

APFF Caucus Meeting
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Paper 4-B

APFF

Asia-Pacific Financial Forum

Information in Capital Markets

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APFF Caucus Meeting

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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.

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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)

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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.

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2016 Plans

- With the expected completion of the Philippines pilot program, we will continue to socialize the templates in both group and one-on-one workshops with governments to explain how they can be implemented.
- We will target both developed and developing economies in order to show case the templates use in both instances.
- We still do not intend to mandate publication. We are making it clear to public policy officials that these are a tool for their use in dialogue with the private sector. While publication is preferred, we maintain our decision not to mandate it.
- The continued dialogue will help us fine-tune the templates making sure they are easy to use for public policy officials.

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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

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