

Policy and Regulatory Developments

People's Republic of China

People's Bank of China Conducts Targeted Central Bank Lending and Discount Rate Cuts

On 15 January, the People's Bank of China reduced by 25 basis points the central bank lending and discount rates, effective 19 January. The rate reduction is only applicable to bank lending for rural development and to micro and small businesses. The effective lending rate will be 0.95%, 1.15%, and 1.25% for the 3-month, 5-month, and 1-year maturities, respectively.

Ministry of Finance and State Taxation Administration Extend Tax Exemption for Overseas Institutions

On 15 January, the Ministry of Finance and the State Taxation Administration announced they would extend the tax exemption of overseas institutions on the payment of corporate income tax and value-added tax for interest income from bond investments in the People's Republic of China. This exemption will be extended until 31 December 2027.

Hong Kong, China

Hong Kong Monetary Authority Launches Phase 2A of Hong Kong Taxonomy for Sustainable Finance, Expanding Coverage to Transition and Climate Adaptation

On 22 January, the Hong Kong Monetary Authority published the [Hong Kong Taxonomy for Sustainable Finance Phase 2A](#), following public consultations in September–October 2025. Phase 2A enhances the original framework, released in May 2024, to (i) cover more economic activities; (ii) add manufacturing and information and communication technology as new sectors; (iii) include transition elements; and (iv) introduce climate change adaptation as a new environmental objective. According to the [Hong Kong Monetary Authority](#), the enhancements to the framework received support from a wide variety of stakeholders.

Indonesia

Ministry of Finance to Issue Varying Tenors of Short-Term Securities

In December, the Ministry of Finance of Indonesia announced its plan to increase issuance of short-term securities, particularly for both conventional and Islamic Treasury bills. The issuance will include 1-month, 3-month, 6-month, 9-month, and 12-month Treasury bills. The move was undertaken to further develop and deepen Indonesia's financial markets, as well as to improve the efficiency of cash management.

Republic of Korea

The Republic of Korea Announces Tax Reforms to Support Domestic Investment and Foreign Exchange Stability

On 24 December 2025, the Government of the Republic of Korea introduced tax measures to promote domestic investment and support foreign exchange stability. These include the 1-year temporary capital tax gains exemption for investors who sell offshore stock investments and convert the proceeds to Korean won in order to make long-term investments in the domestic equity market. The government will also introduce foreign exchange forward contracts for individual investors and provide capital gains tax exemption for those that avail of these hedging instruments. To address the double taxation on dividend income that domestic parent companies receive from their overseas subsidiaries, the government will raise the income exclusion ratio to 100% from 95%. These tax measures were implemented on 1 January 2026.

The Republic of Korea Announces Road Map for Inclusion in the MSCI Developed Markets Index

On 9 January, the Government of the Republic of Korea announced the road map for its inclusion in the MSCI Developed Markets Index. It aims to be included in the

watch list in the annual market classification review to be conducted in June 2026, with possible inclusion in the developed market index in June 2027. The road map includes, among others, the extension of foreign exchange market operations to 24 hours starting in July from the current hours of 9 a.m. to 2 a.m. the next day. The government will also ease regulations to allow offshore trading of the Korean won and create a settlement system to facilitate this. Other improvements include simplifying registration and account opening requirements for investors and rationalizing short-selling regulations.

Malaysia

Malaysia Revises Capital Market Fees Framework

On 1 January, the Securities Commission Malaysia implemented a new payment scheme under the Capital Markets and Services (Fees) Regulations 2025. The reform recalibrates regulatory charges across issuance and licensing activities, with a 3-year transition period (2026–2028) to ensure orderly market adjustment. Among others, the revised payment structure provides a 50% reduction to variable annual fees and a 20% reduction to product and fund-raising activity fees. The measure aims to support the sustainability and integrity of Malaysia's capital market and may affect issuance cost dynamics for bond and *sukuk* (Islamic bond) offerings.

Philippines

Bangko Sentral ng Pilipinas Cuts Reserve Requirements for Trust Accounts

On 11 February, the Bangko Sentral ng Pilipinas issued Circular No. 1229, reducing the reserve requirement for trust and other fiduciary accounts to 0% from 17%. The circular also lowered reserve requirements on several other instruments, including (i) bonds issued by universal, commercial, and digital banks (from 3% to 2%); (ii) mortgages or chattel mortgage certificates issued by thrift banks (from 6% to 0%); and (iii) long-term negotiable certificates of time deposits (from 4% to 0%). This reform aims to boost liquidity and reduce intermediation costs for lenders, strengthening the Bangko Sentral ng Pilipinas' efforts to simplify reserve rules and support capital market development. The new regulation will take effect on 27 February.

Singapore

Singapore Announces Capital Market Initiatives to Strengthen Financial Ties with the People's Republic of China

On 15 December, Singapore expanded cross-border capital market connectivity through new financial cooperation initiatives with the PRC. This arrangement allows designated banks in Singapore to provide institutional investors access to fixed-income products in the China Interbank Bond Market, strengthening Singapore's role as a regional investment gateway. Furthermore, the appointment of DBS bank as a Chinese yuan (CNY) clearing bank enhances offshore CNY settlement capacity and supports CNY-denominated financing activity. These measures aim to support cross-border bond flows and trading activity while aiding the development of Singapore as a regional fixed-income hub.

Thailand

Public Debt Management Office Conducts THB17.3 Billion Electronic Bond Switch

On 21 November, Thailand's Public Debt Management Office completed bond switch transactions amounting to THB17.3 billion. These transactions allowed investors to exchange their holdings of the designated source bond, which will mature in June 2026, to six destination bonds with remaining tenors ranging from 4.3 years to 51.6 years. Bond switch operations support the government's debt management by lengthening the maturity profile of outstanding bonds and increasing the liquidity of longer-term benchmark bonds. The bond swap helps investors manage their portfolios by extending the maturity profile of their holdings and reducing the risk of reinvesting at lower interest rates. Transaction costs are also lower as bond swaps are conducted electronically.

Viet Nam

Government Tightens Sanction on Private Placement Violations

On 25 November, the Government of Viet Nam issued Decree No. 306, imposing tougher penalties on violations related to private placements of shares and corporate bonds. The new decree broadens the

scope of sanctionable offenses covering the areas of (i) disclosure and documentation requirements, (ii) strict adherence to registration and issuance timelines, (iii) misuse of proceeds, and (iv) stricter rules for investor eligibility and service providers' conduct. Fines range from VND50 million to VND1.5 billion, with the highest penalties applied to violations involving falsified documents and forgery. This policy aims to tighten oversight, enhance market transparency, and strengthen investor protection in the capital market. The new decree took effect on 9 January 2026.

Government Plans to Borrow VND969.8 Trillion in 2026

In February, the Government of Viet Nam announced its approved borrowing plan of VND969.8 trillion in 2026, about 19% higher than the VND815.2 trillion borrowing plan in 2025. Public debt is forecast to reach 36%–37% of the economy's gross domestic product at the end of 2026, while government and foreign debt is expected at 34%–35% and 32%–33% of gross domestic product, respectively. All ratios remain well below the National Assembly's ceilings of 60% for public debt and 50% each for government and foreign debt. To meet its financing needs, the government will utilize resources such as government bonds, official development assistance, and concessional foreign loans. Viet Nam plans to issue government bonds worth VND500 trillion in 2026.