

The International Finance Corporation (IFC) of the World Bank hosted the 'South Asian Regional Debt Market Symposium' from October 6 to 8, 1999 at Bentota, Srilanka aiming to reach agreement on what is needed for the development of the debt market in each of the five participating countries through identifying the unique key problem areas and take action to eliminate these problems for the creation of an active debt market.

The symposium was attended by over 170 representatives from regulators, policy makers, market infrastructure providers, investors, market intermediaries and issuers from Bangladesh, India, Pakistan, Srilanka and Nepal as well as multilateral agencies like the World Bank, IFC, FMO and ADB. It was also attended by debt market specialists from United States, New Zealand, Sweden, Malaysia, Hongkong and Australia. A 24-member delegation from Bangladesh was at the meet.

The participants dwelt on the importance of the bond market and how to assure their development; as to why fixed income markets are desirable in the emerging capital markets; their status worldwide and specifically in the South Asian region and where they are headed in the future. The type of problems that impede market development and the ways for their elimination as well as the impact of new instruments and globalization was also discussed.

Country report on the status of the market at each of the countries were presented by market experts, where Mr. Mikael Kviback of MK Financial Consulting, Sweden presented the paper on Bangladesh and Mr. Renato M. Limjoco, Senior Capital Market Specialist of ADB was the commentator.

In dealing with the impediments, the participants were divided in broad based group on Market Operations; Policies, Regulations & Regulators; Capital Market Infrastructure and Participation of Market Players which was followed by Country Specific Working Group discussions to draw a road map to develop the Money & Bond Markets in the respective countries. The Bangladesh session was led by Mr. Yawer Sayeed, MD & CEO of AIMS of Bangladesh Limited and attended by Mr. Michael Kviback of Sweden, Mr. Renato M. Limjoco of ADB, Dr. Yongbeom Kim of the Securities Policy Division, Ministry of Finance & Economy, Korea and Mr. Nicholas Vickery and Mr. Hafizuddin Ahmed of the IFC as well as all the delegate members from Bangladesh.

The Bangladesh delegation agreed to act as a 'Consultative Group' on their return to Bangladesh to facilitate the advent of a structured Money & Bond Market in Bangladesh and chalked the following 'Road Map' under the auspices of IFC :

1. Rationalization of the Interest Rate Structure whereby the Government borrows at the lowest possible rate to create a level playing field.
2. Establish benchmarking and long-term Yield Curve.
3. Provide a Legal Framework of user friendly Rules & Regulations, conducive to the creation and development of a market.
4. Develop a system of issuance of future Sovereign Papers (Sanchaya Patras etc.) of different maturities as Tradable and Transferable Securities.
5. Fund future infrastructure projects through issuance of Government and Private Bonds.
6. Lower Registration and Issue cost of Bonds and Debentures.
7. Create independent Credit Rating Agencies.

8. Develop and strengthen market intermediaries like dealers, investment analysts, investment/merchant bankers etc.
9. Facilitate education process of market participants, including the investors and issuers.
10. Unbundle pension and insurance funds and promote flotation of private mutual funds, especially Money Market Mutual Funds.
11. Allow Investment Grade Corporate Bonds and Debentures to form part of SLR of Banks.
12. Facilitate Securitization and issuance of Asset Backed Securities and Colateralized Loan Obligations with the backing of multilateral agencies and development of Money Market instruments.
13. Establish Central Depository and Electronic Settlement and Registration System.
14. Upgrade Accounting and Disclosure Standards as well as Foreclosure Laws.

At the concluding session, 'Country Papers' were presented by one representative from the regulator and another from the market participant from each of the countries, where Mr. Tareque Moudud, Executive Director, SEC and Mr. Yawer Sayeed, MD & CEO, AIMS of Bangladesh presented their respective papers.