

Policy and Regulatory Developments

People's Republic of China

State Council Releases Guidelines on Capital Market Development

On 12 April, the State Council released guidelines to facilitate development of the capital market. The guidelines are focused on strengthening capital market regulation, reducing risk, and deepening the capital market. The guidelines aim for a well-regulated, transparent, and resilient capital market through increased regulation of securities issuance and listing, enhanced oversight of underwriting firms, and monitoring of listed companies.

Hong Kong, China

Hong Kong, China's Government Expands Green Bond Program to Include Sustainable Bonds; Sets up Infrastructure Bond Program

Effective 10 May, Hong Kong, China's Government Green Bond Programme was renamed the Government Sustainable Bond Programme in view of the program's expansion to cover sustainable bonds. Furthermore, an Infrastructure Bond Program was established for major infrastructure projects. Both actions were proposed by the government's financial secretary in February as part of the financial year 2024–2025 budget. The Legislative Council passed a resolution on 8 May that authorized the government to borrow up to HKD500 billion under the Infrastructure Bond Programme and the Government Sustainable Bond Programme, thus providing the legal basis for both programs. The two programs will gradually replace the existing Government Bond Program, with details to be announced in due course.

Hong Kong Monetary Authority Extends Green and Sustainable Finance Grant through 2027

On 3 May, the Hong Kong Monetary Authority released details of the extended Green and Sustainable Finance Grant Scheme and published the updated [guidelines](#) for grant applications. The grant, originally set to operate

from May 2021 to May 2024, provided support for eligible green and sustainable bonds issued in Hong Kong, China. Following the financial secretary's proposal in the financial year 2024–2025 budget, the scheme was extended for 3 years through financial year 2026–2027. As with the original grant, the extended scheme provides a subsidy for general bond issuance costs and external review costs. The extended scheme expands the grant scope to include transition bonds and loans as eligible financial instruments.

Indonesia

Government Conducts Debt Switch

In March, the Government of Indonesia conducted a bond switch amounting to IDR2,474 billion. The eligible bonds for the debt switch had varying maturities ranging from 3 months to 4 years, while the destination bonds carried maturities ranging from 10 years to 20 years. With the bond switch, the government was able to extend the debt repayment schedule for eligible maturing bonds. The government will have another debt switch transaction scheduled on 26 September of this year.

Government of Indonesia to Issue IDR170 Trillion of Treasury Bonds in the Second Quarter of 2024

In April, the Government of Indonesia announced plans to raise IDR170.0 trillion via the auction of Treasury bonds in the second quarter of 2024, which is less than the target issuance of IDR230.9 trillion in the first quarter. The issuance during the second quarter will comprise both conventional and Islamic bonds, with auctions scheduled in alternating weeks. The bonds to be issued will carry maturities ranging from 3 months to 30 years. The government noted that the schedule, bond offering, and auction amount may be subject to adjustments depending on market conditions, investor demand, and financing strategy.

Republic of Korea

The Republic of Korea Remains on the Watch List for Inclusion in the FTSE World Government Bond Index

In March, the Government of the Republic of Korea announced that it was still on the watch list for inclusion in the FTSE World Government Bond Index. It also highlighted that FTSE Russell acknowledged the notable progress and efforts made by the government to improve foreign investors' accessibility to the government bond market. Among the reforms made were the implementation of tax exemption on the income derived from foreign investors' investments in government bonds starting January 2023 and the abolishment of the Investor Registration Certificate starting December 2023. The government will implement more reforms in line with attaining inclusion in the index this year such as (i) the opening of omnibus accounts for government bonds linked with the International Central Securities Depositories in June 2024 to encourage foreign investors to invest via Euroclear or Eurostream, and (ii) other programs to improve foreign exchange transactions related to investments and the trading of government bonds.

Malaysia

Bank Negara Malaysia Strengthens the Ringgit

On 8 April, Bank Negara Malaysia's Financial Markets Committee released a statement updating investors on positive developments in the central bank's efforts to support the Malaysian ringgit. In February, the Malaysian ringgit recorded its lowest level against the United States (US) dollar since the 1997–1998 Asian financial crisis. In its statement, the committee noted the ringgit's appreciation against the US dollar between 26 February and 8 April, as well as the high average daily foreign exchange volume during this period due to organized efforts by the central bank and government-linked institutions. Bank Negara Malaysia assessed that these efforts were sustainable and capable of encouraging foreign-exchange-related activities by corporations in Malaysia.

Philippines

Financial Stability Coordination Council to Strengthen the Corporate Bond Market in 2024

During its 38th executive committee meeting held early this year, Financial Stability Coordination Council (FSCC) Chairman and Bangko Sentral ng Pilipinas Governor Eli M. Remolona, Jr. acknowledged the strength of the Philippines' financial markets despite global geopolitical risks. He noted that current market behavior aligns with a "risk-on" stance, indicating market optimism and low perceived risks, which is expected to foster economic activity. The FSCC anticipates an increase in corporations' funding requirements during the "risk-on" phase as a significant amount of corporate bonds and loans are set to mature in 2024, prompting the need for refinancing. While the banking system can accommodate increased funding demand, the FSCC emphasized the importance of a viable and competitive corporate bond market. The FSCC plans to engage different market constituents to deepen the corporate bond market. FSCC's long-term objective is to have a diverse set of corporate bond issuers and active risk-pricing for outstanding bonds. An active corporate bond market benefits all credit categories of borrowers as it widens funding access, provides opportunities for investors with varying risk appetites, and enhances overall risk management.

Singapore

Singapore and Japan Renew Bilateral Swap Agreement

On 21 May, the Monetary Authority of Singapore and the Bank of Japan renewed their bilateral swap agreement. Under this arrangement, Singapore can swap Singapore dollars for the equivalent of up to USD3 billion of Japanese yen or US dollars, while Japan can exchange Japanese yen with Singapore for up to USD1 billion. The agreement aims to strengthen the relationship and financial stability of both markets.

Thailand

Government Conducts THB80 Billion Bond Switch

In May, the Government of Thailand conducted bond switch transactions involving THB80.0 billion worth of government bonds. The transactions allowed investors to exchange eligible source bonds that were maturing soon with selected destination bonds that had longer remaining maturities. The five source bonds had remaining maturities ranging from 0.3 year to 2.1 years, while the seven destination bonds had remaining tenors from 4.8 years to 48.1 years. The bond switch allowed the government to reduce its short-term debt obligations, extending the average maturity of outstanding debt, and created liquidity in the market. Investor groups that participated in the transactions included the Government Pension Fund, commercial banks, insurance companies, various government and private funds, and some foreign investors.

Viet Nam

Government Plans to Borrow VND120 Trillion in the Second Quarter 2024

The Government of Viet Nam plans to raise VND120.0 trillion in the second quarter of 2024 through its Treasury bonds offering. The planned issuance was 5.5% lower than the VND127.0 trillion borrowing plan in the previous quarter. Treasury bonds to be auctioned will carry tenors of 5–30 years and auctions are scheduled every Wednesday. Of the VND120.0 trillion borrowing planned for the second quarter of 2024, the government had already raised a total of VND45.8 trillion as of 22 May, comprising 38.1% of the quarterly borrowing target.