

# The 4th Annual Euromoney Japan Capital Markets Congress

第四回 ユーロマネー 日本資本市場コンGRESS

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17-18 September 2009 • Hotel Okura, Tokyo  
2009年9月17~18日 • ホテルオークラ(東京)

## Agenda

### Thursday 17 September

08.00-09.00	<b>Registration</b>	<i>Heian Room Foyer</i>
09.00-09.10	<b>Euromoney Welcome: Tony Shale, Chief Executive Officer, Euromoney Institutional Investor, Asia</b>	<i>Heian Room I &amp; II</i>
09.10-09.30	<i>The Japanese Economy: Where Do We Stand and Where Are We Heading?</i> Keynote Address: <b>Mitsuhiro Furusawa, Senior Deputy Director-General of the International Bureau, Ministry of Finance Japan</b>	<i>Heian Room I &amp; II</i>
09.30-10.30	<b>Panel I: The Japanese Economy: Re-Making the Premise</b>  The US originated global economic crisis has been met with a massive government and central bank response. Is it big enough? How will vastly inflated government balance sheets be financed in the long run? Will a sharp bout of inflation bail out governments after the immediate crisis destroying savers in the process? Placing a floor under the precipitous falls of the US, Euro and Asian economies has overridden all other imperatives. What comes next? The G20 meeting was very long on grandiose promises of coordinated global fiscal and monetary stimuli and new money to stave off depression, very short on a framework that would address global trade imbalances and replace market driven capitalism with a viable alternative. The premise that US consumers would spend ad infinitum buying Asian and Japanese exports is shattered. In April, Tokyo announced its fourth and most ambitious emergency stimulus package. Is it working? Can deflation be avoided? Debt will become Japan's main source of revenue as tax revenues fall over the coming fiscal year. Can this be sustained even in the medium term? Against a backdrop of rising national protectionism does Japan have the will to restructure and drive its own recovery or must it wait for the engines of China and the USA to start firing, leaving itself hostage to their economic fortunes once again? <i>The opening panel will examine the prospects for Japan in the closing months of 2009 through to 2012 and consider the most important domestic items in the new Prime Minister's in-tray.</i>  Moderator: <b>Mark Johnson</b> , Editor, Euromoney Conferences Speakers: <b>Scott Callon</b> , Chief Executive Officer, Ichigo Asset Management <b>Jesper Koll</b> , President and Chief Executive Officer, Tantallon Research Japan KK <b>Sim S. Lim</b> , President and Chief Executive Officer, Nikko Citigroup <b>Dr Masayuki Morikawa</b> , Vice President, Research Institute of Economy, Trade and Industry (RIETI) <b>Prof Hiroshi Yoshikawa</b> , Professor, Faculty of Economics, University of Tokyo	<i>Heian Room I &amp; II</i>
10.30-11.00	<b>Coffee Break</b>	<i>Heian Room III</i>

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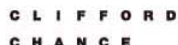
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11.00-11.45	Workshop A hosted by: <b>Citi</b> <i>Heian Room I &amp; II</i>	Workshop B hosted by: <b>BNP Paribas</b> <i>Atlantic Room</i>
	<b>Foreign Bonds: Opportunities for Japanese Investors</b>	<b>Pricing Models of Exotic JGBs</b>
	Steep yield curves and the expectation that Central Banks will remain on hold is attracting offshore investors to the US and European bond markets. We examine the outlook for global bonds going into 2010 and assess the potential returns available and risks inherent for Japanese investors in the international markets through duration, yield curve and yield enhancement trades.	This workshop will explain the pricing model of CMT options and their hedging strategies on the 15-year floating-rate JGBs. On JGBi, we will explain the financial modeling of inflation indices and pricing of derivatives such as YoY swaps. The repackaging of JGBs will also be looked at.
Speaker: <b>Mark Schofield</b> , Managing Director, Citi Investment Research and Analysis	Speakers: <b>Yasufumi Osajima</b> , Head of Quantitative Research, BNP Paribas Securities (Japan) <b>Marc-Olivier Seguin</b> , Managing Director, Head of FX Derivative Research, BNP Paribas	
11.55-12.40	Workshop C hosted by: <b>Citi</b> <i>Heian Room I &amp; II</i>	Workshop D hosted by: <b>Clifford Chance</b> <i>Atlantic Room</i>
	<b>Australia: A Tour of the Debt Markets</b>	<b>The International Islamic Bond (Sukuk) Market: How Does Japan Fit In?</b>
	Through a series of discussions by three of the major Australian State governments, this workshop will provide Japanese investors an update and overview of the Australian economy and developments in the sub-sovereign debt markets.	Over the last five years, the Islamic finance market has developed at a rapid pace. Sukuk, often referred to as Islamic bonds and representing a key segment of the Islamic finance market, were one of the world's fastest growing financial instruments up until the recent slowdown. This workshop discusses the structure of the sukuk, recent international developments and government initiatives to promote the sukuk market and examines some of the issues Japanese companies may face in tapping this market.
Moderator: <b>David Bailey</b> , Head of Debt Capital Markets Australia and New Zealand, Citi Speakers: <b>Michael Allen</b> , General Manager Treasury, Client and Risk Services, New South Wales Treasury Corporation (TCorp) <b>Richard Jackson</b> , General Manager, Financial Markets, Queensland Treasury Corporation (QTC) <b>Justin Lofting</b> , General Manager Treasury, Treasury Corporation of Victoria (TCV) <b>Joshua Williamson</b> , Senior Economist, Citi Investment Research & Analysis Division, Citi Australia/New Zealand	Speakers: <b>Leng-Fong Lai</b> , Counsel, Clifford Chance <b>Gregory Man</b> , Senior Associate, Clifford Chance <b>Reiko Sakimura</b> , Partner, Clifford Chance	
12.40-13.40	<b>Lunch</b>	<i>Heian Room III</i>

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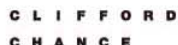
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<p>13.40-14.40</p>	<p><b>Panel II: Japanese Investment and Trade: Developing South East Asia</b> <i>Heian Room I &amp; II</i></p> <p>Japanese money is building bridges, wharves, LNG terminals, new car plants and many other long term projects right across South East Asia. Investment and co-operation between government and the private sector in investing in Asian infrastructure and stimulating economies is securing vital access to natural resource supplies to feed the Japanese economy. Is this period of contracted growth and lower resource cost a golden moment for Japan Inc to source and secure access to these markets, and build new factories in lower cost base environments to offset the high costs of manufacturing domestically? Where can Japanese companies find the necessary trade finance support? Will Japan embrace a period of opportunity across this region when long term rewards can be reaped by acting now? As 'hot' money from European and USA funds has fled the region will Japan's companies and investors be rewarded by taking the longer view? <i>This unique panel will be opened by the Japan Bank for International Cooperation and will highlight successful existing projects in South East Asia and consider prospects for expansion of Japanese investment across the region over the coming five to ten years.</i></p> <p>Introductory Speaker: <b>Hiroshi Watanabe</b>, President and Chief Executive Officer, Japan Bank for International Cooperation (JBIC) Moderator: <b>Mark Johnson</b>, Editor, Euromoney Conferences Speakers: <b>Chokedee Kaewsang</b>, Minister, Thailand Board of Investment Tokyo Office <b>H.E. Muhammad Lutfi</b>, Chairman, Investment Coordinating Board, The Republic of Indonesia <b>Seigou Mizunuma</b>, Executive Director, Member of the Board, Division Chief Operating Officer, International Business Division, Electric Power Development (J-POWER / EPDC) <b>Masatsugu (Mat) Nagato</b>, Director of the Board and Corporate Executive Vice President, Fuji Heavy Industries <b>Yoshihiro Watanabe</b>, Managing Director, Institute for International Monetary Affairs</p>	<p><b>Panel III: Japan's Banks: A Boost to or Brake on Economic Recovery?</b> <i>Atlantic Room</i></p> <p>How healthy are Japanese banks? The big three have declined government offers of capital but how good is the quality of their capital base? By one broad measure - tangible common equity to tangible assets - the average ratio of Japanese banks is 3.6% (according to Macquarie Research) while European banks are at 4.2% and in the USA the ratio is 4.6%. Are banks fit enough to support the ailing economy? Banks need to rebuild balance sheets by maintaining spreads between cost of funding (which is lower than 08) and loans. But failure to pass on lower loan rates may damage clients whose health in the longer run they depend. How can a potentially vicious downward spiral be avoided? If corporate Japan is cut off from cheap funding, could we see the return of the zombie companies that plagued the economy of the late 1990s? What options are most palatable for Japanese banks to recapitalize – do they dilute existing shareholders, should they turn to debt markets or the option rejected to date, the government? Can the government support banks without distorting markets? Should investors buy bank debt or equity as and when it is issued? It is hard to conceive a turn in fortunes for the Japanese economy if the leading banks are balanced on wafer thin capital ratios and can't function properly. <i>This panel will examine what Japanese banks must do to avoid being a brake on recovery and instead become a boost to it and what role does government have, if any, in making this a reality?</i></p> <p>Moderator: <b>Lawrence White</b>, Editor, <i>Euromoney Japan Digest</i> Speakers: <b>Dr Akira Ariyoshi</b>, Director, Regional Office for Asia and the Pacific, International Monetary Fund <b>Tetsuya Inoue</b>, Chief Researcher, Department of Financial Markets and Technology Studies, Nomura Research Institute <b>Takanori Mitsui</b>, Head of Credit Research and Products, DIAM <b>Hiroaki Takahashi</b>, Senior Economist, Shinkin Central Bank Research Institute</p>
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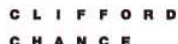
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	and Chair, Finance and Economics Working Group, APEC Business Advisory Council	
14:50-15:35	Workshop E hosted by: <b>Goldman Sachs</b> <i>Heian Room I &amp; II</i>	Workshop F hosted by: <b>Citi</b> <i>Atlantic Room</i>
	<b>JHF MBS: Major Segment of the Bond Market</b>	<b>Currency Risk Management and Investment in Japan: Recent Trends and Developments</b>
	The volume of mortgage backed securities (MBS) issued by the Japan Housing Finance Agency (JHF) has reached approximately 10 trillion yen since their first issue in 2001, and the outstanding amount of securities in the market is now 8 trillion yen. The financial crisis triggered by US subprime loan problems caused a decrease in the performance of global securitization products and since then the market for these products has shrunk significantly. Despite these issues, MBS by JHF have delivered a relatively stable performance and JHF has continued to issue the securities throughout the crisis. In this workshop, we will compare the performance of MBS by JHF during the financial crisis with that of the US MBS market and discuss in greater details the outlook for Japan's MBS market.	How has the extreme volatility in the FX markets over the last two years made currency risk management a challenge across the Japanese business landscape? Can currency be regarded as a legitimate asset class for institutional and retail investors? How have corporations adapted their cash and risk management techniques to a stronger yen? Our distinguished panellists will bring perspectives on these and other questions from several different industries. They will give their views on the evolution of the Japanese currency market and offer some insight into the impact of potential future developments in currency rates.
	Moderator: <b>Yasuro Ken Koizumi</b> , Managing Director, Investment Banking Division, Goldman Sachs Japan Speakers: <b>Hiroyuki Arita</b> , Managing Director, President and Representative Director, BlackRock Japan <b>Katsuhiko Maeda</b> , Director General, Market Operations Department, Japan Housing Finance Agency <b>Yuji Nakada</b> , Director, Structured Finance Ratings, Standard & Poor's <b>Naoto Sakane</b> , Deputy General Manager, Treasury and Capital Markets Department, Nippon Life Insurance Company <b>Chikahisa Sumi</b> , Director, Inspection Coordination Division, Financial Services Agency	Speakers: <b>Fabio Fontainha Vieira</b> , Representative Director and Deputy President, Retail Banking Division Head, Citibank Japan <b>Takahisa Iijima</b> , Managing Director, Bridgestone Finance Corporation <b>Bapi Maitra</b> , Managing Director, Head of Foreign Exchange, Citibank Japan <b>Hiroyuki (Bob) Takai</b> , General Manager, Financial Service Division, Sumitomo Corporation <b>Takashi Usuki</b> , Executive Officer, Japan Post Bank
15.35-16.00	<b>Coffee Break</b>	<i>Heian Room III</i>
16.00-16.45	Workshop G hosted by: <b>Goldman Sachs</b> <i>Heian Room I &amp; II</i>	Workshop H hosted by: <b>Citi</b> <i>Atlantic Room</i>
	<b>Japan Municipal Bonds: A New Investment Opportunity for Investors</b>	<b>Liquidity in the JGB Market: Focus on Inflation-Indexed Bonds (JGBi)</b>
	The outstanding volume of publicly-offered municipal bonds in Japan is increasing every year. Today, the outstanding volume exceeds 65 trillion yen, consisting of 41 trillion yen of public bonds and other retail and privately-placed bonds. It is almost the	Liquidity in the Japanese government bond (JGB) market was significantly impaired after the Lehman bankruptcy; to what extent has it recovered? How did issuing authorities deal with the liquidity problem in the inflation-indexed and floating-rate bond

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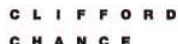
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	same size as the market for government-guaranteed bonds which has about 45 trillion yen outstanding. In this session, we are going to discuss improving the marketability of the municipal market and expanding the investor base through the panel discussion with municipal bond issuers about their future issuance plans.	markets, and how effective was this response? In this workshop, the Ministry of Finance Japan and market participants will review the state of the JGB market since last fall, and also examine projections for the JGBi and other markets.
	<p>Moderator: <b>Yasuro Ken Koizumi</b>, Managing Director, Investment Banking Division, Goldman Sachs Japan</p> <p>Speakers: <b>Yoshinobu Kikuchi</b>, Director, Finance Department, Finance, Japan Finance Organization for Municipalities</p> <p><b>Kei Kitayama</b>, Head and Managing Director, Moody's Japan</p> <p><b>Homare Mitsuda</b>, Director, Local Government Bond Division, Ministry of Internal Affairs and Communications</p> <p><b>Tatsuki Ohigashi</b>, Director, Funds Section, Financial Division, Bureau of Finance, Osaka City</p>	<p>Speakers:</p> <p><b>Masaaki Kaizuka</b>, Director of Debt Management, Policy Division, Ministry of Finance Japan</p> <p><b>Kiichi Murashima</b>, Managing Director, Economist, Nikko Citigroup</p> <p><b>Kazuhiko Sano</b>, Managing Director, Strategist, Nikko Citigroup</p> <p><b>Takuya Soeda</b>, Vice President, JPY Rates Trader, Nikko Citigroup</p>
16.55-17.55	<p>Panel IV: <b>Japan's Bond Markets: Restarting the Liquidity Machine</b></p> <p>Japanese bond markets are traditionally among the deepest and most liquid in the world. But since the Lehman bankruptcy, activity has contracted sharply, along with risk appetite. In the rush to bolster balance sheets many institutions have sold their more liquid holdings, including JGBs – bringing the JGBi market, for example, to a halt. But there are signs that this may be changing. Interest in key sectors such as the Samurai market is slowly returning. And with the new financial year, investors are looking to put their money to work. Large-scale borrowers are keen to reconnect once more with one of the world's deepest pools of capital. But many key issues remain. In a world of quantitative easing, what does government buying of bonds mean for the market? How low can yields go? Will deflation return? <i>This panel will examine the key issues in Japan's fixed income markets, in particular how investment patterns will develop over time.</i></p> <p>Moderator: <b>Stephen Garton</b>, Asia Editor, <i>EuroWeek</i></p> <p>Speakers: <b>Masaru Hamasaki</b>, Chief Strategist, Investment Strategy Department, Toyota Asset Management</p> <p><b>Akio Kato</b>, Domestic Bond Group Leader, Fixed Income Fund Management Department, Kokusai Asset Management</p> <p><b>Katsuyuki Tokushima</b>, Chief Fixed Income Analyst, Financial Research Group, NLI Research Institute</p> <p><b>Yoichiro Yokoyama</b>, Director General, Treasury Department, Development Bank of Japan (DBJ)</p> <p><b>Prof Naoyuki Yoshino</b>, Professor of Economics, Keio University</p>	<i>Heian Room I &amp; II</i>
17.55-18.00	Close of Day One: <b>Nick Hayward</b> , Managing Director, Asia Pacific, Euromoney Conferences	<i>Heian Room I &amp; II</i>

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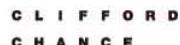
Friday 18 September

08.25-08.55	<b>Registration</b>	<i>Heian Room Foyer</i>
08.55-09.00	Euromoney Welcome: <b>Nick Hayward, Managing Director, Asia Pacific, Euromoney Conferences</b>	<i>Heian Room I &amp; II</i>
09.00-09.20	Keynote Address: <b>Hirohide Yamaguchi, Deputy Governor, Bank of Japan</b>	<i>Heian Room I &amp; II</i>
09.20-10.20	<p>Panel V: <b>The Global Economy: Where is the Motor for Revival?</b></p> <p>The ultimate reason for the current crisis was excess leverage – in the household sector of some countries – and in the financial sector. Yet current fiscal packages are largely designed to encourage consumers to continue to spend. Which will win out – the longer-term need to deleverage or the short-term imperative to boost aggregate demand? Are the signs of recovery in key markets such as the US real or an illusion? Is the US financial sector through the worst? If America continues to falter, are other parts of the world economy able or willing to step up to the plate, boost demand and encourage economic growth? In particular, can China become a nation of consumers? Will the stimulus package work? If so, how will that affect other Asian countries, bound together by complex flows of money, goods and services? And if and when, eventually, the world economy rebalances, what do new patterns of demand mean for economies with a significant export sector, such as Japan? <i>This panel will examine the connections between global issues and the Japanese economy.</i></p> <p>Moderator: <b>Mark Johnson</b>, Editor, Euromoney Conferences  Speakers: <b>Kazuto Doi</b>, Head of Asia-Pacific Investment Management, Western Asset Management  <b>Vincent Duhamel</b>, Chief Executive Officer, SAIL Advisors  <b>Dariusz Kowalczyk</b>, Chief Investment Strategist, SJS Markets  <b>Arnout van Rijn</b>, Chief Investment Officer, Robeco Hong Kong  <b>Tetsufumi Yamakawa</b>, Managing Director, Co-Director of Pan Asian Economic Research, Director of Japan Economic Research, Goldman Sachs Japan</p>	<i>Heian Room I &amp; II</i>
10.20-10.50	<b>Coffee Break</b>	<i>Heian Room III</i>

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10.50-11.35	Workshop I hosted by: <b>BNP Paribas</b> <i>Heian Room I &amp; II</i>	Workshop J: hosted by <b>Goldman Sachs</b> <i>Atlantic Room</i>
	<b>Bond Market Structure and Fiscal Premium: Japan vs. US</b>	<b>The Latest Trends on Zaito Agency Bonds</b>
	This workshop will compare the composition and investor classes of the bond market in Japan and the US. Explanations of fiscal premium in each market will also be made.	This is the eighth year for Zaito Agency bonds which started in 2001 as a new financing method for Zaito Institutions after the governmental reform of the Fiscal Investment and Loan Programme. During this period, the business and the management structure of Zaito Institutions were reviewed by the Reorganization and Rationalization Plan for Special Public Corporations. Last October most institutions that issued the Zaito bonds were changed into new organizations such as Independent Administrative Agencies and Special Public Corporations. However the government expects Zaito Agencies to function as policy-implementation entities after the unprecedented financial crisis and economic stagnation, and the market is reassessing the value of unity between the government and Zaito agencies. We discuss the recent trends in the performance of the Zaito Agencies in this workshop.
Speaker: <b>Takafumi Yamawaki</b> , Senior Interest Rate Strategist, Investment Research Division, BNP Paribas Securities (Japan)	Moderator: <b>Yasuro Ken Koizumi</b> , Managing Director, Investment Banking Division, Goldman Sachs Japan Speakers: <b>Toru Kawanishi</b> , Director, Finance and Fund Planning Department, Japan Railway Construction, Transport and Technology Agency (JRTT) <b>Toshiaki Nomura</b> , Head, Treasury Department, Planning and Administration Unit, Japan Finance Corporation <b>Yoichiro Yokoyama</b> , Managing Director and Director General, Treasury Department, Development Bank of Japan (DBJ)	
11.40-12.40	Panel VI: <b>What Does the Election of the DPJ Mean for the Financial Markets?</b> <i>Heian Room I &amp; II</i>	
	At a time when the Japanese economy needs careful management as it begins to edge out of the contraction, what are the implications for financial markets of the change in government? How will campaign rhetoric evolve into government policy? Can the DPJ strike a balance between social protection and structural reform, whilst maintaining fiscal restraint? What are the likely changes to the policy making and implementation processes and the relationships between Cabinet, Diet and bureaucracy? How would a 'parliamentary cabinet system' change the national budget process? What will be the impact on Japan's internal and external investors' confidence? Can the DPJ sustain long term growth prospects after an initial boost in 2010 and 2011? <i>This panel will examine the impact of the DPJ victory and what their fiscal policies and desire for structural reform will mean for the financial markets.</i>	

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	Moderator: <b>William Pesek Jr.</b> , Columnist, <i>Bloomberg</i> Speakers: <b>Takeshi Minami</b> , Chief Economist, Norinchukin Research Institute <b>Ruth Nash</b> , Fund Manager, J.O. Hambro Capital Management <b>Yuri Okina</b> , Research Director and Chief Senior Economist, The Japan Research Institute <b>Hiroshi Shiraishi</b> , Japan Economist, BNP Paribas Securities (Japan) <b>Prof Yasunori Sone</b> , Professor of Political Science and Governance, Keio University	
12.40-12.45	Close of Conference: <b>Nick Hayward</b> , Managing Director, Asia Pacific, Euromoney Conferences	<i>Heian Room I &amp; II</i>

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