Information in Capital Markets

• Part of the Capital Markets workstream

• The importance of an effective Capital Market
  
  o *Efficiently* bring together buyers and sellers of debt and equity in order to *suitably channel* the wealth of savers for productive use, for example by companies or governments making long-term investments.

  o *Trust* enables one party to temporarily provide resources to another – is a crucial ingredient for the overall effectiveness of markets.

  o The capital market is a *system*. How well – or poorly – each part operates inevitably depends on how the rest of the system is working.

• The *quality, comparability* and *availability* of information is a key ingredient.
Guiding Principles
One size does not fit all

• What type of information – investment life cycle
  o Before investment: information about the security or the company
  o While invested: market data; continuing company disclosure
  oExiting investment (crucial for liquidity): priority of claim; property rights; insolvency process

• Roles and approach
  o Rules made by public policy makers are integral to well-functioning capital markets.
  o Dialogue with the private sector can offer insight to the most effective policies.
  o An incremental method is more manageable and effective than a big bang approach.
  o Given the varying levels of development across Asia Pacific markets, the approach must be applicable to capital markets in any stage of maturity.
Self-Assessment Template

Provide a tool, not an answer

• Three subgroups: Disclosure, Bond Market Data and Investor Rights in Insolvency, to cover the life cycle of a bond

• All groups have adopted a self-assessment template approach

• The templates summarize the views of investors and other market participants about the information they need to invest with confidence in an economy’s debt markets

• Economies will be able to use the templates to conduct a self-assessment, which might either be published or otherwise used in discussions with investors.

• Templates will incentivize economies to enhance, over time, the information they make available to investors about their debt markets.

• Steering Committee: Moody’s (sherpa), Asian Development Bank, HSBC, Nomura, Standard Chartered, Clifford Chance, Nishimura & Asahi, PwC, Ernst & Young, Deloitte, University of Hawai, CFA Institute, CLP Holdings, ASIFMA (observer)
Status Update

• Templates approved by the full steering committee in January

• A workshop held with the Philippines Securities and Exchange Commission in March for the pilot program.
  o The Philippines SEC is reviewing all three templates, the first two are almost complete while the insolvency template is still in the review stage

• Further bilateral events, workshops and meetings being organized for remainder of year. Interest from member economies including:
  o Thailand,
  o Vietnam
  o Indonesia

• These workshops may help us formulate additional tools to help maximize likelihood for dialogue and adoption.
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