

APFF

Asia-Pacific Financial Forum

Information in Capital Markets

The Melbourne Symposium

Farisa Zarin
Global Managing Director
Government and Public Affairs
Moody's Corporation

August 10, 2015
Melbourne, Australia

Information in Capital Markets

- Part of the Capital Markets workstream
- The importance of an effective Capital Market
 - *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.
 - *Trust* enables one party to temporarily provide resources to another – is a crucial ingredient for the overall effectiveness of markets.
 - 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
 - Before investment: information about the security or the company
 - While invested: market data; continuing company disclosure
 - Exiting investment (crucial for liquidity): priority of claim; property rights; insolvency process
- Roles and approach
 - Rules made by *public policy makers* are integral to well-functioning capital markets.
 - Dialogue with the *private sector* can offer insight to the most effective policies.
 - An *incremental* method is more manageable and effective than a big bang approach.
 - 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 Hawaii, 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 a the pilot program.
 - 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
 - Thailand,
 - Vietnam
 - Indonesia
- These workshops may help us formulate additional tools to help maximize likelihood for dialogue and adoption.

Template Sample

Bond Market Data Self-Assessment Template

Below is a list of types of bond information that may be useful for market participants when making investment decisions. While the list is broad, it should be recognized that governments may not always be in a position to provide certain types of information, such as information on corporate bond yield curves. In some cases, private enterprises including EPFR and Bloomberg have undertaken to provide investors with information that is not necessarily available from public sources. However, it is also important to note that often these are subject to fees.

Ratings Guide (See annexes for further detail and definitions)

- 5 – Data is freely available to the public and is reported on a timely basis
- 4 – Data is available to the public subject to fees/subscription; and is reported on a timely basis
- 3 – Data is available to the public but is not available on a timely basis
- 2 – Data is being collected; but not available to the public.
- 1 – Data is not available and is not being collected.
- 0 – N/A

	5	4	3	2	1	0	OPPORTUNITY TO PROVIDE FURTHER DETAIL
I. Total Bonds Outstanding Information on the total bonds outstanding is helpful for investors for two reasons. From a credit risk standpoint, knowing total bonds outstanding also helps assess the overall indebtedness of the country. Also, the size of the market is also helpful in terms of liquidity. The bigger the bond market, the easier it is to accommodate large fund managers.							

For further information or to request a workshop please contact Eleni Himaras at eleni.himaras@moodys.com or +852 3758 1484.