



2016/17 Knowledge Sharing Program with Bulgaria

Revitalizing the Capital Market in Bulgaria after the Crisis: the Lessons from Korean Experience

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Aug. 29, 2016

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Approach

□ Two approaches

1) Phased approach

- Framework
 - Explanation of Korean experience: History of capital market development in Korea
 - Analysis of Bulgarian capital market
 - Identification of the stage in Korean experience, which is similar to the current situation of Bulgaria
 - Policy suggestion based on what Korea did in that stage
- Note
 - This approach classifies the Korean experience into a few stages according to development level, and simply applies a relevant stage for a concerned country
 - May be preferred for a country at a beginning stage of development

Approach

□ Two approaches

2) Case approach

- Framework
 - Analysis of current situation and problems of Bulgarian capital market
 - Identification of similar cases in Korean experience to Bulgarian case
 - Explanation of what Korea did to overcome problems: both success and failure
 - Policy suggestion based on Korea experience
- Note
 - This approach considers various cases in Korean experience, and applies what Korea did in a situation similar to the case of a concerned country
 - May be preferred for a more developed country with complex situation

Approach

□ Approach of the project

- This project will basically follow the second approach: case approach
- Reason
 - Bulgaria is a relatively developed country
 - The legal framework of capital market is driven by EU legislation
 - Bulgaria has already had experiences to develop the capital market
 - This approach may be more tailor-made for the Bulgarian specific situation

Scope

□ Coverage

- Market
 - Whole financial market, broad capital market, stock and bond markets, stock market, others
- Issue
 - Whole issues: comprehensive reforms
 - Specific issues: IPO, trading convenience, infrastructure, foreign capital, promotion of participation, SOEs, SMEs, etc.
 - Links with other markets
 - Cyclical vs. structural

□ Scope of the project

- Market
 - This project prefers to cover only stock and bond markets
 - The proposal by Bulgaria mostly focuses on stock market
 - The narrower, the better
- Issue
 - This project will identify some specific issues
 - Revitalization through privatization
 - Promotion of SMEs' participation
 - Promotion of public's participation
 - (Specification is needed through communication between two parties)

Request

□ Partner

- Expert in Bulgarian capital market
 - Analysis of current situation and identification of fundamental problems
 - Government policies and relations among stakeholders
 - EU legislation and its relation with government policies

□ Identification of demands

- Proposals
 - Too broad and too many coverages
 - Clarification and narrowing down needed
 - (Scope of the project will be clarified through discussion with partners)