



**Asia-Pacific
Economic Cooperation**



Perspectives from International Organizations

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Association, Inc. (ISDA)

Progresses under ASEAN+3 Bond Market Forum (ABMF) and Cross-border Settlement Infrastructure Forum (CSIF) to date

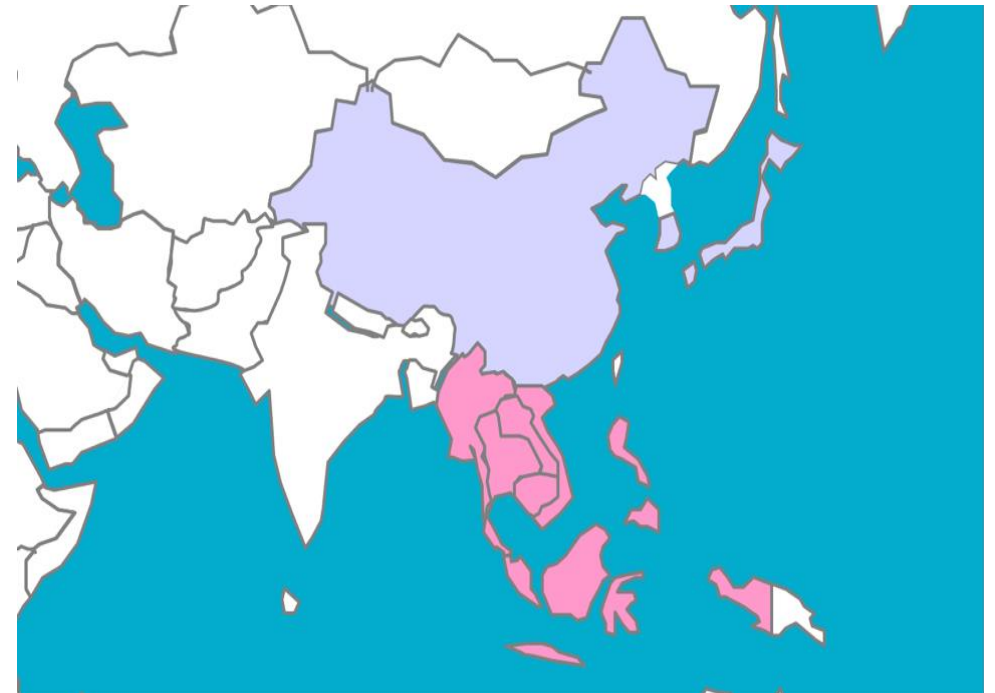
Satoru (Tomo) Yamadera,
Principal Financial Sector Specialist,
SDCC, ADB

Asian Bond Markets Initiatives (ABMI)



(Chairman's Press Release on the Asian Bond Markets Initiative, 7 August 2003)

- ABMI aims to develop efficient and liquid bond markets in Asia, which would enable **better utilization of Asian savings for Asian investments**.
- The ABMI would also contribute to the **mitigation of currency and maturity mismatches** in financing.
 - ABMI contributes to financial stability by creating multiple channels of financing

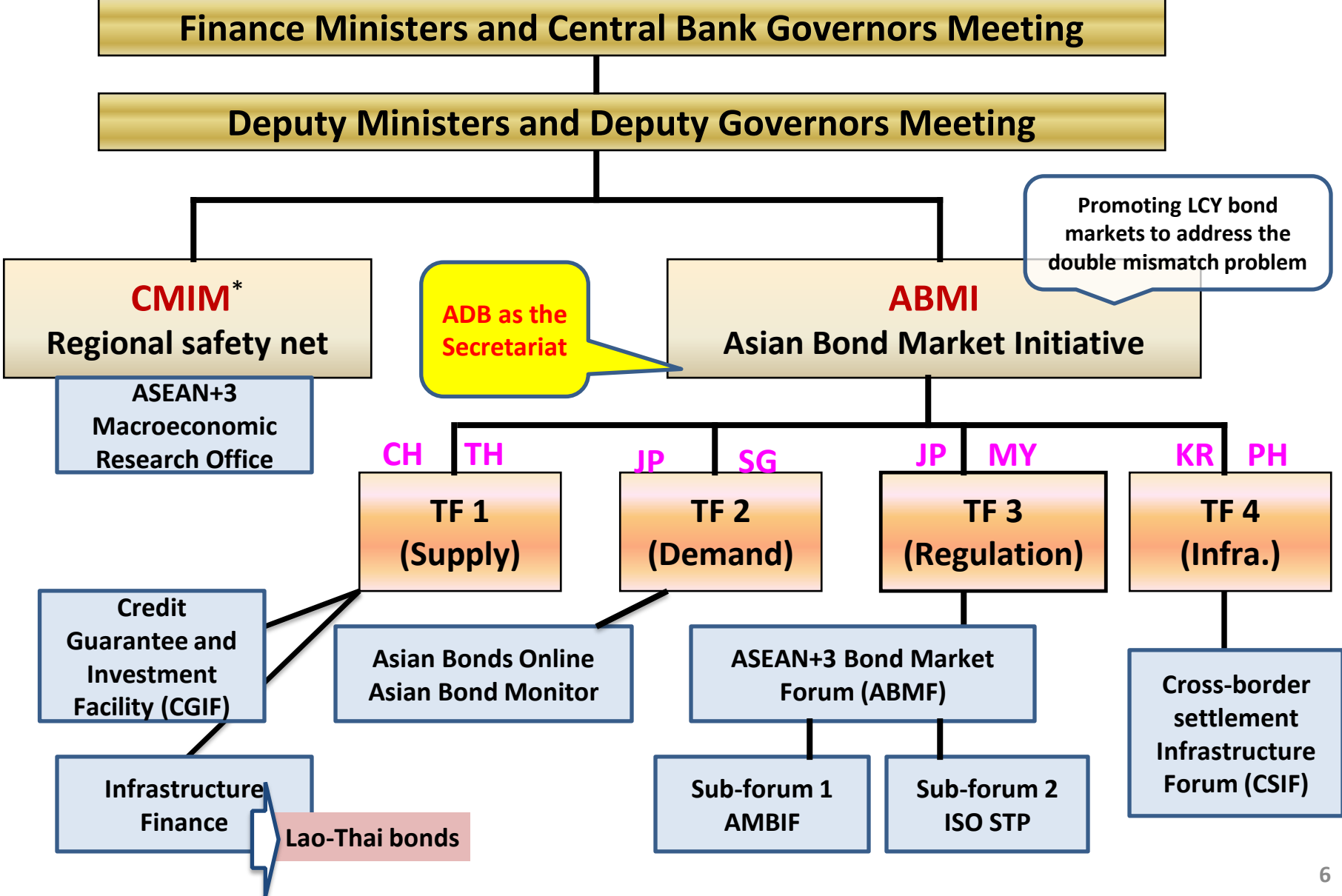


Major milestones of ASEAN+3 to date



07/1997	Asian Currency Crisis, starting from Thailand
02/1997	The first ASEAN+3 Summit
04/1999	The first ASEAN+3 Finance Ministers' Meeting
05/2000	Chiang Mai Initiative (CMI) agreed by ASEAN+3 Finance Ministers
08/2003	Asian Bond Markets Initiative (ABMI) started
05/2004	Launch of Asian Bonds Online (ABO) website under ABMI
11/2004	First publication of Asia Bond Monitor
05/2008	ABMI New Roadmap
03/2010	Chiang Mai Initiative Multilateralization (CMIM) launched
04/2010	Publication of Group of Expert (GOE) Report
10/2010	Establishment of ASEAN+3 Bond Market Forum (ABMF)
11/2010	Establishment of Credit Guarantee and Investment Facility (CGIF)
04/2011	Establishment of ASEAN+3 Macro Economic Research Office (AMRO)
04/2012	First ASEAN+3 Bond Market Guide published
05/2012	ABMI New Roadmap Plus
07/2013	Establishment of Cross-border Settlement Infrastructure Forum (CSIF)
12/2013	ABMF Sub-Forum 2 Phase 2 Report : ASEAN+3 Information on Transaction Flows and Settlement Infrastructures
02/2014	ABMF Sub-Forum 1 Phase 2 Report on the Proposal on ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF)
05/2015	CSIF Progress Report
08/2015	ABMF Phase 3 Reports: Implementation of AMBIF; and Harmonization and Standardization of Bond Market Infrastructure
02/2016	Internationalization of AMRO

Institutional Framework of ABMI



Growth of ASEAN+3 LCY bonds



Growth of Local Currency Bond (excl. JP)



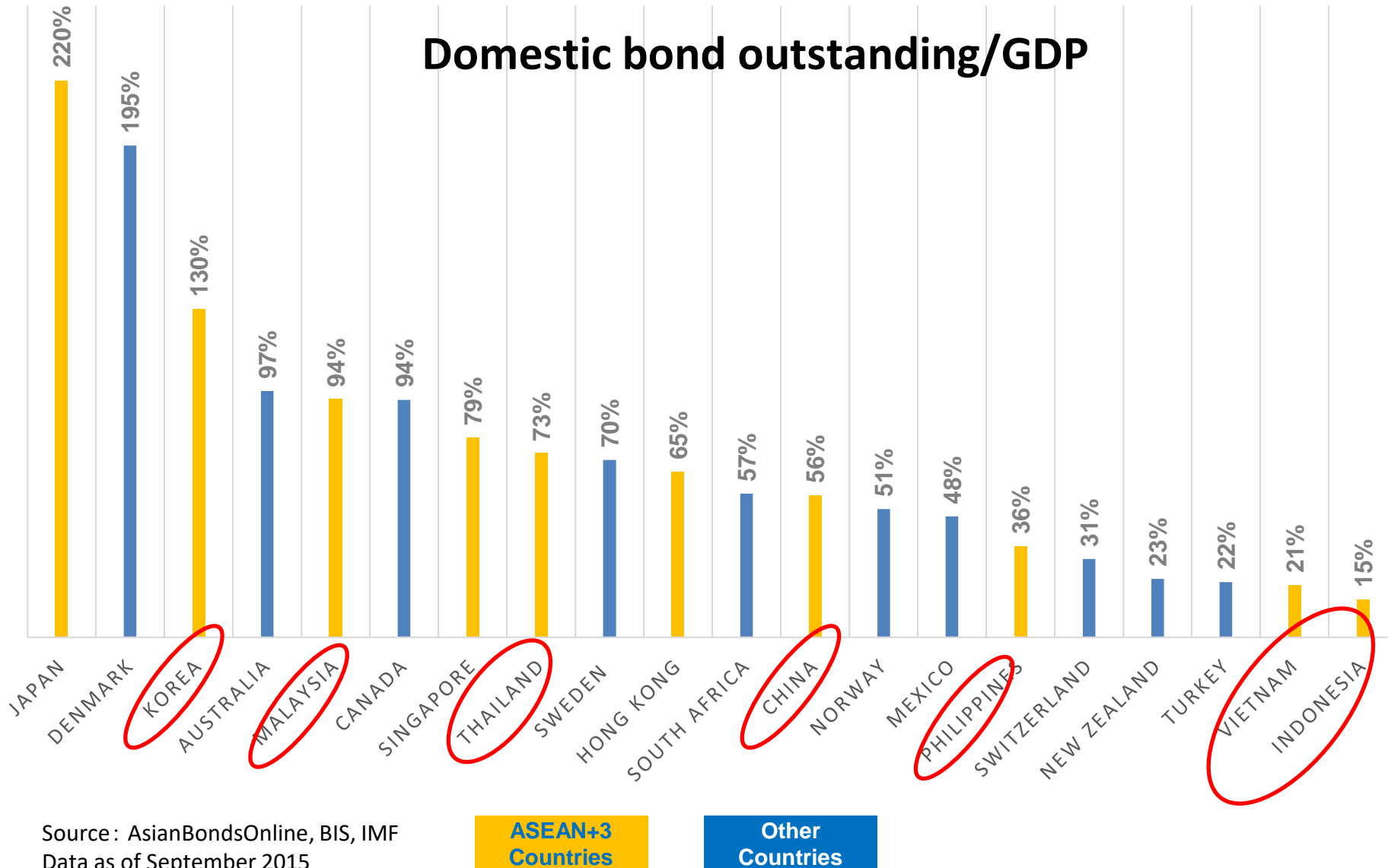
Source: Asia Bonds Online

Remarkable growth of LCY bond markets



2004					2016				
USD Billion					USD Billion				
in USD Billions		Government	Corporate	Total	in USD Billions		Government	Corporate	Total
Dec-04	KR	319	338	657	Dec-16	CN	4,974	2,155	7,129
Dec-04	CN	599	24	624	Dec-16	KR	703	1,011	1,714
Dec-04	MY	58	39	97	Dec-16	MY	141	119	260
Dec-04	SG	44	36	80	Dec-16	TH	222	81	303
Dec-04	HK	16	62	78	Dec-16	HK	137	99	236
Dec-04	TH	54	12	67	Dec-16	SG	133	97	230
Dec-04	ID	54	6	61	Dec-16	ID	139	23	163
Dec-04	PH	35	1	36	Dec-16	PH	80	18	98
Dec-04	VN	2	0	2	Dec-16	VN	42	2	44
Total		1,181	519	1,700	Total		6,571	3,605	10,177

Size of Local Currency Bond Markets



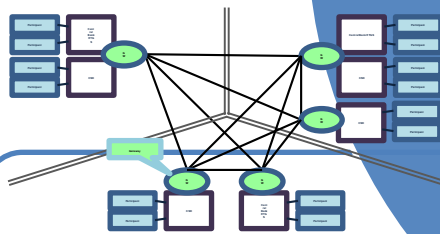
Major achievements of ABMI



- Research on:
- Infra bond finance
 - Broadening the investor base

CGIF
\$ 700 million

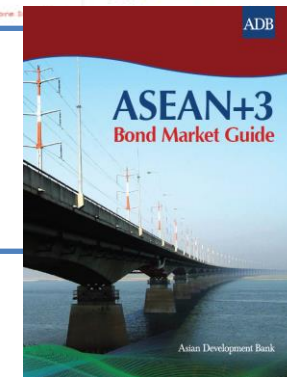
Asian Bonds Online



- CSD-RTGS Linkages as RSI

CSIF
CBs
CSDs

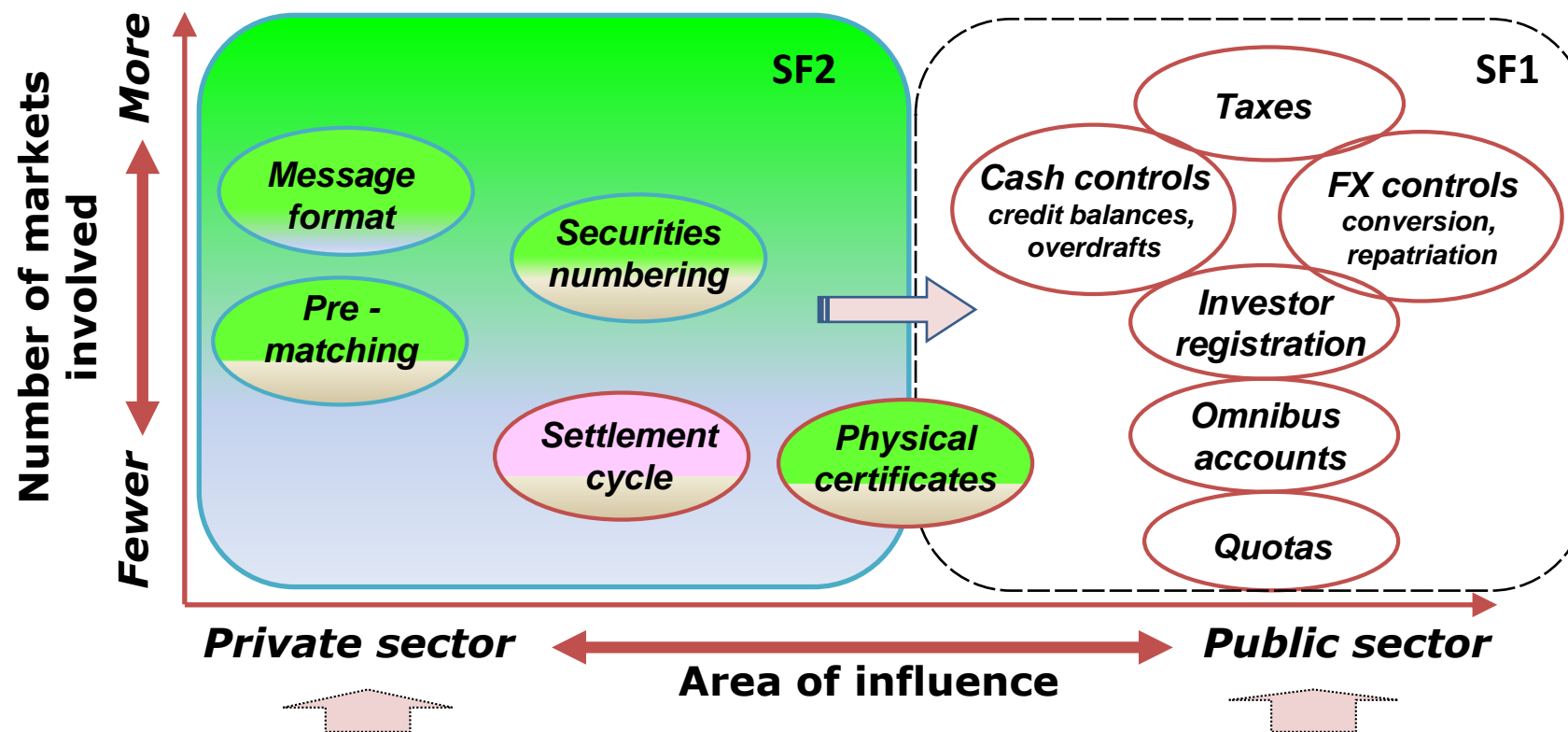
ABMF
Public Private platform



- Harmonization and standardization of markets

ABMF as enabler of market integration

Barriers and impediments for cross-border transactions in ASEAN+3



SF1

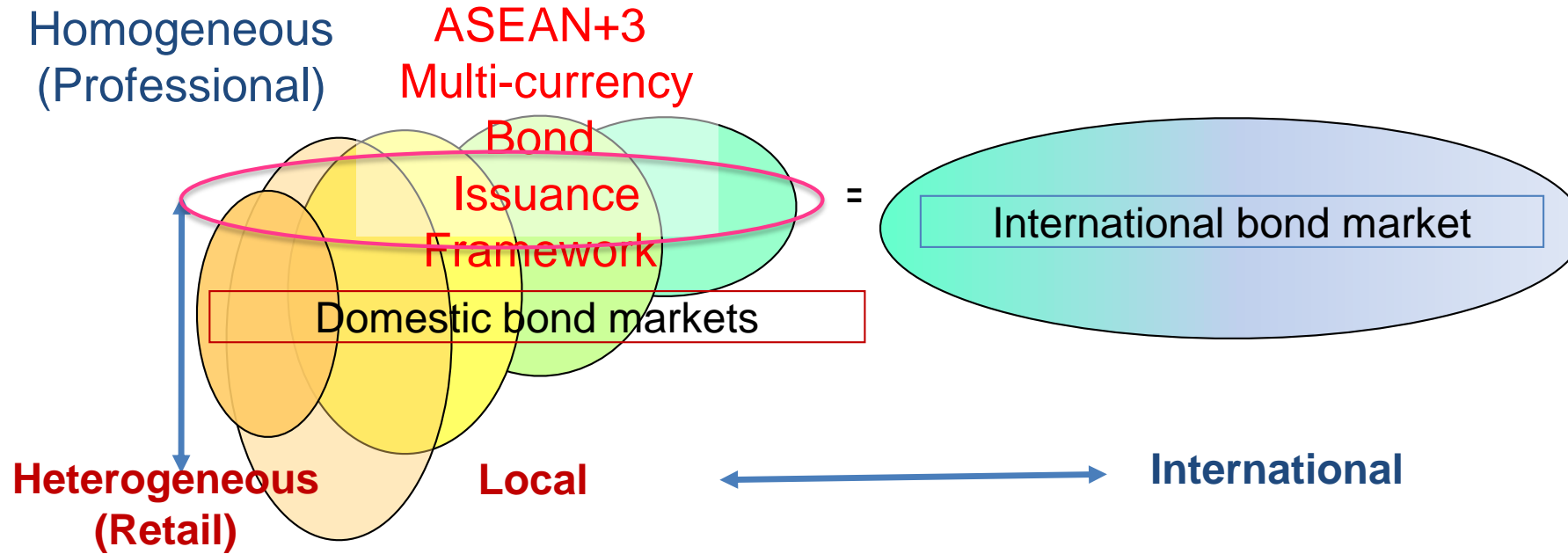
Improve information flows in the markets

Timely information, uniform disclosure, price transparency, market statistics, information on corporate actions and legal information such as bankruptcy and insolvency laws -> ASEAN+3 Bond Market Guide

Source: GOE Report modified by ADB consultant

ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) ABMF SF1

AMBIF as a regional nexus



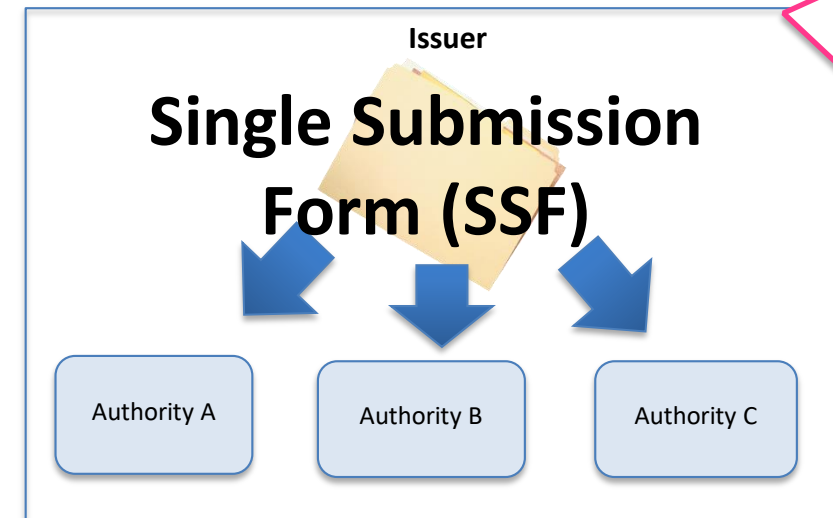
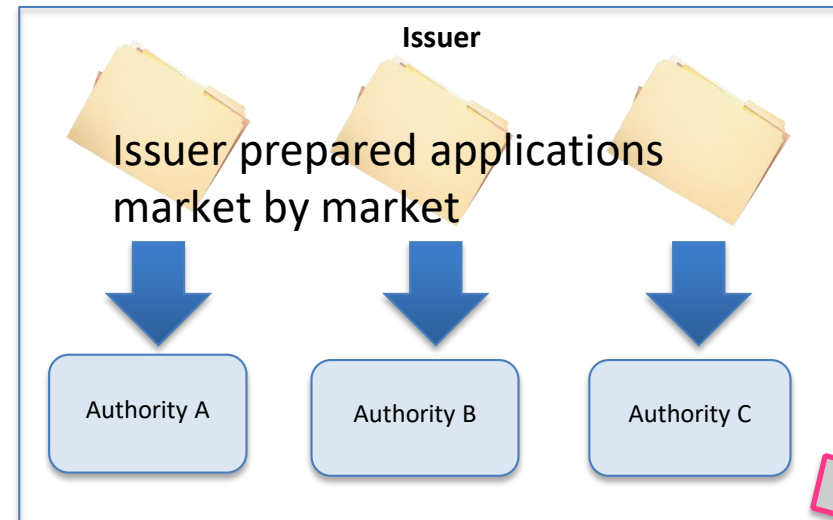
- Due to different degrees of market developments, it is not practical to have a fully standardized bond issuance framework.
- But, common elements may allow connecting the domestic bond markets across the region.

AMBIF Elements

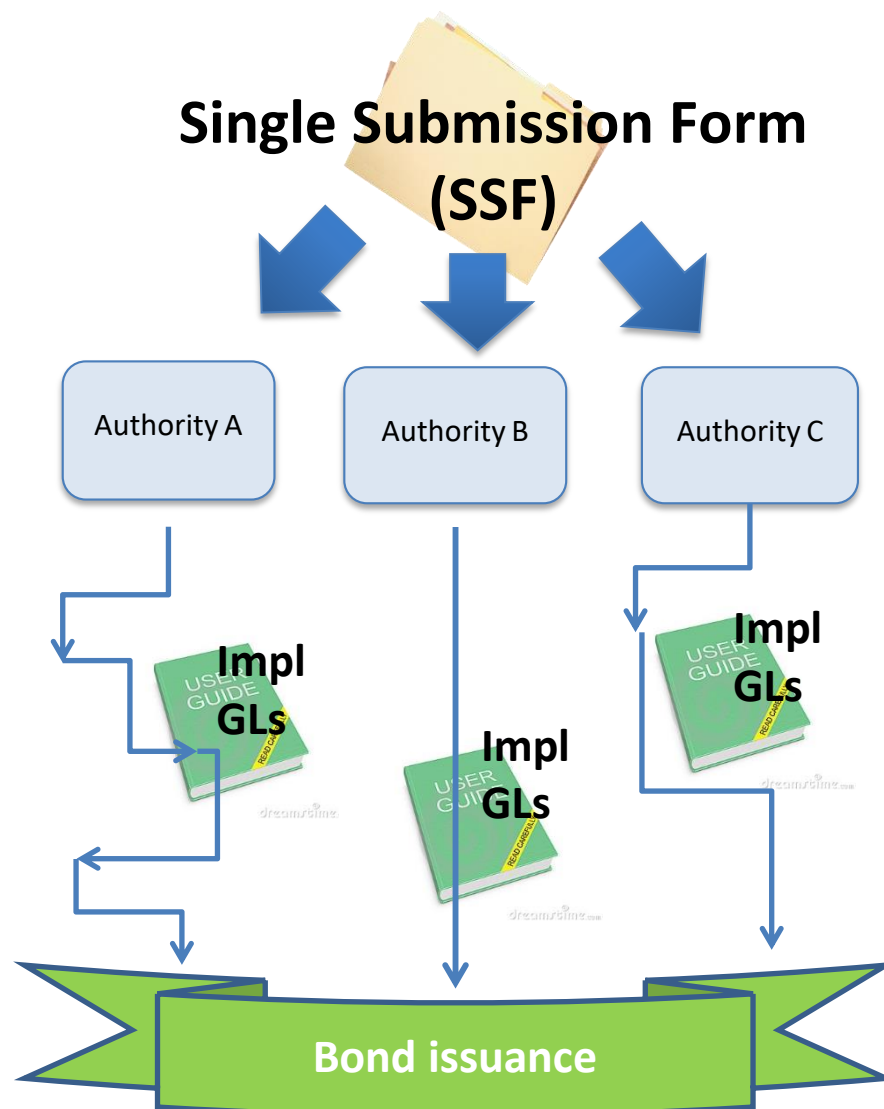
AMBIF Elements (AMBIF Core Components)	Brief Description
Domestic Settlement	Bonds and notes are settled at a national CSD in ASEAN+3 markets.
Harmonized Documents for Submission (Single Submission Form)	A common approach of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information along with an ADRB recommendation needs to be included.
Registration or profile listing at ASEAN+3 (Place of continuous disclosure)	Information on bonds, notes, and issuers needs to be disclosed continuously in ASEAN+3 markets. Registration or a listing authority function is required to ensure continuous and quality disclosure.
Currency	The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.
Scope of Issuer	Resident of ASEAN+3
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations, or market practice, in each ASEAN+3 market

Key AMBIF Document (SSF)

- **Single Submission Form (SSF)** is designed to facilitate an AMBIF bond and note issuance application to regulatory, listing, and registration authorities in each participating market.
- SSF is prepared for the benefit of issuers aiming to issue bonds/notes to Professional Investors in multiple ASEAN+3 markets.
- But investors can also be benefitted from the standardization of document.



Key AMBIF documents (Impl GL)



- SFF should be referenced to **the AMBIF Implementation Guidelines**, which explain specific issuance processes in each market.
- The Implementation Guidelines increase market transparency.
 - Impl GLs should minimize or reduce legal uncertainty.
 - Where a market does not, or no longer, requires the physical submission of documentation, the SSF can serve as a checklist or a guiding template while the Implementation Guidelines should always be able to support issuance application in any form.

Additional AMBIF Features

- Language of documentation:
 - English
- Governing law and jurisdiction:
 - Governing law related to settlement needs to be local;
 - However, the governing law and jurisdiction for specific service provisions may be negotiated and agreed between the parties involved in the issuance.
- Other consideration in the next steps
 - note issuance program
 - credit rating, etc.

Regional efforts for standardization and CSD-RTGS Linkages

Standardization under ABMF

(Step 1)

Identification of transaction flows of cross-border bond settlement

- ✓ Government bonds
- ✓ Corporate bonds

(Step 2)

Further identification of transaction flows

- ✓ Trades, coupon payment, and redemption

(Step 3)

Identification of message items to be harmonized and standardized

- ✓ Promotion of ISO 20022, BIC and ISIN

- Create awareness of international standards, and support discussion and implementation of international standards.

Adoption schedule of International Standards by CSDs

	CSD	Name of Bond Settlement System	Inst .	ISO		ISIN	BIC	Charac. Code set	Comm protocol	Overall	Inauguration current system
				ISO15022	ISO20022						
BN	AMBD	NPSS	G	N	Y (2016)	Y (2016)	Y	Y	Y	Y (2016)	-
BN	(TBD)	-	C	N	Y (201X)	Y (201X)	Y	Y	Y	Y (201X)	-
CN	CCDC	CBGS	G/C	N	Y	Y	Y	Y	Y	Y	2013
CN	CSDC	MNS	G/C	N	Y (201X)	Y (201X)	Y	Y	Y	Y (201X)	Nov 2011
CN	SHCH	SHCH-SSS	C	N	Y (201X)	Y (201X)	Y	Y	Y	Y (201X)	Dec 2011
HK	HKMA	CMU	G/C	Y	N	Y	Y	Y	Y	Y	Mar 1990
ID	BI	BI-SSSS	G	Y	Y (201X)	Y	Y	Y	Y	Y (201X)	Mar 2003
ID	KSEI	C-BEST	C	Y	Y (2017)	Y	Y(2017)	Y	Y	Y(2017)	
JP	BOJ	BOJ-NETJGB Service	G	N	Y	Y	Y	Y	Y	Y	Oct 2015
JP	JASDEC	BETS	C	Y	Y	Y	Y	Y	Y	Y	Jan 2014
KH	NBC	-	G	N	Y (202X)	Y (202X)	Y (202X)	Y (202X)	Y (202X)	Y (202X)	-
KH	CSX	-	C	N	(TBC)	(TBC)	(TBC)	(TBC)	(TBC)	(TBC)	-
KR	KSD	SSS/SAFE+	G/C	N	Y (201X)	Y	Y	Y (201X)	Y	Y (201X)	Nov 2011
LA	BOL	-	G	N	Y (2018)	Y (2018)	Y (2018)	Y (2018)	Y (2018)	Y (2018)	-
LA	LSX	-	C	N	(TBC)	(TBC)	(TBC)	(TBC)	(TBC)	(TBC)	-
MM	CBM	CBM-NET	G	N	Y (201X)	Y	Y	Y	Y	Y (201X)	Jan 2016
MM	CBM/YS X	-	C	N	(TBC)	(TBC)	(TBC)	(TBC)	(TBC)	(TBC)	-
MY	BNM	RENTAS SSTS	G/C	Y (2016)	Y (2018)	Y	Y (2016)	Y	Y	Y(2018)	Jul 1999
PH	BTr	BTr-ROSS	G	Y (2015)	Y (201X)	Y (201X)	Y (201X)	Y	Y	Y (201X)	Nov 1996
PH	PDTC	PDTC Depository	G/C	Y (2015)	Y (2015)	Y (2016)	Y (2016)	Y	Y	Y (2016)	Mar 1995
SG	MAS	MEPS+ SGS	G	Y	N	Y	Y	Y	Y	Y	Dec 2006
SG	CDP	DCSS	C	Y (2015)	Y	Y	Y	Y	Y	Y	2015
TH	TSD	PTI	G/C	Y	Y(201X)	Y	Y	Y	Y	Y(201X)	Oct 2007
VN	VSD	VSD-BES	G/C	Y	Y(201X)	Y	Y (201X)	Y	Y	Y (201X)	May 2014

Adoption schedule of IS by CBs

	Operator	Name of the System	ISO messages		BIC	Char. Code set	Commun. protocol	Overall	Inauguration current system
			ISO15022	ISO20022					
BN	AMBD	-	N	Y	Y	Y	Y	Y	2015
CN	PBOC	HVPS	N	Y	Y	Y	Y	Y	2014
HK	HKMA	CHATS	Y	N	Y	Y	Y	Y	Dec 1996
ID	BI	BI-RTGS	Y	Y (2017)	Y	Y	Y	Y (2017)	Nov 2000
JP	BOJ	BOJ-NET FTS	N	Y	Y	Y	Y	Y	2015
KH	NBC	-	N	Y (201X)	Y (201X)	Y (201X)	Y (201X)	Y (201X)	
KR	BOK	BOK-Wire+	N	Y (201X)	Y	Y	Y	Y (201X)	Apr 2009
LA	BOL	-	Y	Y (201X)	Y	Y	Y	Y (201X)	
MM	CMB	CBM-NET	N	Y (201X)	Y	Y	Y	Y (201X)	Jan 2016
MY	BNM	RENTAS IFTS	Y (2016)	Y (2018)	Y(2016)	Y	Y	Y(2018)	2011
PH	BSP	PhilPaSS	Y	Y (201X)	Y	Y	Y	Y (201X)	Dec 2002
SG	MAS	MEPS plus	Y	N	Y	Y	Y	Y	Dec 2006
TH	BOT	BAHTNET	Y	Y (2019)	Y	Y	Y	Y (2019)	2013
VN	SBV		N	Y (2019)	Y (2019)	Y (2019)	Y (2019)	Y (2019)	2010

Notes: the above information is based on the understanding and prognosis of ADB consultant. Therefore, confirmation by market infrastructure operators is essential. Source: ABMF SF2.

CSD-RTGS Linkages

Cross-Border Settlement Infrastructure Forum (CSIF)

- The Forum aims to:
 - 1) enhance dialogue among policy makers and operators of bond and cash settlement infrastructure in the region;
 - 2) assess the existing settlement infrastructures and identify comprehensive issues and requirements to facilitate cross-border bond and cash settlement infrastructure in the region;
 - 3) develop common basic principles for cross-border bond and cash settlement infrastructure in medium- and long-term perspective;
 - 4) discuss prospective models, overall roadmap and implementation plan for establishment of cross-border bond and cash settlement infrastructure in the region.

Membership

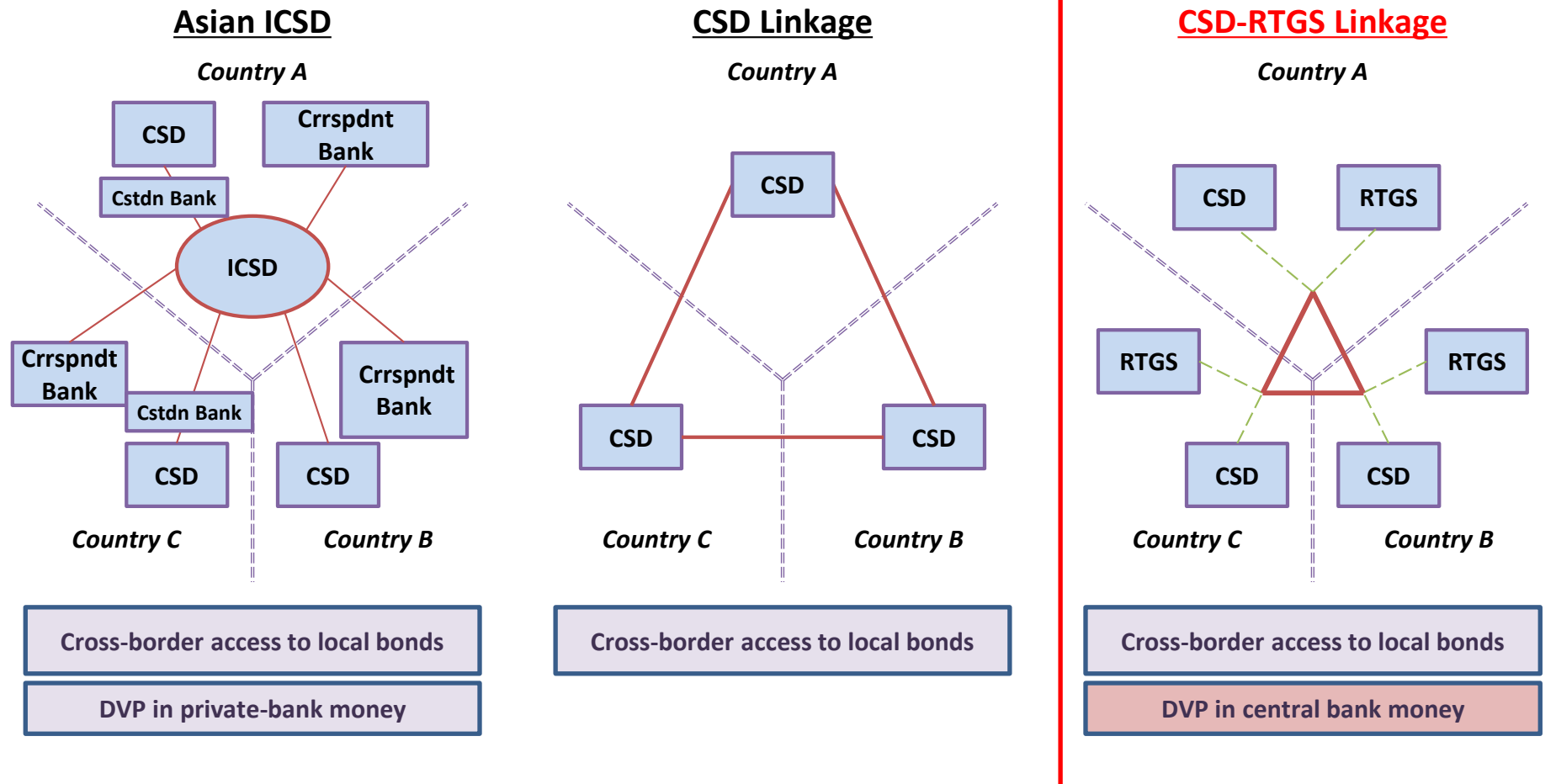
National Members (policy-makers): Central Banks responsible for cash settlement and policy-makers responsible for corporate and sovereign bonds settlement. Participation of the Central Banks and the policy-makers is voluntary.

National Members (operators): National Central Securities Depositories (NCSDs) responsible for operations of settling corporate and sovereign bonds. National Members (policy-makers) shall nominate National Members (operators) of respective economies as appropriate.

CSD-RTGS Linkage as Regional Settlement Intermediary model

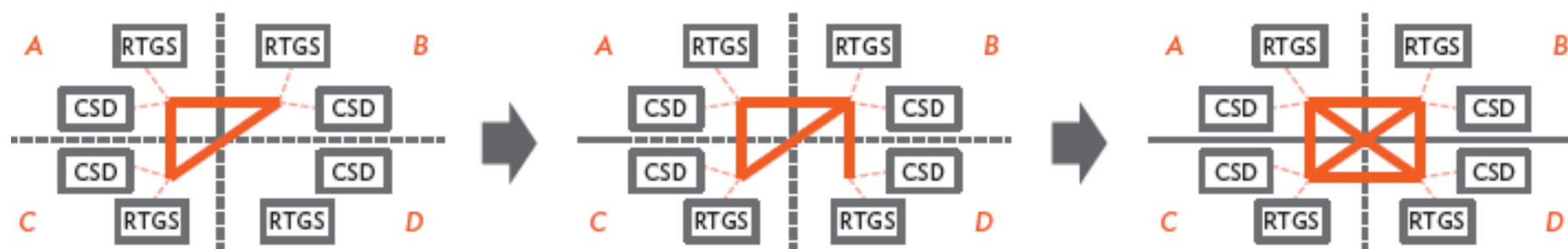
CSD-RTGS Linkage was chosen as the most possible model to implement RSI in ASEAN+3

CSD-RTGS Linkage enables the local bonds to be settled in Delivery versus Payment (DVP) via central bank money, which ensures safety of settlement and is compliant with the international standards as well as being cost-efficient.

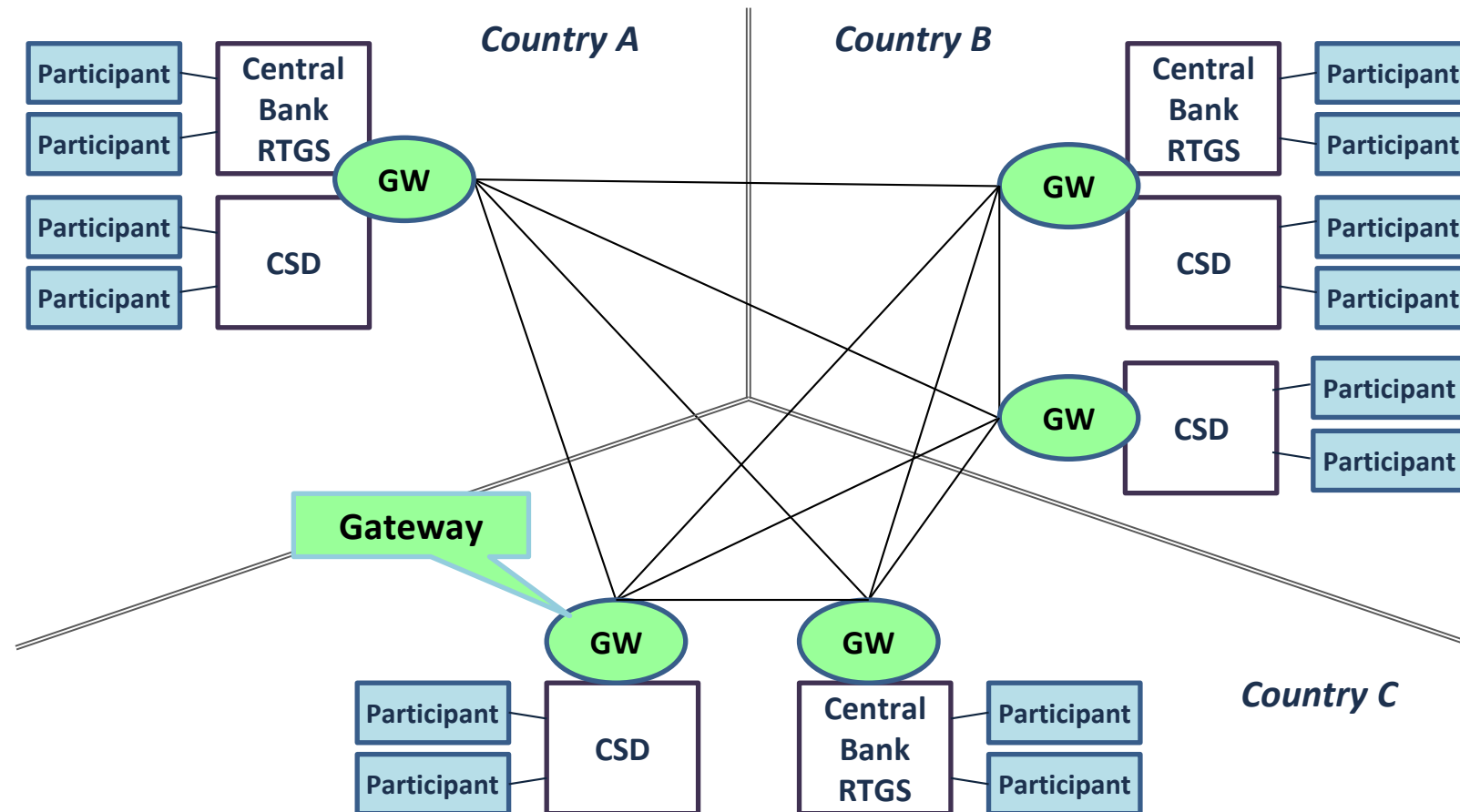


Flexible implementation of CSD-RTGS Linkages

CSD-RTGS Linkage adopts a “flexible implementation” approach. Each country can choose when and how to participate in the linkage.



CSD-RTGS Linkages

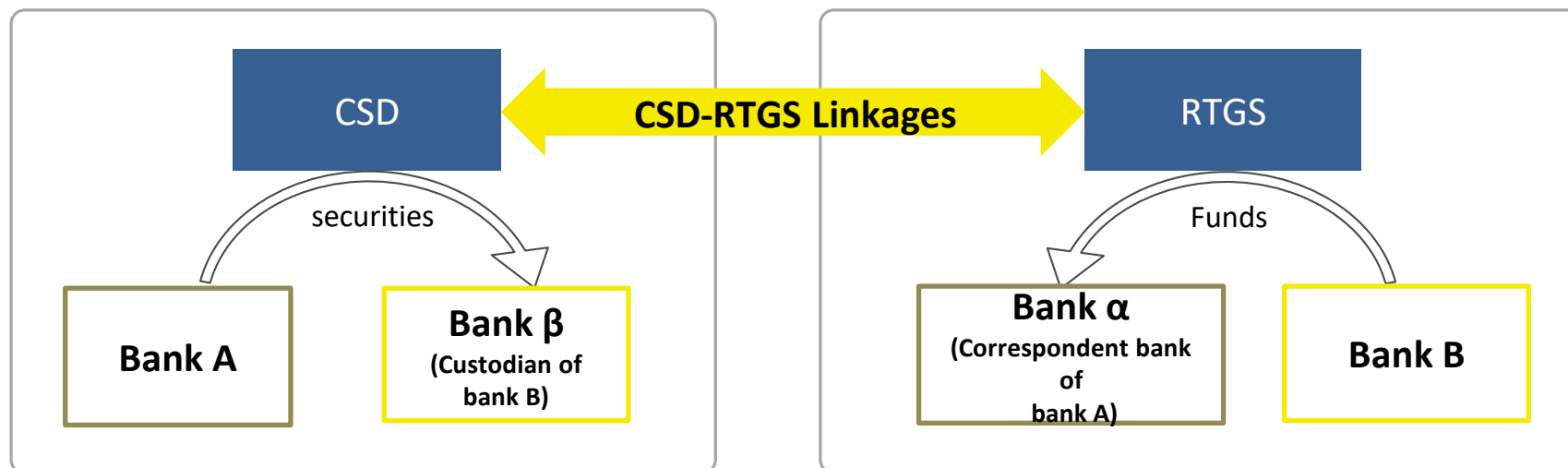


Cross-border collateral and repo through CSD-RTGS linkages

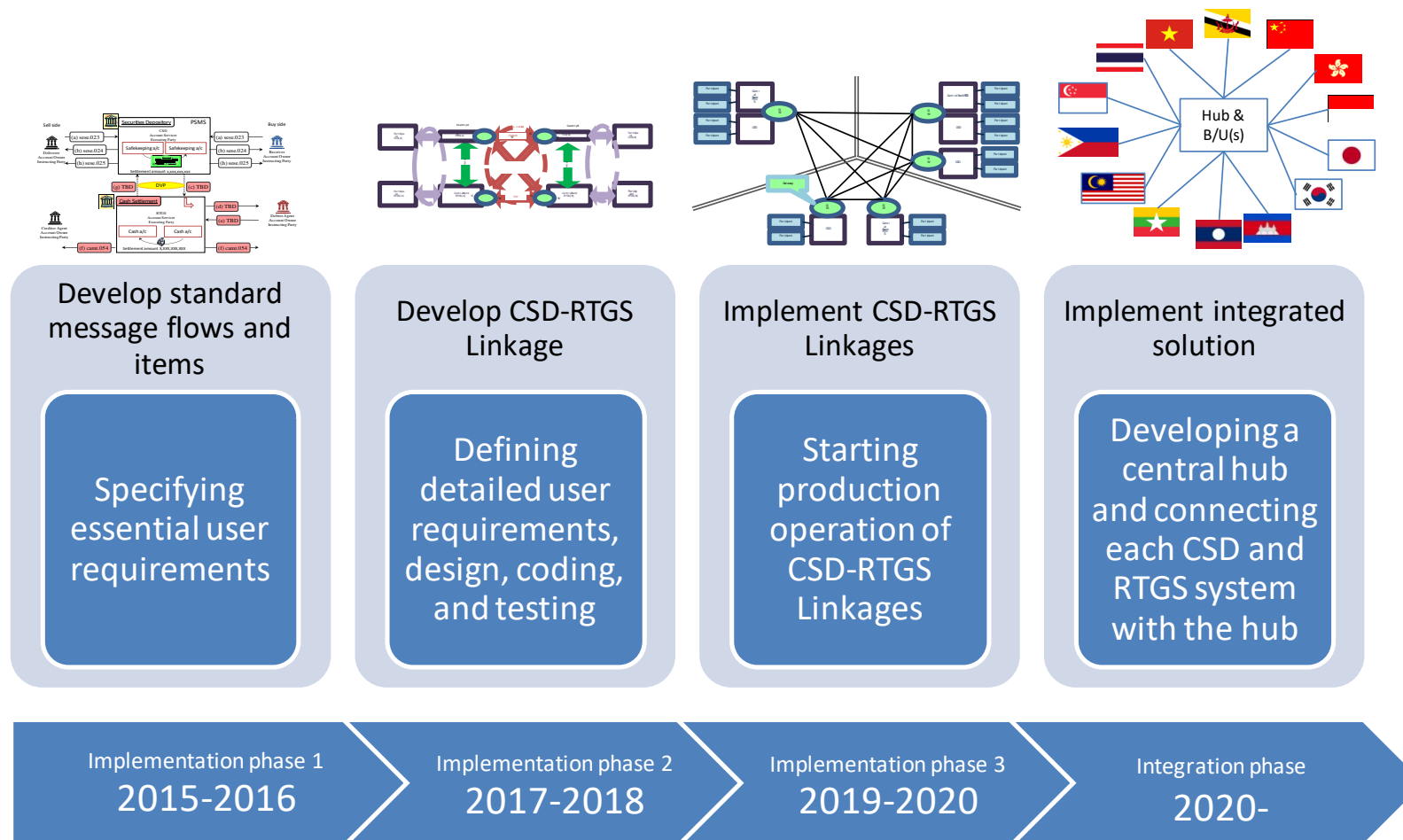
- CSD-RTGS Linkages will provide DVP
- The Linkages can accommodate increase in demand for cross-border collateral by central banks.

Assumption

- Demand for DVP is high because settlement risks is high.
- Demand for DVP is high because it reduces counterparty risks
- Central banks accept other country's securities as eligible collateral.



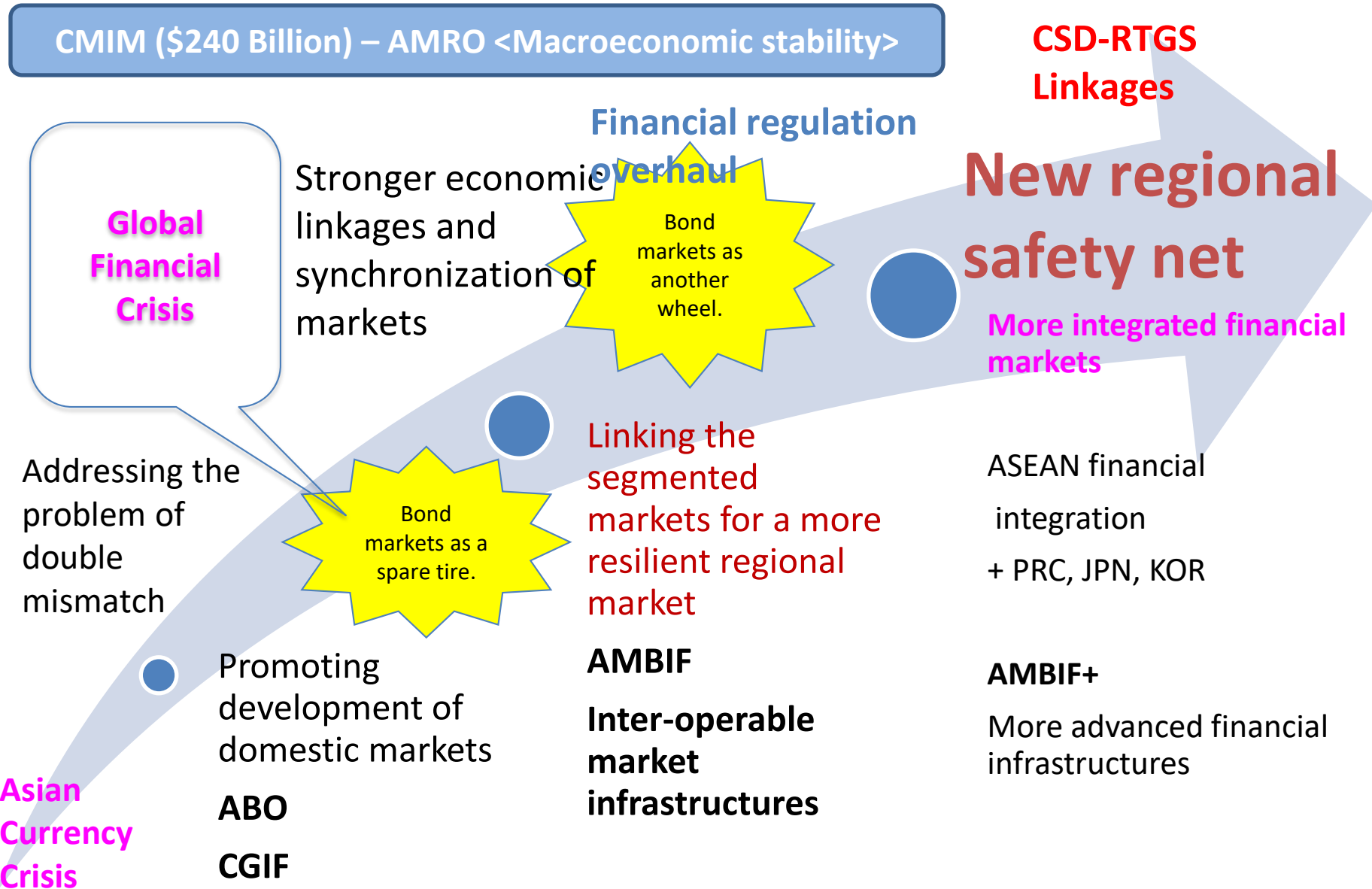
Roadmap



Source: Progress Report on Establishing a Regional Settlement Intermediary and Next Steps: Implementing Central Securities Depository–Real-Time Gross Settlement Linkages in ASEAN+3
<http://www.adb.org/publications/progress-report-establishing-regional-settlement-intermediary-and-next-steps>

Next steps

ABMI Evolution and CSIF



Discussion



THANK YOU