

Assessing and Building Capacities for Development of Bond Markets in APEC Region

Development of Bond Markets: A
Public/Private Sector Partnership

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The development of corporate bond markets is important

- reduces borrowers' dependence on banks
- enables borrowers to achieve more readily their currency and maturity needs, reducing the risk of mismatch
- reduces the cost of borrowing if the issue is well managed and marketed
- important source of domestic debt finance

The development of corporate bond markets is important (cont.)

- broadens capital markets, leading to the more efficient pricing of risk
- provides increased investment opportunities for investors
- offers potential for deeper markets by attracting reputable foreign investors
- contributes to financial stability

Core aims of development

- transparency
- corporate governance
- ensure that law, rules and codes contribute to
 - efficiency and
 - market integrity

Role of host government

- procedures for supervision of banks and administration of markets
- taxation
- default and insolvency
- foreign investment
- market participant

Government as bond issuer

- to meet its borrowing needs
- to manage shorter term liquidity
- to establish bench-mark yield-curves for debt markets

IOSCO Objectives

- protecting investors
- ensuring markets are fair, efficient and transparent
- reducing systemic risk

Content of a prospectus

- description of issuer
- terms of contract
- material interests of directors and others
- directors and promoters signatures

Purpose of the rules

The purpose of the rules including the rules of law is to serve the community