

Policy and Regulatory Developments

People's Republic of China

Onshore Repo Bond Market Opened to Foreign Investors

On 29 September, the China Securities Regulatory Commission and the State Administration of Foreign Exchange jointly announced that foreign investors authorized to trade in the onshore bond market can now conduct bond repurchase transactions. Previously, only certain foreign investors (e.g., central banks) could conduct in repurchase agreements. The announcement extends the coverage to include other foreign investors such as fund managers and insurance companies.

Hong Kong, China

Hong Kong Monetary Authority Holds Consultations on Taxonomy for Sustainable Finance

From 8 September to 8 October, the Hong Kong Monetary Authority held public consultations on the proposed update to the Hong Kong Taxonomy for Sustainable Finance. Building on Phase 1, which was published in May 2024, the update (Phase 2A) includes the following key enhancements: (i) expanded sector coverage to include manufacturing and information and communications technology, (ii) addition of 13 new economic activities, (iii) inclusion of transition elements such as interim decarbonization target, and (iv) introduction of climate change adaptation as a new environmental objective to address the growing funding needs for managing physical risks and responding to extreme weather events.

Indonesia

House of Representatives Approves 2026 State Budget Bill

In September, the House of Representatives passed the 2026 state budget bill with revenues of IDR3,153.6 trillion and expenditures at IDR3,842.7 trillion. The budget deficit is estimated to reach IDR689.1 trillion, or the equivalent of 2.7% of gross domestic product (GDP), up from 2.5% in the initial budget plan. The 2026 budget aims to boost economic growth, promote job creation, and provide for inclusive resource distribution. The expanded budget is expected to lift economic growth in 2026 to 5.4%, compared with forecasted growth of 5.2% in the 2025 state budget. Other 2026 economic assumptions include full-year inflation of 2.5%, an exchange rate of IDR16,500 per USD1, a 10-year government bond yield of 6.9%, and an oil price of USD70 per barrel, among others.

Republic of Korea

Government Announces 2026 Budget Proposal

On 29 August, the Government of the Republic of Korea announced its KRW728 trillion 2026 budget proposal, an 8.1% increase from the 2025 budget. This 2026 budget is expected to generate a fiscal-deficit-to-GDP ratio of 2.0% in 2026, up from 0.8% based on the original 2025 budget, and a government-debt-to-GDP ratio of 51.6%, up from 48.1%. The 2026 budget includes investments in (i) artificial intelligence, which saw a threefold increase in its allocation from the previous year; (ii) research and development for core technologies in high-tech industries; and (iii) measures to address global challenges such as trade negotiations with the United States and climate change. The government will continue to invest in projects and initiatives to support local regions, education, social welfare, and tourism, among others.

FTSE Russell Reaffirms the Republic of Korea's Inclusion in the World Government Bond Index

On 7 October, FTSE Russell reaffirmed the inclusion of the Republic of Korea in the World Government Bond Index, as well as the inclusion methodology announced in April 2025. The inclusion will occur gradually over eight monthly phases during April—November 2026. FTSE Russell also stated that it will continue to work closely with the government, market participants, and market infrastructure institutions to ensure the inclusion process is smooth. This announcement is expected to boost market interest and confidence in the government bond market. FTSE Russell also announced the Republic of Korea's expected weight in the index as of October 2025 at 2.08%, making it the ninth-largest market in the index.

Malaysia

Malaysia Extends Tax Deduction for Sustainable Issuances

On 25 August, the Government of Malaysia extended the tax deduction rules for private companies issuing Sustainable and Responsible Investment Sukuk (SRI Sukuk). The Income Tax (SRI Sukuk) Rules, which were initially slated to expire at the end of 2023, effectively allow private companies to deduct the issuance expenses of SRI Sukuk from their taxable income. In August, these rules were extended to include issuances from 2024 to 2027, provided the eligible company allocates 90% of the bond's proceeds to funding an SRI project, among other qualifications.

Government Unveils 2026 Budget Spending Plan

On 10 October, the Government of Malaysia unveiled its 2026 budget spending plan totaling MYR470.0 billion. State revenue in 2026 is expected to sum to MYR343.1 billion, with the fiscal deficit estimated to decline from 3.8% of GDP in 2025 to 3.5% next year. State revenue will be supported by increased collections of individual income tax and sales and services tax, among others. The budget plan is in line with 2026 government targets of 4.0%–4.5% for economic growth and 1.3%–2.0% for inflation.

Philippines

Government Plans to Borrow PHP2.7 Trillion in 2026

On 13 August, the Department of Budget and Management released its 2026 borrowing plan totaling PHP2.7 trillion, which was up 3.2% from 2025 in order to cover the projected PHP 1.6 trillion annual fiscal deficit. The government is expected to follow a borrowing mix ratio of 77:23 in favor of domestic versus foreign lenders. Of the 2026 borrowing total, PHP2.1 trillion will be sourced domestically through fixed-rate Treasury bonds and bills, while PHP627.1 billion will be sourced externally through program loans, project loans, and bonds and other inflows. The total debt service bill for 2026 is set at PHP2.0 trillion, down 2.4% from PHP2.1 trillion in 2025. The Department of Budget and Management projects a debt-to-GDP ratio of 61.3% at the end of 2025, slightly higher than the previous projection of 60.4%. The ratio is projected to tick up to 61.8% by the end of 2026 due to expectations of slower economic growth.

Government Bonds Considered for Inclusion in Global Bond Index

On 12 September, JP Morgan Chase & Co. placed PHP-denominated government bonds on its positive watchlist, marking the final review phase for potential inclusion in its Government Bond Index for Emerging Markets (GBI-EM). The GBI-EM, the leading benchmark for emerging market local currency sovereign bonds, is widely followed by global fund managers and covers 19 markets. If included, the Philippines would hold an estimated 1.0% share of the GBI-EM Global Diversified Index. Inclusion is expected to broaden foreign investor participation in the economy's local currency bond market, which in turn could enhance market liquidity, reduce government borrowing costs, and unlock additional funding sources for public services and infrastructure. The review period spans around 6–9 months, with updates expected in the first quarter of 2026.

Singapore

Sovereign Green Bonds Allocated Toward Mass Transit

On 29 September, the annual Singapore Green Bond Report was released, outlining green bond market developments and initiatives in support of Singapore's sustainable development goals. Of the previously issued sovereign green bonds totaling SGD9.2 billion, only SGD3.6 billion are left to be allocated by the end of 2026. These distributions will be applied to support Singapore's mass rapid transit lines to reduce carbon emissions and improve Singapore's public transport system, thereby enhancing connectivity, mobility, and job creation.

Thailand

Government Conducts Bond Switching Transactions Totaling THB25.0 Billion

On 22 August, the Public Debt Management Office concluded bond switching transactions amounting to THB25.0 billion. The source bond for the transactions had a remaining maturity of 9.7 months, while the destination bonds had remaining maturities ranging from 4.6 years to 46.9 years. The bond switch reduced the bunching of government debt in tenors of 1–4 years, increased the liquidity of longer-term bonds, and helped lessen debt risk.

Viet Nam

Government Tightens Rules on Public Offering of Corporate Bonds

On 11 September, the Government of Viet Nam issued Decree 245 tightening rules for public corporate bond offerings. The decree mandates that public bond issuers have (i) credit ratings, (ii) a debt ceiling five times the issuer's charter capital, (iii) bondholder oversight, (iv) a minimum of 5-year bond terms for international issuers, and (v) stricter controls on the use of proceeds and prompt exchange listings. Decree 245 amends and supplements certain articles in Decree 155 to align with the Revised Securities Law, 2024 and aims to enhance transparency and investor protection in accordance with international standards.

State Securities Commission Launches Green Bond Disclosure Handbook

On 13 October, the State Securities Commission of Viet Nam, in partnership with the British Embassy in Ha Noi, held a workshop to unveil the *Green Bond Disclosure Handbook*. The new handbook was built on the State Securities Commission's 2021 issuance guide for green, social, and sustainable bonds and was developed in collaboration with experts from the United Kingdom. The book provides practical guidance for green bond issuers on transparent and consistent disclosure practices. This includes (i) green bond concepts and legal frameworks, (ii) pre-issuance disclosure aligned with global best practices, (iii) post-issuance reporting standards, and (iv) case studies and comparative analyses. The handbook aims to boost investor confidence through transparency, reduce greenwashing risks, and attract both domestic and international investments.