

AMERICAS'
CENTRAL SECURITIES
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TAMPA | FLORIDA 2010



CAVALI

Innovation, opportunities and challenges in regional integration

March 10th, 2010

What leads to market integration?



- ❑ Search of higher depth for local markets.
- ❑ Complements the economic sectors which are destination of the investments.
- ❑ Growth of the local institutional / professional investment demand.
- ❑ Mitigate investors risks with a higher diversification of local and foreign portfolios.
- ❑ Higher offer of issuances and investment tools.
- ❑ Better financing opportunities.
- ❑ Lower financing costs.

Integrated market Peru, Colombia and Chile

Creation of an integrated equities market to promote the development of capital markets

INVESTORS

Access to a bigger offer of securities

- ↳ Diversification
- ↳ More attractive to foreign investors



Quality/Soundness of savings

ISSUING COMPANIES

Enlarged market

- ↳ Financing source



Reduction in financing costs



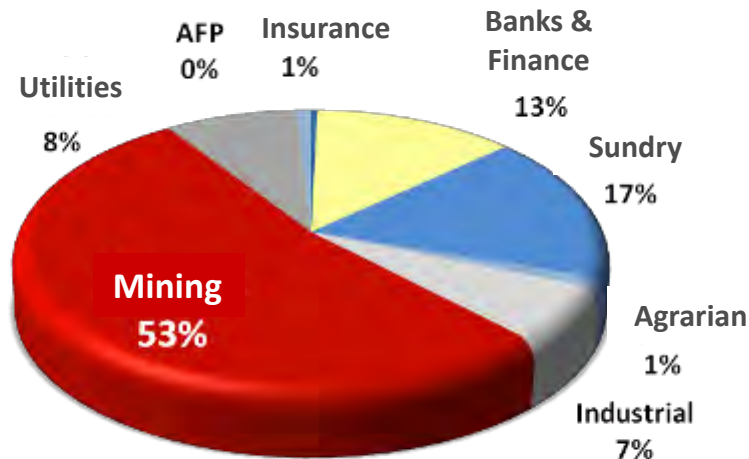
What do we find in the three markets?

	Peru	Colombia	Chile
Stock Exchanges	1	1	3
Central Securities Depositories	1	1	1
Brokers - equities	22	35	61
Pension Funds Administrators	4	6	6
Mutual Funds Administrators	6	42	20
Unemployment Funds Administrators	0	6	1
Investment Funds Administrators	4	6	23
Issuing institutions	241	87	236
Risk Rating entities	4	3	4

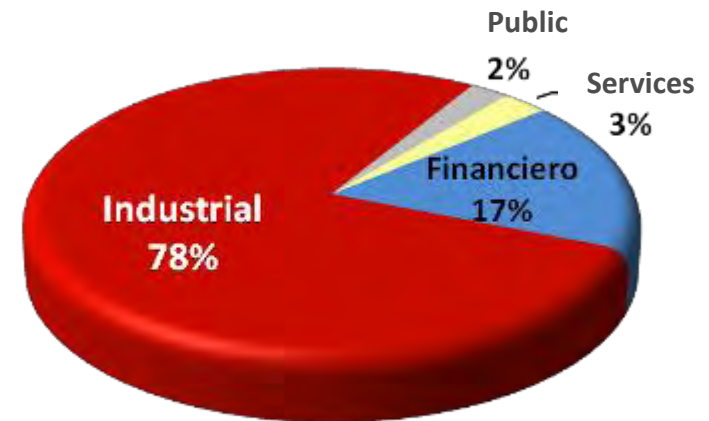
Sources: Superintendencia of Banks, Insurance and AFPs, Conasev (Peru), Superintendencia of Securities and Insurance, Association of Mutual Funds Administrators of Chile, Pensions Superintendencia (Chile), Financial Superintendencia of Colombia, Colombia Stock Exchange (Colombia)
According to WFE

What do we find in the three markets?

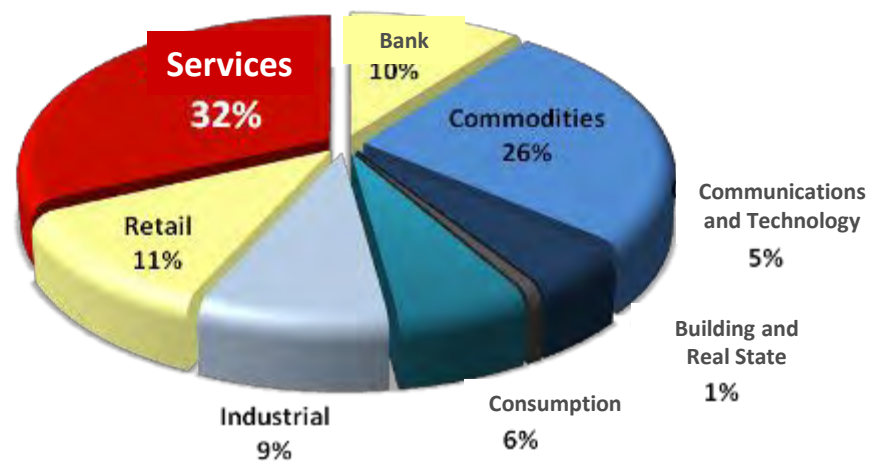
Lima Stock Exchange



Colombia Stock Exchange

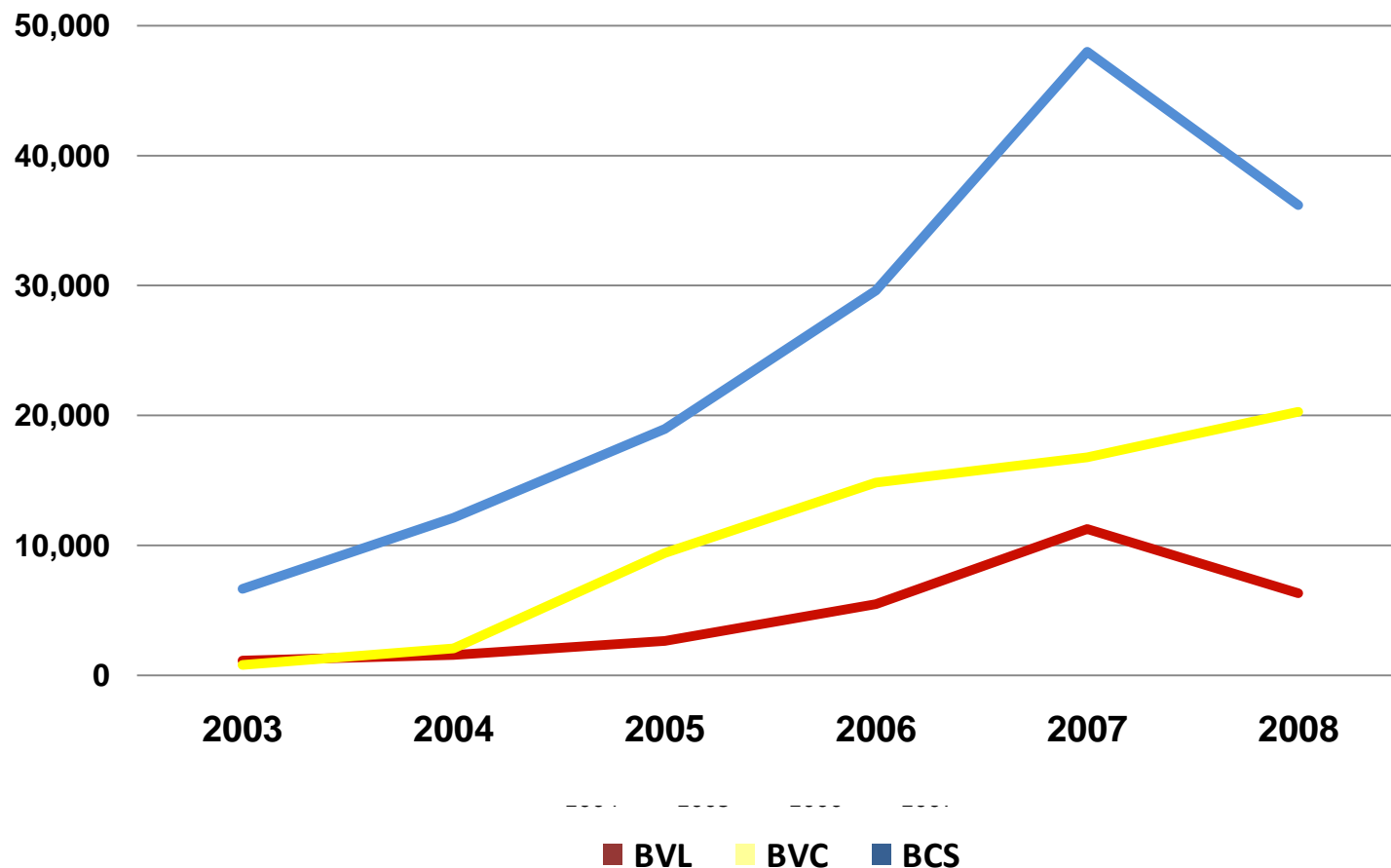


Santiago Stock Exchange



What are the volumes in our markets?

Amounts in USD millions

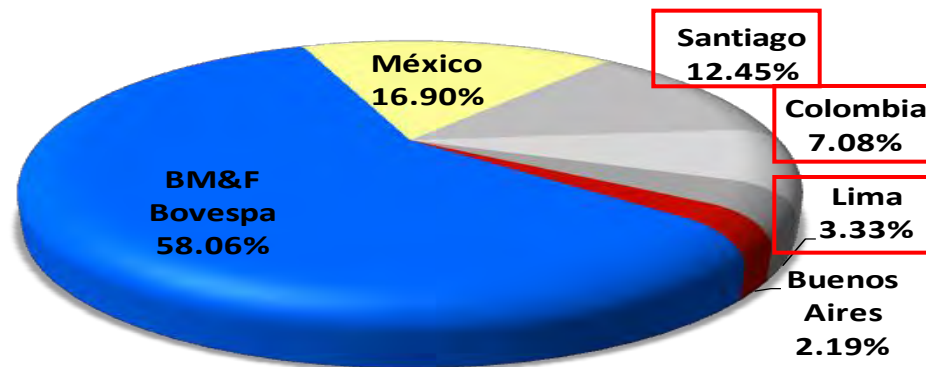


Source: FIAB Annual Report 2009

Which is the potential for the integrated market?

	Peru BVL	Integrated Market
Equities Brokers	21	117
Market Capitalization	US\$ 95 b	US\$ 380 b.
Number of companies	250	560
Daily Traded Amount	US\$ 13.9 m	US\$ 225 m.

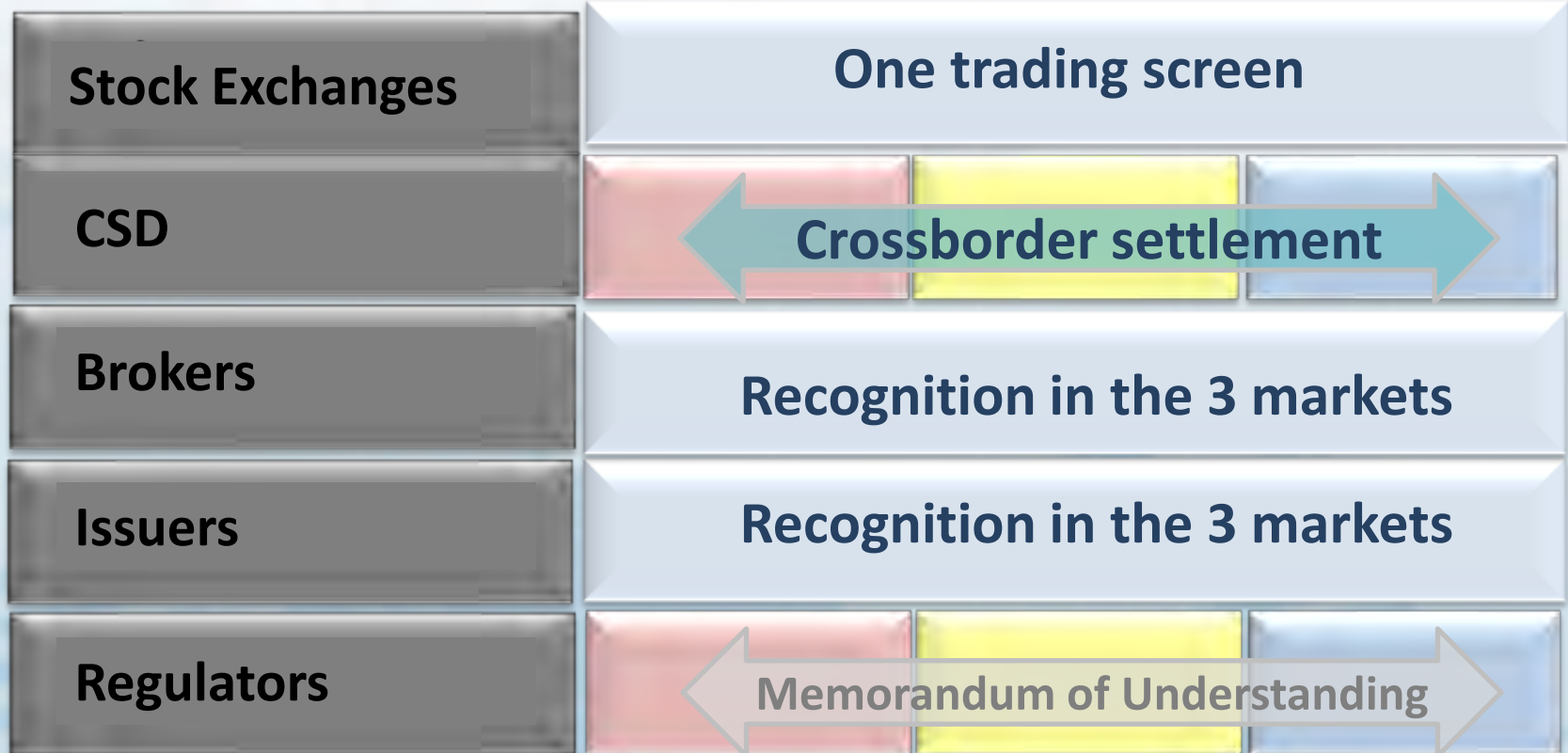
STOCK CAPITALIZATION JUNE 2009



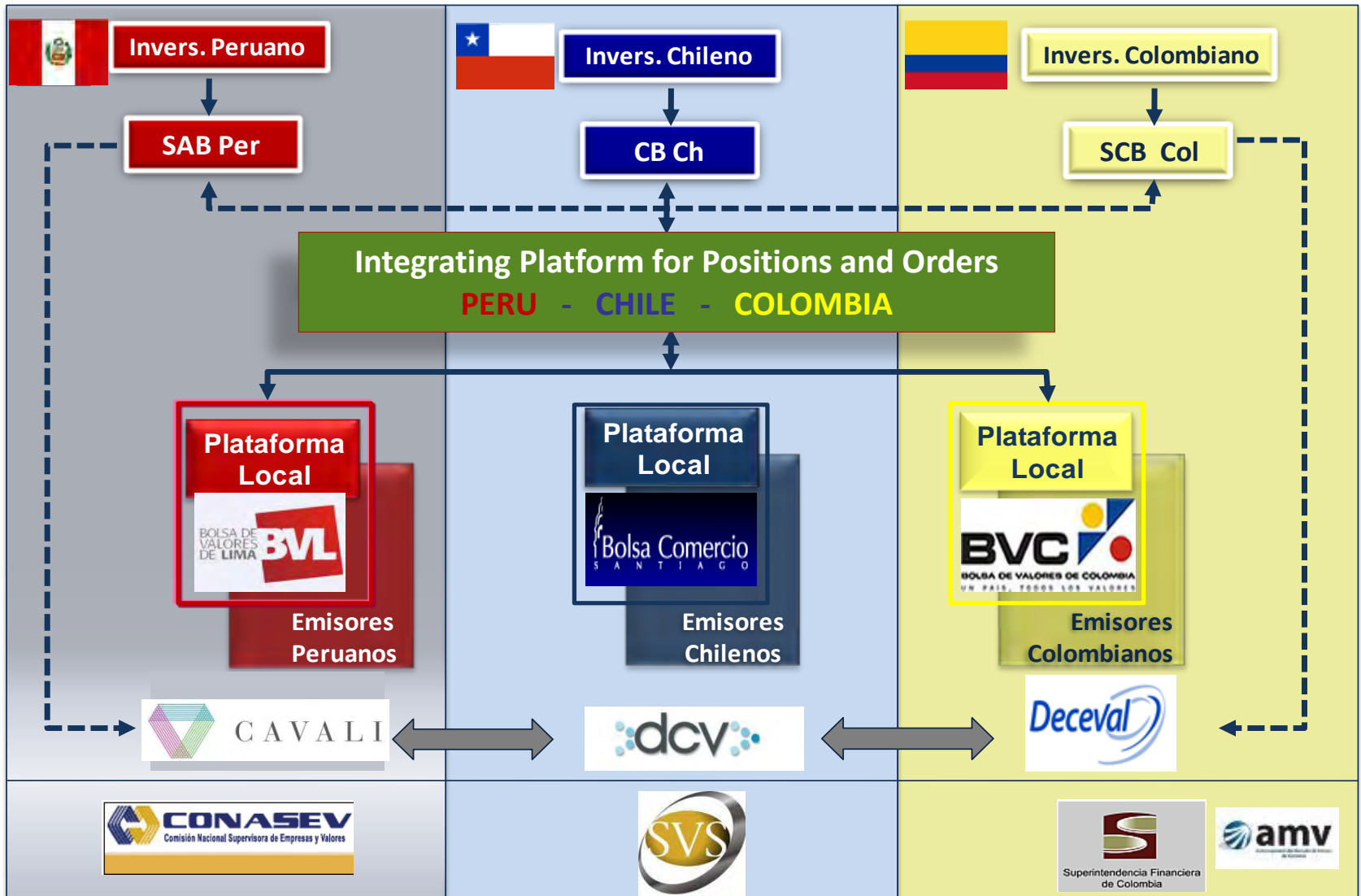
Total: USD 1.569 billions

Source: WFE

What do we want to achieve?



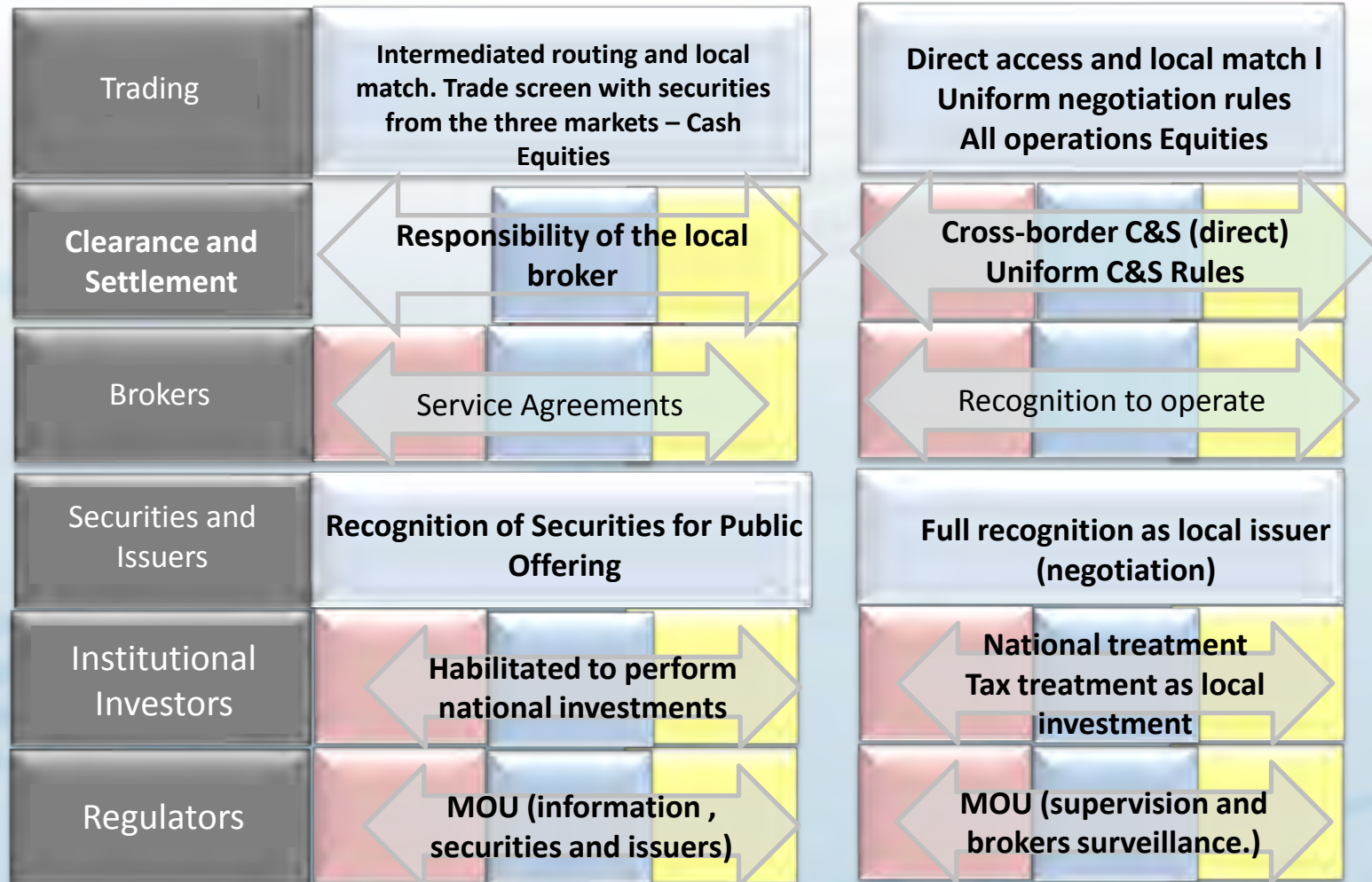
How would the market operate?



We know that all integration efforts are complex...

Phase I

Phase II



Factors for success

- ❑ Consensus between regulators, Exchanges and Deposits for regulation according with the actors' reality and needs .
- ❑ Achieve standardization of the main market practices (trading, settlement and custody).
- ❑ Have the adequate infrastructure and facilities, that allow operative efficiency.
- ❑ Have competitive transactional costs for the three markets.

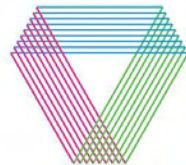
CHALLENGE
Achieve active participation of the brokers: achieve that opportunities are seen, impulse demand for securities and internalize the benefits of the project in each market

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