

# Policy and Regulatory Developments

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## People's Republic of China

### The People's Republic of China Imposes Value-Added Tax on Certain Bond Types

The Ministry of Finance announced that bonds issued by the central government, local governments, and financial institutions would be charged a 6% value-added tax on interest starting 8 August. Existing bonds that were issued before 8 August are exempt from the value-added tax.

## Hong Kong, China

### Hong Kong Monetary Authority Enhances Offshore Renminbi Bond Repurchase Arrangements

On 8 July, the Hong Kong Monetary Authority announced two important enhancements to the offshore renminbi bond repurchase agreement (repo) business to facilitate the participation of Northbound Connect investors in repo transactions. First, the rehypothecation of bond collateral will be allowed during the repo period. Previously, the bond collateral was locked in and managed by the Central Money Markets Unit platform and could not be re-used during the repo period. Allowing the re-use of bond collateral will reduce financial costs and improve liquidity management for market participants. Second, cross-currency repo transactions using Hong Kong dollars, United States dollars, and euros will be supported. Currently, offshore repo transactions can only be settled in Chinese yuan. Allowing settlements in these other currencies will further enhance participants' liquidity management. The two improvements, which take effect on 25 August, are in line with international market best practices.

## Indonesia

### Indonesia's Ministry of Finance Revises 2025 Budget Deficit Estimate

In July, the Ministry of Finance of Indonesia revised its fiscal outlook for 2025, with the budget deficit now estimated to reach 2.78% of gross domestic product (GDP), up from an earlier estimate of 2.53%. The revision was needed to help support the government's key programs amid ongoing volatility in the global economy. In the first 6 months of the year, the budget deficit reached IDR204 trillion or the equivalent of 0.8% of GDP. The wider budget deficit (IDR662 trillion) for the full year 2025 was partly due to lower revenue collections in the first half of the year. The Ministry of Finance plans to use excess funds and savings from the 2024 budget to avoid issuing more debt.

### Indonesia Issues Its First Orange Bond

On 9 July, the first orange bond in Indonesia was issued by Permodalan Nasional Madan, an Indonesian state-owned microfinance institution. Orange bonds are sustainable bonds meant to support gender equality. The issuance amounted to IDR1.0 trillion of conventional orange bonds, which comprised 370-day, 3-year, and 5-year tranches. The company also issued the first orange *sukuk* (Islamic bond) amounting to IDR1.8 trillion and consisting of similar maturities.

## Republic of Korea

### The Republic of Korea Announces Second Supplementary Budget Proposal

In June, the new administration in the Republic of Korea announced this year's second supplementary budget proposal totaling KRW30.5 trillion: KRW15.2 trillion for economic stimulus, KRW5.0 trillion for livelihood stability projects, and the remaining KRW10.3 trillion for revenue adjustments as the government expects a shortfall for the year. The main highlight of the economic stimulus is the distribution of livelihood recovery coupons

(KRW10.3 trillion) and additional consumption incentives (KRW1.0 trillion). Other economic measures include supporting the construction sector, small and medium-sized enterprises, and AI and renewable energy industries, as well as a debt restructuring program for small business owners. On 6 July, the National Assembly approved the proposal and raised the amount to KRW31.8 trillion. The government plans to issue KRW21.1 trillion worth of government bonds to partially fund the supplementary budget, resulting in an increase in the fiscal-deficit-to-GDP ratio from 3.6% in 2024 to 4.2% in 2025.

## Malaysia

### Ministry of Economy Releases the 13th Malaysian Plan to Boost Economic Growth

On 31 July, the Ministry of Economy released the 13th Malaysian Plan (13MP), outlining an annual development expenditure allocation of MYR86.0 billion for 2026–2030, up from an annual average of MYR79.0 billion during 2021–2024. The 13MP targets annual GDP growth in 2026–2030 of 4.5%–5.5%, compared with 5.2% average annual growth in 2021–2024. The 13MP directs the government to spend at least 3.0% of GDP every year on development expenditure, more than half of which (52.8%) is focused on boosting economic growth. The 13MP also aims to reduce the fiscal deficit to below 3.0% of GDP by 2030, down from 4.1% in 2024. These actions are key to reducing the government’s debt load, which was at 64.6% of GDP at the end of 2024, up from 52.4% in 2019.

## Philippines

### The Philippines Trims Its Treasury Bond Auction Plan for the Third Quarter of 2025

In June, the Bureau of the Treasury reduced its planned Treasury auctions for the third quarter (Q3) of 2025 by PHP45.0 billion to PHP690.0 billion, primarily by scaling back the sale of Treasury bonds. While planned issuance of Treasury bills remained steady at PHP325.0 billion, planned issuance of Treasury bonds

totaled PHP365.0 billion, reflecting a 12.3% drop from the previous quarter’s PHP410.0 billion. The Q3 2025 borrowing plan comprises 47.1% Treasury bills and 52.9% Treasury bonds, representing 27.1% of the government’s total borrowing target of PHP2.6 trillion for 2025. In addition to the PHP690.0 billion Treasury auction plan, the government also intends to issue Retail Treasury Bonds worth around PHP200.0 billion in Q3 2025.

### GCash Launches Access to Philippine Government Securities

On 24 July, GCash—an e-wallet mobile platform—launched its GBonds feature that allows fully verified users to invest in government securities even without a bank account. GBonds is offering Treasury bills for a minimum investment of PHP500 and Retail Treasury Bonds for a minimum investment of PHP5,000. The GBonds feature is powered by the Philippine Digital Asset Exchange and Bonds.ph in partnership with the Bureau of the Treasury. This initiative seeks to broaden the government securities’ investor base and promote financial inclusion to small investors.

## Singapore

### Monetary Authority of Singapore and People’s Bank of China to Strengthen Green and Transition Finance

On 11 July, the Monetary Authority of Singapore and the People’s Bank of China met to strengthen their collaboration through the Singapore–China Green Finance Taskforce. This initiative smoothens cross-border deals by allowing firms in both Singapore and the PRC to issue green bonds in compliance with a shared international standard. The taskforce also collaborates with the Singapore Exchange and the China International Capital Corporation to facilitate the “Green Corridor” to further encourage cross-border green finance flows, with a focus on issuances of green panda bonds in its initial phases. Singapore’s CapitaLand Investment’s previous issuance of a 3-year sustainability-linked panda bond worth CNY1.0 billion jump-started this collaborative initiative, setting a path for further similar issuances.

## Thailand

### Bank of Thailand Adds Banks to the Local Currency Transaction Framework

On 5 August, the Bank of Thailand, along with Bank Negara Malaysia and Bank Indonesia, announced the appointment of additional commercial banks to participate in the harmonized local currency transaction framework across Thailand, Malaysia, and Indonesia. Qualified commercial banks, called appointed cross-currency dealers, will facilitate cross-border settlement of trade and investment across the three markets. The expanded network of commercial banks will enhance market access to local currency liquidity and provide market participants with more options for cross-border transactions.

## Viet Nam

### Corporate Bond Private Placements Capped at Five Times Issuer's Equity

In June, the Government of Viet Nam enacted Article 128 of the 2025 Amended Law on Enterprises, requiring a debt-to-equity ratio limit for corporate bond issuers via private placements. Effective 1 July, this new regulation mandates that nonpublic companies will only be permitted to issue corporate bonds through private placements if their total liabilities—including the value of the proposed bond issuance—do not exceed five times their equity, as disclosed in their audited financial statements from the year preceding the bond issuance. This leverage cap does not apply to entities that are already governed by more stringent issuance conditions under specialized laws such as state-owned enterprises, credit institutions, real estate firms, insurers, and securities firms. The new regulation aims to strengthen investor protection and avoid systemic risks in Viet Nam's corporate bond market.