

Agenda

DAY 1 Wednesday, June 19, 2013

IMF Headquarters 2, Conference Hall 1

Open Only to Policymakers

1:00–1:15p.m.

Registration

1:15–1:30 p.m.

Welcome

José Viñals, Financial Counsellor and Director, Monetary and Capital Markets Department, International Monetary Fund

Inaugural Remarks

Nemat Shafik, Deputy Managing Director, International Monetary Fund

1:30–3:30 p.m.

Session 1: The Impact of Liquidity on Debt Management: What Should Debt Managers Do?

This session will focus on policy relevant issues from a sovereign debt issuer's perspective. How should sovereign debt managers incorporate the concept of liquidity into their debt management decisions and the tools they employ including the following:

- **Issuance decisions:** Sizes and composition of nominal and real, fixed and floating securities, and security design.
- **Active debt management:** The decision to actively or passively manage the liquidity of debt outstanding via tools such as buybacks, conversions, switches, tap issues, and securities lending facilities.
- **Dealer requirements:** Promulgating requirements on secondary markets in securities (e.g., make secondary markets for a proscribed number of hours per day at reasonable spreads).
- **Distribution mechanisms:** Should sovereigns tailor their primary debt distribution mechanism based on the liquidity of the instrument being offered? One presumption could be that less liquid/buy-and-hold instruments should be sold via private placements or a window in order to avoid paying a premium to market intermediaries for the housing and distribution of illiquid instruments. Should syndications always be used as a first step in building up bonds to liquid sizes quickly? What are the pros and cons of this practice?
- **Other:** What can sovereign borrowers do to improve liquidity in their respective markets and globally (e.g., transparency, roadshows, repo, developing derivative markets)? Should sovereign debt managers play a role in encouraging buy-and-hold investors (pension funds and insurance companies) to take advantage of securities lending opportunities to improve market liquidity (and also enhance the yield on their holdings)?
- **Cost and benefits:** Many of these tools/ideas have associated costs including staffing, infrastructure, start-up, and regulatory costs. In addition, some of these ideas have potential for generating trading losses. How efficient are these various tools/ideas for improving liquidity, and which ones provide the greatest return for the level of effort?

Moderator

Luc Everaert, Assistant Director, Monetary and Capital Markets Department, International Monetary Fund

Discussants

- **László Búzás**, Deputy Chief Executive Officer, Government Debt Management Agency, Hungary
- **Otávio Ladeira de Medeiros**, Head of Public Debt Strategic Planning Department, Brazilian National Treasury, Ministry of Finance, Brazil
- **Ove Sten Jensen**, Head of Government Debt Management Department, Danmarks Nationalbank, Denmark
- **João Moreira Rato**, Chief Executive Officer, Portuguese Treasury and Debt Management Agency, Portugal (IGCP)
- **Sergey Anatolyevich Storchak**, Deputy Minister of Finance, Ministry of Finance, Russian Federation

Panelists' Discussion

3:30–4:00 p.m.

Coffee Break

4:00–5:30 p.m.

Session 2: Global Liquidity Interconnectedness and Consequences for Government Bond Markets

Accumulation of cash buffers by governments, asset accumulation by sovereign wealth funds, and the build-up of international reserves, coupled with global trends in banking sector deleveraging and the collapse of cross-border capital flows among advanced countries, are changing the nature of the global investor base and liquidity interconnectedness. What are the consequences of these changes in global liquidity interconnectedness for government bond market liquidity? What are the spill-over effects that these changes might be creating? Will securitization of assets be revived as a consequence? Are private investors being forced into less liquid and higher risk assets while sovereign investors take up the safe assets? Are new liquidity risks being created elsewhere in the economy?

Moderator

Peter Dattels, Assistant Director, Monetary and Capital Markets Department, International Monetary Fund

Discussants:

- **Ambroise Fayolle**, Chief Executive, Agence France Trésor, France
- **Phumzile Hazel Maseko**, Director of Domestic Debt Management, Asset and Liability Management Division, National Treasury, South Africa
- **Jo Whelan**, Deputy Chief Executive and Head of Policy and Markets, U.K. Debt Management Office, United Kingdom
- **Erik Wilders**, Agent (Head), Dutch State Treasury Agency, Ministry of Finance, Netherlands
- **Ruijin Yang**, Deputy Director General, Treasury Department, Ministry of Finance, People's Republic of China

Panelists' Discussion

Welcome Reception

IMF Headquarters 2, 19th & Penn Reception Hall
Wednesday, June 19, 2013 | 7:00–9:00 p.m.

DAY 2 Thursday, June 20, 2013
IMF Headquarters 2, Conference Hall 1
Open to All Participants

8:00–8:20 a.m. **Coffee and Registration**

8:20–10:00 a.m. **Session 3: Understanding Liquidity and Its Different Perspectives**

The objective of this session is to identify and define the different perspectives on liquidity. It will begin with an academic survey on the definition of liquidity and will provide an overview of the state of liquidity in the global financial markets today, as well as projections going forward. The session will also discuss the roles liquidity plays from the perspective of government debt managers, central bankers, asset managers, financial intermediaries, and regulators and will comment on when a liquidity crisis becomes a solvency crisis.

Chair

Luc Everaert, Assistant Director, Monetary and Capital Markets Department, International Monetary Fund

Speaker

Tobias Adrian, Vice President, Capital Markets, Federal Reserve Bank of New York

Discussants

- **Colin Kim**, Executive Director, Global Portfolio Strategy, JP Morgan
- **Paul McCulley**, Chairman, Society of Fellows, Global Interdependence Center
- **Thomas Olofsson**, Director and Head of Debt Management, Swedish National Debt Office, Sweden
- **Bruce Tuckman**, Clinical Professor of Finance, Stern School of Business, New York University

Questions & Answers

10:00–10:30 a.m. **Coffee Break**

10:30 a.m.–12:00 p.m. **Session 4: Drivers and Determinants of Liquidity Across Sectors and Implications for Systemic Risk**

Because of the different roles that the liquidity of government bonds plays, liquidity in money, asset, and foreign exchange markets and the interplay between them can have systemic and global financial stability implications. This session examines the drivers and determinants of liquidity in government debt and other financial asset markets and how liquidity interacts in different markets. It also addresses the sources of the differences between liquidity in government bond markets and other financial asset markets.

Chair

Peter Dattels, Assistant Director, Monetary and Capital Markets Department,
International Monetary Fund

Speaker

Jon Kinol, Managing Director, Global Head of Interest Rate Products, Credit Suisse Securities, LLC

Discussants

- **Jens Christensen**, Senior Economist, Federal Reserve Bank of San Francisco
- **Ignacio Fernández-Palomero Morales**, Deputy Director for Funding and Debt Management, Spanish Treasury Ministry of Economy, Spain
- **Rama Gandhi**, Executive Director, Reserve Bank of India, India
- **Hari N. Hariharan**, Chairman and Chief Executive Officer, New World Investments

Questions & Answers

12:00–1:30 p.m.

Lunch Special Speaker

Peter R. Fisher, Senior Managing Director, BlackRock

1:30–3:00 p.m.

Session 5: Structural Changes in Financial Markets and Their Impact on Liquidity of Government Bonds

The recent financial crisis is changing the structural landscape of financial markets. New regulations, changes in risk management policies in governments and the private sector, and technological improvements are all causing structural changes to financial markets operations. This session will discuss the implications of these structural changes on market liquidity in general and on the liquidity of government bonds in particular.

Moderator

Matthew Rutherford, Assistant Secretary for Financial Markets, U.S. Department of the Treasury

Discussants

- **Richard B. Berner**, Office of Financial Research Director, U.S. Department of the Treasury
- **Louis Crandall**, Chief Economist, Wrightson ICAP
- **Alejandro Díaz de León**, Deputy Undersecretary for Public Credit, Ministry of Finance and Public Credit, Mexico
- **Elizabeth Hammack**, Managing Director, Head of Liquid Products, Goldman, Sachs & Co.
- **Stephen Kozeracki**, Principle, Co-Head of the Corporate Bond Group, The Vanguard Group, Inc.

Questions & Answers

3:00–3:30 p.m.

Coffee Break

3:30–5:00 p.m.

Session 6: Non-Conventional Monetary Policy, Macroprudential Policies, and Their Impact on Liquidity of Government Debt

This session will discuss the impact of central banks' asset purchase programs in executing monetary policies in advanced countries and of the countervailing macroprudential policies in developing countries on liquidity of government debt in the respective markets. How have quantitative easing and removal of high-quality collateral impacted liquidity? Are they potentially in conflict with the government debt issuance strategy, and what are the risks? What are the likely consequences of central banks unwinding of non-conventional monetary policy on government bond market liquidity, and what sequencing and triggers should be applied to minimize the negative impact of unwinding on liquidity? What have been the results of macroprudential policies in curbing inflows into emerging markets?

Moderator

James Clark, Deputy Assistant Secretary, Federal Finance, U.S. Department of the Treasury

Discussants

- **Henner Asche**, Deputy Head of Markets Department, Deutsche Bundesbank, Germany
- **David J. Greenlaw**, Managing Director and Senior Desk Economist, Morgan Stanley
- **Laurence H. Meyer**, Senior Managing Director, Founder, Macroeconomic Advisers
- **Brian Sack**, Senior Vice President, The D.E. Shaw Group
- **Michio Saito**, Director, Debt Management Policy Division, Financial Bureau, Ministry of Finance, Japan
- **Taşkin Temiz**, Director General for Public Finance, Undersecretariat of Treasury, Turkey

Questions & Answers

5:00–5:30 p.m.

Wrap-up and Next Steps

Mary Miller, Under Secretary for Domestic Finance, U.S. Department of the Treasury

Wrap-up and Closing Remarks

Peter Dattels, Assistant Director, Monetary and Capital Markets Department, International Monetary Fund