



Primary dealers (PDs) fulfil an important role in the government security market through 1) building stable demand for government securities; 2) submitting bids at primary auctions; 3) contributing to liquidity in the secondary market; and 4) information sharing. Often PDs don't operate at optimal level, mainly because of arrangements and obligations not properly formalised, weak oversight and management practices and lack of proper incentives. The training workshop will focus on improving efficiency in the operation and management of PD systems. Participating countries will identify gaps and weaknesses in their existing practices and policies and learn about practices that have been effective in peer countries from experts and other delegates.

Tuesday, 9 April 2019	
8:30 – 9:00	Arrival and registration
9:00 – 9:30	<p>Welcome by Johan Krynauw (Programme Manager: Sustainable Debt Management, CABRI)</p> <p>Opening remarks by El Hassan Eddez (Head of Treasury and External Finance Directorate, Ministry of Economy and Finance, Morocco)</p>
<p>Setting the scene</p> <p>9:30 – 10:30</p>	<p>Creating an enabling environment for the primary-dealer system and execution of the government's local borrowing requirement</p> <p>Market liquidity, building and lengthening the yield curve, well-developed market infrastructure, appropriate policies and practices, and effective information flows allow a primary-dealer system (PDS) to operate most efficiently and effectively. A PDS will not address poor governance or weak policies and practices. This session will focus on some of the prerequisites in which governments can enable primary dealers to operate efficiently and develop the local market.</p> <p>Format:</p> <p>Presentation on 'creating an enabling environment for an effective primary-dealer system' by Johan Krynauw (Programme Manager: Sustainable Debt Management, CABRI)</p> <p>Q & A</p> <p>Facilitator: Awa Touray (Programme officer: Institutional capabilities, CABRI)</p>
10:30 – 11:00	Tea break

<p>Setting the scene (continued) 11:00 – 12:00</p>	<p>Establishing the baseline: training exercise</p> <p>All countries in attendance have opted to introduce a PDS; however, it is expected that experiences with managing this system will vary significantly.</p> <p>Format:</p> <p>This session asks countries to reflect on (i) why a PDS was introduced in their country, (ii) whether the enabling factors presented in the previous session are present, and (iii) weaknesses and strengths in managing the PDS.</p> <p>Country pairs will share their reflections in the plenary to facilitate optimal peer sharing during the remainder of the training workshop.</p> <p>Facilitator: Awa Touray</p>
<p>Session 1 12:00 – 13:00</p>	<p>Operational issues: Strengthening the operating environment for primary dealers</p> <p>When a primary-dealer system performs poorly, it can often be attributed to the initial processes followed when appointing and negotiating terms with primary dealers. Some of the problems could be the criteria used, the roles and obligatory requirements, or the incentive (monetary or non-monetary) structure in place.</p> <p>Format:</p> <p>Presentation on “appointing and managing primary dealers in Morocco: focus on the criteria, roles, obligations, rules, incentives and oversight responsibilities” by Mrs Soumaya Sabounji (Head of the domestic debt division, Ministry of Economy and Finance, Morocco).</p> <p>Q & A</p> <p>Facilitator: Mr Taoufiq Rguiti (Management of primary dealers, domestic debt division, Ministry of Economy and Finance, Morocco)</p>
<p>13:00 – 14:00</p>	<p>Lunch</p>
<p>Session 1 (continued) 14:00 – 16:15</p>	<p>Operational issues: training exercise</p> <p>Country pairs, with the support of experts, will identify weaknesses and potential threats with their appointment and oversight processes and related documents.</p> <p>Format:</p> <p>Following Morocco’s presentation and the reflections from the morning session, country pairs will consider which operational areas are weakest in their countries. This may be because management capabilities or capacity are lacking; or because there is no clear policy or document in place, the policy or document is poorly drafted and inappropriate to the country’s context or is not implemented. (20 minutes)</p> <p>Once broader areas have been identified, country pairs, with support from experts, will be asked to identify gaps and weaknesses, how these gaps limit the effectiveness of the PDS, what underlies or contributes to these gaps, and what would be required to strengthen arrangements.</p>

	<p>Guiding questions on (i) eligibility criteria and appointment processes, (ii) rules for primary dealers, (iii) code of conduct, and (iv) incentive structure will be available should delegates require additional prompting on common gaps. <i>(70 minutes)</i></p> <p>Selected countries to share, in plenary, their perspectives on common gaps or areas of weakness and learn how other countries have experienced and addressed the weaknesses identified. <i>(30 minutes)</i></p> <p>Facilitator: Mr Taoufiq Rguiti (Management of primary dealers, domestic debt division, Ministry of Economy and Finance, Morocco)</p> <p><i>(15:30 – 15:45: Tea break)</i></p>
<p>Session 2 16:15-17:15</p>	<p>Risks, challenges and international trends impacting primary dealers</p> <p>Understanding how primary dealers view the market for government securities and their roles and responsibilities is critical for governments’ seeking to optimise their PDS.</p> <p>Format:</p> <p>Presentation on “The risks, challenges and international trends affecting the role of primary dealers” by Stephen Charles (Former chair of Primary Dealer Association in South Africa)</p> <p>Q&A</p> <p>Facilitator: Johan Krynauw</p>
<p>17:30</p>	<p>Welcome reception</p>

Wednesday, 10 April 2019	
<p>9:00 – 9:15</p>	<p>Key learnings from day 1</p>
<p>Session 3 9:15 – 10:15</p>	<p>What are the key pricing and bidding obligations of primary dealers during primary auctions?</p> <p>Public debt offices, together with central banks, use various auction platforms to raise the government’s domestic funding requirements. When a primary-dealer system is introduced, those primary dealers are obliged to submit bids for the amounts of securities on offer at the auction. Various practices exist on how primary auctions are conducted e.g. - size, number and pricing of bids and the allocation to successful bidders.</p> <p>Format:</p> <p>Presentation on “Central bank’s operation of the primary auction system on behalf of government and primary auction rules and obligations” by Callie Hugo (Former senior manager of the Financial Market division, the South African Reserve Bank)</p> <p>Q&A</p> <p>Facilitator: Danielle Serebro (PFM Specialist, CABRI)</p>

10:15 – 10:45	Tea Break
<p>Session 3 (continued) 10:45 – 13:00</p>	<p>PDs pricing and bidding obligations during primary auction: training exercise</p> <p>Through drawing a process map of their existing primary auction practices, delegates will elicit a clear understanding of how their auction process, and parallel processes, work, who is involved at each step, and how they can be improved.</p> <p>Format:</p> <p>Introduction to process mapping <i>(10 minutes)</i></p> <p>Country pairs will draw a comprehensive process map of their existing primary auction practices. <i>(30 minutes)</i></p> <p>Delegates, with the support of experts, will analyse each stage of their primary auction process to identify risks and opportunities for improving their processes, rules and obligations. Delegates will consider the first steps that can be taken to address these weaknesses. <i>(60 minutes)</i></p> <p>Guiding questions will be provided on key parts of the process including research, decision, approval and auction announcement; the actual auction and system used; obligations applicable to primary dealers; allocation of successful bidders; and non-competitive bids.</p> <p>Selected countries will present their process map, any weaknesses identified, and possible steps to begin addressing these weaknesses. Peers will be requested to respond with their own experiences in addressing these weaknesses. <i>(35 minutes)</i></p> <p>Facilitator: Danielle Serebro</p>
13:00 – 14:00	Lunch
<p>Session 4 14:00 – 15:00</p>	<p>Identifying the key elements of primary dealers’ support to public debt offices and developing the secondary market for government securities</p> <p>When securities are successfully allocated during the primary auctions, primary dealers have a further obligation to on-sell these securities, by quoting two-way prices (bid and offer) on a continuous basis in the secondary market. Primary dealers are, therefore, instrumental in connecting the public debt office, investors and the broader financial market. Primary dealers, when managed well, also provide invaluable information on trends, market conditions, demand factors and investor behaviours to the debt office.</p> <p>Format:</p> <p>A facilitated panel discussion between primary dealers, a primary-dealer regulator and selected debt managers on (i) challenges faced by primary dealers and how government can assist primary dealers with their role as primary dealers in the secondary market, (ii) developing a reliable demand for government securities, and (iii) information sharing.</p> <p>Panellists:</p> <ul style="list-style-type: none"> • Stephen Charles (Former chair of Primary Dealer Association in South Africa) • Abdoul-Aziz Halidou (Senior quantitative analyst, Financial markets, Agence UMOA – Titres, Senegal)

	<ul style="list-style-type: none"> • Isiaku Mohammed (Team leader, Market planning, regulation and supervision, DMO, Nigeria) • Yves Lopez Assi (Directorate of public debt and grants, Ministry of Finance, Côte d'Ivoire) • Moroccan primary dealer (to be confirmed) <p>Facilitator: Johan Krynauw</p>
<p>Session 4 (continued) 15:00 – 16:45</p>	<p>PDs' role in secondary market: training exercise</p> <p>In addition to clear documentation, policies and practices for the primary dealers' role in the primary market, consideration must be given to how to optimise the primary dealers' support to the debt office and their development of the secondary market.</p> <p>Format:</p> <p>Cross-country table-level discussions, facilitated by experts, will allow delegates to share challenges and successes in developing the secondary market through primary-dealer systems. <i>(30 minutes)</i></p> <p>In country pairs, steps to assist primary dealers better fulfil their secondary market obligations, including market making, developing demand and sharing information, will be discussed. <i>(30 minutes)</i></p> <p>Selected countries will present these steps in plenary. <i>(30 minutes)</i></p> <p>Facilitator: Johan Krynauw</p> <p><i>(15:30 – 15:45: Tea break)</i></p>
16:45 – 17:00	Evaluation form completion and closing remarks

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