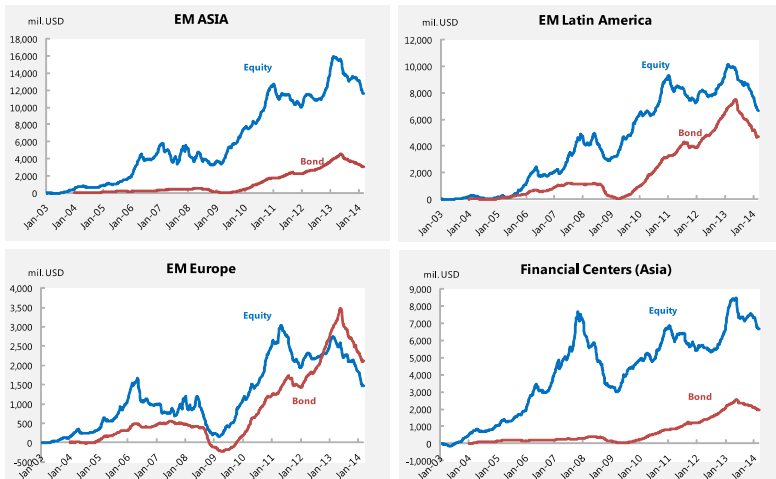


Financial Market Infrastructure & Cross-Border Investment Flows

Asia Pacific Financial Forum

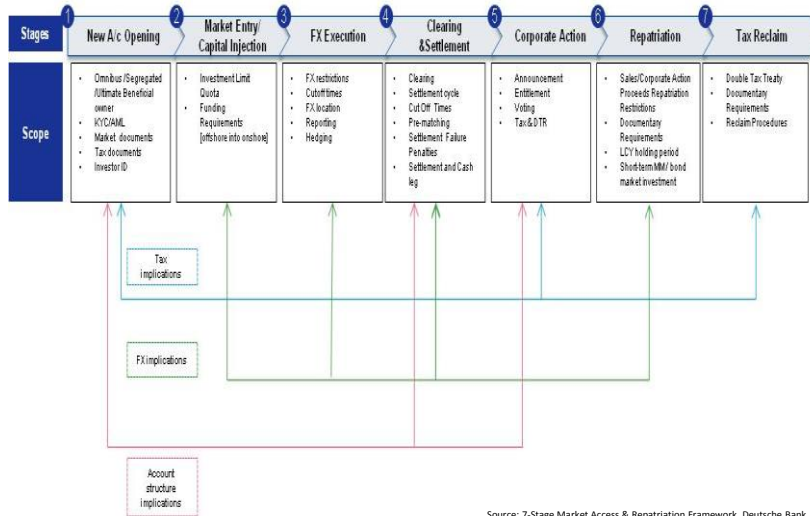
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Growth in capital flows to Asian emerging markets & financial centres since mid-2000s



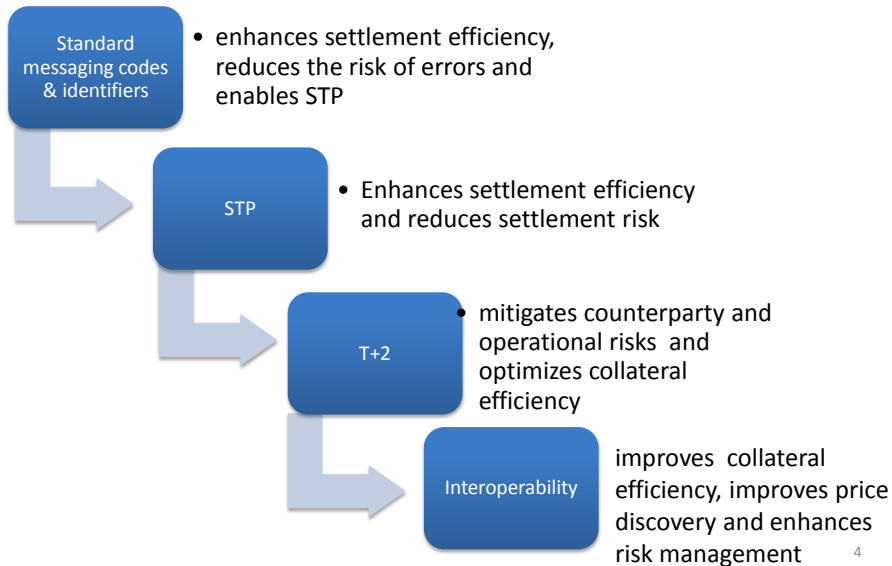
Source: EPFR database, IMF staff calculations.
 Note: The figure shows regional averages of cumulative weekly EPFR equity and bond flows since 2003 (equity) or 2004 (bond) through February 2014.

Sequence of cross-border portfolio investment



3

Continuum of market development



4

Message flow standardization: current status of harmonization

Country	CSD	Name of Bond Settlement System	Message Flow						
			RTGS	DVP	Central Bank Money	STP	Affirm & Notific.	PS-match	Overall
CN	CCDC	CBGS	Y	Y	Y	Y	Y	Y	Y
CN	CSDC	MNS	N	Y	N	Y	Y	Y	N
CN	SHCH	SHCH-SSS	Y	Y	Y	Y	Y	Y	Y
HK	HKMA	CMU	Y	Y	Y	Y	Y	Y	Y
ID	BI	BI-SSSS	Y	Y	Y	Y	Y	Y	Y
ID	KSEI	C-BEST	Y	Y	N	Y	Y	Y	N
JP	BOJ	BOJ-NET HCG Service	Y	Y	Y	Y (2017)	Y	Y (2017)	Y (2017)
JP	JASDEC	BETS	Y	Y	Y	Y	Y	Y	Y
KR	KSD	SSS/SAFE+	Y	Y	Y	Y/N	N	N	N
MY	BNM	RENTAS SSTS	Y	Y	Y	Y	N	Y	N
PH	BTr	BTr-ROSS	Y	Y	Y	Y	Y	Y	Y
PH	PDTC	PDYC Depository	Y	Y	Y	Y	Y	Y	Y
SG	MAS	MEPS Plus SGS	Y	Y	Y	N	Y	N	N
SG	CDP	DCSS	Y	Y	Y	Y	N	N	N
TH	TSD	PTI	Y	Y	Y	Y/N	Y	N	N
VN	VSD	VSD-BES	N (201X)	Y	N (201X)	N	N	N	N

Color	Explanation
Green	Cross-border STP ready
Blue	Cross-border STP ready with condition
Yellow	Not ready but scheduled
Orange	Not clear and need to be confirmed
Red	Not ready yet

Source: ADB

Issues we highlight

- A relatively high level of changes, across different countries, in different areas and at different paces
- Focus on later-stage areas (T+2) rather than the pre-requisites and enablers (standards, platforms)
- Increasing KYC focus hampering overall efficiency and raising new issues of cross-border data privacy and security

Recommendations for 2015

1. Aggregate planned changes (2015-2017) in Market Access, Clearing & Settlement and Repatriation across all economies.
 - i. Explore the creation of a regional roadmap of upcoming regulatory and market changes
 - ii. Discuss the feasibility of a regional private-public-market infrastructure forum that will exchange views on changes
 - iii. Explore the feasibility of longer consultation and notification periods of key regulatory and market changes
2. Focus on a more streamlined regional KYC/AML documentation compliance and process, recognising the layers of global intermediary chain and practices between securities issuers and the ultimate beneficial owners.
 - i. Regional, globally-aligned standards for KYC/AML documentation collection and reporting
 - ii. Explore the use of 3rd party industry utilities for a centralised KYC/AML electronic depository
 - iii. Discuss the minimum standards of data privacy, protection & security and cross-border flows

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