (Discussion Leaders and Rapporteurs only)

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19:00-19:15 Cocktail Starts and Introduction

Nickolas Reinhardt, Director, Afore Consulting

19:15-19:30 Keynote

Jonathan Taylor, Vice-president, European Investment Bank

19:30-19:45 In Conversation With Jing Ulrich, Managing Director and Vice Chairman, Asia Pacific, JPMorgan Chase (by Mark Austen, CEO, ASIFMA)

20:00-21:30 Dinner

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08:15-08:45 Check-in

08:45-09:00 Presentations & Discussion of the Main Findings of the Break-out Session
Discussions on Topic 1 and Topic 2by **Diego Valiante**, Head of Financial Markets and Institutions, CEPS

09:00-09:05 Introduction of Keynote Speakers

Wei Benhua, Senior Director, IMI Academic Committee, Renmin University of China

09:05-09:20 Keynote

Benjamin Angel, Director, Directorate Treasury and Financial Operations, DG ECFIN, European Commission

09:20-09:35 Keynote

Qi Bin, Director-General, Department of International Affairs, China Securities Regulatory Commission (CSRC)

09:35-10:45 Session 5: Asia's Stock Markets: Does opportunity still await?

Asia's stock markets have been an important source of funding for corporates and their potential in terms of greater capacity and liquidity is still strong. Recent volatility in some markets have raised many questions about how sustainable is the current market structure and what needs to be done. Is there room for improvement in areas such as securities regulation, corporate governance, products and market infrastructure?

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What can the State do to improve diversification of investors in the stock markets? What is really driving price volatility in stock markets? What can Asia learn from Europe (if anything) about free movement of capital and regulation of markets? Is the pricing based on idiosyncratic factors rather than economic and corporate fundamentals? Should governments intervene during times of extreme volatility, and how? Once in place, how quickly can exceptional measures be lifted? Should further integration of equity markets across Asian countries be actively pursued at this stage?

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Speakers:

- **Fuzhong Liu**, Vice Director of Strategy and International Relations, Shenzhen Stock Exchange (SZSE)
- **Tae Yoo**, Managing Director, Head of Client & Marketing Services, Hong Kong Exchanges and Clearing (HKEX)
- **Alexander den Ruijter**, Senior Risk Officer, European Stability Mechanism (ESM)
- **Wang Jiangyu**, Fellow and Associate Professor, Centre for Banking & Finance Law, National University of Singapore (NUS)
- **Daniel Gros**, Director, CEPS

Moderated by: **Diego Valiante**, Head of Financial Markets and Institutions, CEPS

10:45-11:30 Coffee Break

11:30-12:45 Session 6: Shadow banking and asset management in Asia: which way forward?

Addressing the risks in the shadow banking system remains one of the core elements on the G20 agenda. Being outside the formal banking sector is associated with a weak safety net, such as guaranteed deposit insurance schemes or central bank liquidity/lender of last resort facilities. While the size of the shadow banking sector in Asia is smaller than in the US or Europe, it is growing at a very quick pace as it relies on a very simple business model. The activities of the non-bank financial institutions (NBFIs) in Asia are predominantly domestic and involve the offer of financial services to individuals and firms that may lack access to “traditional” sources of finance or simply look for more rewarding investment opportunities. Local and foreign asset managers are often direct competitors. The industry (particularly in Asia) is expected to compete directly with traditional banking activities, as a growing segment of medium-high net worth individuals, as well as new pools of insurance and retirement assets under management, are increasingly using these services. At EU level, a number of initiatives

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were taken in order to monitor and address the risks inherent to the activities carried outside the formal banking sector, such as transparency requirements.

What is the nature of 'shadow banking' in Asia and how does it differ from Europe? Is 'shadow banking' the correct terminology to describe the phenomenon? How does it relate to the formal banking sector? Does it pose a serious threat to financial stability in the short or long-term? Should regulators increase their oversight and, most importantly, how? Are Asian and European asset managers delivering better investment opportunities via shadow banking tools?

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Speakers:

- **Shunsuke Shirakawa**, Deputy Commissioner for International Affairs, Financial Services Agency, Japan (FSA)
- **Peter Kruschel**, Director, International Directorate, Federal Financial Supervisory Authority, Germany
- **Michael Taylor**, Managing Director, Chief Credit Officer Asia Pacific, Moody's Investor's Service
- **Qin Xu**, Partner and Managing Director, The Boston Consulting Group

Moderated by: **Karel Lannoo**, CEO, CEPS

12:45-13:00 Closing Remarks

Karel Lannoo, CEO, CEPS
Mark Austen, CEO, ASIFMA

13:00-14:00 Closing Buffet Lunch