CENTRAL BANKING EVENTS

Since 1999, Central Banking Publications has organised annual residential training courses/seminars, which have been attended by more than 4,500 central bankers and supervisors from over 140 countries.

Government Debt Management: New Trends and Challenges

9–12 September 2014, Christ's College Cambridge

Course Chairman
Rafael Molina
Managing Partner
Newstate Partners

Series Advisor
Charles Goodhart
Professor Emeritus
London School of Economics
Financial Markets Group

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Dear Delegate,

"Going forward, the challenges faced by debt managers remain significant."
Harun R Khan, Deputy Governor, Reserve Bank of India, December 2013

As governments across the world carry out fiscal stimulus measures they look to markets for increased borrowing. At the same time, the European sovereign debt crisis has shattered investors' confidence.

For debt managers this increased pressure presents a series of technical challenges as investors become more discerning and markets less forgiving. As they look to differentiate themselves in competitive markets, increasingly debt managers are considering new techniques, new types of debt, new sources of funding and new approaches to risk management, portfolio analysis and strategic transparency, as well better ways of communication with investors.

This seminar has been designed to equip debt managers with the tools to meet these testing challenges. Sessions illustrate the key practical lessons for debt managers at a time of heightened attention on their performance, demonstrating where they can add value and contribute to a faltering economic recovery.

We are delighted to welcome Rafael Molina, an experienced consultant in sovereign debt management, as course chairman again this year. He spent over eight years with the Federal Reserve Bank of New York, where he was responsible for implementing US monetary policy directives and managing the US monetary authority's yen currency reserve portfolio.

The expert panel of speakers includes:

- **Azucena Arbeleche**, Debt Director, Ministry of Economy and Finance, Uruguay
- **Kpakpo Brown**, Policy Analyst, Policy Team, UK Debt Management Office
- **Fatos Koc**, Head of Market Risk, Turkish Treasury
- **James McCormack**, Head of Global Sovereigns, Fitch Ratings

Key practitioner-led sessions address:

- Challenges for debt managers during central bank exit strategies
- Debt management's relationship with monetary and fiscal policy
- New demands, new strategies and new instruments
- Delivering a deepening of the domestic bond market

The closed roundtable format allows an international group of delegates opportunities to benchmark their work against good practice internationally and to exchange views with their peers in an informal and confidential setting. Throughout, the emphasis is on how specific national situations require tailored solutions and how these lessons can be applied to delegates' day-to-day operations.

This format, as more than 4,500 central bankers, debt managers and supervisors can attest encourages delegates to quiz panellists, raise issues and discuss solutions to the specific challenges they face.

We look forward to welcoming you to Cambridge on September 9th.

Yours sincerely,

Robert Pringle

Robert Pringle
Chairman
Central Banking Publications

" It was very interesting and useful seminar for looking at future work. I was happy to be here "

Kamalasiri Asurachcharige, *Assistant Governor, Central Bank of Sri Lanka*

Tuesday 9 September

Preparing for the Great "Unwind"

Introductions and participant discussion

Led by the chairman, **Rafael Molina**

In this introductory session, the course chairman will set the scene for those that follow by outlining the main challenges facing government debt managers in today's market conditions. Participants will be asked to contribute by providing a summary of the effects of the recent crisis on their country's economy and debt management strategies. Discussion will focus on the practicalities of revised issuance programmes and on how unstable macroeconomic conditions and risks can be factored into debt management strategies. The group will also consider how, and where, the responsibilities of the debt office extend beyond just financing public borrowing. Participants will be invited to share the main challenges and priorities facing their organisations, and their own interests and objectives in attending the seminar.

Understanding the pressures of the post-crisis market

Thordur Jonasson, Senior Financial Sector Expert, IMF and Former CEO, Icelandic Debt Management Office (invited)

An effective debt strategy must take into account the possible consequences of rapidly changing conditions in markets. This has never been more true than in 2014 and the process involves asking detailed questions about the securities market. The post-crisis investor base is also changing as a result of growing concerns about sovereign credit risk, increased interconnectedness of sovereigns and banks (due to rising purchases by domestic banks of bonds issued by their sovereigns). This session will look at how key market pressure dynamics and challenges facing debt managers today can be understood in the context of the post-crisis economy and how best to adapt to the on-going pressures in the government debt and securities markets.

Challenges for debt managers during central bank exit strategies

Gurumoorthy Mahalingam, Principle General Manager, Financial Markets Department, Reserve Bank of India (invited)

What is the influence on government borrowings and yields in the post-tapering world? As economies continue to slowly recover from the crisis, debt managers are likely to face a new and complex challenge in maintaining a low funding cost. Recent years have seen many debt managers undertake a strategy of increasing long-term bond issuance to reduce funding costs and meet demand. This demand has been driven by low interest rates, quantitative easing and government asset purchases. However, as central banks begin to reverse these strategies, debt managers may see market support decline, leading to rising yields and higher costs. In this session an expert with considerable experience in debt management and economics will introduce these complex debt management dynamics in detail and the group will be invited to discuss the relationship between central bank "unwinding" and debt management in their country.

About the course chairman:

Rafael Molina is a partner with Newstate Partners providing specialised debt management services to sovereign governments and central banks, particularly during times of economic distress. He has 15 years of experience assisting sovereign clients define and implement comprehensive liability management strategies aimed at optimising debt service profiles. Before joining Newstate, he spent four years with HoulihanLokey and five years with UBS Investment Bank advising sovereign governments and central banks on an array of financial and debt management issues. Prior to beginning his work in the area of sovereign advisory, Rafael spent eight years with the Federal Reserve Bank of New York. Mr Molina received his undergraduate degree from Vassar College and his MBA from Columbia University. He is a native Spanish speaker and is fluent in Portuguese.

Wednesday 10 September
New Strategies and Instruments

New demands, new strategies and new instruments

Kpakpo Brown, Policy Analyst, Policy Team, UK Debt Management Office

The fallout from the financial crisis, record bond issuance, investor risk aversion, and a flight to quality assets, has led to a perfect storm of competition for debt management offices. The speaker will explain how debt managers can actively differentiate their debt issuance by introducing new techniques such as index-linked bonds, ultra-long bonds, and the sale of tranches in benchmark issuance. The speaker will also discuss the value of targeting and placing securities among specific investor groups. Increased dialogue with primary dealers and market participants, careful organisation of auction calendars and analysis of nominal and real yields on domestic and international securities will also be addressed.

Effective strategies to enhance communication with investors

Azucena Arbeleche, Debt Director, Ministry of Economy and Finance, Uruguay and **Fatos Koc**, Head of Market Risk, Turkish Treasury

When debt managers face the prospect of an investor flight to quality, developed and deep relationships with external markets take on heightened significance. They are as important as issuance choices and strategies. How can debt managers build and maintain effective relationships with investors? What particular challenges do they face when trying to achieve this in a volatile global financial climate? In this session two experts in this field will share their experiences in creating dialogue with investors.

Delivering a deepening of the domestic bond market

Fatos Koc, Head of Market Risk, Turkish Treasury

The government debt manager benefits from a deep and liquid domestic bond market into which to issue, but it also plays a significant role in developing and supporting the market. Yet, both local and global investors have been reluctant to enter markets with poor infrastructure, with a reliance on one industry, or with threats from contagion. This session will discuss how the debt manager can contribute at each stage of market development to make it attractive to investors, including the importance of building benchmarks, the design of the issuance mechanism and the primary market, and what influence the debt manager might be able to exert over the secondary market.

How to improve debt ratings

James McCormack, Head of Global Sovereigns, Fitch Ratings

It is no secret that markets in the past have been strongly influenced by the opinions of ratings agencies. Indeed, it is considered international news when a major agency changes the grade of a sovereign state – as has been seen with the US, the UK and numerous major European economies. In this session, the speaker will lift the lid on how government debt is assessed and rated in today's market, providing guidance on particular aspects that debt managers can improve on to enhance their chances of favourable ratings.

Returning to international markets: an issuance programme case study

Azucena Arbeleche

In this session, the speaker will discuss how her DMO's focus on enhancing flexibility, extended maturities and reduced dollarisation was key in developing and maintaining liquid markets to secure renewed access to international investors. The group will be asked to discuss the lessons which can be learned from this study, and give examples of the measures that they have taken in response to the on-going challenges faced by all debt managers.

Thursday 11 September

Debt Sustainability and Relationships with other Agencies

The realities of sovereign debt restructuring

Speaker to be confirmed

Many debt managers feel there are significant barriers to executing a restructuring, despite the fact that it would be mutually beneficial to both sovereign and creditors. In this session, an expert from the IMF will look at the subject from both historical and operational perspectives. He will consider, in particular: how frequently and what amounts have been restructured; how long the process can take; what the drawbacks are, how do and how should sovereigns communicate with creditors; and the impact on macroeconomic indicators and market access. The session will also discuss how financial stability considerations and other spill over concerns influence the design of a restructuring.

Measuring and understanding debt sustainability

Led by Rafael Molina

In March 2014 the International Monetary Fund (IMF) released a new toolkit for assessing public debt sustainability in countries with access to international capital markets. In this session, the speakers will show how this approach can lead to a new holistic view of debt sustainability by assessing the level and trajectory of debt, government financing needs, and vulnerabilities in the debt structure. Discussion will focus on practical applications in participants' jurisdictions.

Debt management's relationship with monetary and fiscal policy

Jean-Luc Steylaers, Senior Adviser to the Belgium Treasury and Former Director, Belgian Debt Management Agency (Invited)

The financial crisis has led to an alarming and sustained rise in government debt to GDP levels with many countries under extreme fiscal pressures as a result. From an operational perspective, one important result has been a re-defining of the relationship between debt management and monetary policy. This session will look at how this change in policies has come about and how DMOs and central banks can work and increasingly are working together.

Governance, independence and relations with other agencies

Lars Hörngren, Chief Economist, Swedish National Debt Office

The financial crisis has brought the importance of coordination between debt managers and central banks into sharper focus. Recent decades have seen many countries set up autonomous debt offices, but in others the function remains within the central bank or ministry of finance. These distinct institutional models have their advantages and disadvantages and the group will consider these, against the backdrop of changing market conditions. In turn, the speaker will address the relationships that the debt manager has with central banks and other agencies, and how these can be structured. The session will conclude with a discussion of the implications of where the debt function is located, and under what circumstances the move towards a separate office is desirable.

Past attendees include: Bank of Algeria • Reserve Bank of Australia • Austrian National Bank • Central Bank of Barbados • Central Bank of Brazil • British Virgin Islands Financial Services Commission • Bank of Canada • Central Bank of Colombia • Czech National Bank • Central Bank of Ecuador • Banque de France • European Central Bank • Bank of Ghana • Central Bank of Honduras • Hong Kong Monetary Authority • Central Bank of Hungary • Reserve Bank of India • Bank Indonesia • Bank of Jamaica • Central Bank of Kenya • Bank of Korea • Bank Negara Malaysia • Reserve Bank of New Zealand • Central Bank of Nigeria • Central Bank of Oman • State Bank of Pakistan • Central Bank of Paraguay • Central Bank of the Philippines • Central Bank of Qatar • National Bank of Romania • SAMA • Monetary Authority of Singapore • South African Reserve Bank • Bank of Spain • Central Bank of Sri Lanka • Sveriges Riksbank • Bank of Tanzania • Bank of Thailand • Bank of England • Federal Reserve Bank of New York • Bank of Zambia •

Friday 12 September

Risk and Cash Management

Effective risk management tools for rollover risk

Joaquim Cadete, Managing Partner, Rockbridge Advisors, and former Debt Management Analyst, Portuguese Treasury

The increased complexity of transactions being undertaken by debt managers trying to differentiate themselves in competitive markets has exacerbated roll-over risk. The analytical tools of a debt management office must be able to assess these risks, enabling managers to keep debt strategy within a given risk appetite. Failure to do so can have far-reaching consequences. In this session, the speaker will show how debt management offices can develop risk management tools to maintain a sophisticated portfolio risk analysis, with a focus on how to carry out diligent analysis of front office activity. The speaker will also address the importance of spreading out the debt redemption profile across a range of maturities. Group discussion will focus on the programmes for implementation of these techniques and overcoming "roadblocks" that may exist.

Effectively coordinating cash management and debt management

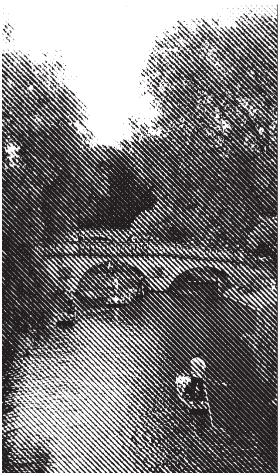
Jean-Luc Steylaers, Senior Adviser to the Belgium Treasury and Former Director, Belgian Debt Management Agency (Invited)

As the number of debt managers being handed responsibility for managing the Treasury's cash increases, it is important that DMOs recognise that there are significant benefits of being able to cost-effectively combine the debt and cash management operations. The speaker will discuss how debt managers can work alongside treasuries to implement forecasting for daily net cash flows in the government accounts, providing details on how to ensure these are both timely and accurate. The group will discuss how the DMO can balance or place these net positions cost effectively by using their knowledge of debt markets and instruments, including repos, reverse repos, swaps instruments and more traditional government securities.

Lessons and key issues

Led by the chairman

The day and the seminar will conclude with a session drawing together the themes of the course and focusing on applications and conclusions. The chairman will revisit the key points from debates and the lessons identified from the presentations. Delegates will be invited to identify opportunities for implementing techniques, strategies and structural changes in their own organisations, and to reassess what they see as the priorities for their issuance and debt management strategy broadly.



CBP's Autumn Series 2014 also features the seminars:

- Effective Oversight of Financial Market Infrastructures
- Financial Independence, Reporting and Accountability for Central Banks
- IT Governance for Central Banks
- Legal Risks and Good Governance for Central Banks
- The Changing Framework of Monetary Policy Operations
- Communications and External Relations for Central Banks
- Economic Analysis and Forecasting for Macroprudential and Monetary Policymaking
- Human Resources: Enhancing Human Capital and Facilitating Higher Performance
- Knowledge Hubs: Managing Central Bank Libraries and Information Centres
- New Challenges in Financial Market Supervision & Regulation
- Risk Management for Central Banks

Booking details

Course fee: £2,800

4-day (3 nights) residential course
Course fee includes: en-suite accommodation, meals, refreshments, course documentation and a complimentary copy of the most recent issue of the Central Banking journal. Substitute delegates can be accepted should the registered delegate be unable to attend; please let us know prior to the event.

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There is a booking form overleaf. Please use one of the following methods to book your place:

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Christ's College is one of England's oldest university colleges and traces its origins back to 1439 when it was founded by William Byngham as "God's house" and adopted by King Henry VI. The college is conveniently situated in the heart of Cambridge surrounded by all the historical sites, and is one hour by train from London.

About Central Banking Publications

Central Banking Publications' events division is the leading independent organiser of public policy seminars/training courses for the official sector. Since 1999, CBP has hosted roundtable seminars and training courses for over 4,500 senior policymakers from central banks, ministries of finance and financial regulatory agencies around the world. Senior officials from more than 140 countries have attended these meetings over the past decade and a half.

Government Debt Management: New Trends and Challenges

CENTRAL BANKING EVENTS

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Please provide us with the direct email address of the delegate and an additional email address if possible. This is very important because all correspondence with delegates is by email.

Course fee: £2,800

2. Payment details:

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