

# **Part 3**

## Bond Market

### Infrastructure Diagrams, Domestic Bond Transaction Flows, and Cross-border Bond Transaction Flows



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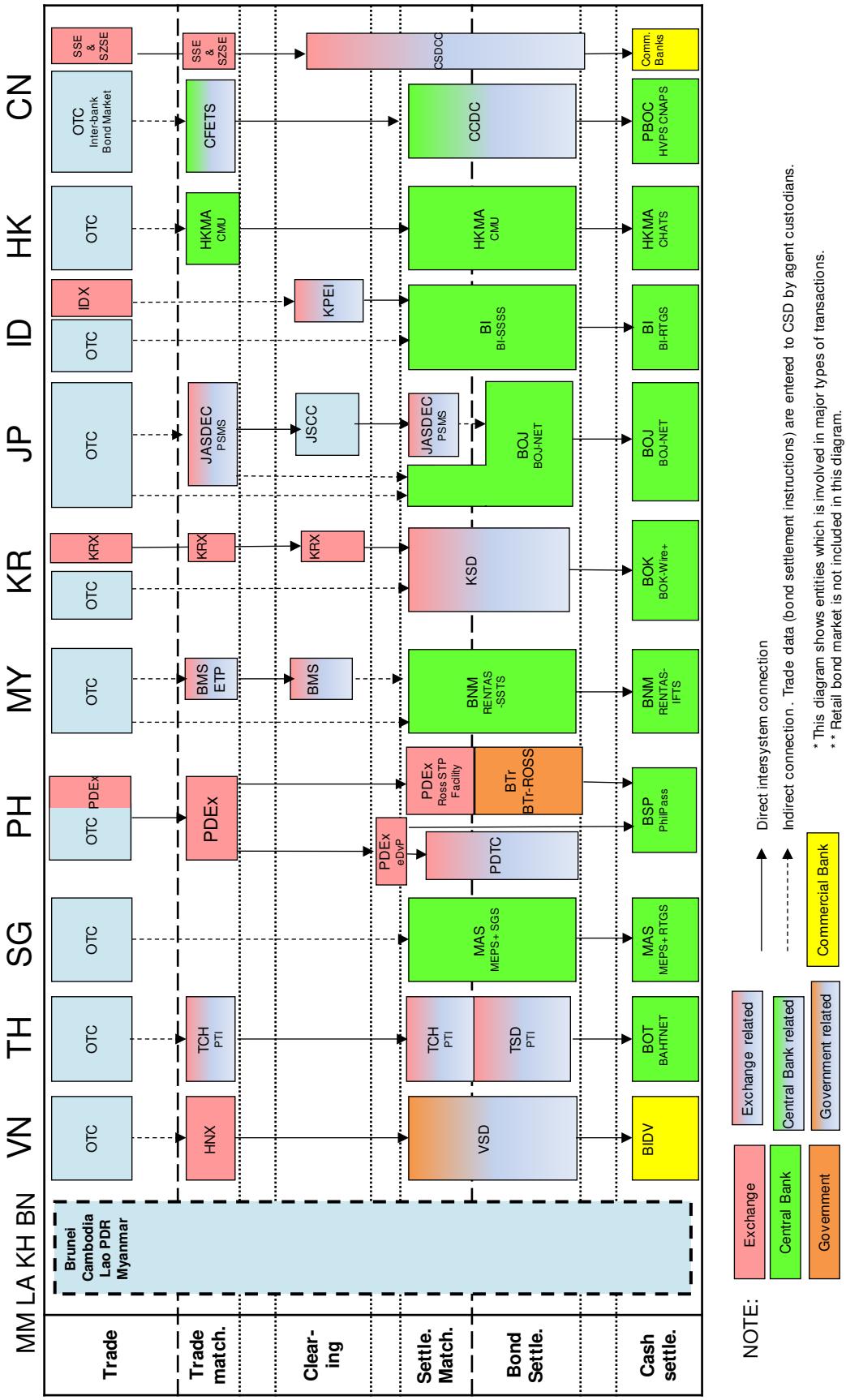
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### ■ ASEAN +3 Bond Market Diagram

- Diagram of each Economy
- 1. Bond Market Infrastructure Diagram
- 2. Bond Transaction Flow for Domestic Trades (Government Bond)
- 3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
- 4. Bond Transaction Flow for Foreign Investors
- 5. Interest & Redemption Payment Flow (Government Bond)
- 6. Interest & Redemption Payment Flow (Corporate Bond)

### ASEAN+3 Government Bond Market Diagram



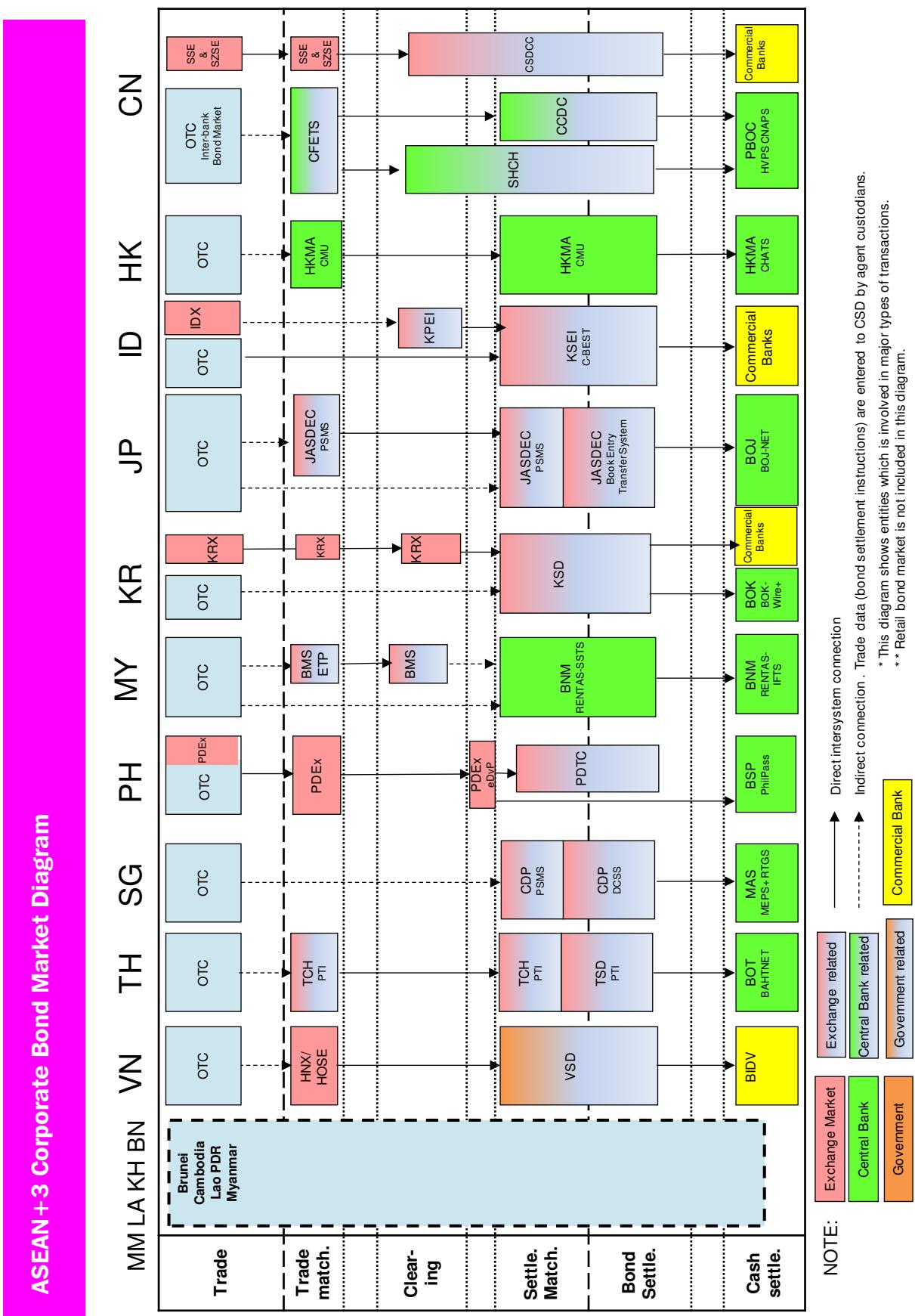
### ASEAN+3 Government Bond Market Diagram

CN	HK	ID	JP	KR	MY	PH	SG	TH	VN
Trade	OTC EX	OTC EX	OTC EX	OTC EX	OTC EX	OTC EX	OTC	OTC	OTC
Clearing	Y*	N	Y	Y	Y*	Y*	N	N	N
Bond Settlement	Central bank Related CSD **	Central bank Owned CSD	Bureau of Treasury, Exchange Related CSD	Central bank Owned CSD	Central bank Owned CSD				
Cash Settlement	Central bank money	Central bank money	Central bank money	Central bank money	Central bank money	Central bank money	Central bank money	Central bank money	Commercial bank money

Note:EX (Exchange)

\*: CCP exists an exchange function. But, transaction volume/value through exchange is small.

\*\*: There is an exchange related CSD But, transaction volume/value through exchange is small.



### ASEAN+3 Corporate Bond Market Diagram

	CN	HK	ID	JP	KR	MY	PH	SG	TH	VN
Trade	OTC EX	OTC	OTC EX	OTC	OTC EX	OTC	OTC EX	OTC	OTC	OTC
Clearing	Y*	N	Y*	N	Y*	Y*	N	N	N	N
Bond Settlement	CB and EX Related CSD	Central bank Owned CSD	Exchange Related CSD	Exchange Related CSD	Central bank Owned CSD	Exchange Related CSD	Central bank Owned CSD	Exchange Related CSD	Central bank money	Commercial bank money
Cash Settlement	Commercial and Central bank money	Central bank money	Commercial bank money	Central bank money	Commercial and Central bank money	Central bank money	Commercial and Central bank money	Central bank money	Central bank money	Commercial bank money

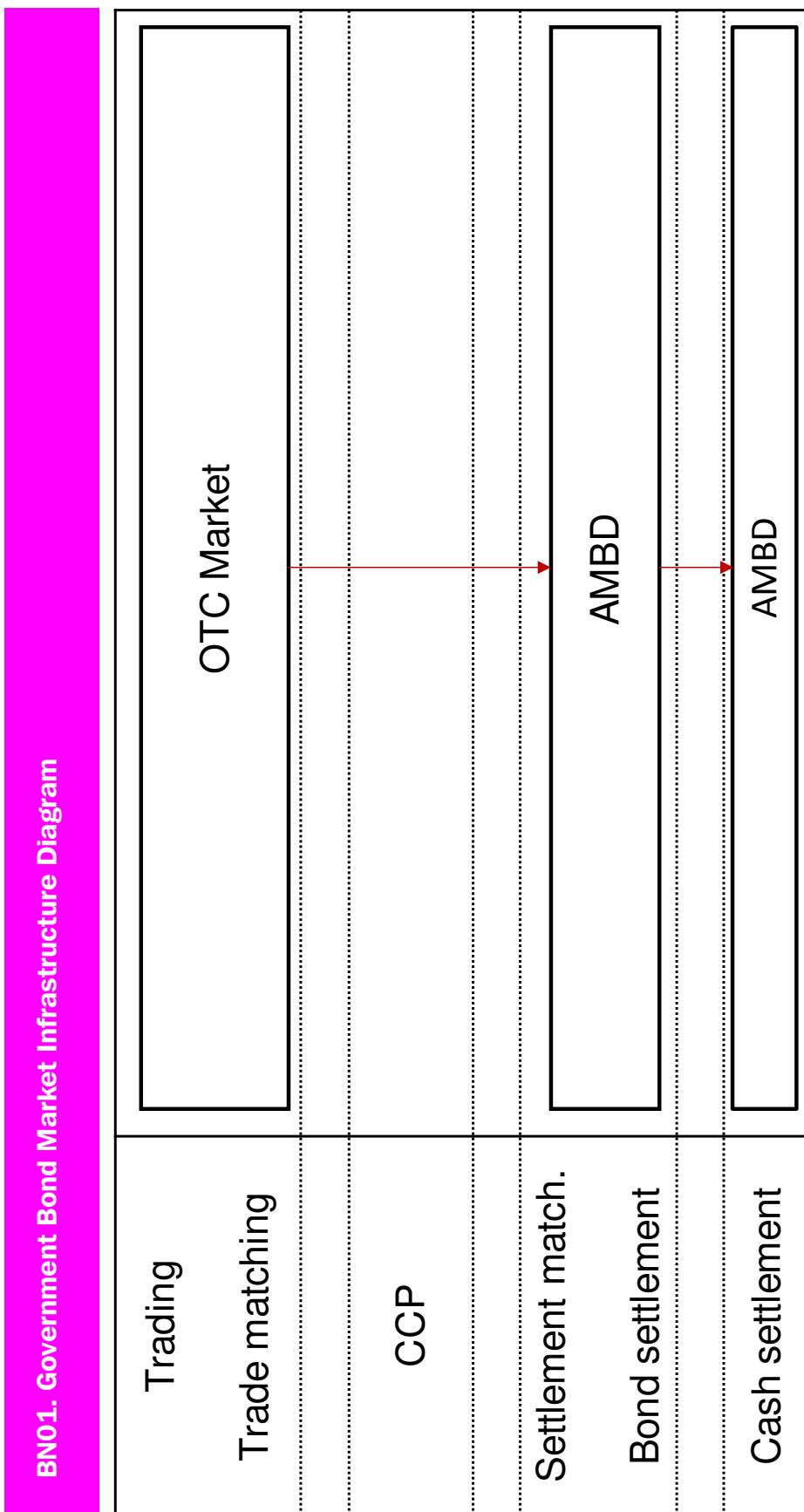
Note: EX (Exchange)

\*. CCP exists an exchange function. But, transaction volume/value through exchange is negligibly small.

# **Brunei Darussalam (BN)**

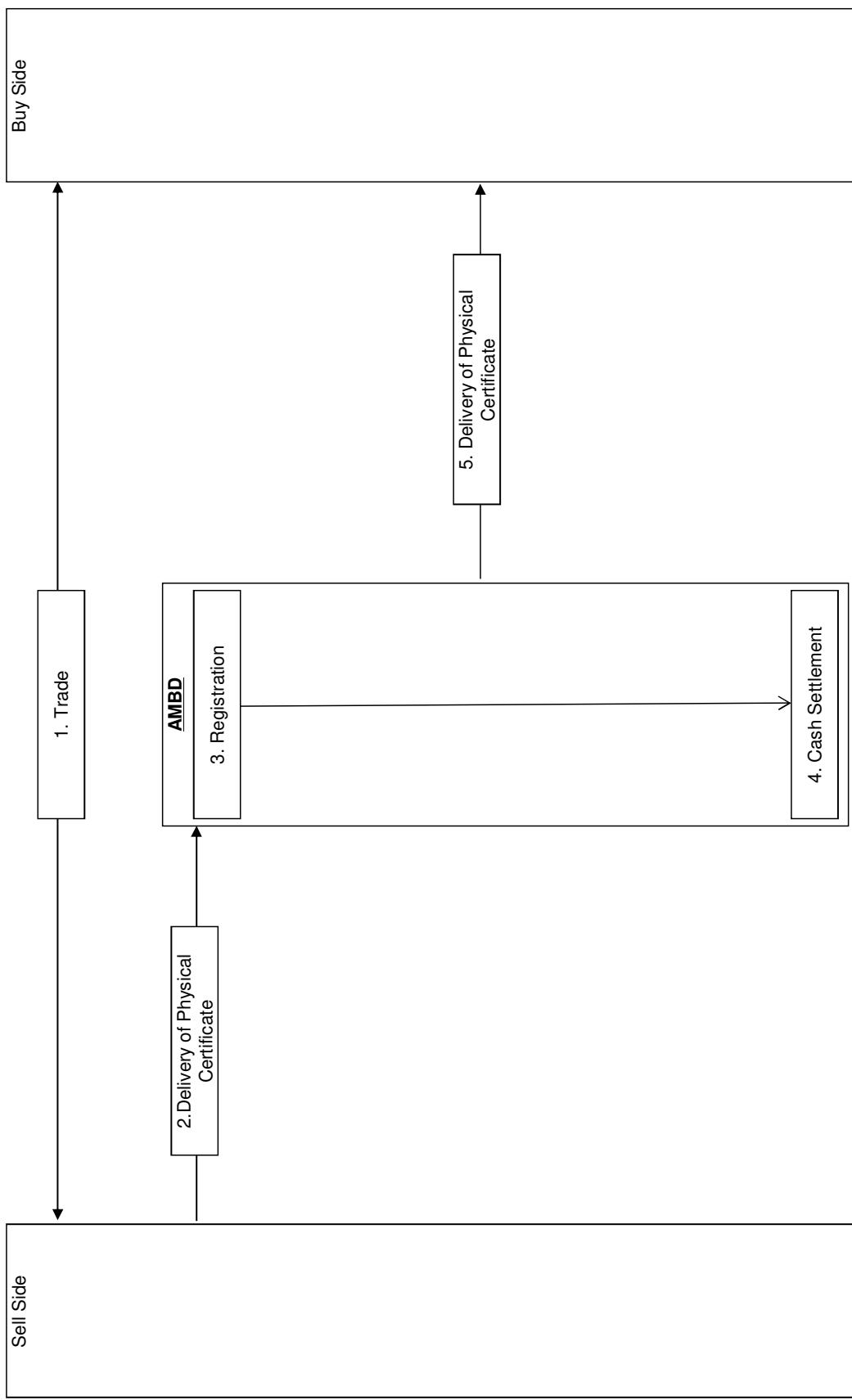
- Bond Market Infrastructure Diagram (Government Bond)
- Bond Transaction Flow for Domestic Trades (proposed by ADB)
- Profit & Redemption Payment Flow of Government Sukuk Al-Ijarah

1. Bond Market Infrastructure Diagram (Government Bond)
2. Bond Transaction Flow for Domestic Trades (proposed by ADB)
3. Profit & Redemption Payment Flow of Government Sukuk Al-Ijarah



1. Bond Market Infrastructure Diagram (Government Bond)
2. Bond Transaction Flow for Domestic Trades (proposed by ADB)
3. Profit & Redemption Payment Flow of Government Sukuk Al-Ijarah

### BN02. Government Bond Transaction Flow for Domestic Trades



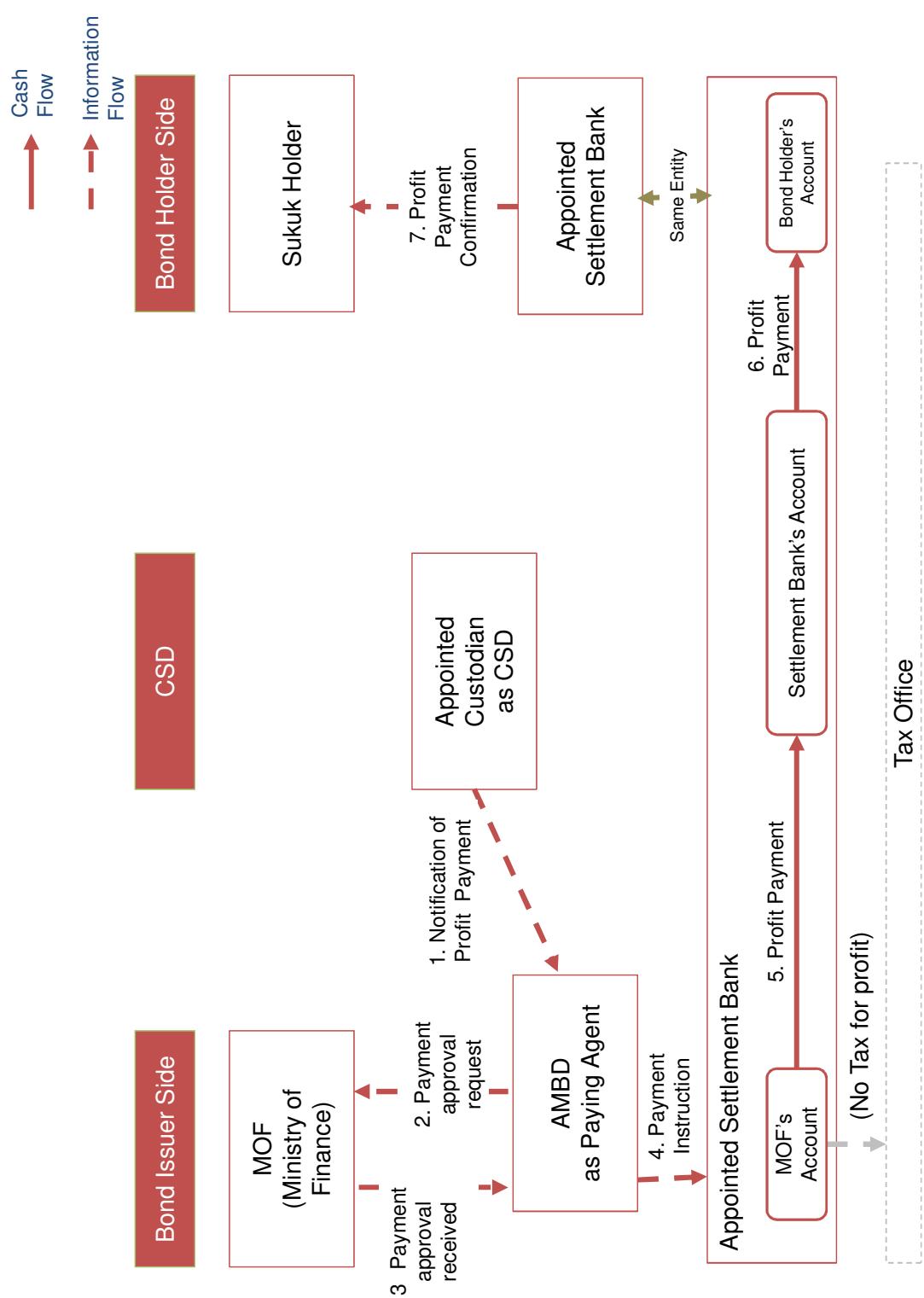
#### **BN02. Government Bond Transaction Flow for Domestic Trades**

### **OTC Market**

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1. Sell side and buy side trade via OTC market by telephone or by FAX in the form of physical certificate.
2. Sell side deliver physical certificate with evidence of trade to AMBD.
3. AMBD registers trade on book.
4. AMBD makes cash settlement from buy side to sell side.
5. Buy side brings back physical certificate from AMBD.

### BN03. Profit Payment Flow of Government Sukuk Al-Ijarah

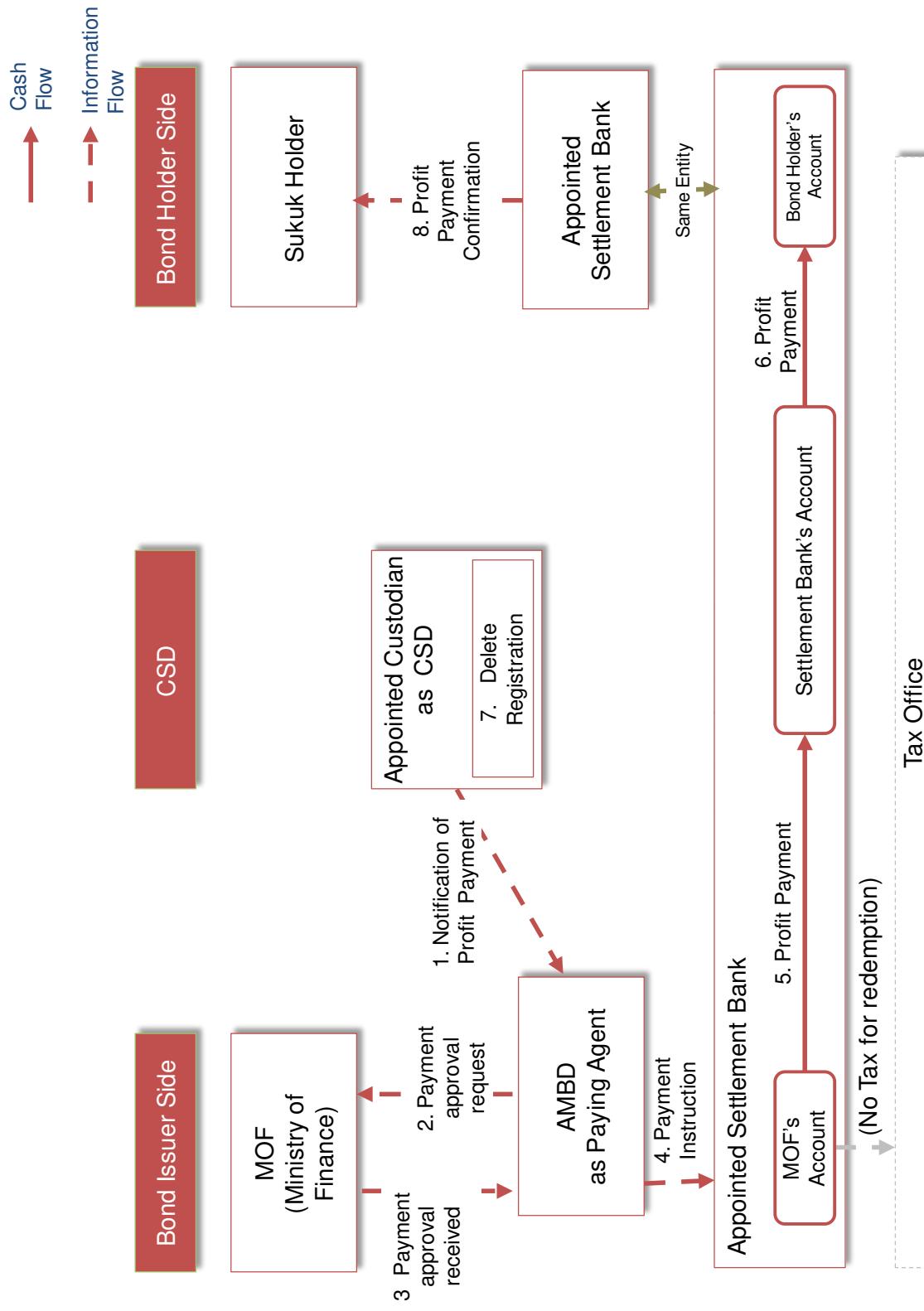


1. Bond Market Infrastructure Diagram (Government Bond)
2. Bond Transaction Flow for Domestic Trades (proposed by ADB)
3. Profit & Redemption Payment Flow of Government Sukuk Al-Ijarah

### BN Profit Payment Flow of Government Sukuk Al-Ijarah

## Process of Profit Payment

- 
1. The appointed custodian notifies Autoriti Monetari Brunei Darussalam (AMBD) of the profit payment.
  2. AMBD, as a paying agent, requests for approval and payment from Ministry of Finance (MOF).
  3. MOF approves payment.
  4. AMBD notifies the appointed cash settlement bank of payment details.
  5. Appointed cash settlement bank transfers cash from MOF's account to settlement bank's account.
  6. Appointed cash settlement bank credits to sukuk holders' accounts profit paid by MOF.
  7. Appointed cash settlement bank notifies sukuk holder of profit payment.

**BN04. Redemption Payment Flow of Government Sukuk Al-Ijarah" as shown on P13 of new one**


#### BN04. Redemption Flow of Government Sukuk Al-Ijarah

### Process of Redemption

- 
1. The appointed custodian notifies Autoriti Monetari Brunei Darussalam (AMBD) of the redemption.
  2. AMBD, as a paying agent, requests for approval and payment from Ministry of Finance (MOF).
  3. MOF approves payment.
  4. AMBD notifies the appointed cash settlement bank of payment details.
  5. Appointed cash settlement bank transfers cash (principal and profit) from MOF's account to settlement bank's account.
  6. Appointed cash settlement bank credits to sukuk holders' accounts principal and profit paid by MOF.
  7. Appointed Custodian as CSD deletes sukuk registration.
  8. Appointed cash settlement bank notifies sukuk holder of profit payment.

# **People's Republic of China (CN)**

- 1. Bond Market Infrastructure Diagram**
- 2. Bond Transaction Flow for Domestic Trades  
(Government Bond)**
- 3. Bond Transaction Flow for Domestic Trades  
(Corporate Bond)**
- 4. Bond Transaction Flow for Foreign Investors**
- 5. Interest & Redemption Payment Flow  
(Government Bond)**
- 6. Interest & Redemption Payment Flow  
(Corporate Bond)**

1. Bond Market Infrastructure Diagram

2. Bond Transaction Flow for Domestic Trades (Government Bond)

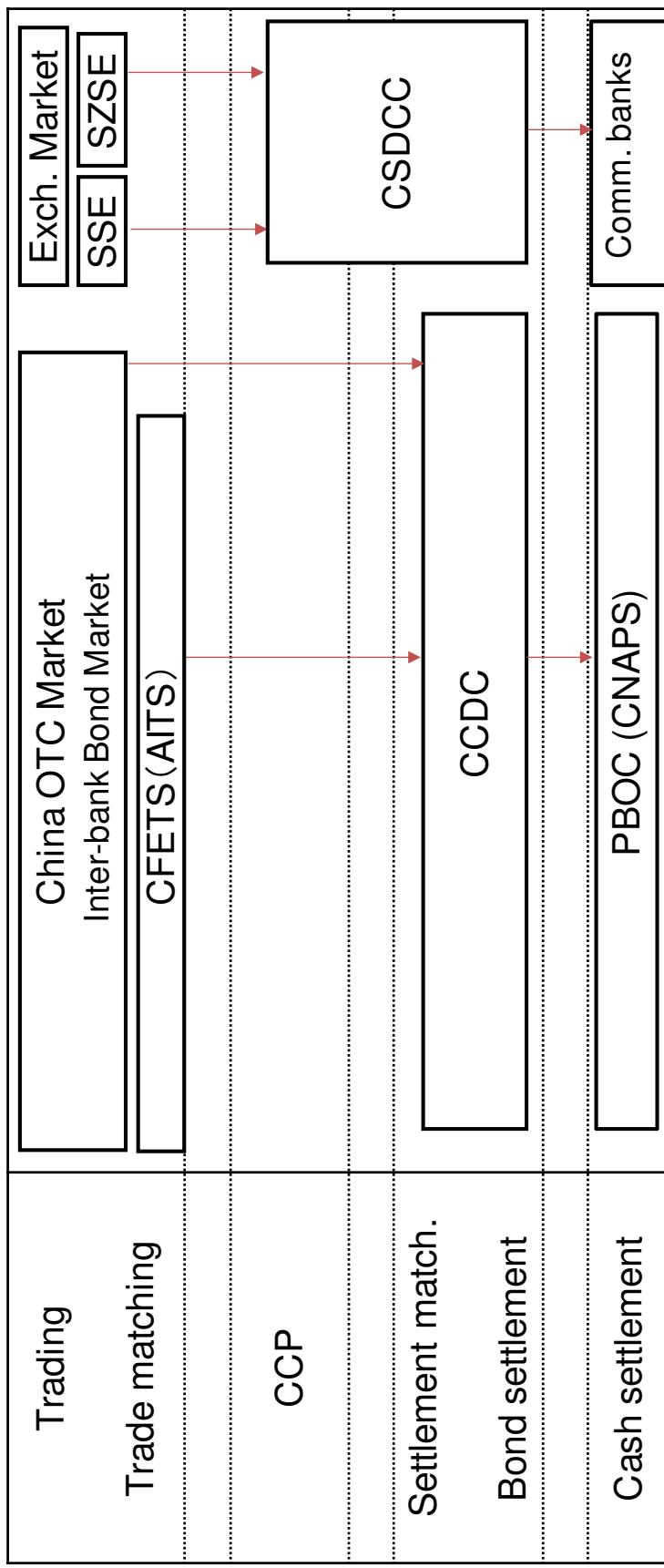
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)

4. Bond Transaction Flow for Foreign Investors

5. Interest & Redemption Payment Flow (Government Bond)

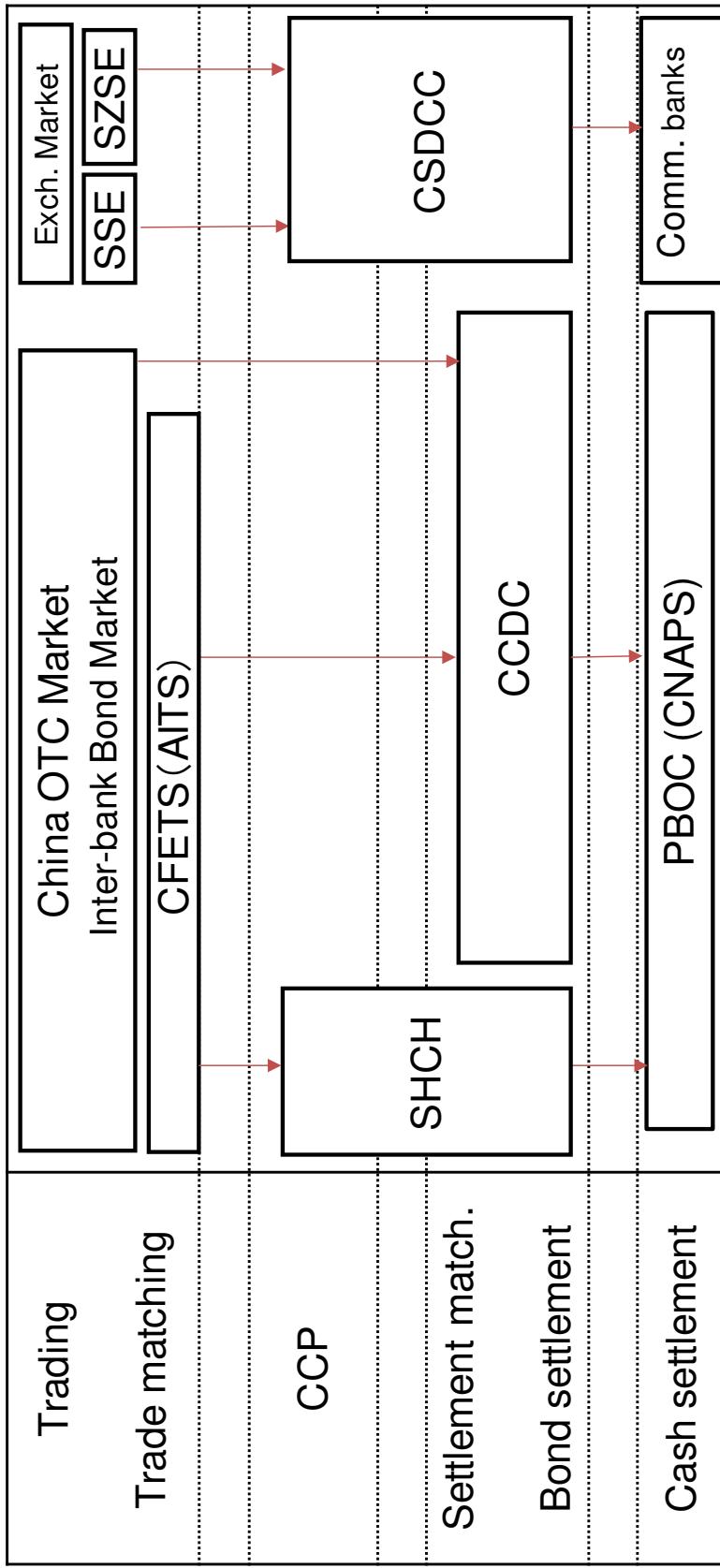
6. Interest & Redemption Payment Flow (Corporate Bond)

### CN01. Government Bond Market Infrastructure Diagram



CFETS & NIFC: China Foreign Exchange Trade System & National Interbank Funding Center, SSE: Shanghai stock exchange, SZSE: Shenzhen stock exchange, CCDC: China Central Depository and Clearing Corporation, CSDCC: China Securities Depository and Clearing Corporation, SHCH (Shanghai Clearing House), CNAPS: China National Automatic Payment System, AlTS: Automated Interbank Trading System  
Note: Commercial Bank Counter Market is not shown here.

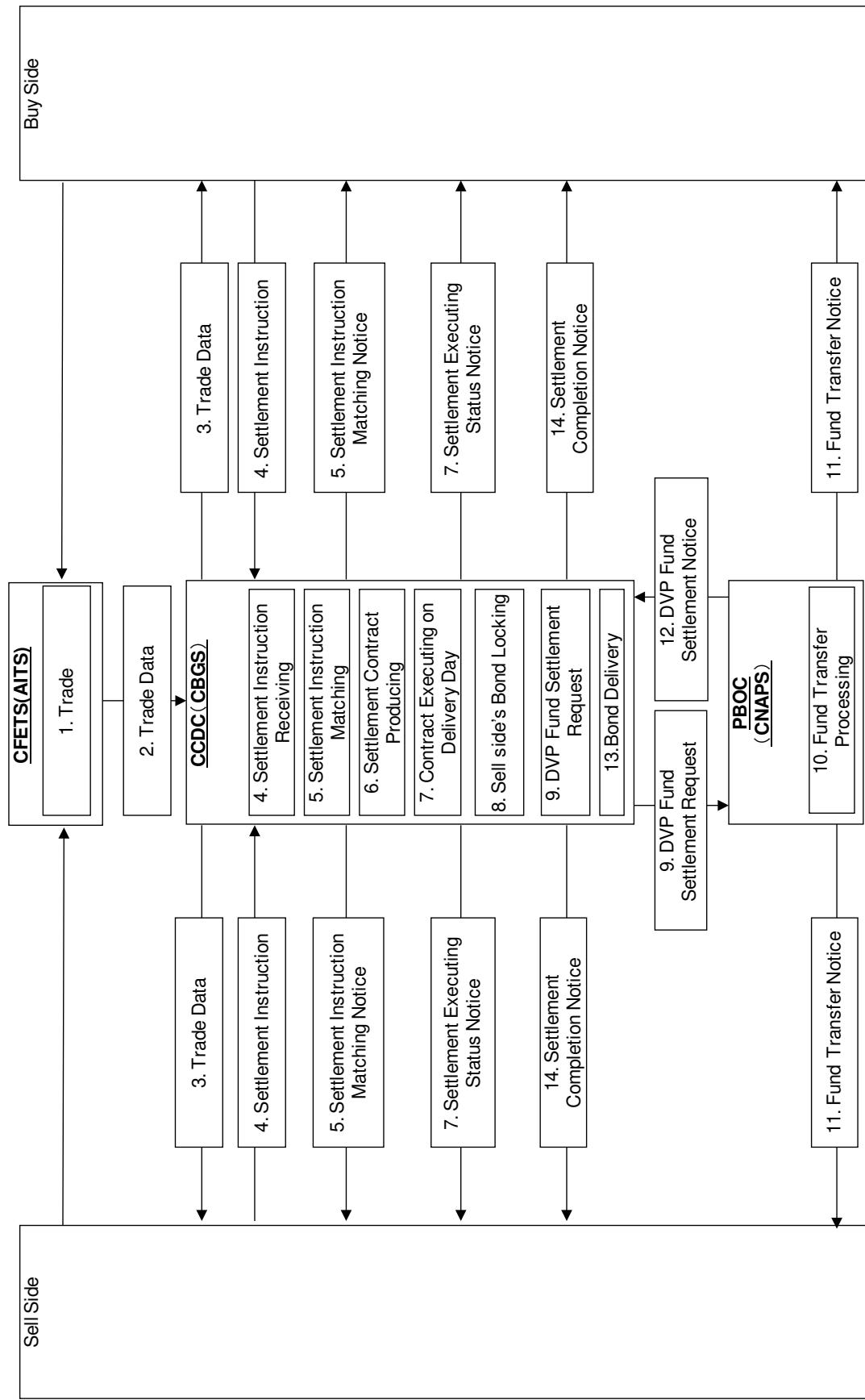
## CN02. Corporate Bond Market Infrastructure Diagram



CFETS & NIFC: China Foreign Exchange Trade System & National Interbank Funding Center, SSE: Shanghai Stock Exchange, SZSE: Shenzhen Stock Exchange, CCDC: China Central Depository and Clearing Corporation, CSDCC: China Securities Depository and Clearing Corporation, SHCH (Shanghai Clearing House), CNAPS: China National Automatic Payment System, AITS: Automated Interbank Trading System  
Note: Commercial Bank Counter Market is not shown here.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### CN 03. Government Bond Transaction Flow for Domestic Trades (OTC)

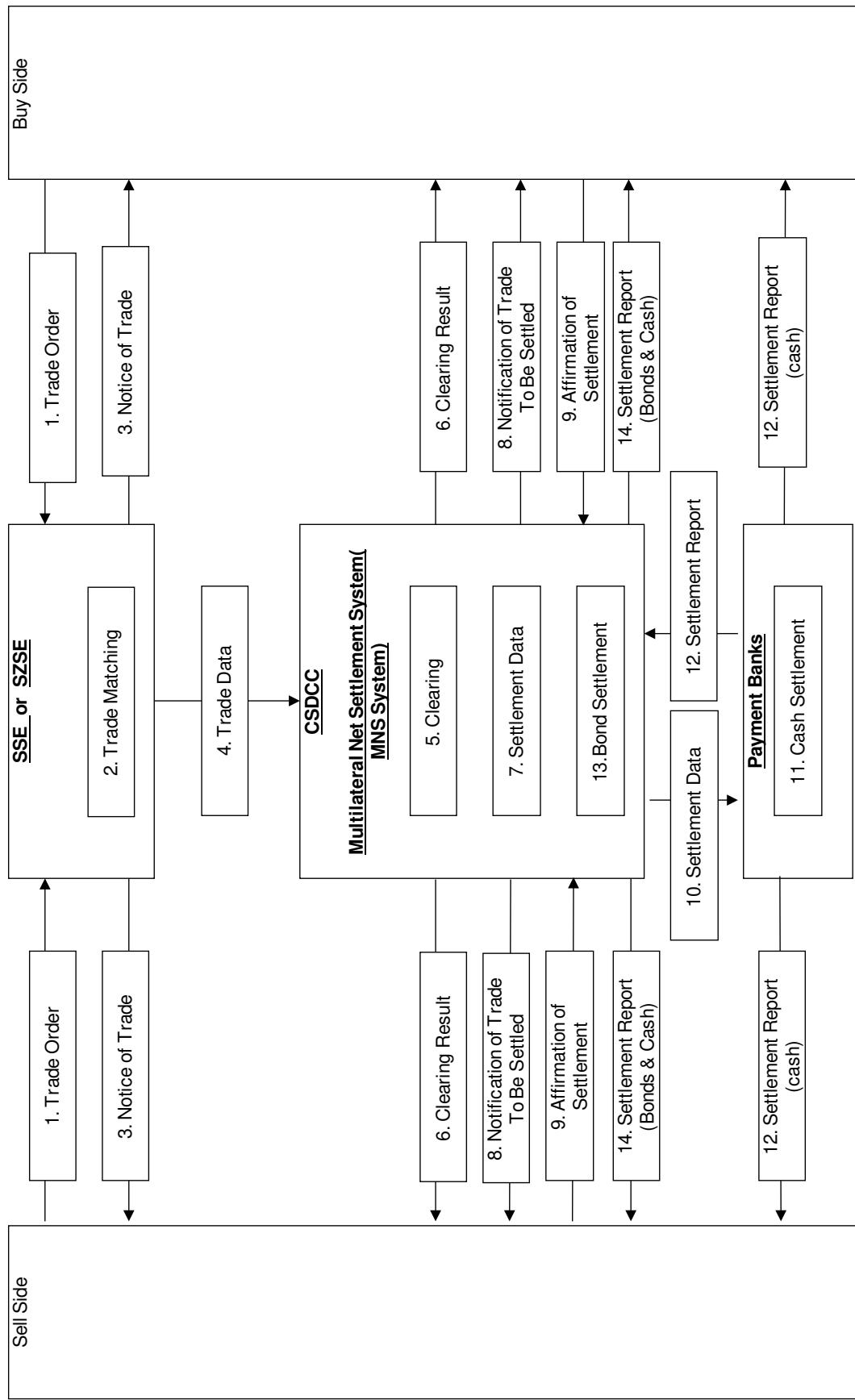


### CN03. Government Bond Transaction Flow for Domestic Trades (OTC)

## OTC Market

1. Sell side and buy side trade bond via China Foreign Exchange Trade System (CFETS). CFETS provides automatic trade matching function. But, most of the bonds are traded bilaterally in PRC OTC market by telephone or some other ways. The trade data are entered to CFETS for price transparency.
2. CFETS sends trade data to China Central Depository & Clearing Co., Ltd. (CCDC). About 5% of trade data are entered to CCDC directly from sell side and buy side (refer to 4. Settlement instruction).
3. CCDC sends trade data to sell side and buy side for verification.
4. When sell side and buy side received trade data from CCDC, sell side and buy side verify the data. If the data are correct, sell side and buy side send affirmative message to CCDC. The messages are regarded as "settlement instructions" to CCDC. About 5% of trades are directly entered to CCDC after traded in PRC OTC Market. In this case, one party (either sell side or buy side) needs to send settlement instruction into CCDC system. The settlement instruction needs to contain full message items necessary for the settlement. CCDC system will automatically asks the other party to confirm. If not, CCDC doesn't process settlement. After matching the order (local matching), CCDC settles the trade in FOP or DVP as requested by customers.
5. CCDC matches settlement instructions from sell side and buy side and notifies matched result.
6. CCDC produces settlement contract.
7. On the settlement day, CCDC executes the settlement contract and notifies the status to the sell side and buy side.
8. CCDC blocks sell side's bond to secure DVP transaction.
9. CCDC sends DVP fund settlement request to People's Bank of China (PBOC).
10. PBOC executes fund settlement. Fund is transferred from buy side's current account to sell side's current account by High Value Payment System (HVPS) of CNAPS.
11. PBOC sends fund transfer notice to the sell side and buy side.
12. PBOC sends DVP fund settlement notice to CCDC.
13. CCDC executes bond delivery (release blocked bond).
14. CCDC sends settlement completion notice to the sell side and buy side.

#### CN04. Government Bond Transaction Flow for Domestic Trades (Exchange)



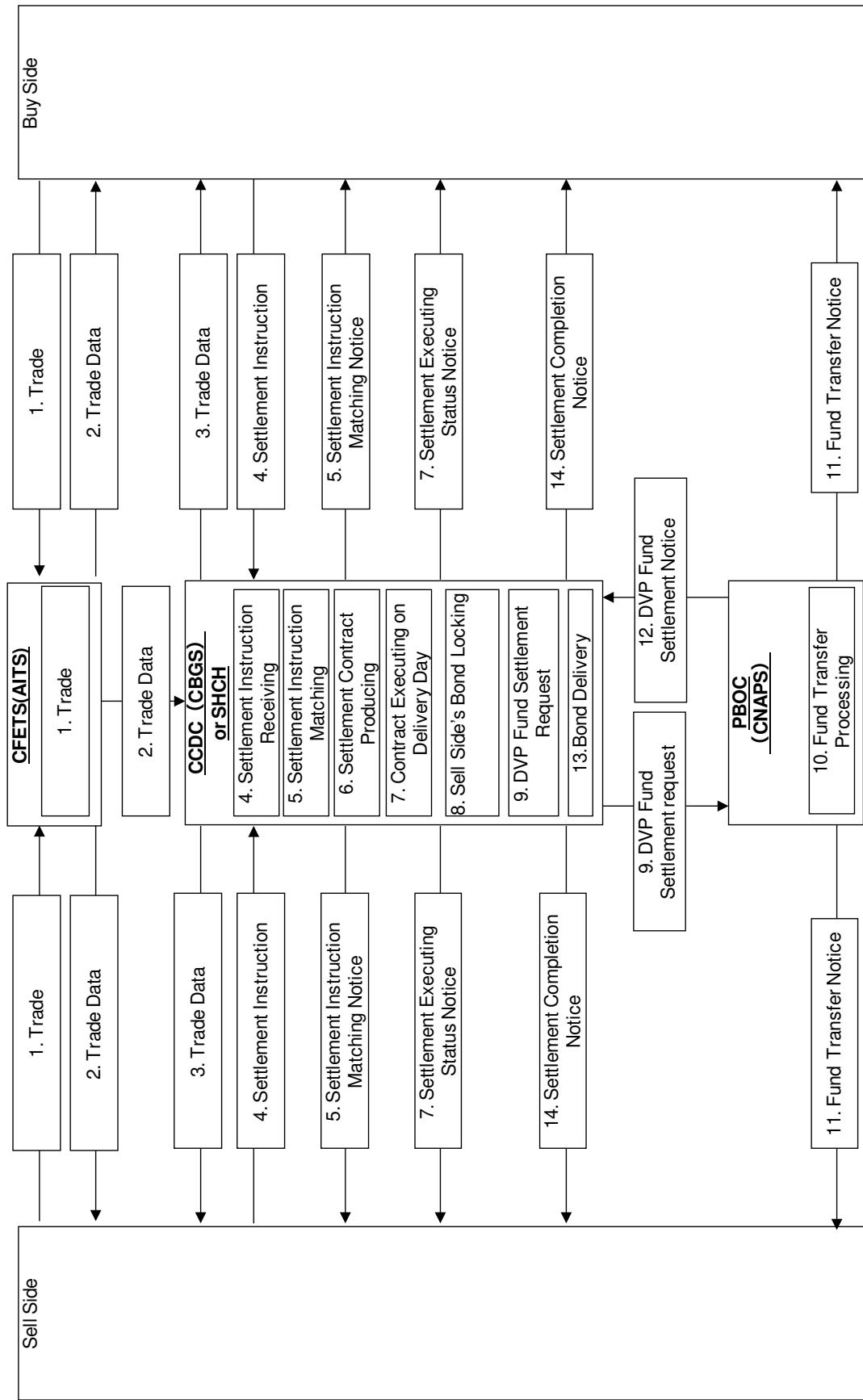
#### CN04. Government Bond Transaction Flow for Domestic Trades (Exchange)

## Exchange Market

1. Sell side and buy side trade via Shanghai Stock Exchange (SSE) or Shenzhen Stock Exchange(SZSE).
2. SSE/SZSE matches orders from sell side and buy side.
3. SSE/SZSE sends notice of trade to sell side and buy side.
4. SSE/SZSE sends trade data to China Central Depository &Clearing Co., Ltd. (CSDCC).
5. Clearing function in CSDCC executes clearing process.
6. Clearing function in CSDCC sends clearing result to sell side and buy side.
7. Clearing function in CSDCC sends settlement data to CSD function in CSDCC.
8. CSD function in CSDCC sends notice of trade to be settled to sell side and buy side.
9. Sell side and buy side send affirmation of settlement to CSDCC.
10. CSDCC sends settlement data to payment banks.
11. Payment banks perform cash settlement.
12. Payment banks send settlement reports to CSDCC, sell side and buy side.
13. CSD function in CSDCC executes bond settlement.
14. CSDCC sends settlement reports (bonds & cash) to sell side and buy side.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
- 3. Bond Transaction Flow for Domestic Trades (Corporate Bond)**
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

CN05. Corporate Bond Transaction Flow for Domestic Trades (OTC)

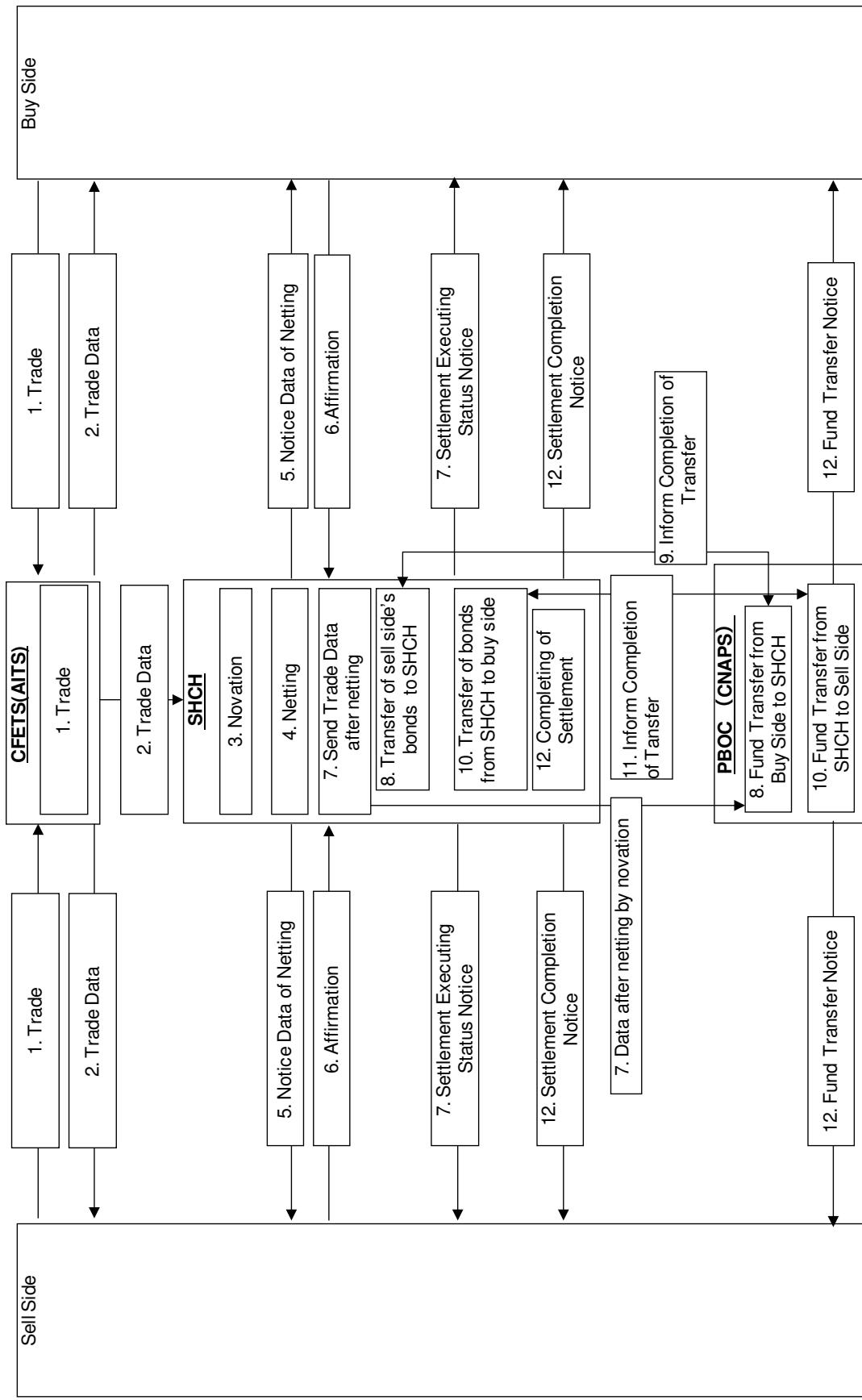


## CN05. Corporate Bond Transaction Flow for Domestic Trades (OTC)

### OTC Market

1. Sell side and buy side trade bond via China Foreign Exchange Trade System (CFETS). CFETS provides automatic trade matching function. But, most of the bonds are traded bilaterally in PRC OTC market by telephone or some other ways. The trade data are entered to CFETS for price transparency.
2. CFETS sends trade data to China Central Depository & Clearing Co., Ltd. (CCDC) or Shanghai Clearing House (SHCH). CFETS also sends trade data to sell side and buy side.
3. CCDC or SHCH sends trade data to sell side and buy side for verification.
4. When sell side and buy side receive trade data from CCDC or SHCH, sell side and buy side verify the data. If the data are correct, sell side and buy side send affirmative message to CCDC. The messages are regarded as “settlement instructions” to CCDC or SHCH. Some of trades are directly entered to CCDC after traded in PRC OTC Market. In this case, one party (either sell side or buy side) needs to send settlement instruction into CCDC system. The settlement instruction needs to contain full message items necessary for the settlement. CCDC system automatically asks the other party to confirm. If not, CCDC doesn't process settlement. After matching the order (local matching), CCDC settles the trade in FOP or DVP as requested by customers.
5. CCDC or SHCH matches settlement instructions from sell side and buy side and notifies matched result.
6. CCDC or SHCH produces settlement contract.
7. On the settlement day, CCDC or SHCH executes the settlement contract and notifies the status to sell side and buy side.
8. CCDC or SHCH blocks sell side's bond to secure DVP transaction.
9. CCDC or SHCH sends DVP fund settlement request to People's Bank of China (PBOC).
10. PBOC executes fund settlement. Fund is transferred from buy side's current account to sell side's current account by High Value Payment System (HVPS) of CNAPS.
11. PBOC sends fund transfer notice to sell side and buy side.
12. PBOC sends DVP fund settlement notice to CCDC or SHCH.
13. CCDC or SHCH executes bond delivery (release blocked bond).
14. CCDC or SHCH sends settlement completion notice to sell side and buy side.

### CN06. Corporate Bond Transaction Flow for Domestic Trades (OTC)

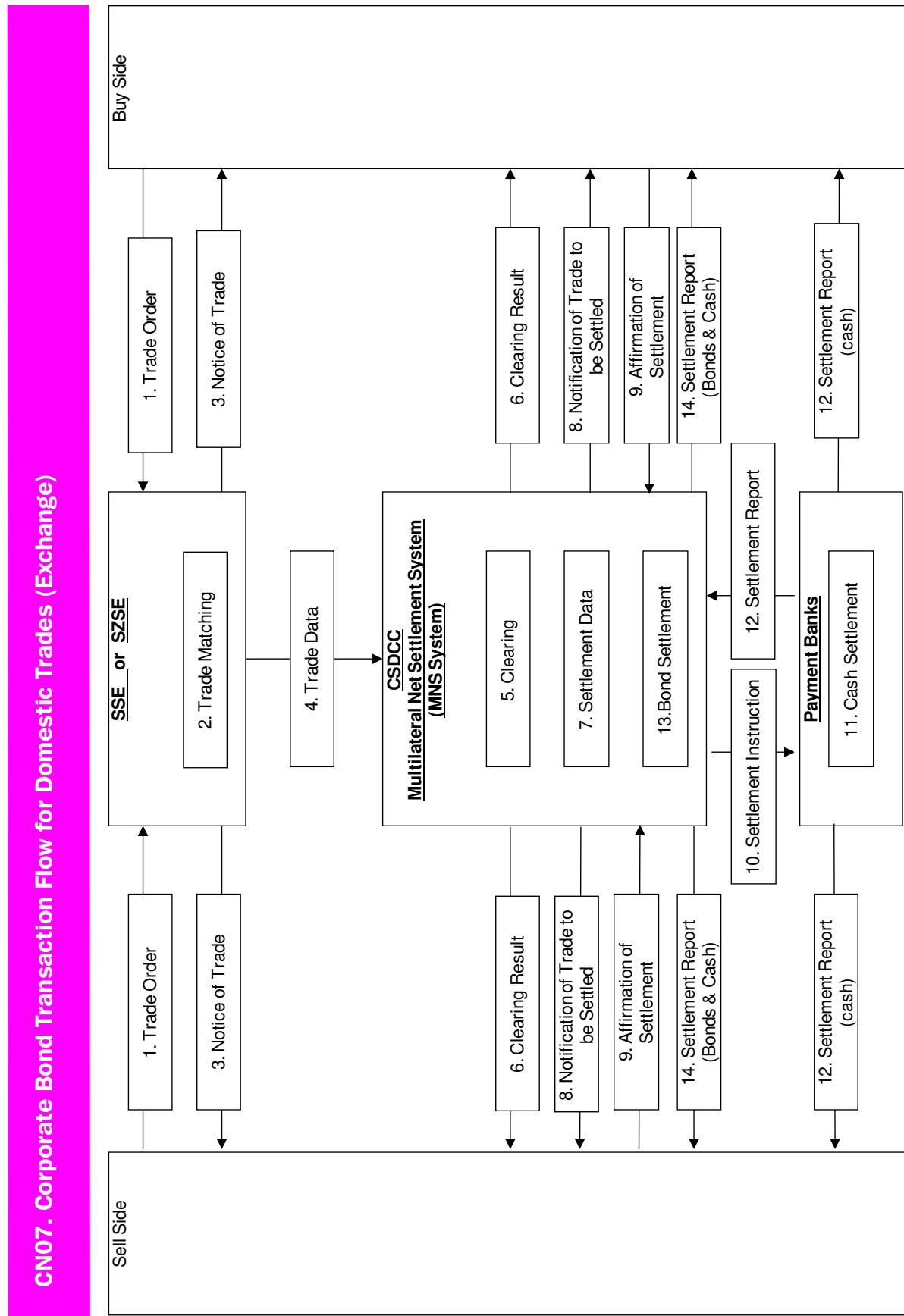


### CN06. Corporate Bond Transaction Flow for Domestic Trades (OTC) SHCH

## OTC Market

- 
1. Sell side and buy side trade bond via China Foreign Exchange Trade System (CFETS). CFETS provides automatic trade matching function. But, most of the bonds are traded bilaterally in China OTC Market by telephone or some other ways. The trade data are entered to CFETS for price transparency.
  2. CFETS sends trade data to Shanghai Clearing House (SHCH) as CCP & CSD. CFTES also sends trade data to sell side and buy side.
  3. SHCH makes novation.
  4. SHCH executes netting process.
  5. SHCH notifies sell side and buy side of netting.
  6. sell side and buy side affirms the netting.
  7. SHCH sends data after netting to People's Bank of China (PBOC).
  8. SHCH transfers bonds from sell side account to SHCH while PBOC transfers money from buy side account to SHCH.
  9. SHCH and PBOC inform completion of bond and money transfer each other.
  10. SHCH transfers bonds from SHCH to buy side's account while PBOC transfers money from SHCH to sell side's account.
  11. SHCH and PBOC inform completion of bond and money transfer each other.
  12. SHCH notifies sell side and buy side of bond settlement completion while PBOC notifies sell side and buy side of cash settlement completion.

### CN07. Corporate Bond Transaction Flow for Domestic Trades (Exchange)

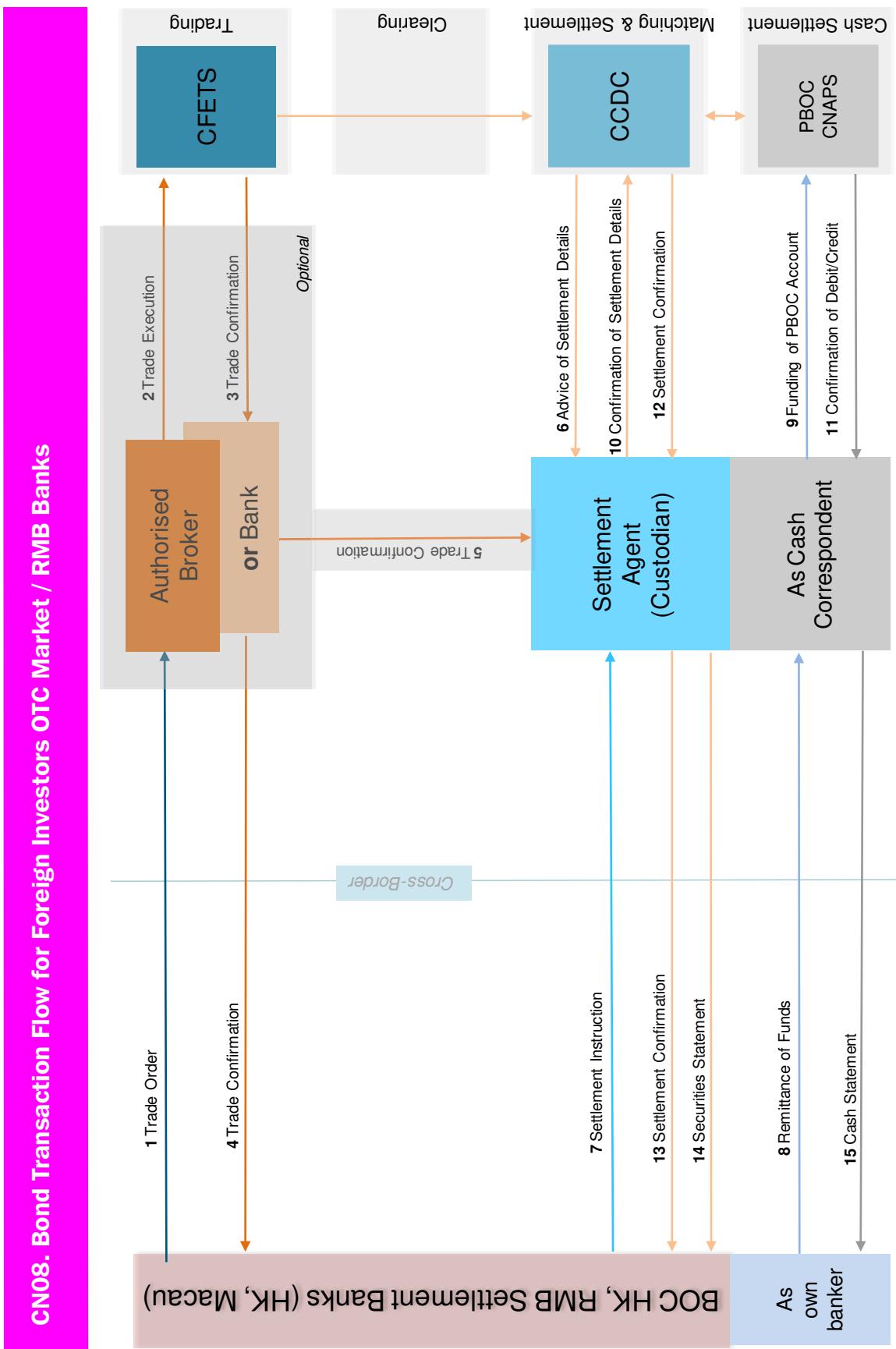


## Exchange Market

### CN07. Corporate Bond Transaction Flow for Domestic Trades (Exchange)

1. Sell side and buy side trade via Shanghai Stock Exchange (SSE) or Shenzhen Stock Exchange (SZSE).
2. SSE/SZSE collates orders from sell side and buy side.
3. SSE/SZSE sends notice of trade to sell side and buy side.
4. SSE/SZSE sends trade data to China Securities Depository &Clearing Co., Ltd. (CSDCC).
5. Clearing function in CSDCC executes clearing process.
6. Clearing function in CSDCC sends clearing result to sell side and buy side.
7. Clearing function in CSDCC sends settlement data to CSD function in CSDCC.
8. CSD function in CSDCC sends notice of trade to be settled to sell side and buy side.
9. The clearing participants (i.e., the buyer/seller) shall confirm to CSDCC which of the trades shall be settled.
10. CSDCC sends cash settlement instructions to payment banks.
11. Payment banks perform cash settlement.
12. Payment banks send settlement reports to CSDCC, sell side and buy side.
13. CSD function in CSDCC executes bond settlement.
14. CSDCC sends settlement report (bonds & cash) to sell side and buy side.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

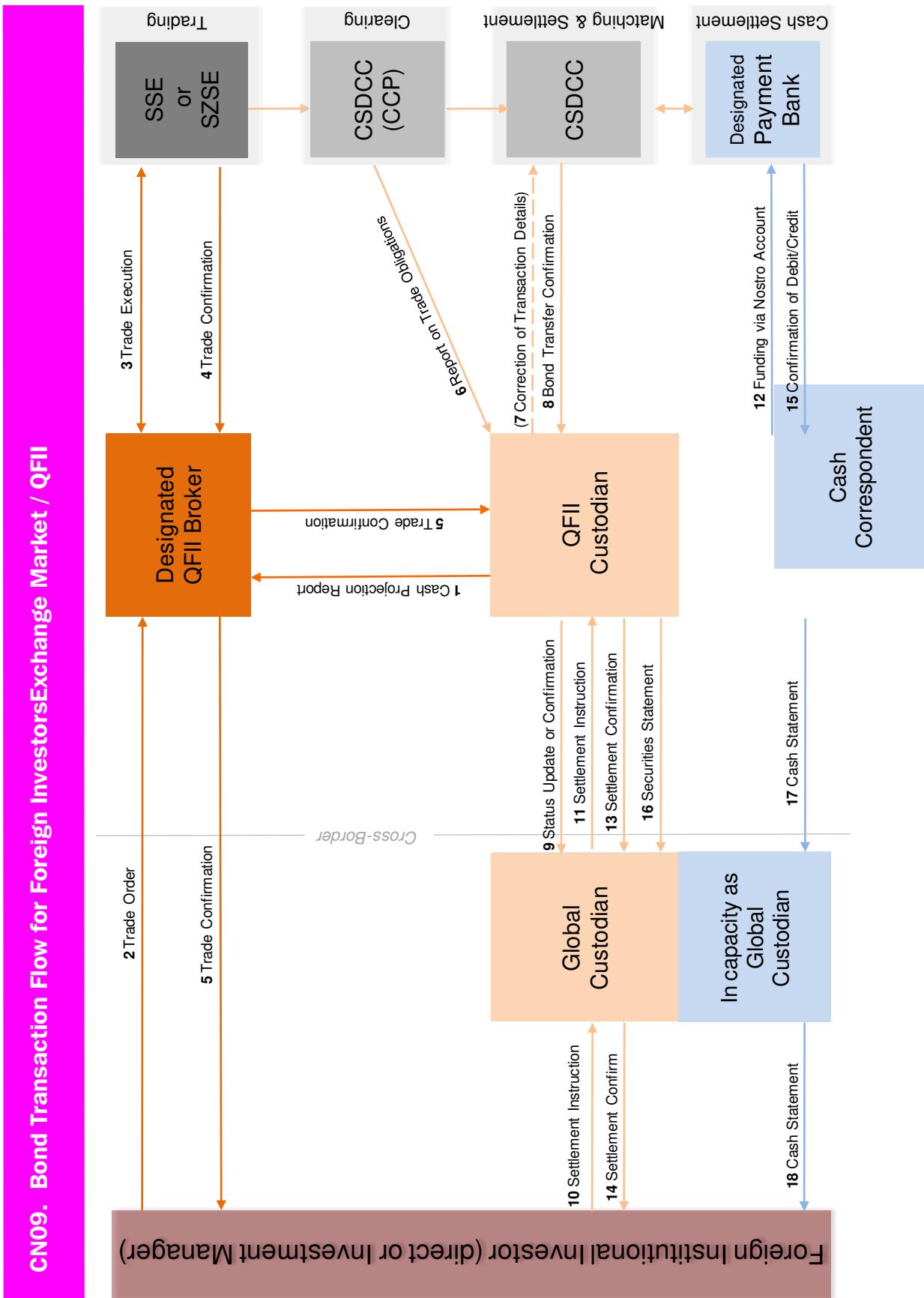


### CN08. Bond Transaction Flow for Foreign Investors OTC Market / RMB Banks

1. Eligible Institution/RMB Bank places order with Authorised Broker or Bank
2. Authorized Broker or Bank, executes trade on CFTEs, or via phone, then captures trade details in CFETS
3. Authorized Broker or Bank receives trade confirmation from/via CFETS
4. Authorized Broker or Bank sends trade confirmation to Eligible Institution/RMB Bank
5. Authorized Broker or Bank sends trade confirmation to Settlement Agent
6. CCDC sends advice of settlement details to Settlement Agent
7. Eligible Institution/RMB Bank instructs Settlement Agent on settlement details
8. Eligible Institution/RMB Bank remits RMB amount to Settlement Agent
9. Settlement Agent funds own PBOC account, in preparation for settlement
10. Settlement Agent confirms/affirms settlement details via CCDC (front-end) system
11. Upon confirmations from both Settlement Agents, cash settlement is triggered by CCDC and PBOC will send a confirmation of debit or credit to the Settlement Agent
12. Upon confirmations from both Settlement Agents, securities settlement is effected and CCDC will send a securities settlement confirmation to the Settlement Agent
13. Settlement Agent sends settlement confirmation to Eligible Institution/RMB Bank
14. At end of day, Settlement Agent sends securities statement to Eligible Institution/RMB Bank
15. At end of day, Settlement Agent sends cash movement confirmation/cash statement to Eligible Institution/RMB Bank

Trade Date	Settlement Date (T+1)
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### CN09. Bond Transaction Flow for Foreign Investors/Exchange Market / QFII



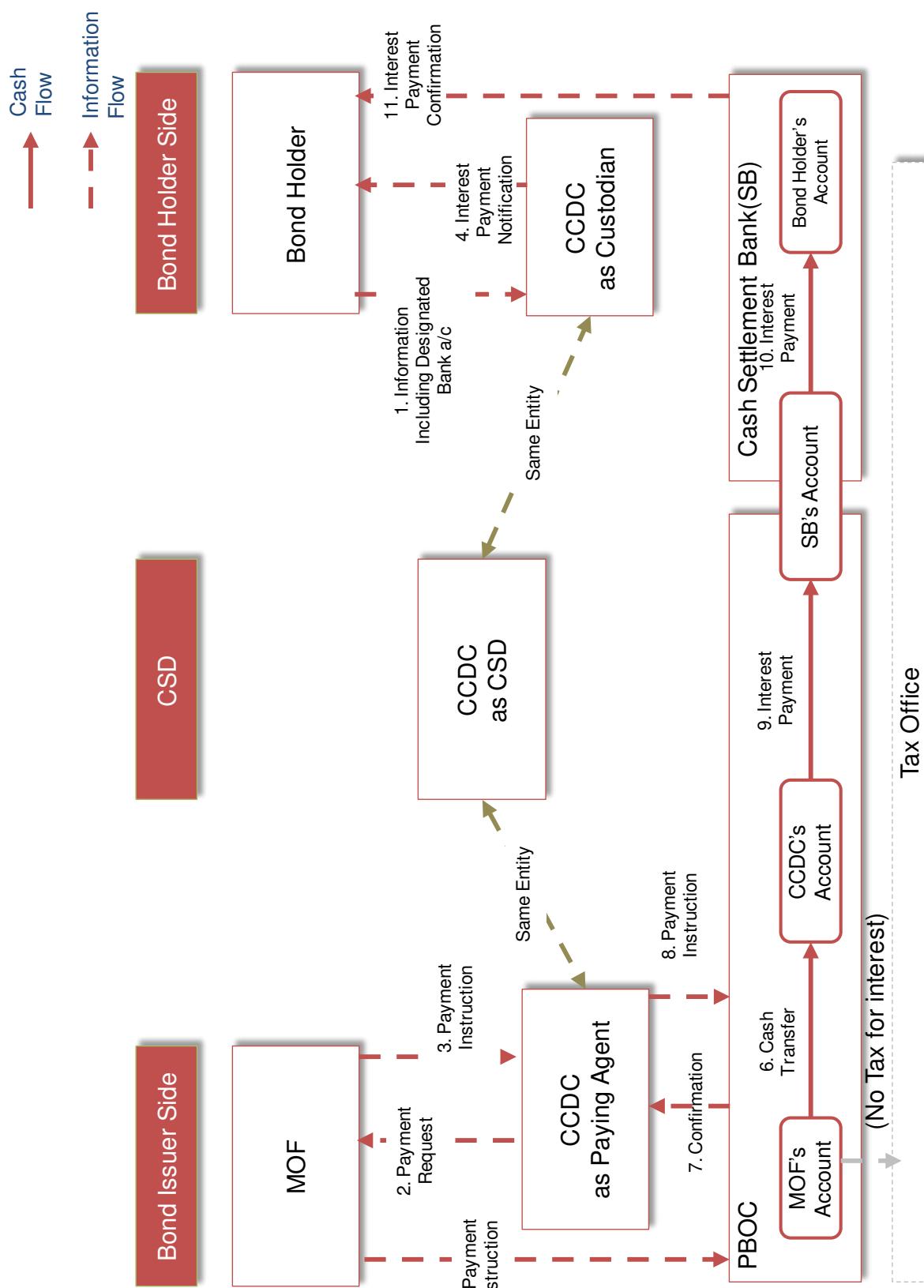
**CN09. Bond Transaction Flow for Foreign Investors Exchange Market / QFII**

1. QFII Custodian send cash projection report to Designated QFII Broker
2. QFII places order with Designated QFII Broker
3. Designated QFII Broker checks balance, executes trade on Shanghai Stock Exchange (SSE), or Shenzhen Stock Exchange (SZSE)
4. Designated QFII Broker receives trade confirmation
5. Designated QFII Broker sends trade confirmation to QFII, and to QFII Custodian
6. QFII Custodian downloads Report on Trade Obligations from CSDCC (Clearing function)  
Only in the event of a discrepancy, QFII Custodian needs to contact CSDCC
7. CSDCC (Settlement function) sends confirmation of transfer of bonds to QFII Custodian (on T evening)
8. QFII Custodian sends status update or partial settlement confirmation to Global Custodian
9. QFII instructs Global Custodian on settlement details
10. Global Custodian instructs QFII Custodian on settlement details
11. QFII Custodian funds settlement clearing reserve account (CSDCC account at Payment Bank)
12. After cash settlement deadline (in effect completion of trade settlement), QFII Custodian sends settlement confirmation to Global Custodian
13. Global Custodian sends settlement confirmation to QFII
14. Payment Bank sends debit/credit information in form of cash statement to QFII Custodian
15. QFII Custodian sends securities statement to Global Custodian (end of day)
16. QFII Custodian sends cash movement confirmation/cash statement to Global Custodian (end of day)
17. Global Custodian sends cash movement confirmation/cash statement to QFII (end of day)
18. Global Custodian sends cash movement confirmation/cash statement to QFII (end of day)

**Trade Date****Settlement Date**

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### CN10. Interest Payment Flow of Government Bond OTC Market

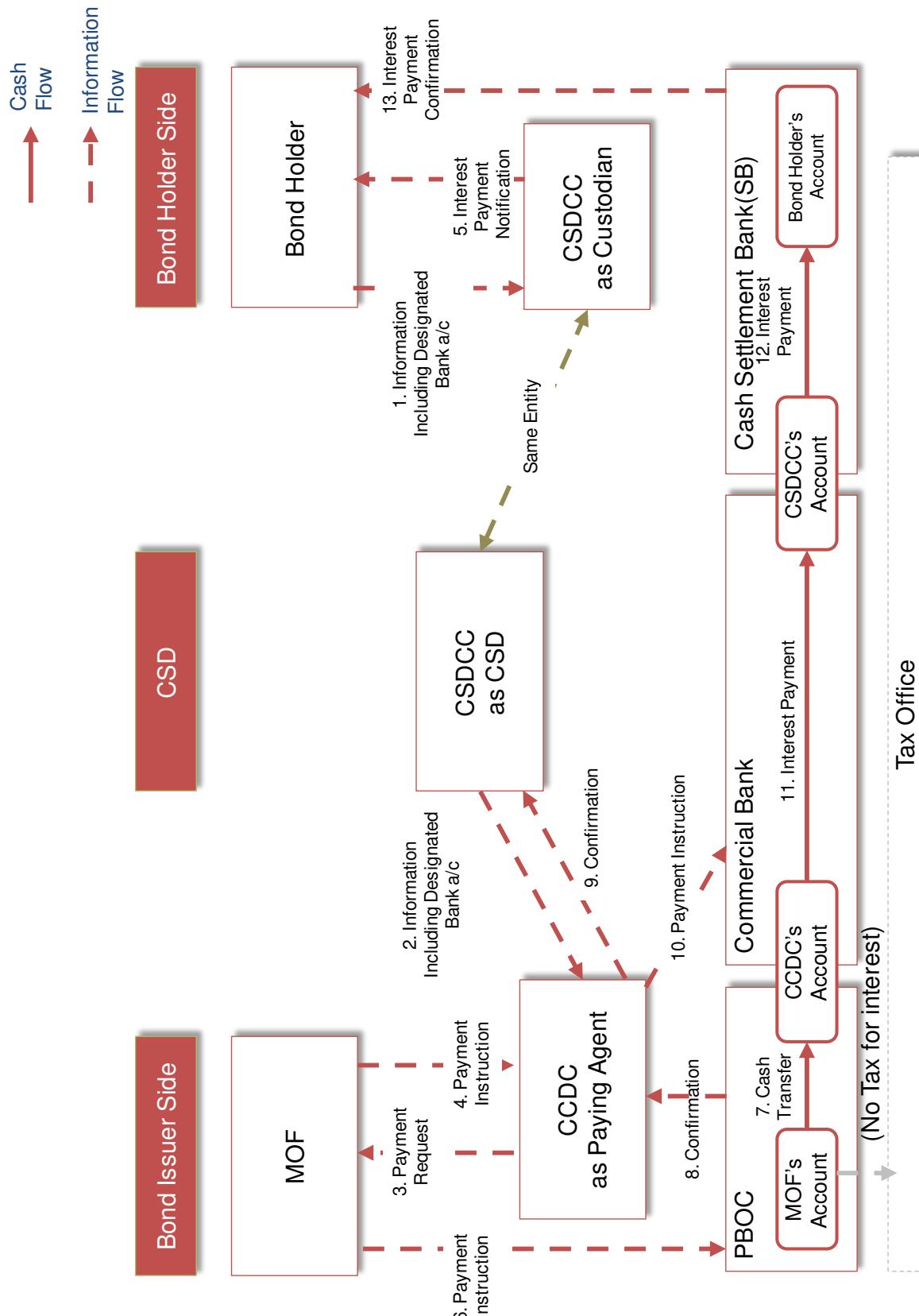


#### CN10. Interest Payment Flow of Government Bond OTC Market

### Process of Interest Payment

- 
1. Bond holders send information including designated bank account to China Central Depository & Clearing Co., Ltd. (CCDC)
  2. CCDC requests interest payment of Ministry of Finance (MOF).
  3. MOF instructs CCDC to pay interests.
  4. CCDC as custodian notifies bond holders of interest payment.
  5. MOF instructs People's Bank of China (PBOC) to transfer cash for interest to CCDC's account.
  6. PBOC transfers cash from MOF's account to CCDC's account.
  7. PBOC sends payment confirmation to CCDC.
  8. CCDC instructs PBOC to transfer cash for interest to cash settlement banks' accounts via CNAPS with detailed instructions to credit bond holders' accounts with interest..
  9. PBOC transfers cash from CCDC's account to cash settlement banks' accounts with detailed instructions.
  10. Cash settlement banks credit bond holders' accounts with interests.
  11. Cash settlement banks notify bond holders of interest payment.

### CN11. Interest Payment Flow of Government Bond Exchange Market

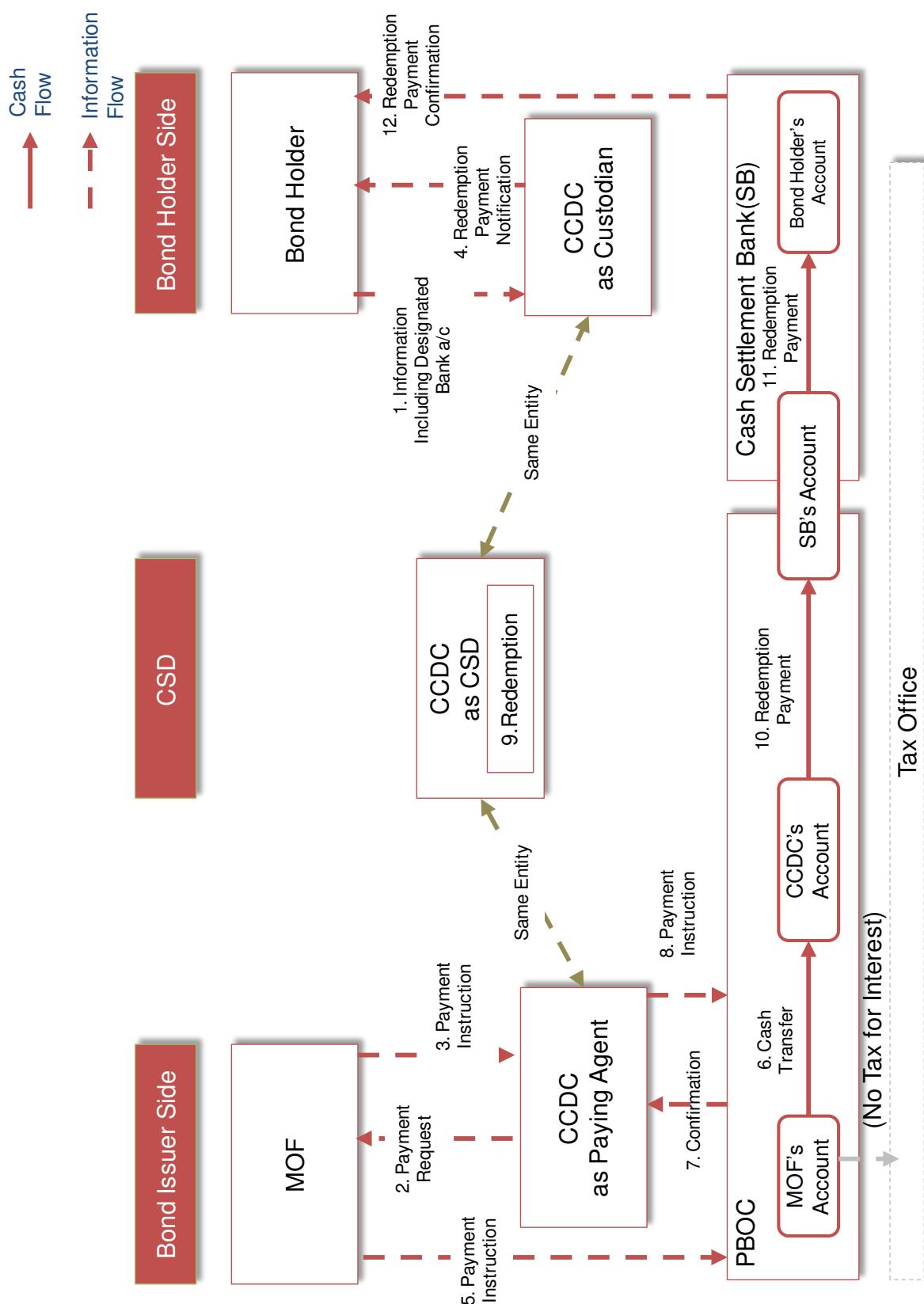


#### CN11. Interest Payment Flow of Government Bond Exchange Market

## Process of Interest Payment

- 
1. Bond holders send information including designated bank account to China Securities Depository and Clearing Corporation(CSDCC).
  2. CSDCC sends information including designated bank account to China Central Depository & Clearing Co. Ltd. (CCDC) as paying agent.
  3. CCDC requests interest payment of Ministry of Finance (MOF).
  4. MOF instructs CCDC to pay interests.
  5. CSDCC as custodian notifies bond holders of interest payment.
  6. MOF instructs People's Bank of China (PBOC) to transfer cash from MOF's account to CCDC's account.
  7. PBOC transfers cash from MOF's account to CCDC's account.
  8. PBOC sends payment confirmation to CCDC.
  9. CCDC sends payment confirmation to CSDCC.
  10. CCDC instructs a commercial bank to transfer cash from CCDC's account to cash settlement banks' account via CNAPS with detailed instructions to credit holders' accounts with interest.
  11. Commercial bank transfers cash from CCDC's account CSDCC's account with detailed instructions.
  12. Cash Settlement banks credit bond holders' accounts with interests.
  13. Cash Settlement banks notify bond holders of interest payment.

### CN12. Redemption Flow of Government Bond OTC Market

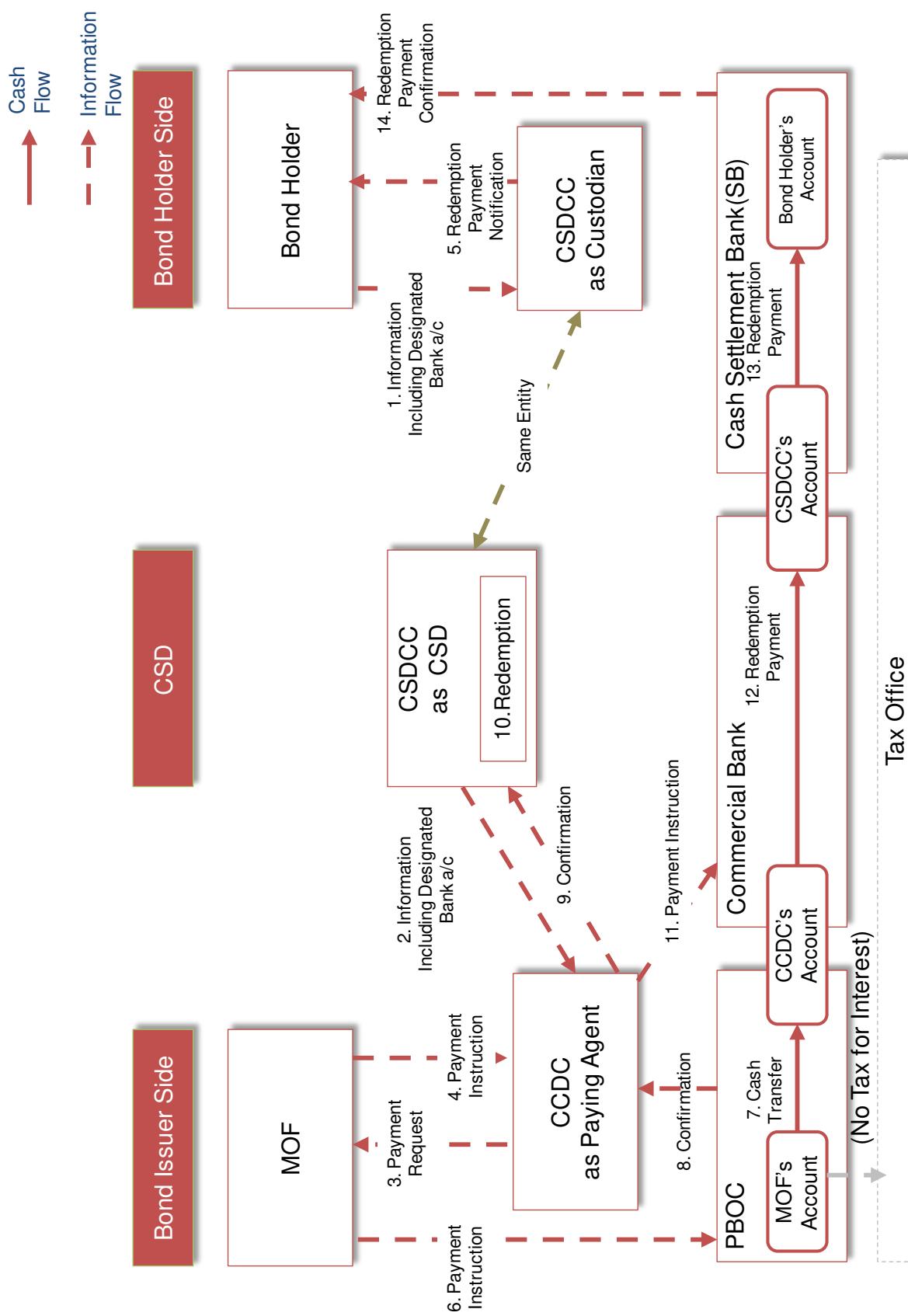


### CN12. Redemption Payment Flow of Government Bond OTC Market

## Process of Redemption Payment

1. Bond holders send information including designated bank account to China Central Depository & Clearing Co., Ltd. (CCDC) as custodian.
2. CCDC requests redemption payment of Ministry of Finance (MOF).
3. MOF instructs CCDC to pay redemption.
4. CCDC as custodian notifies bond holders of redemption payment.
5. MOF instructs People's Bank of China (PBOC) to transfer cash for redemption to CCDC's account.
6. PBOC transfers cash from MOF's account to CCDC's account.
7. PBOC sends payment confirmation to CCDC.
8. CCDC instructs PBOC to transfer cash from CCDC's account to cash settlement banks' account via CNAPS with detailed instructions to credit holders' accounts.
9. CCDC makes bond redemption.
10. PBOC transfers cash from CCDC's account to cash settlement banks' account with detailed instructions.
  11. Cash settlement banks credit bond holders' accounts with redemption.
  12. Cash settlement banks notify bond holders of redemption payment.

### CN13. Redemption Flow of Government Bond Exchange Market



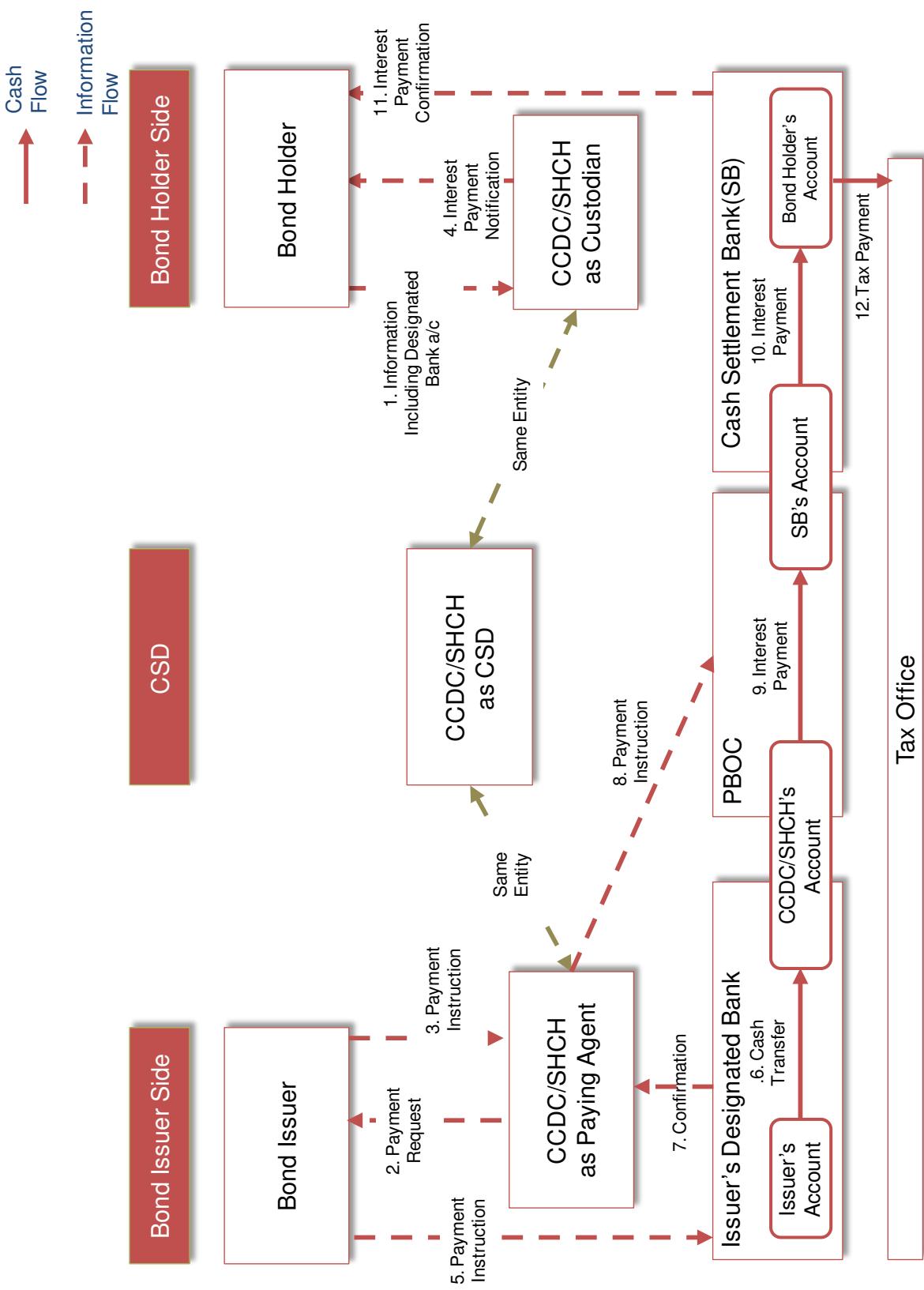
### CN13. Redemption Payment Flow of Government Bond Exchange Market

## Process of Redemption Payment

- 
1. Bond holders send information including designated bank account to China Securities Depository and Clearing Corporation(CSDCC).
  2. CSDCC sends information including designated bank account to China Central Depository & Clearing Co., Ltd. (CCDC) as paying agent.
  3. CCDC requests redemption payment of Ministry of Finance (MOF).
  4. MOF instructs CCDC to pay redemption.
  5. CSDCC as custodian notifies bond holders of redemption payment.
  6. MOF instructs People's Bank of China (PBOC) to transfer cash from MOF's account to CCDC's account.
  7. PBOC transfers cash from MOF's account to CCDC's account.
  8. PBOC sends payment confirmation to CCDC.
  9. CCDC sends payment confirmation to CSDCC.
  10. CSDCC makes bond redemption.
  11. CCDC instructs a commercial bank to transfer cash from CCDC's account to cash settlement banks' accounts via CNAPS with detailed instructions to credit holders' accounts with redemption.
  12. Commercial bank transfers cash from CCDC's account to cash CSDCC's accounts with detailed instructions.
  13. Commercial banks credit bond holders' accounts with redemption.
  14. Commercial banks notify bond holders of redemption payment.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

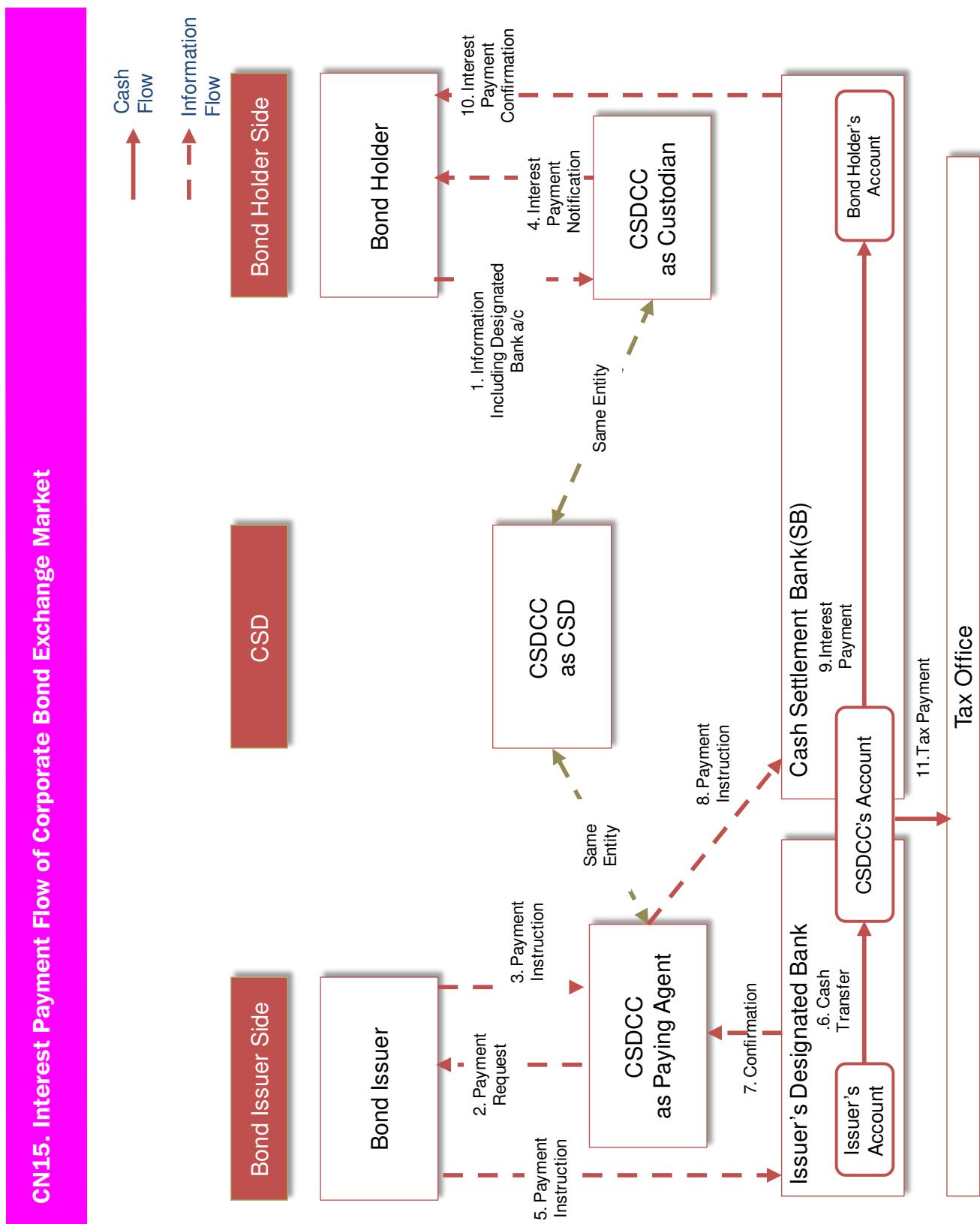
#### CN14. Interest Payment Flow of Corporate Bond OTC Market



#### CN14. Interest Payment Flow of Corporate Bond OTC Market

## Process of Interest Payment

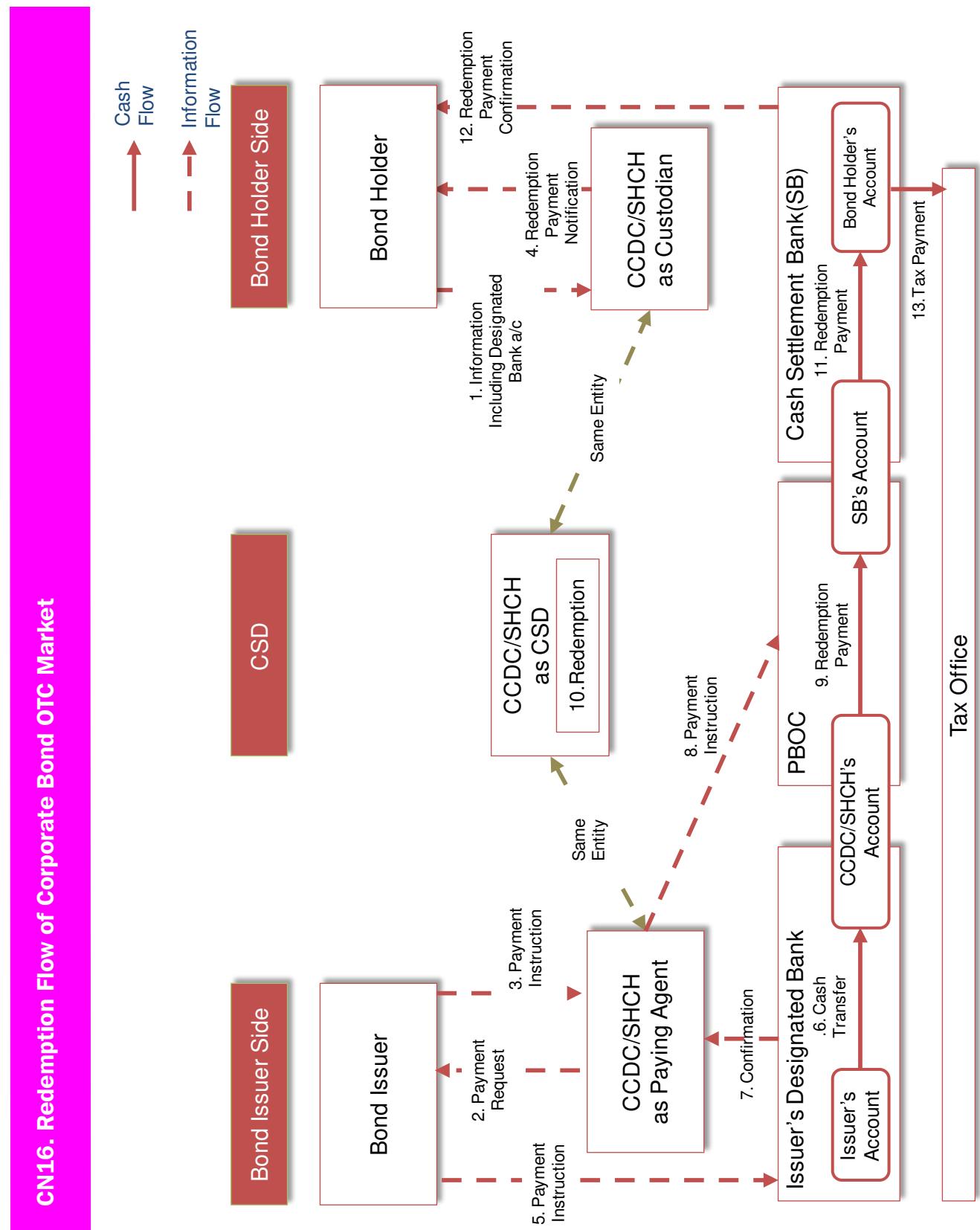
1. Bond holders send information including designated bank account to China Central Depository & Clearing Co., Ltd (CCDC) or Shanghai Clearing House (SHCH).
2. CCDC or SHCH as paying agent requests interest payment of bond issuer.
3. Bond issuer instructs CCDC or SHCH to pay interests.
4. CCDC or SHCH as custodian notifies bond holders of interest payment.
5. Bond issuer instructs its designated bank to transfer cash from issuer's account to CCDC's or SHCH's account.
6. The designated bank transfers cash from issuer's account to CCDC's or SHCH's account.
7. The designated bank sends payment confirmation to CCDC or SHCH.
8. CCDC or SHCH instructs People's Bank of China (PBOC) to transfer cash from CCDC's or SHCH's account to cash settlement banks' accounts via CNAPS.
9. PBOC transfers cash from CCDC's /SHCH's account to cash settlement banks' accounts via CNAPS with instructions to credit holders' accounts.
10. Cash settlement banks credit bond holders' accounts with interest.
11. Cash settlement banks notify bond holders of interest payment.
12. Bond holders pay tax to tax office.



### CN15. Interest Payment Flow of Corporate Bond Exchange Market

## Process of Interest Payment

1. Bond holders send information including designated bank account to China Securities Depository and Clearing Corporation(CSDCC).
2. CSDCC as paying agent requests interest payment of bond issuer.
3. Bond issuer instructs CSDCC to pay interests.
4. CSDCC as custodian notifies bond holders of interest payment.
5. Bond issuer instructs it's designated bank to transfer cash from issuer's account to CSDCC's account.
6. Designated bank transfers cash from issuer's account to CSDCC's account.
7. Designated bank sends payment confirmation to CSDCC.
8. CSDCC instructs cash settlement bank to transfer cash to bond holder's account.
9. Cash settlement banks credit bond holders' accounts with interest deducting tax if applicable.
10. Cash settlement banks notify bond holders of interest payment.
11. CSDCC pays tax to tax office.

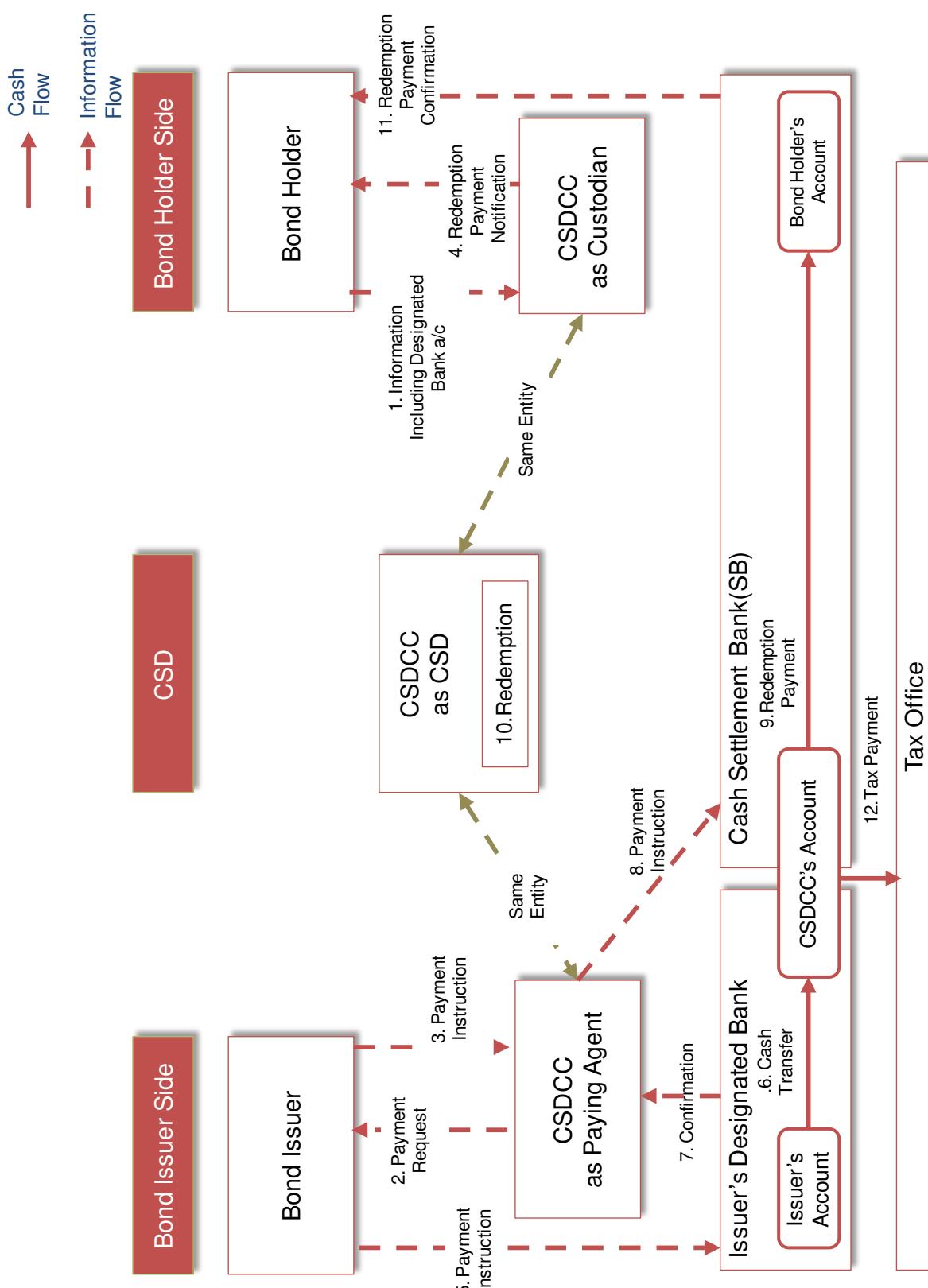


#### CN16. Redemption Payment Flow of Corporate Bond OTC Market

## Process of Redemption Payment

1. Bond holders send information including designated bank account to China Central Depository & Clearing Co., Ltd (CCDC) or Shanghai Clearing House (SHCH).
2. CCDC or SHCH requests redemption payment of bond issuer.
3. Bond issuer instructs CCDC or SHCH to pay redemption.
4. CCDC or SHCH as custodian notifies bond holders of redemption payment.
5. Bond issuer instructs its designated bank to transfer cash from issuer's account to CCDC's or SHCH's account.
6. Designated bank transfers cash from issuer's account to CCDC's or SHCH's account.
7. Designated bank sends payment confirmation to CCDC or SHCH.
8. CCDC or SHCH instructs People's Bank of China (PBOC) to transfer cash to cash settlement banks' account via CNAPS.
9. PBOC transfers cash from CCDC's or SHCH's account to cash settlement banks' account via CNAPS with instructions to credit holders' accounts.
10. CCDC or SHCH as CSD makes bond redemption.
11. Cash settlement banks credit bond holders' accounts with redemption.
12. Cash settlement banks notify bond holders of redemption payment.
13. Bond holders pay tax to tax office.

### CN17. Redemption Flow of Corporate Bond Exchange Market



#### CN17. Redemption Payment Flow of Corporate Bond Exchange Market

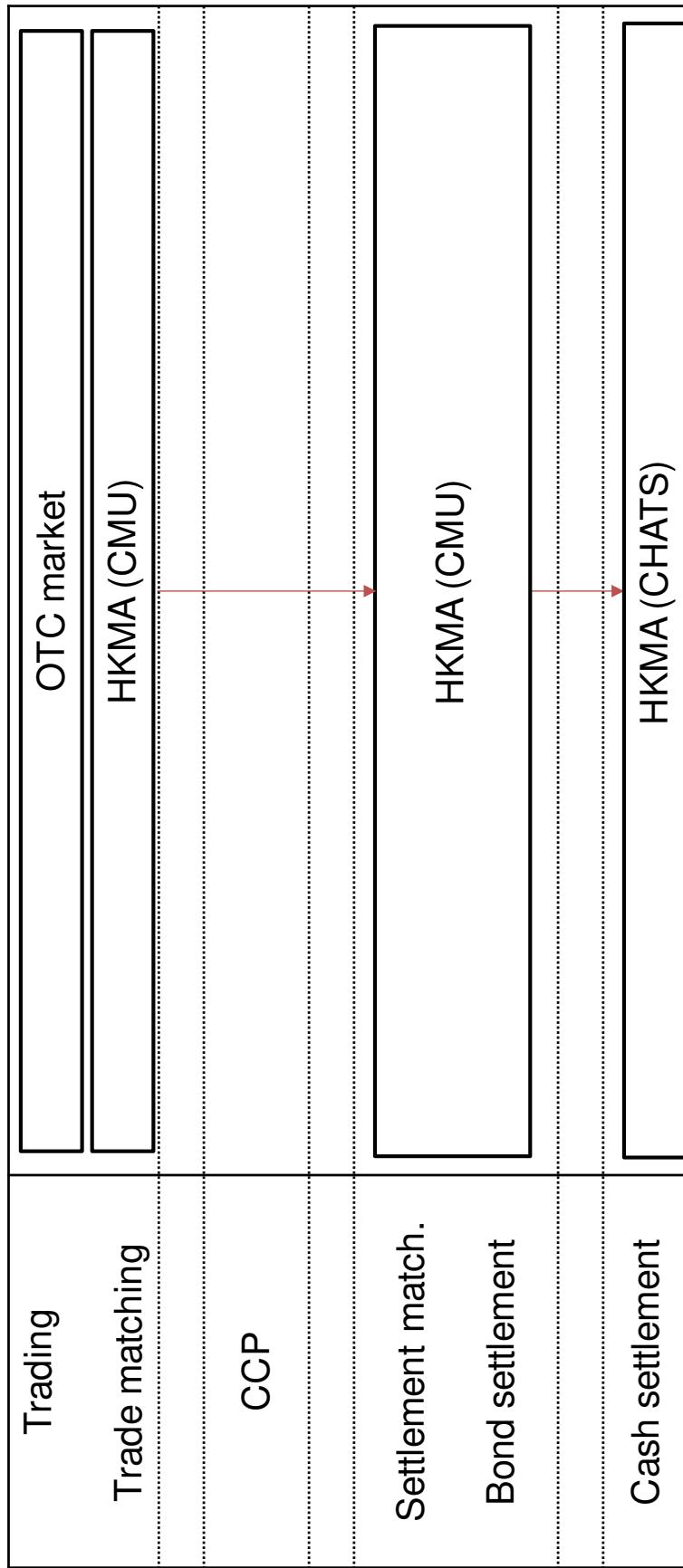
## Process of Redemption Payment

- 
1. Bond holders send information including designated bank account to China Securities Depository and Clearing Corporation(CSDCC).
  2. CSDCC as paying agent requests redemption payment of bond issuer.
  3. Bond issuer instructs CSDCC to pay redemption.
  4. CSDCC notifies bond holders of redemption payment.
  5. Bond issuer instructs it's designated bank to transfer cash from issuer's account to CSDCC's account.
  6. Designated bank transfers cash from issuer's account to CSDCC's account.
  7. Designated bank sends payment confirmation to CSDCC.
  8. CSDCC instructs cash settlement banks to transfer cash to cash settlement banks' account.
  9. Cash settlement banks transfer cash from CSDCC's account to cash settlement banks' account with instructions to creditholders' accounts.
  10. CSDCC as CSD makes bond redemption.
  11. Cash settlement banks notify bond holders of redemption payment.
  12. CSDCC pays tax to tax office.

# Hong Kong, China (HK)

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades  
(Government Bond)
3. Bond Transaction Flow for Domestic Trades  
(Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow  
(Government Bond)
6. Interest & Redemption Payment Flow  
(Corporate Bond)

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

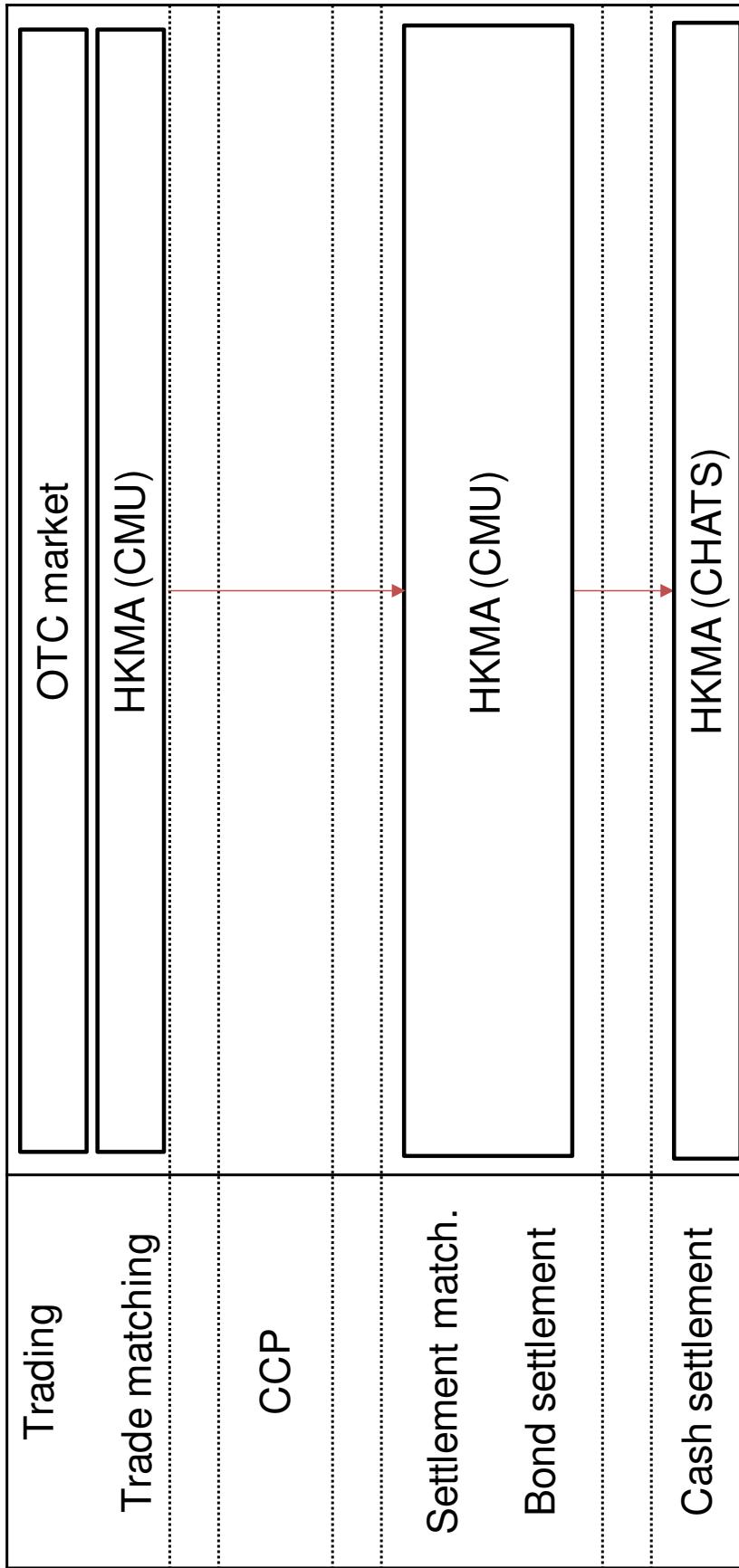
**HK01. Government Bond Market Infrastructure Diagram**

HKMA – Hong Kong Monetary Authority

CMU – Central Money Markets Unit

CHATS – Clearing House Automated Transfer System (HKD, USD, EUR and RMB)

## HK02. Corporate Bond Market Infrastructure Diagram



HKMA – Hong Kong Monetary Authority  
 CMU – Central MoneyMarkets Unit  
 CHATS – Clearing House Automated Transfer System (HKD, USD, EUR and RMB)

Note: There is no CCP for bonds in Hong Kong

1. Bond Market Infrastructure Diagram

2. Bond Transaction Flow for Domestic Trades (Government Bond)

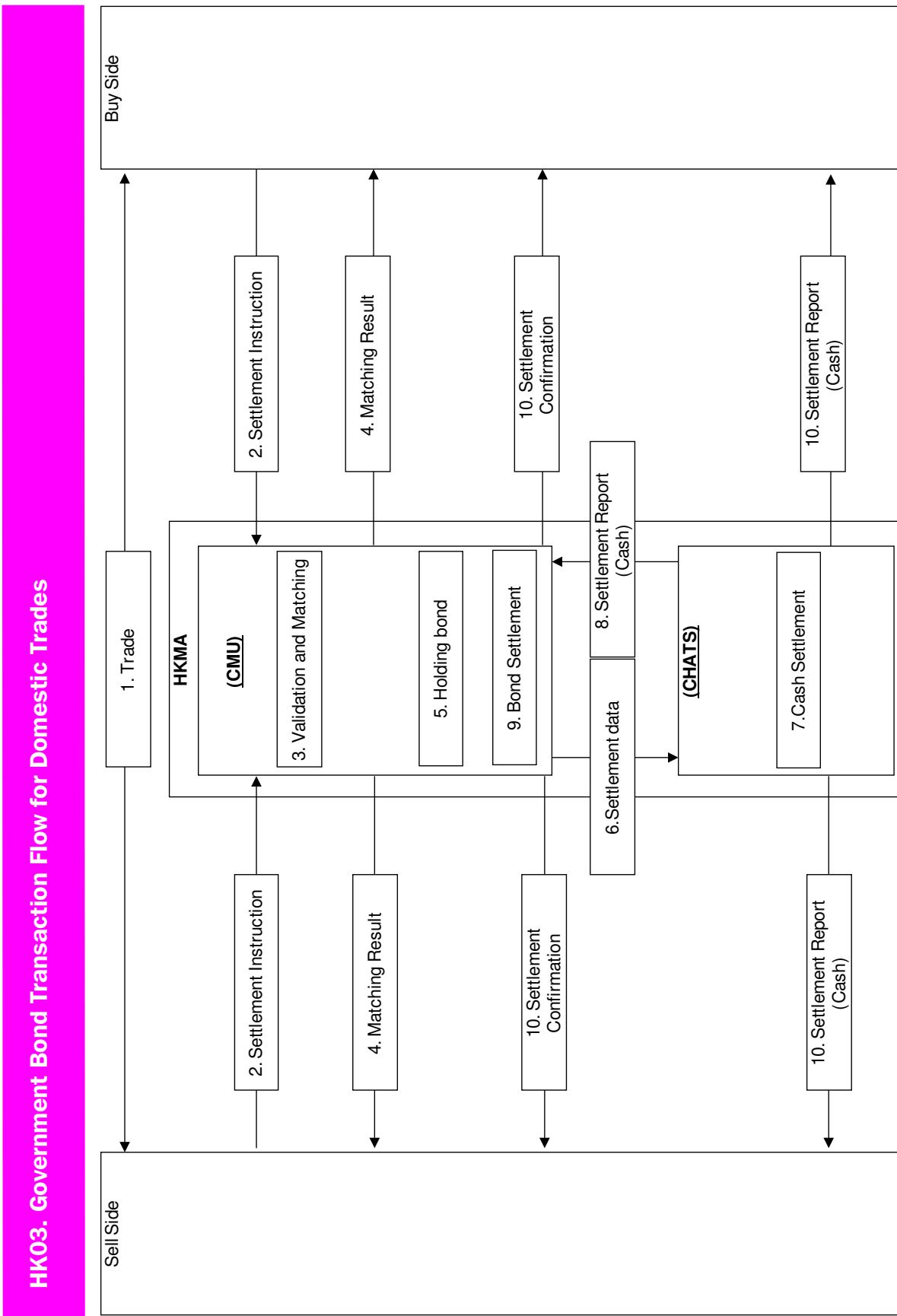
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)

4. Bond Transaction Flow for Foreign Investors

5. Interest & Redemption Payment Flow (Government Bond)

6. Interest & Redemption Payment Flow (Corporate Bond)

### HK03. Government Bond Transaction Flow for Domestic Trades



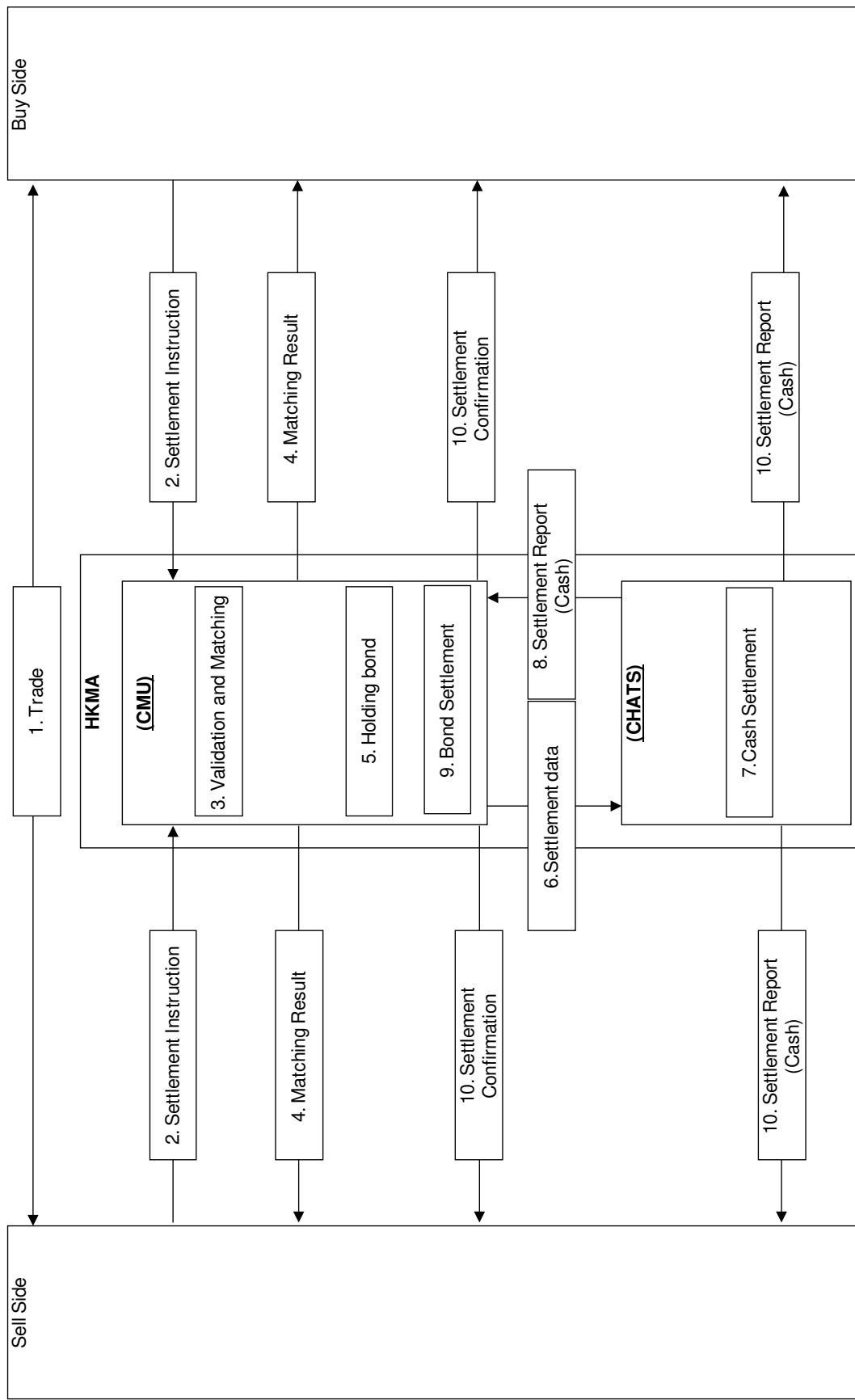
### HK03. Government Bond Transaction Flow for Domestic Trades

## OTC Market

1. Sell side and buy side trade over the counter.
2. Sell side and buy side send instructions to Central Moneymarkets Unit(CMU) via eCMU, SWIFT, Fax, AFT or by hand. When they use system, both sell side and buy side enters trade data. Participants need to send the message instructions before the cutoff time (4:00 p.m.) on settlement day.
3. CMU performs validation and matching.
4. CMU sends matching result to the sell side and buy side.
5. CMU holds the bond.
6. CMU sends settlement data to CHATS.
7. CHATS executes cash settlement. CHATS will auto-debit the buy sides' RTGS account.
8. CHATS sends cash settlement report to CMU.
9. CMU executes bond settlement.
10. CHATS sends cash settlement report to the buy side and sell side respectively, while CMU sends securities settlement confirmation to the sell side and buy side.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

#### HKO4. Corporate Bond Transaction Flow for Domestic Trades

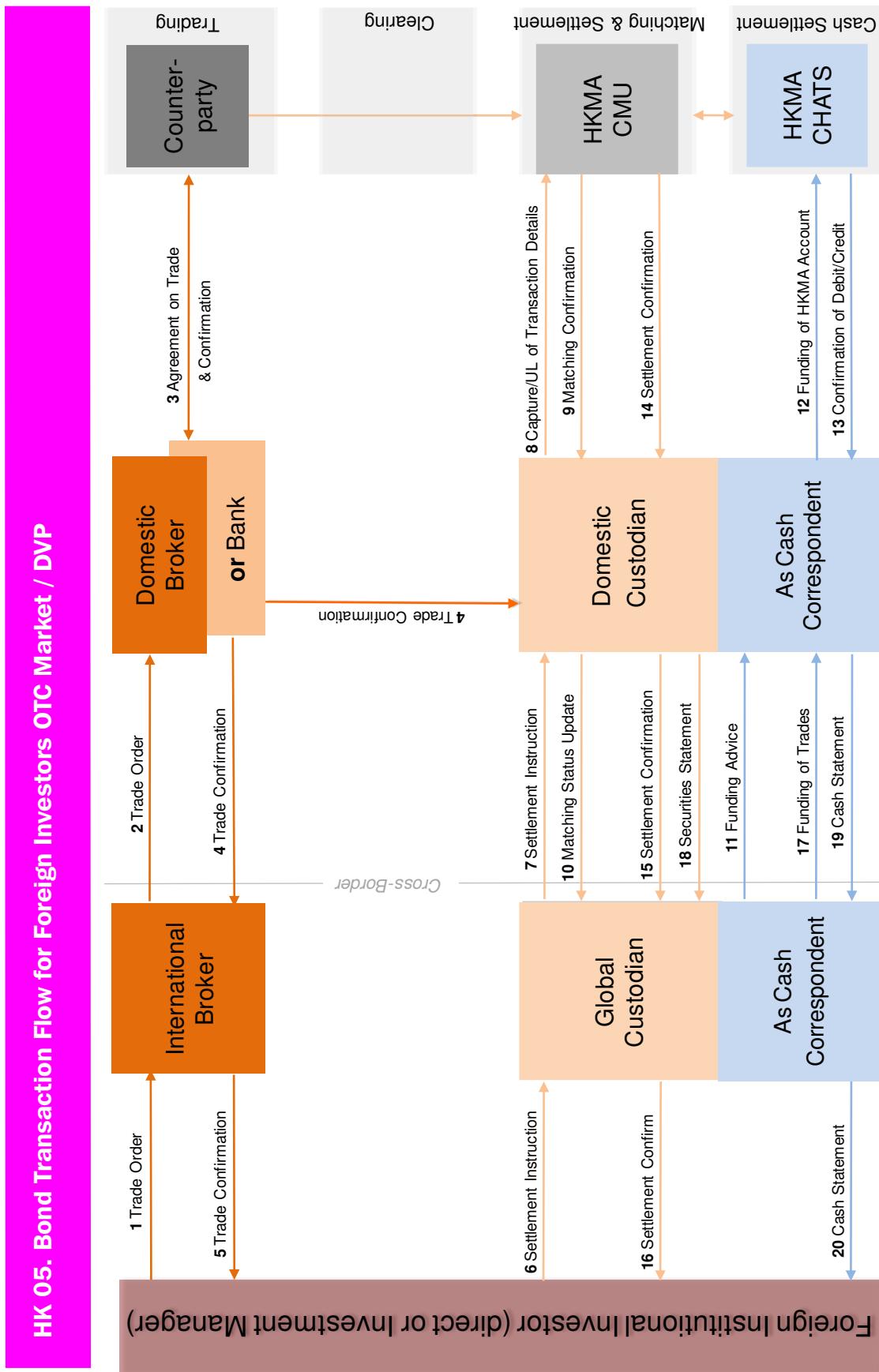


#### HK04. Corporate Bond Transaction Flow for Domestic Trades

## OTC Market

1. Sell side and buy side trade over the counter.
2. Sell side and buy side send instructions to Central Moneymarkets Unit(CMU) via eCMIT, SWIFT, Fax, AFT or by hand. When they use system, both sell side and buy side enters trade data. Participants need to send the message instructions before the cutoff time (4:00 p.m.) on settlement day.
3. CMU performs validation and matching.
4. CMU sends matching result to the sell side and buy side.
5. CMU holds the bond.
6. CMU sends settlement data to CHATS.
7. CHATS executes cash settlement. CHATS will auto-debit the buy sides' RTGS account.
8. CHATS sends cash settlement report to CMU.
9. CMU executes bond settlement.
10. CHATS sends cash settlement report to buy side and sell side respectively, while CMU sends securities settlement confirmation to the sell side and buy side.

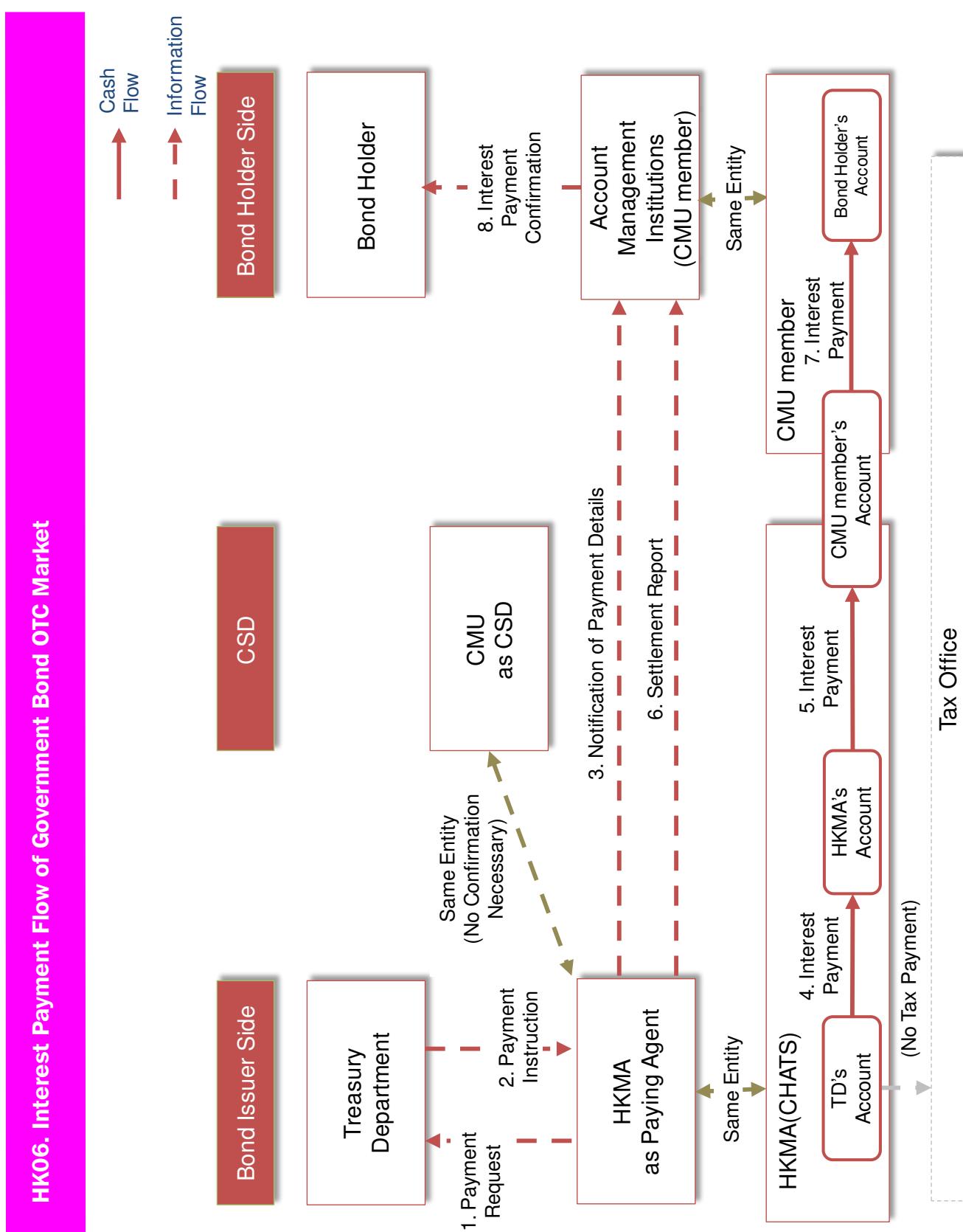
1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)



## HK05. Bond Transaction Flow for Foreign Investors OTC Market / DVP

- |     | Trade Date  | T+1 | Settlement Date |
|-----|---|-----|-----------------|
| 1.  | Foreign Institutional Investor places order with International Broker   |     |                 |
| 2.  | International Broker places order with Domestic Broker/Bank   |     |                 |
| 3.  | Domestic Broker/Bank trades OTC with Counterparty (via phone or, e.g., Bloomberg)   |     |                 |
| 4.  | Domestic Broker/Bank sends trade confirmation to International Broker   |     |                 |
| 5.  | Foreign Institutional Investor receives trade confirmation  |     |                 |
| 6.  | Foreign Institutional Investor instructs Global Custodian, on securities settlement and cash funding details                    |     |                 |
| 7.  | Global Custodian instructs Domestic Custodian on securities settlement  |     |                 |
| 8.  | Domestic Custodian captures (eCMT or upload) settlement instructions into CMU   |     |                 |
| 9.  | Domestic Custodian receives transaction matching confirmation from CMU, or status updates                                       |     |                 |
| 10. | Domestic Custodian sends matching status update to Global Custodian, either as report or, typically, per individual transaction |     |                 |
| 11. | Global Custodian advises funding details to Domestic Custodian  |     |                 |
| 12. | Domestic Custodian effects funding of HKMA account via CHATS  |     |                 |
| 13. | Upon transfer of cash, HKMA sends cash settlement confirmation to Domestic Custodian  |     |                 |
| 14. | Upon transfer of bonds, CMU sends bond settlement confirmation to Domestic Custodian  |     |                 |
| 15. | Domestic Custodian sends settlement confirmation to Global Custodian  |     |                 |
| 16. | Foreign Institutional Investor receives settlement confirmation from Global Custodian   |     |                 |
| 17. | Global Custodian funds trades into Domestic Custodian HKD account, or into FCY nostro   |     |                 |
| 18. | Domestic Custodian sends securities statement to Global Custodian (end of day)  |     |                 |
| 19. | Domestic Custodian sends debit/credit confirmation as cash statement to Global Custodian (end of day)                           |     |                 |
| 20. | Global Custodian sends debit/credit confirmation in cash statement to Foreign Institutional Investor (end of day)               |     |                 |

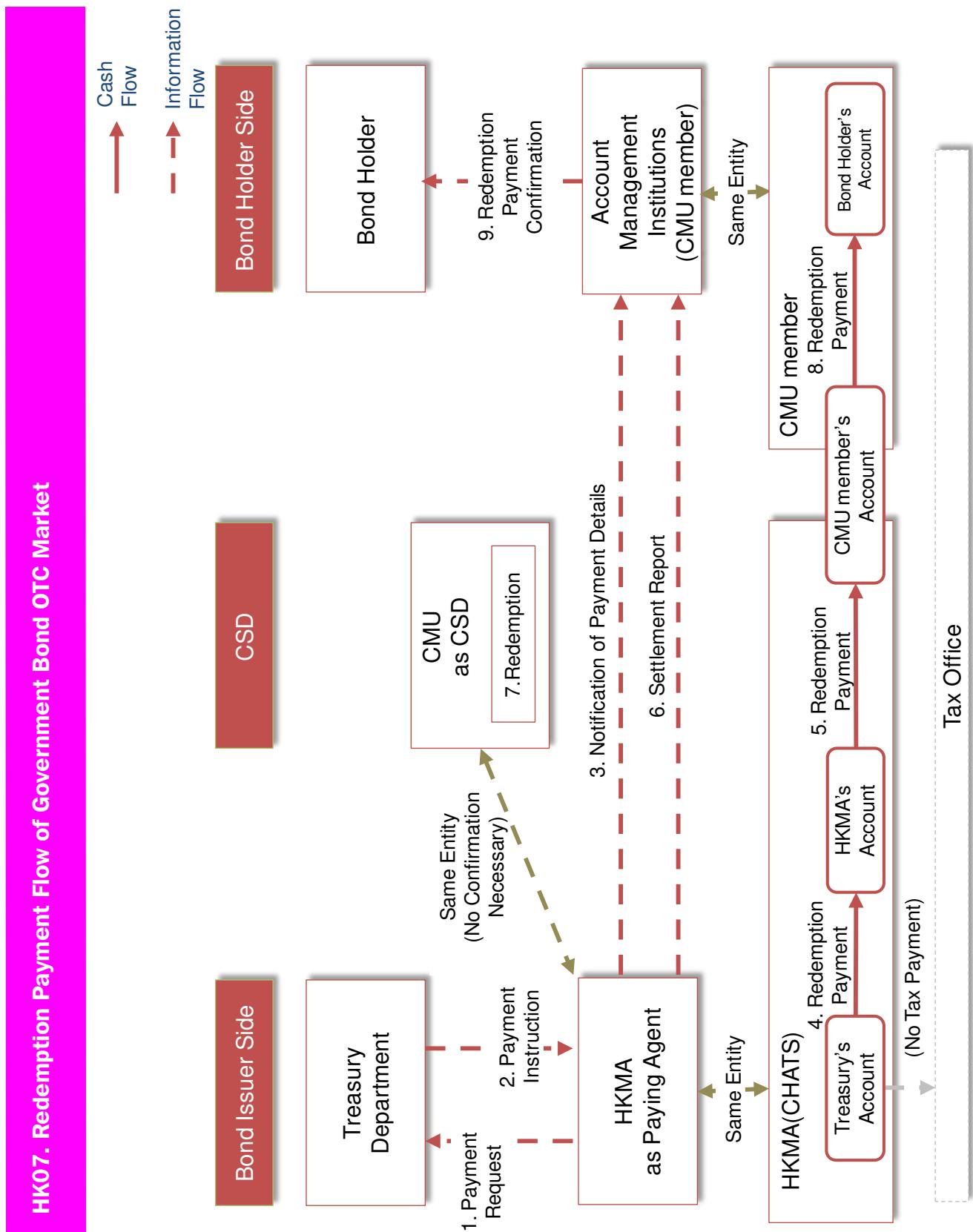
1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)



#### HK06. Interest Payment Flow of Government Bond

### Process of Interest Payment

1. 3 days before the interest payment date, Hong Kong Monetary Authority (HKMA), as the payment agent, sends interest payment notification to Treasury Department.
2. Treasury Department instructs HKMA to pay interest.
3. HKMA sends Coupon/Dividend and Redemption Notification Report to CMU Members one business day before the payment date.
4. HKMA transfer cash for interest from Treasury Department's account to it's own account.
5. On interest payment date, HKMA pays interest proceeds to account management institutions (CMU Members) via CHATS.
6. Upon completion of payment, CMU sends settlement reports to account management institutions (CMU Members).
7. Account management institutions (CMU Members) subsequently pay the interest proceeds to the bond holders.
8. Account management institutions (CMU Members) notifies bond holders of interest payment.

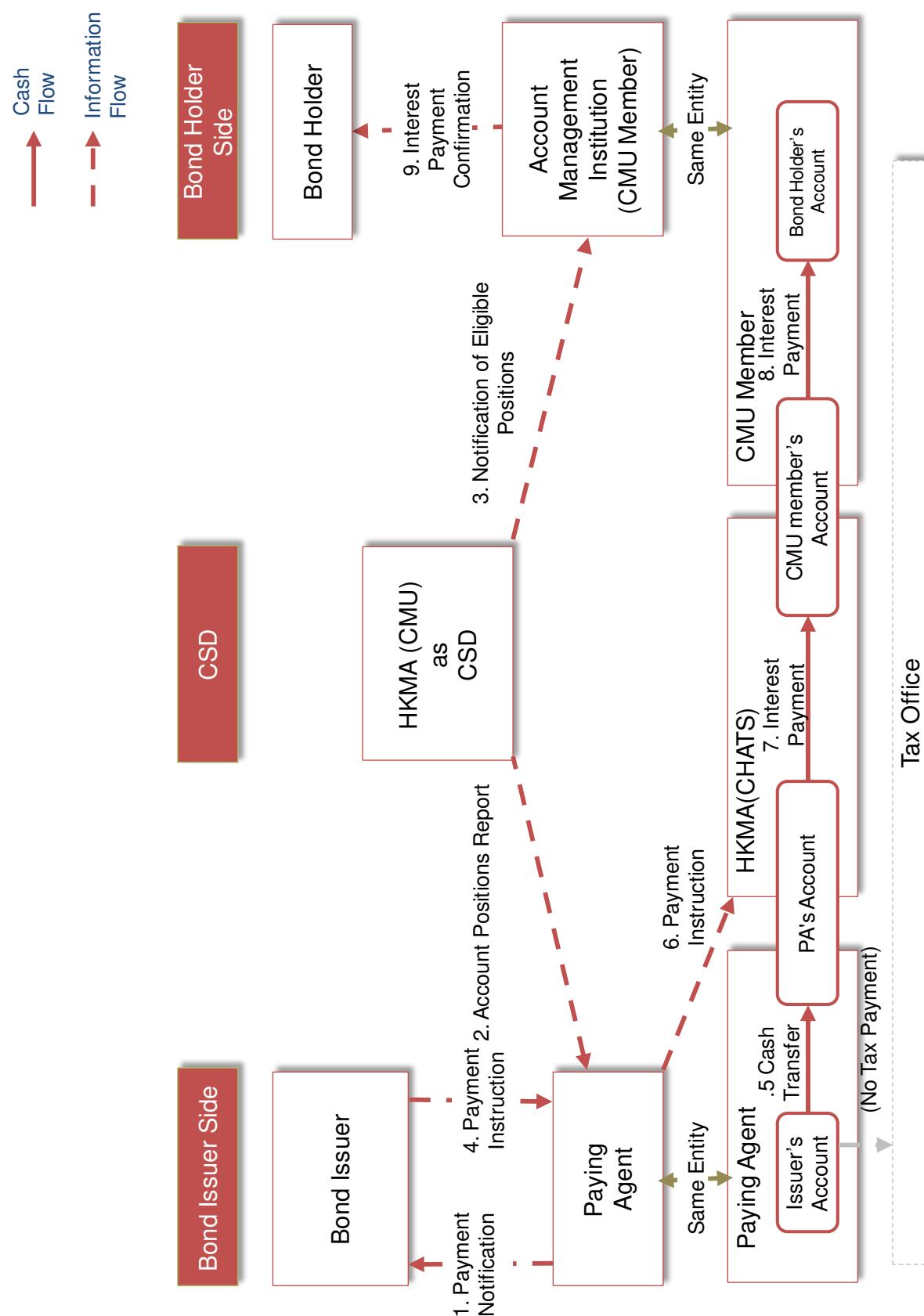


#### HK07. Redemption Payment Flow of Government Bond

## Process of Redemption Payment

1. 3 days before the redemption payment date, Hong Kong Monetary Authority (HKMA), as payment agent, sends redemption payment notification to Treasury Department.
2. Treasury Department instructs HKMA to pay last interest and principal.
3. HKMA sends Coupon/Dividend and Redemption Notification Report to CMU Members one business day before the payment date.
4. HKMA transfers cash for interest and redemption payment from Treasury Department's account to its own account.
5. On redemption payment date, HKMA pays last interest and principal proceeds to account management institutions (CMU Members) via CHATS.
6. Upon completion of payment, CMU sends settlement reports to account management institutions (CMU Members).
7. HKMA as CSD makes bond redemption.
8. Account management institutions (CMU Members) subsequently pay last interest and principal proceeds to bond holders.
9. Account management institutions (CMU Members) notifies bond holders of redemption payment.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

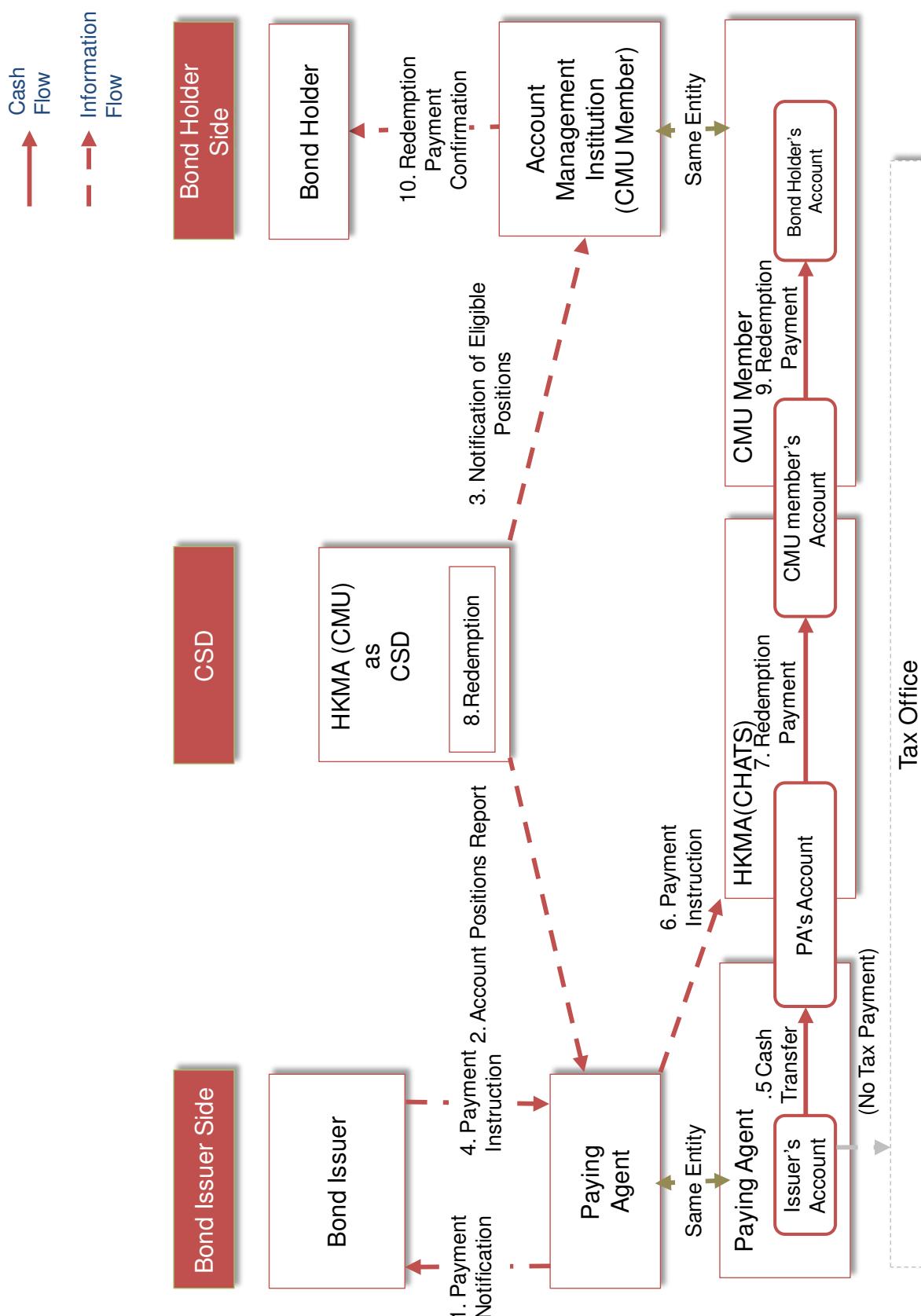


#### HK08. Interest Payment Flow of Corporate Bond

## Process of Interest Payment

1. Paying agent notifies bond issuer of interest payment.
2. 1 day before the interest payment date, CMU sends Account Positions Report to paying agent.
3. 1 day before the interest payment date, CMU sends notification of eligible positions to account management institutions (CMU Members).
4. On interest payment date, bond issuer instructs it's paying agent to make interest payment.
5. Paying agent transfers cash from issuer's account to it's own account.
6. Paying agent instruct Hong Kong Monetary Authority (HKMA) to pay interest to CMU members via CHATS.
7. On interest payment date, the HKMA transfers the interest proceeds to the account management institutions (CMU Members) via CHATS.
8. CMU members subsequently pay the interest proceeds to the bond holders.
9. CMU members notifies bond holders of interest payment.

### HK09. Redemption Payment Flow of Corporate Bond



### HK09 Redemption Payment Flow of Corporate Bond

## Process of Redemption Payment

1. Payment agent notifies bond issuer of redemption payment.
2. 1 day before the redemption payment date, CMU sends Account Positions Report to paying agent.
3. 1 day before the redemption payment date, CMU sends notification of eligible positions to account management institutions (CMU Members).
4. On redemption payment date, bond issuer instructs it's paying agent to make redemption payment.
5. Paying agent transfers cash from issuer's account to it's own account.
6. Paying agent instructs Hong Kong Monetary Authority (HKMA) to pay last interest and principal to CMU members via CHATS.
7. On redemption payment date, HKMA transfers last interest and principal proceeds to account management institutions (CMU Members) via CHATS.
8. HKMA as CSD carries out redemption.
9. CMU members subsequently pay last interest and principal proceeds to bond holders.
10. CMU members notifies bond holders of redemption payment.

# Indonesia (ID)

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades  
(Government Bond)
3. Bond Transaction Flow for Domestic Trades  
(Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow  
(Government Bond)
6. Interest & Redemption Payment Flow  
(Corporate Bond)

1. Bond Market Infrastructure Diagram

2. Bond Transaction Flow for Domestic Trades (Government Bond)

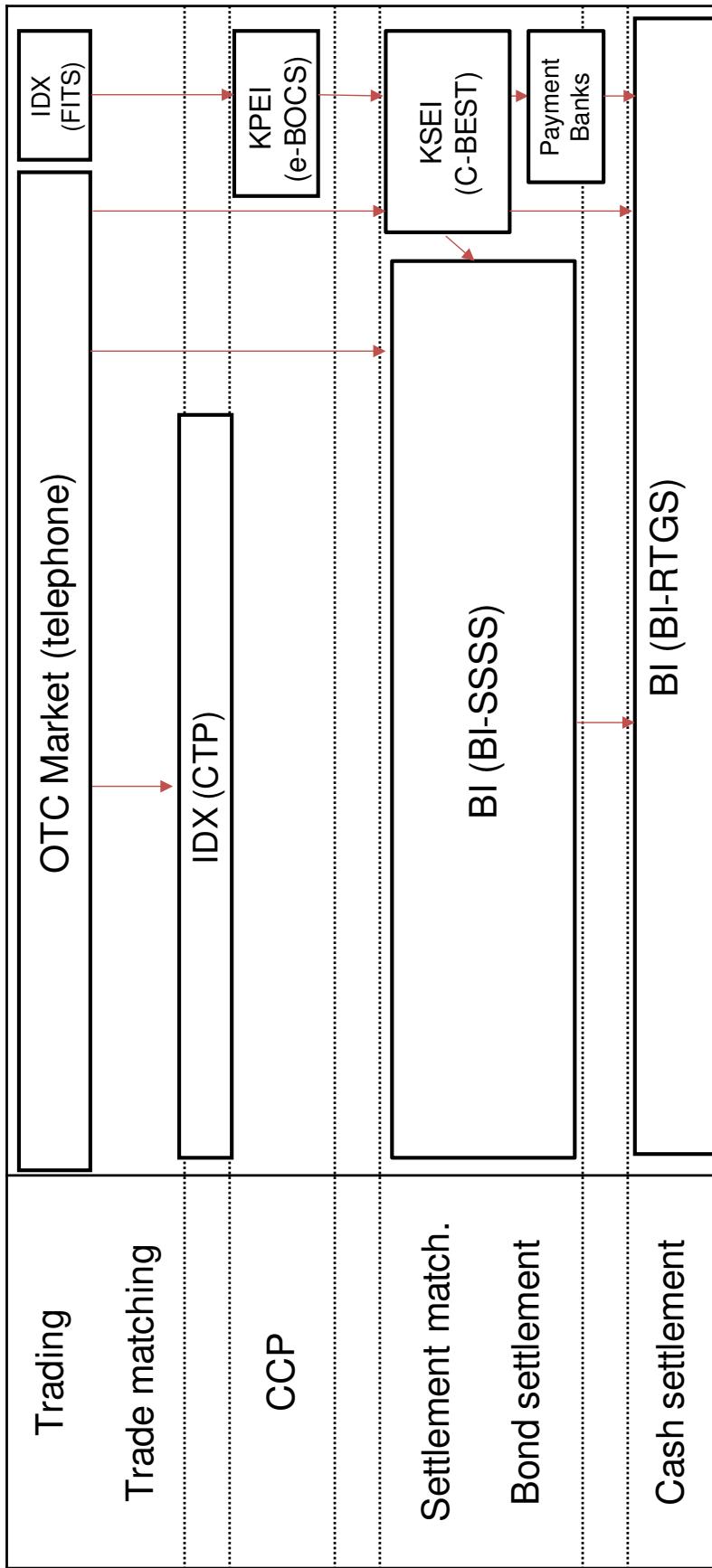
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)

4. Bond Transaction Flow for Foreign Investors

5. Interest & Redemption Payment Flow (Government Bond)

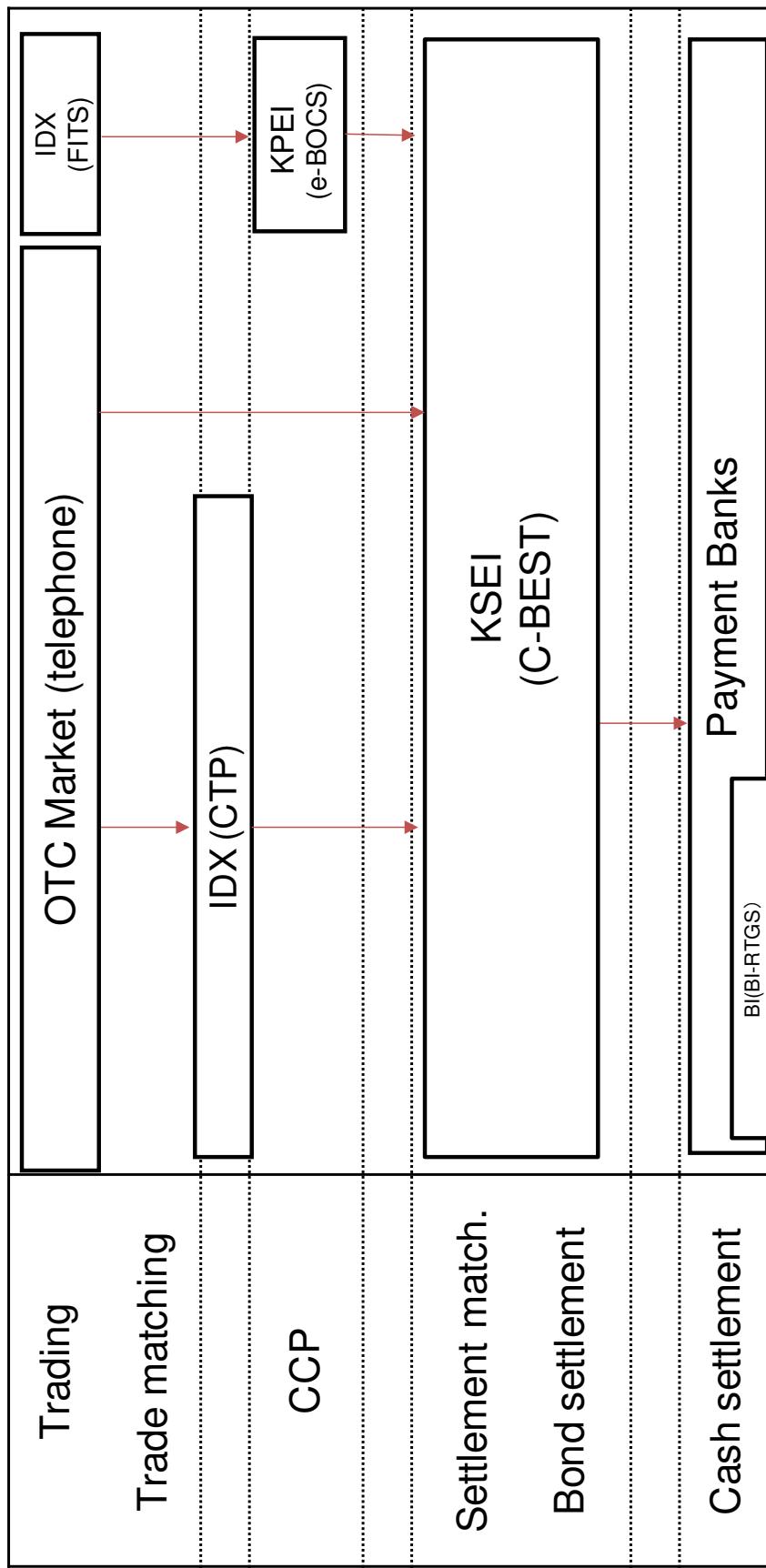
6. Interest & Redemption Payment Flow (Corporate Bond)

### ID01. Government Bond Market Infrastructure Diagram



IDX – Indonesian Stock Exchange FITS - Fixed-Income Trading System CTP – Centralized Trading Platform KSEI – Indonesian Central Securities Depository KPEI – Indonesia Clearing and guarantee Corporation BI – Bank Indonesia e-BOCS – Electronic Bond Clearing System C-BEST – Central Depository and Book Entry Settlement BI-SSSS – Bank Indonesia Scriptless Securities Settlement System

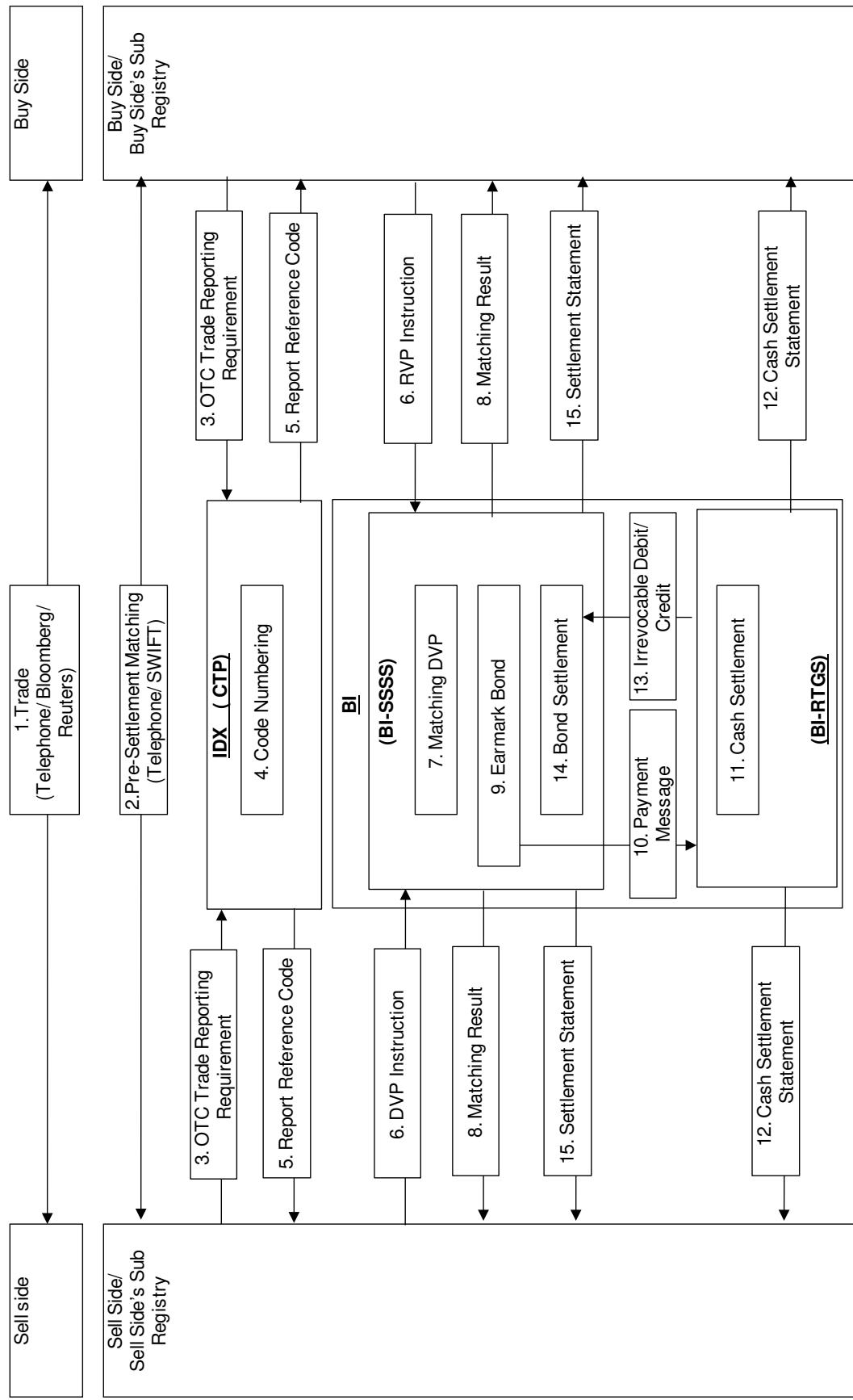
## ID02. Corporate Bond Market Infrastructure Diagram



IDX – Indonesian Stock Exchange  
 FITS - Fixed-Income Trading System  
 CTP – Centralized Trading Platform  
 KSEI – Indonesian Central Securities  
 KPEI – Indonesia Clearing and guarantee Corporation  
 BI – Bank Indonesia  
 e-BOCS – Electronic Bond Clearing System  
 C-BEST – Central Depository and Book Entry Settlement

1. Bond Market Infrastructure Diagram
2. **Bond Transaction Flow for Domestic Trades (Government Bond)**
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### ID03. Government Bond Transaction Flow for Domestic Trades



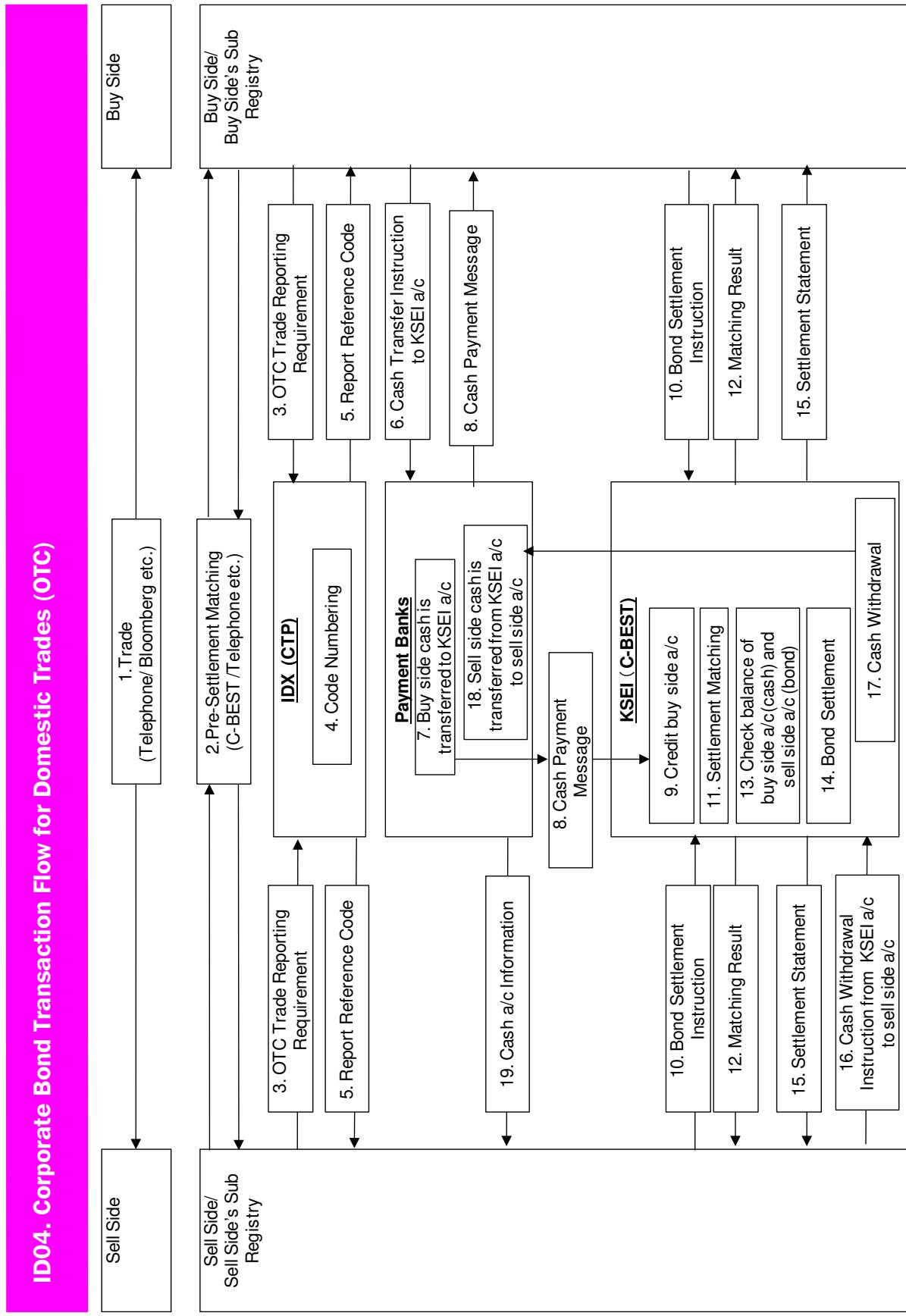
### ID03. Government Bond Transaction Flow for Domestic Trades

## OTC Market (Direct Connection to BI-SSSS )

1. Sell side and buy side trade government bonds over-the-counter. Most of trades are done by telephones.
2. Both sell side and buy side send pre-settlement matching instructions over the SWIFT or pre-match the traded data for settlement over the telephone. Before the pre-settlement matching two components of bond taxes which are capital gain tax and interest (withholding) tax need to be calculated. Pre-settlement matching is performed via telephone or swift.
3. Sell side or buy side have to report trade data to Centralized Trading Platform (CTP) of Indonesia Stock Exchange (IDX) within 30 minutes of trade.
4. IDX puts the code on each trade.
5. Sell side and buy side receive report reference code from IDX.
6. Sell side and buy side key in the DVP and RVP instructions to BI-SSSS, respectively.
7. BI-SSSS performs the matching.
8. BI-SSSS reports the matching results to the sell side and buy side.
9. Bond is earmarked to secure the DVP.
10. Payment message for DVP is sent to Bank Indonesia Real Time Gross Settlement (BI-RTGS)
11. When the funds are available, the amount is debited from the buy side's cash account and credited to the sell side's cash account.
12. BI-RTGS sends the cash settlement statements to the sell side and buy side.
13. BI-RTGS notifies the irrevocable debit/credit status to BI-SSSS.
14. BI-SSSS completes bond settlement.
15. BI-SSSS reports the settlement status to both sell side and buy side.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. **Bond Transaction Flow for Domestic Trades (Corporate Bond)**
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

#### ID04. Corporate Bond Transaction Flow for Domestic Trades (OTC)



**ID04. Corporate Bond Transaction Flow for Domestic Trades**

## OTC Market

1. Sell side and buy side trade corporate bonds over-the-counter. Most of trades are done by telephones.
2. Sell side calculate preliminary value of capital gain and accrued interest during holding period of sell side bond holder. Then, the sell side informs such information with other trade data to buy side. Buy side calculate with holding tax on the accrued interest and capital gain. Then, buy side inform net payment value to sell side. Also, both sell side and buy side affirm trade data each other over the telephone (trade confirmation in fax or e-mail format).
3. Sell side or buy side have to report trade data to Centralized Trading Platform (CTP) of Indonesia Stock Exchange (IDX) within 30 minutes of trade during the reporting hours determined by the IDX..
4. IDX puts code on each trade in order to settlement.
5. Sell side and buy side receive report reference code from IDX, they also receive evidence of securities transaction and List of Report on Securities Transactions from IDX, which may be downloaded from the CTP.
6. In the case of settlement transaction done in DVP, buy side sends instruction to its bank regarding cash transfer from buy side's cash account to KSEI cash account Accordingly, amount of remittance is no need to be equal to transaction value, however the total amount available in the buy side's KSEI cash account must cover the transaction value, however the total amount available in the buy side's KSEI cash account must cover the transaction value
7. The relevant payment bank receives cash transfer from buy side's cash account into KSEI cash account.
8. Payment banks send cash payment message to KSEI.
9. KSEI credits buy side account in C-BEST.
10. Sell side and buy side send bond settlement instructions to KSEI(C-BEST), respectively. The instruction must specify whether it is a DVP (Delivery Versus Payment) or a DFOP (Delivery Free of Payment) instruction.

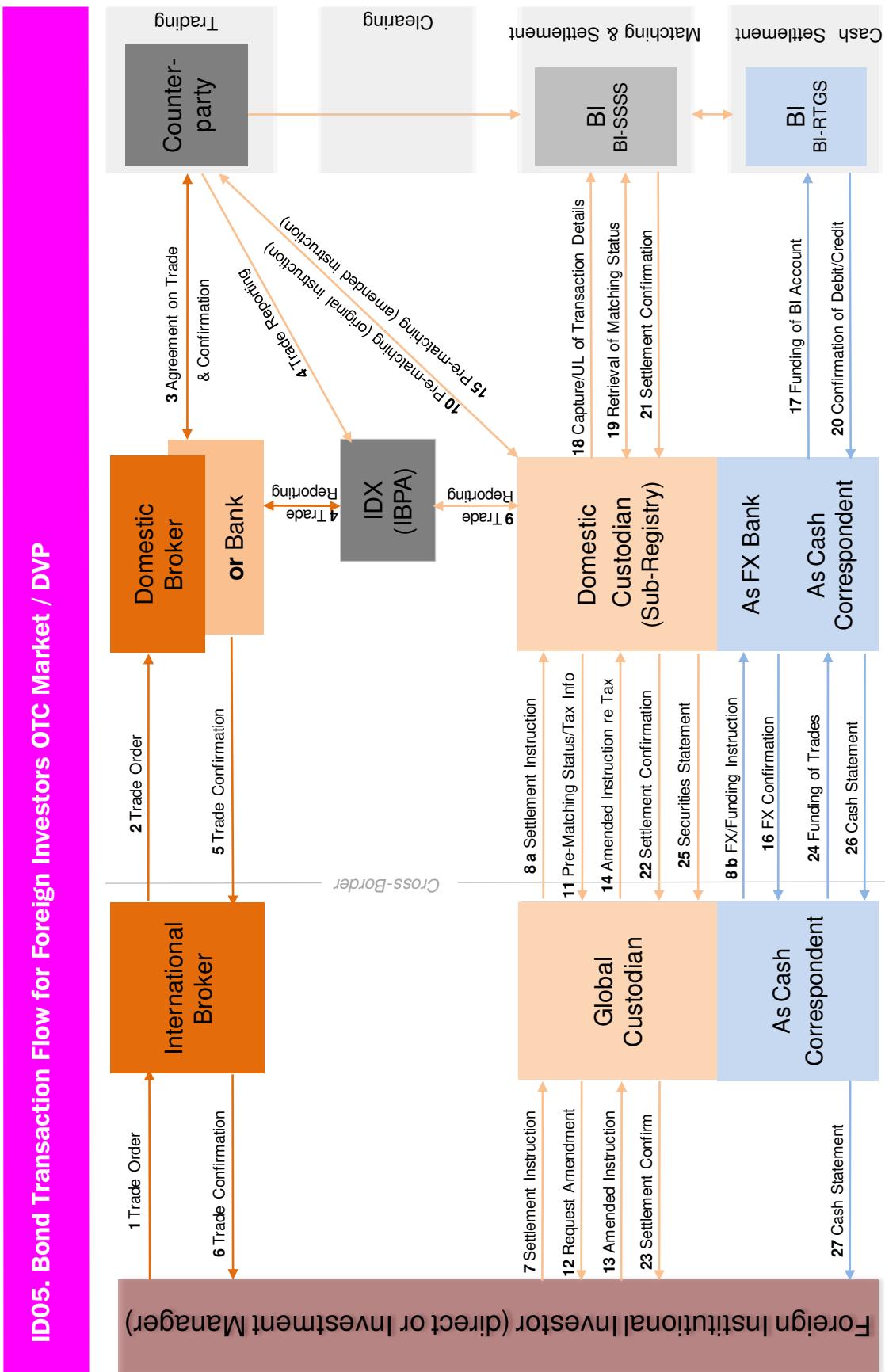
**ID04. Corporate Bond Transaction Flow for Domestic Trades**

## OTC Market

- 
11. KSEI performs settlement matching.
  12. KSEI reports matching result to sell side and buy side, if both the bonds and the cash are available in the respective accounts.
  13. For DVP instruction, KSEI checks balance of buy side cash account and sell side bond account.
  14. KSEI performs bond settlement at the time designated by the buy side and the sell side subject to KSEI's business hours.
  15. KSEI sends settlement statement to sell side and buy side.
  16. Sell side sends instruction to KSEI regarding cash withdrawal from sell side's KSEI cash account to sell side cash account. Fund transfer from KSEI cash account can only be done by transferring the fund into an operational account opened by sell side at a payment bank. Amount of remittance is no need to be equal to transaction value.
  17. KSEI sends cash withdrawal instruction to the relevant payment bank. Payment bank provides intraday facility for KSEI in case there is not sufficient cash balance in the relevant payment bank.
  18. The relevant payment banks transfer cash from sell side's KSEI cash account to sell side's operational account in the relevant payment bank.
  19. Payment banks send cash account information to sell side.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

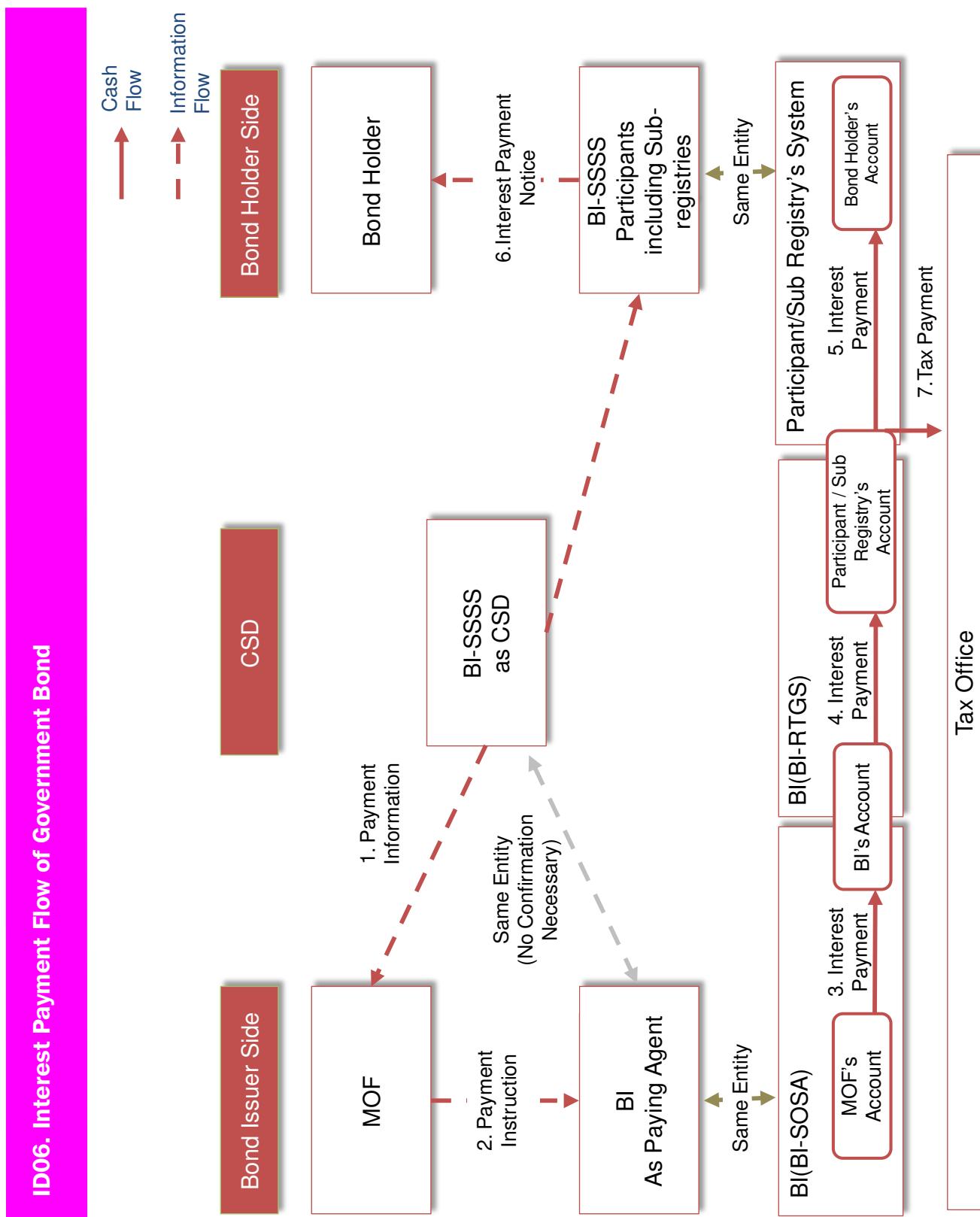
### ID05. Bond Transaction Flow for Foreign Investors OTC Market / DVP



## ID05. Bond Transaction Flow for Foreign Investors OTC Market / DVP

- | Trade Date  | T+1 | Settlement Date |
|---|-----|-----------------|
| 1. Foreign Institutional Investor places order with International Broker  |     |                 |
| 2. International Broker/Domestic Investor places order with Domestic Broker/Bank  |     |                 |
| 3. Domestic Broker/Bank and Counterparty agree on OTC trade (via e.g. phone or Bloomberg)   |     |                 |
| 4. Domestic Broker/Bank and Counterparty report trade to IDX (IBPA) for price discovery (within 30 mins of trade)                     |     |                 |
| 5. Domestic Broker/Bank sends trade confirmation to International Broker  |     |                 |
| 6. Foreign Institutional Investor receives trade confirmation   |     |                 |
| 7. Foreign Institutional Investor instructs Global Custodian, on securities settlement and cash/funding details                       |     |                 |
| 8. Global Custodian instructs Domestic Custodian/Sub-Registry on (a) securities settlement details, (b) FX request or funding details |     |                 |
| 9. Domestic Custodian/Sub-Registry reports trade details to IDX (within 30 mins of receipt of instruction), and obtains CTP number.   |     |                 |
| 10. Domestic Custodian/Sub-Registry pre-matches with Counterparty (via phone or email), CGT calculated and agreed                     |     |                 |
| 11. Domestic Custodian/Sub-Registry advises Global Custodian on required amendment of settlement amount for CGT                       |     |                 |
| 12. Global Custodian requests Foreign Institutional Investor to amend settlement amount for CGT                                       |     |                 |
| 13. Foreign Institutional Investor sends amended settlement instruction to Global Custodian   |     |                 |
| 14. Global Custodian sends amended settlement instruction to Domestic Custodian/Sub-Registry  |     |                 |
| 15. Domestic Custodian/Sub-Registry and Counterparty pre-match again on amended settlement amount (via phone or email)                |     |                 |
| 16. Domestic Custodian/Sub-Registry confirms actual FX amount to Global Custodian   |     |                 |
| 17. Domestic Custodian/Sub-Registry funds its account at BI via RTGS  |     |                 |
| 18. Domestic Custodian/Sub-Registry enters or uploads trade details into BI-SSSS system   |     |                 |
| 19. Domestic Custodian/Sub-Registry retrieves BI-SSSS matching status   |     |                 |
| 20. Upon settling cash, BI-RTGS sends debit/credit confirmation to Domestic Custodian/Sub-Registry                                    |     |                 |
| 21. Upon settling securities, BI-SSSS sends settlement confirmation for securities to Domestic Custodian/Sub-Registry                 |     |                 |
| 22. Domestic Custodian/Sub-registry sends settlement confirmation to Global Custodian   |     |                 |
| 23. Global Custodian sends settlement confirmation to Foreign Institutional Investor  |     |                 |
| 24. Global Custodian funds account with Domestic Custodian/Sub-Registry   |     |                 |
| 25. Domestic Custodian/Sub-Registry sends statement of securities to Global Custodian (at end of day)                                 |     |                 |
| 26. Domestic Custodian/Sub-registry sends debit/credit information in cash statement (at end of day)                                  |     |                 |
| 27. Global Custodian sends debit/credit information in cash statement (at end of day) to Foreign Institutional Investor               |     |                 |

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

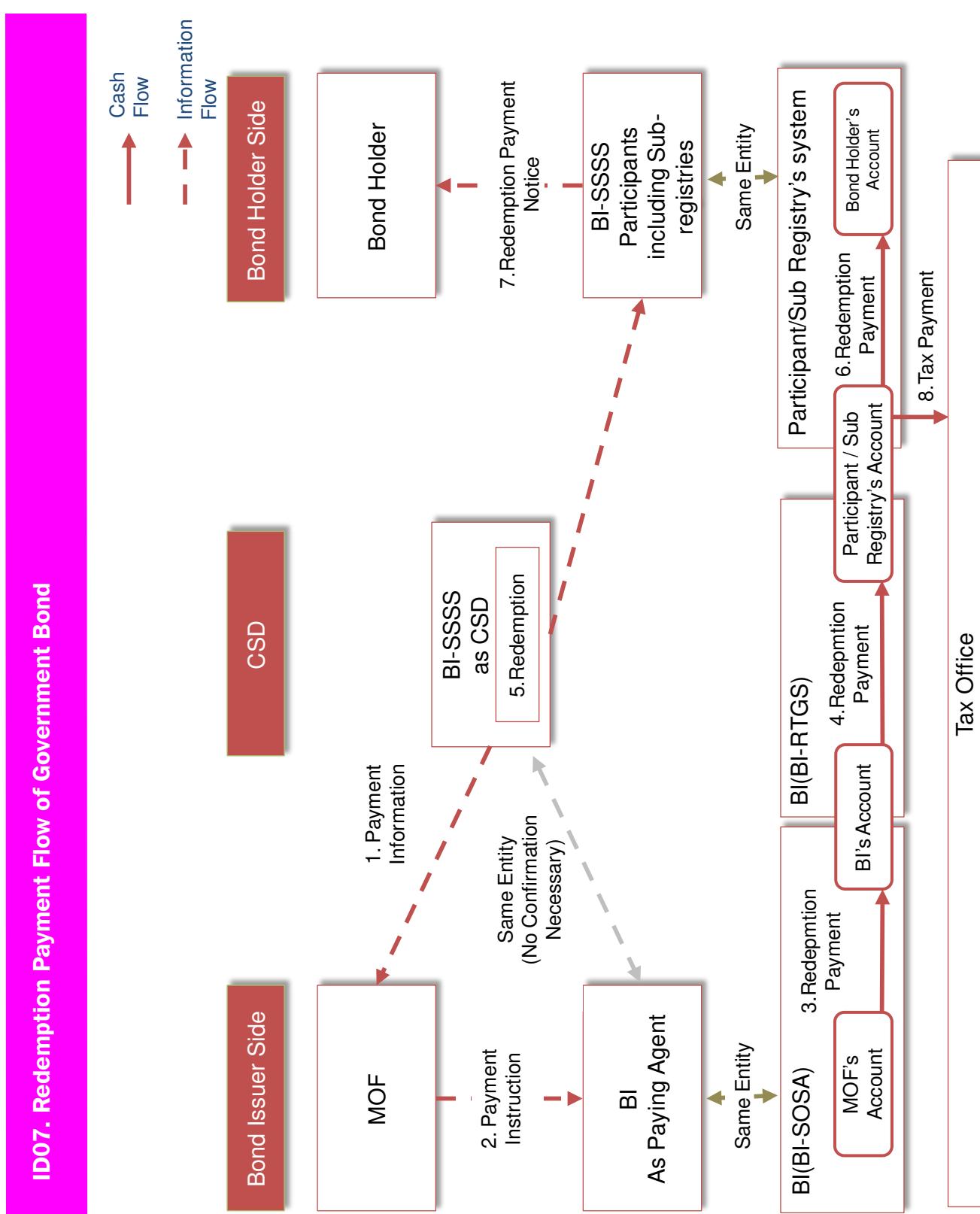


#### ID06. Interest Payment Flow of Government Bond

## Process of Interest Payment

- 
1. Bank Indonesia (BI) notifies Ministry of Finance (MOF) of payment information.
  2. MOF instructs Bank Indonesia (BI) to pay interest.
  3. BI transfers cash for interest payment from MOF's account to BI's own account.
  4. BI makes interest payment to BI-SSSS participant including sub-registries.
  5. BI-SSSS participants credit bond holders' account with interest.
  6. BI-SSSS participants notify bond holder of interest payment.
  7. BI-SSSS participants pay income tax to tax office.

\* BI-SSSS : Bank Indonesia Scripless Securities Settlement System



#### ID07. Redemption Payment Flow of Government Bond

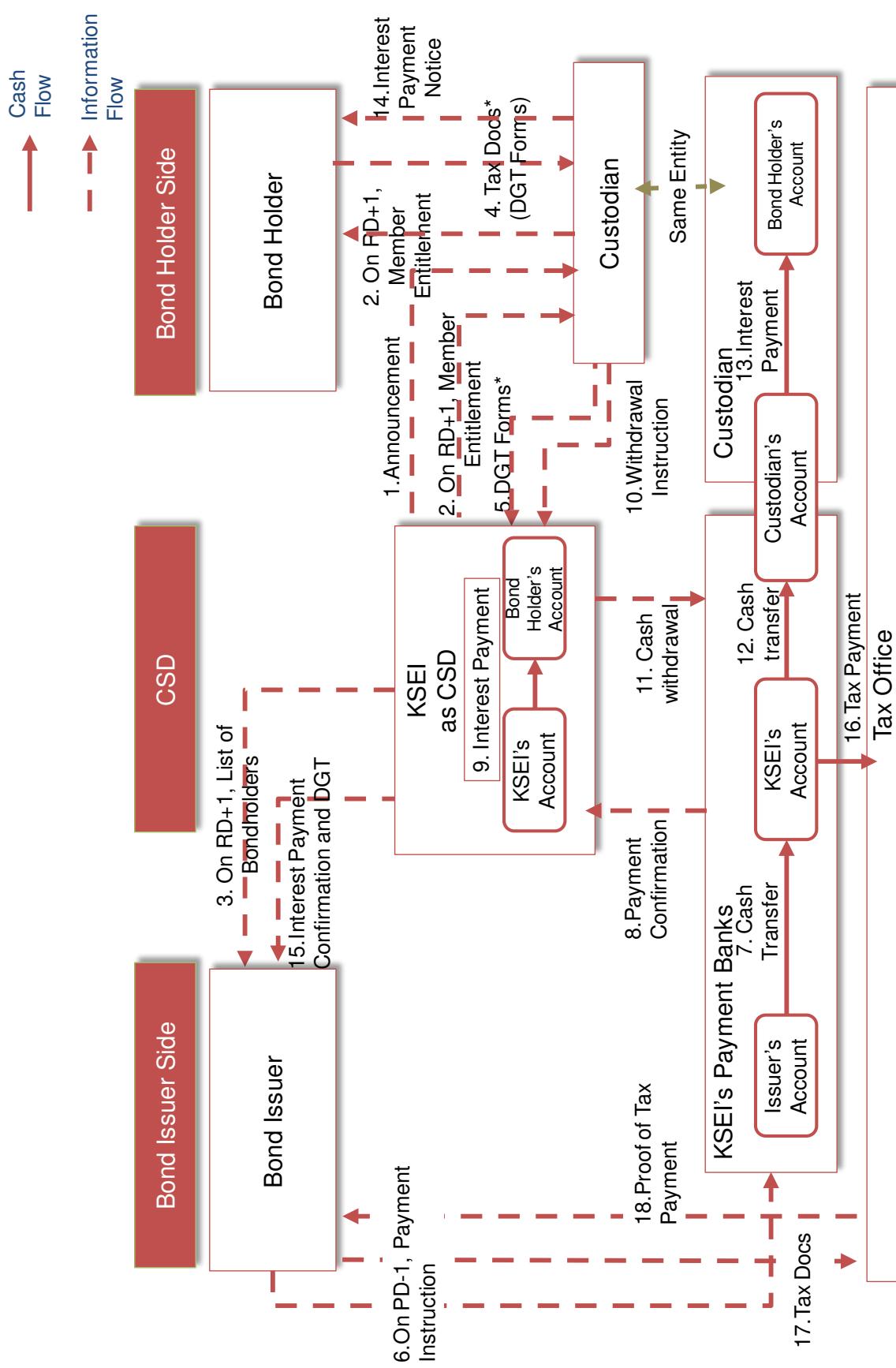
## Process of Redemption Payment

1. BI notifies Ministry of Finance (MOF) of payment information.
2. MOF instructs Bank Indonesia (BI) to pay redemption.
3. BI transfers cash for redemption payment from MOF's account to BI's own account.
4. BI makes redemption payment to BI-SSSS participant including sub-registries.
5. BI makes bond redemption.
6. BI-SSSS participants credit bond holders' account with redemption.
7. BI-SSSS participants notify bond holder of redemption payment.
8. BI-SSSS participants pay income tax and capital gain tax to tax office.

\* BI-SSSS : Bank Indonesia Scriptless Securities Settlement System

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### ID08. Interest Payment Flow of Corporate Bond



\*only if the foreign investors would like to enjoy the tax treaty benefits  
DGT: Double Taxation Convention

#### ID08. Interest Payment Flow of Corporate Bond

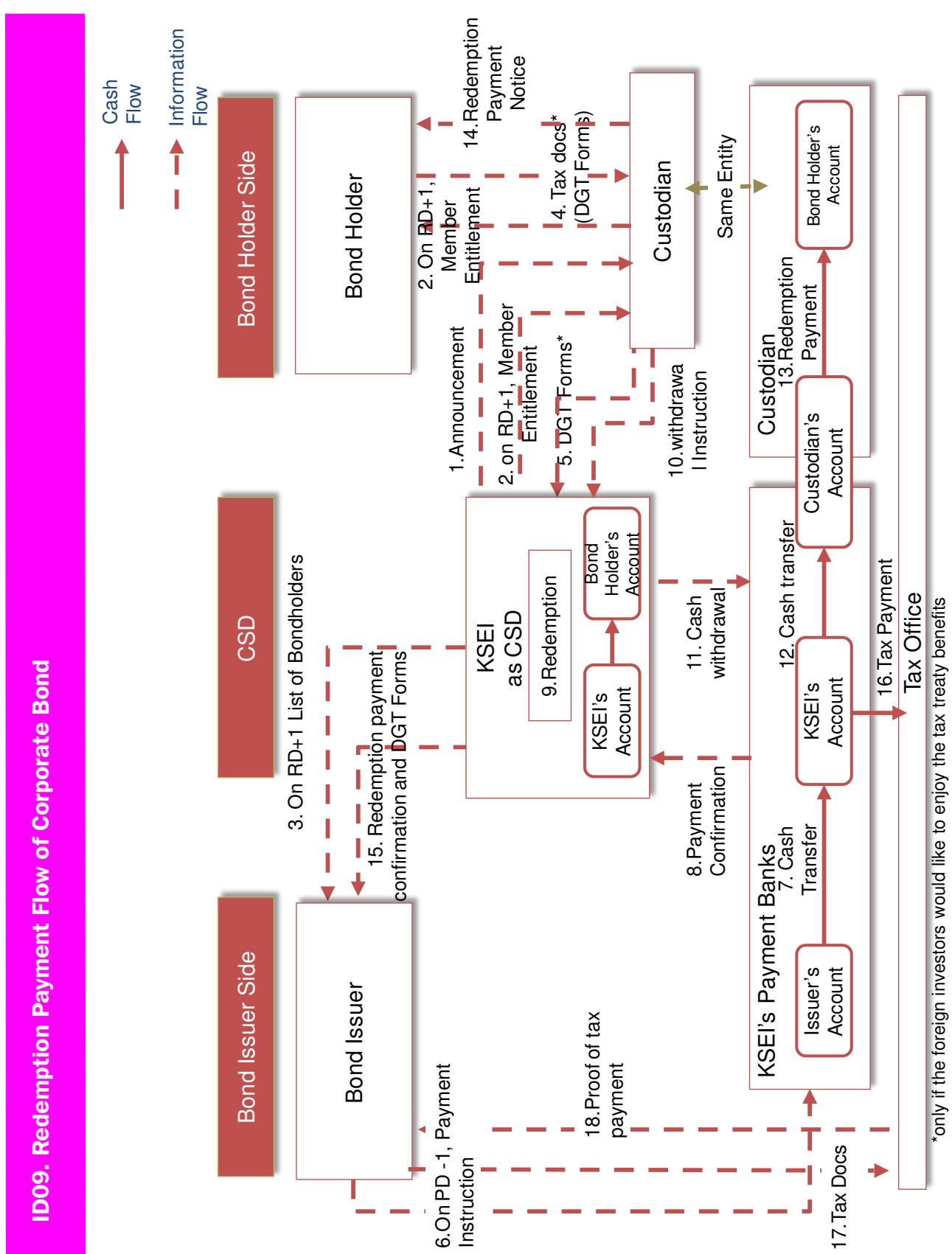
## Process of Interest Payment (1/2)

1. Upon receiving notice from the bond issuer on the proposed payment of interest, KSEI announces the proposed payment of interest to custodian banks.
2. On recording date, KSEI calculates interest amount on behalf of each bond holders, including tax obligation. On recording date +1, KSEI carries out member entitlement to custodians. Custodian informs the entitlement to the bond holder.
3. On recording date +1, KSEI sends list of bond holders and request for payment to bond issuer (at the latest 3 business days prior to payment date). On the other hand reminder of interest payment confirmation (gross amount) will be sent to the bond issuer 10 business day before payment.
4. Bond holders who want to enjoy tax treaty benefit send tax docs in Double Taxation Agreement in DGT forms to custodian banks for submission to KSEI. .
5. Custodians send tax docs in DGT forms to KSEI.
6. Not latest than 1 business day prior to payment date (payment date -1), Bond issuer must instructs one of appointed KSEI's payment banks transfer interest payment to KSEI's account. Amount is gross before tax.
7. Payment bank transfers cash to KSEI's account.
8. Payment bank sends confirmation of cash transfer to KSEI.
9. KSEI processes interest payment to bond holders account in C-BEST.
10. Custodians input cash withdrawal instruction to KSEI.
11. KSEI sends instruction to transfer interest payment (net of tax) from KSEI's account to relevant custodian's account.
12. Payment bank transfers cash from KSEI's account to custodians' accounts.

**ID08. Interest Payment Flow of Corporate Bond****Process of Interest Payment (2/2)**

- 
- 13. Custodians credit to bondholder's accounts with interest paid by KSEI's payment bank.
  - 14. Custodians notify bond holders of interest payment..
  - 15. KSEI submits interest payment confirmation and DGT form to the bonds issuer.
  - 16. KSEI as paying agent pays tax to tax office through payment bank.
  - 17. Bond issuer reports and sends tax docs to tax office.
  - 18. Tax office clarifies and proof tax payment to Bond issuer .

NOTE: Foreign investors who are not domiciled or who do not wish to enjoy treaty benefits, are not required to submit any tax document.



### ID09. Redemption Payment Flow of Corporate Bond

## Process of Redemption Payment

1. Upon receiving notice from the bond issuer on the proposed redemption payment, KSEI announces payment to custodian banks.
2. On recording date, KSEI calculates redemption amount on behalf of each bond holders, including tax obligation. On recording date + 1, KSEI carries out member entitlement to custodians. Custodian informs the entitlement to the bond holder.
3. On recording date + 1, KSEI sends list of bond holders and request for payment to the bond issuer (at the latest 3 business days prior to payment date). On the other hand, reminder of redemption payment confirmation (gross amount) is sent to the bond issuer 10 business day before.
4. Bond holders who want to enjoy tax treaty benefit send tax docs in Double Taxation Agreement in DGT forms to custodian banks for submission to KSEI.
5. Custodians send tax docs in DGT forms to KSEI.
6. Not latest than 1 business day prior to payment date (Payment date - 1), Bond issuer instructs one of appointed KSEI's payment banks to transfer cash for redemption payment to KSEI's account. Amount is gross before tax.
7. Payment bank transfers cash to KSEI's account.
8. Payment bank sends confirmation of cash transfer to KSEI.
9. KSEI processes redemption in C-BEST.
10. Custodians input cash withdrawal instruction.
11. KSEI sends instruction to transfer principal and last interest payment (net of tax) from KSEI's account to relevant custodian's account.
12. Payment bank transfers cash from KSEI's account to custodians' accounts
13. Custodians credit to bondholder's accounts with redemption and last interest payment paid by KSEI's payment bank.
14. Custodians notify bond holders of redemption and last interest payment.
15. KSEI submits redemption payment confirmation and DGT form to the bonds issuer.
16. KSEI as a paying agent pays tax to tax office through payment bank.
17. Bond issuer reports and sends tax documents to tax office.
18. Tax office clarifies and proofs tax payment to Bond Issuer.

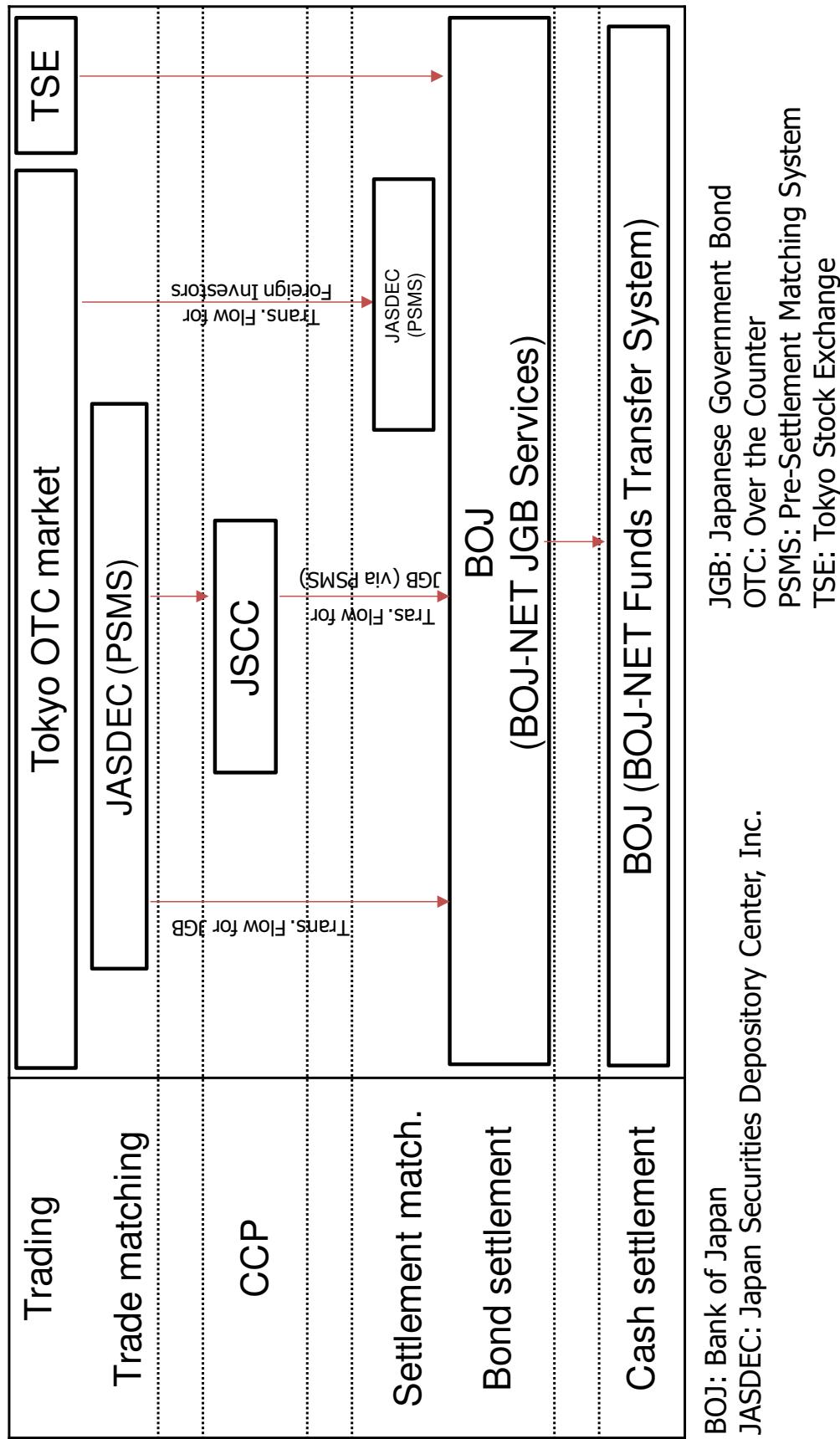
# Japan (JP)

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades  
(Government Bond)
3. Bond Transaction Flow for Domestic Trades  
(Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow  
(Government Bond)
6. Interest & Redemption Payment Flow  
(Corporate Bond)

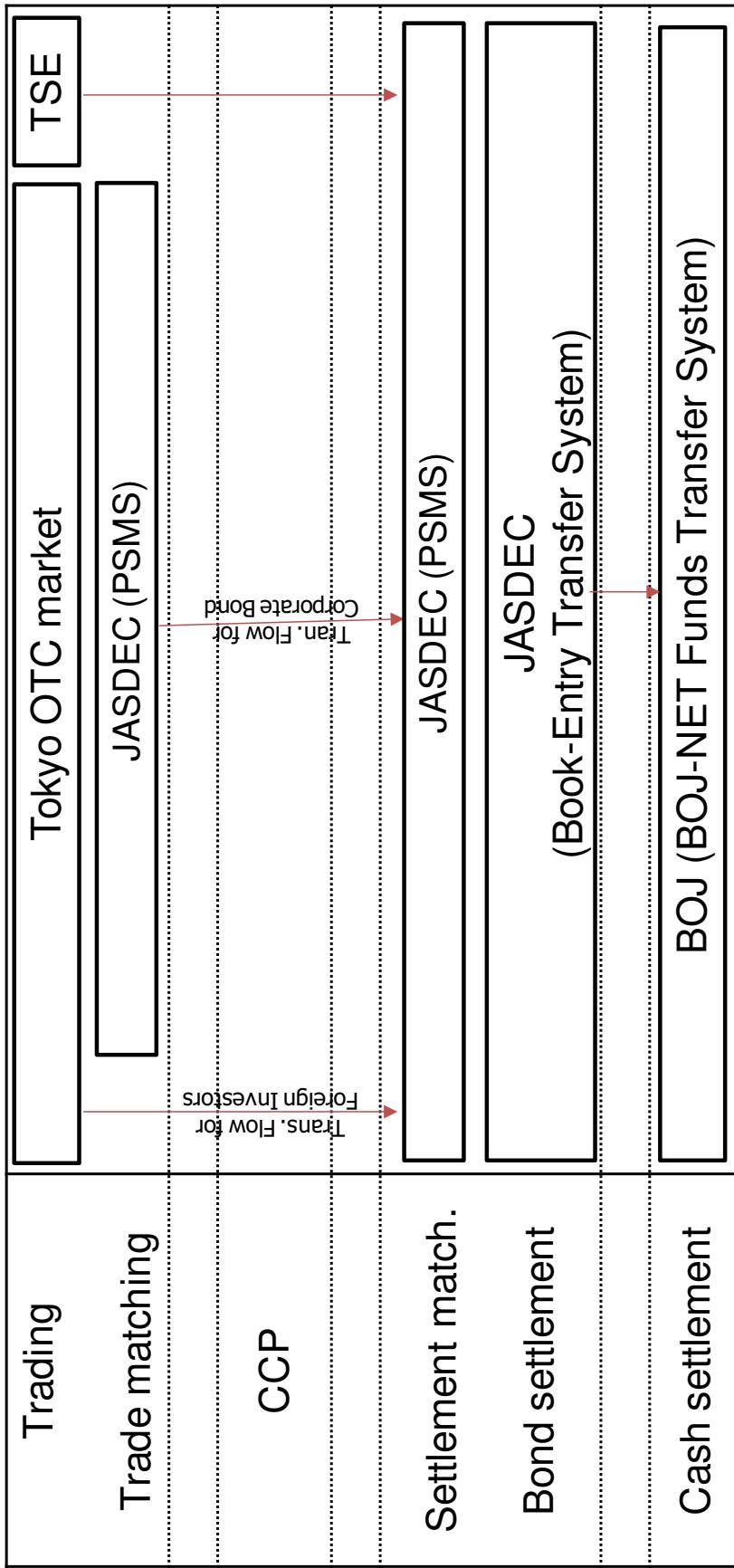
1. Bond Market Infrastructure Diagram

2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
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6. Interest & Redemption Payment Flow (Corporate Bond)

JP01. Government Bond Market Infrastructure Diagram



## JP02. Corporate Bond Market Infrastructure Diagram



BOJ: Bank of Japan  
JASDEC: Japan Securities Depository Center, Inc.

OTC: Over the Counter  
PSMS: Pre-Settlement Matching System  
TSE: Tokyo Stock Exchange

Note 1: Non fixed income bonds such as convertible bonds are not included here.

1. Bond Market Infrastructure Diagram

2. Bond Transaction Flow for Domestic Trades (Government Bond)

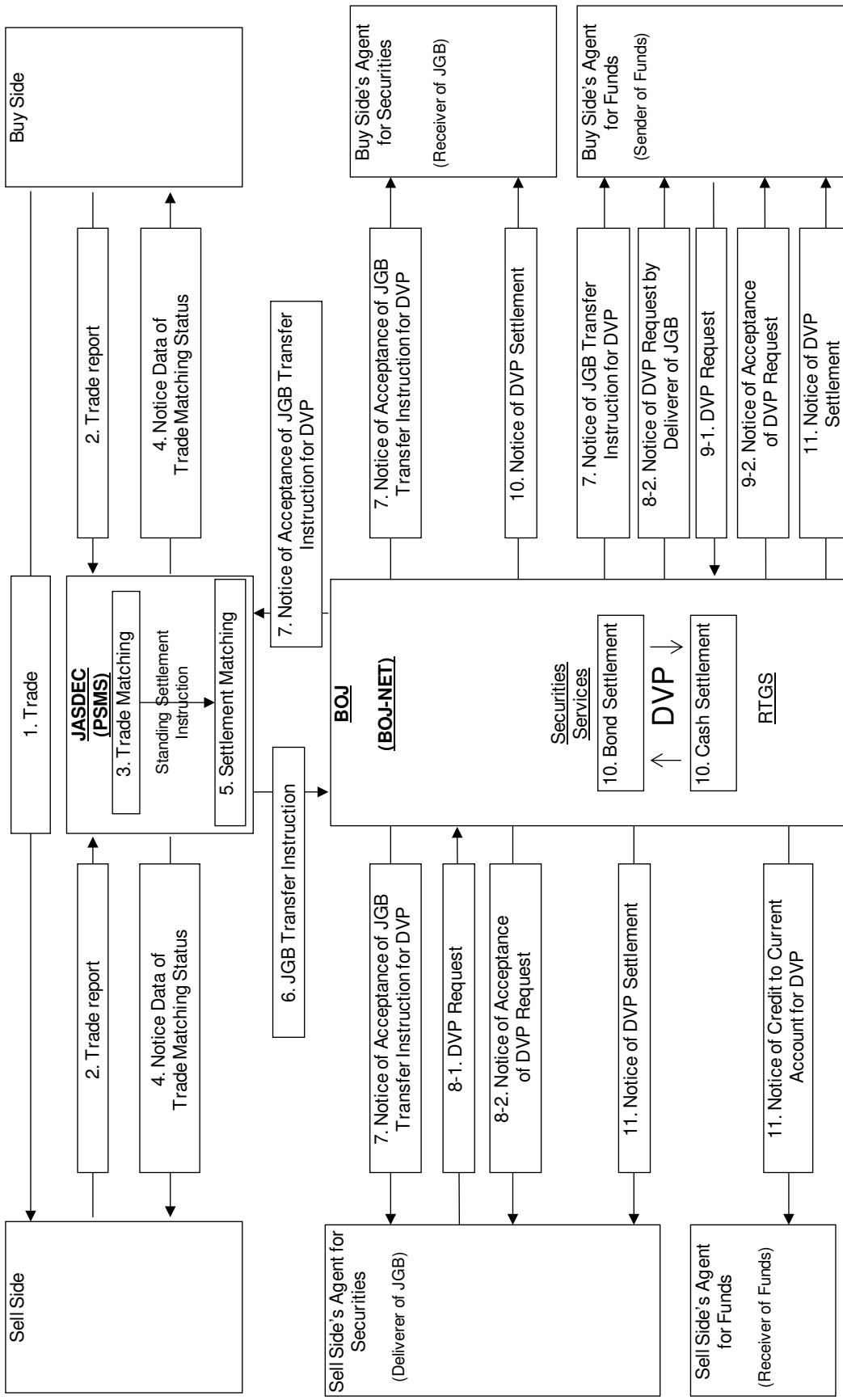
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)

4. Bond Transaction Flow for Foreign Investors

5. Interest & Redemption Payment Flow (Government Bond)

6. Interest & Redemption Payment Flow (Corporate Bond)

### JPO3. Government Bond Transaction Flow for Domestic Trades OTC Market (JGB) / DVP through Trade Matching (PSMS)

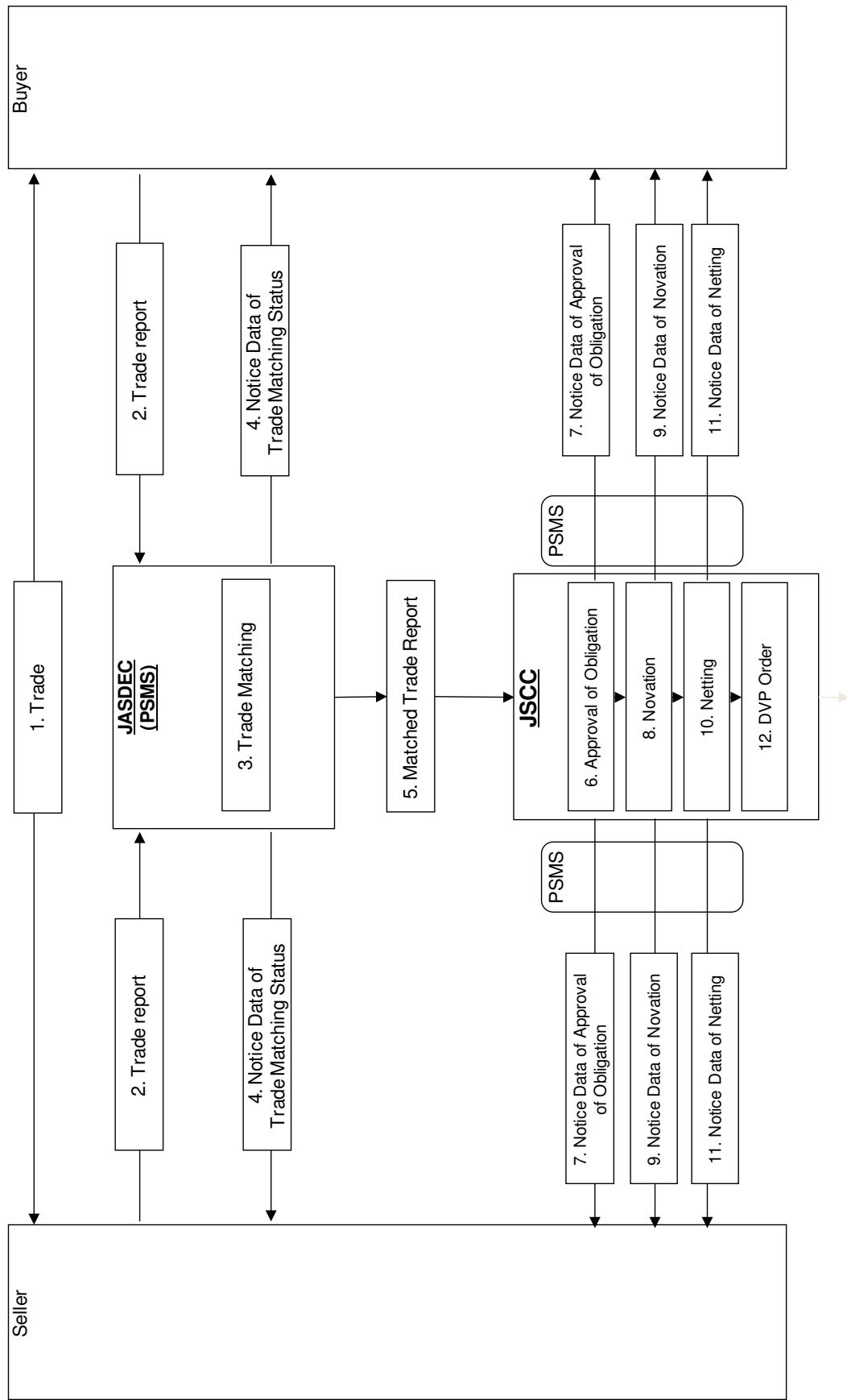


## OTC Market

### JPO3. Government Transaction Flow for Domestic Trades OTC Market (JGB) / DVP through Trade Matching

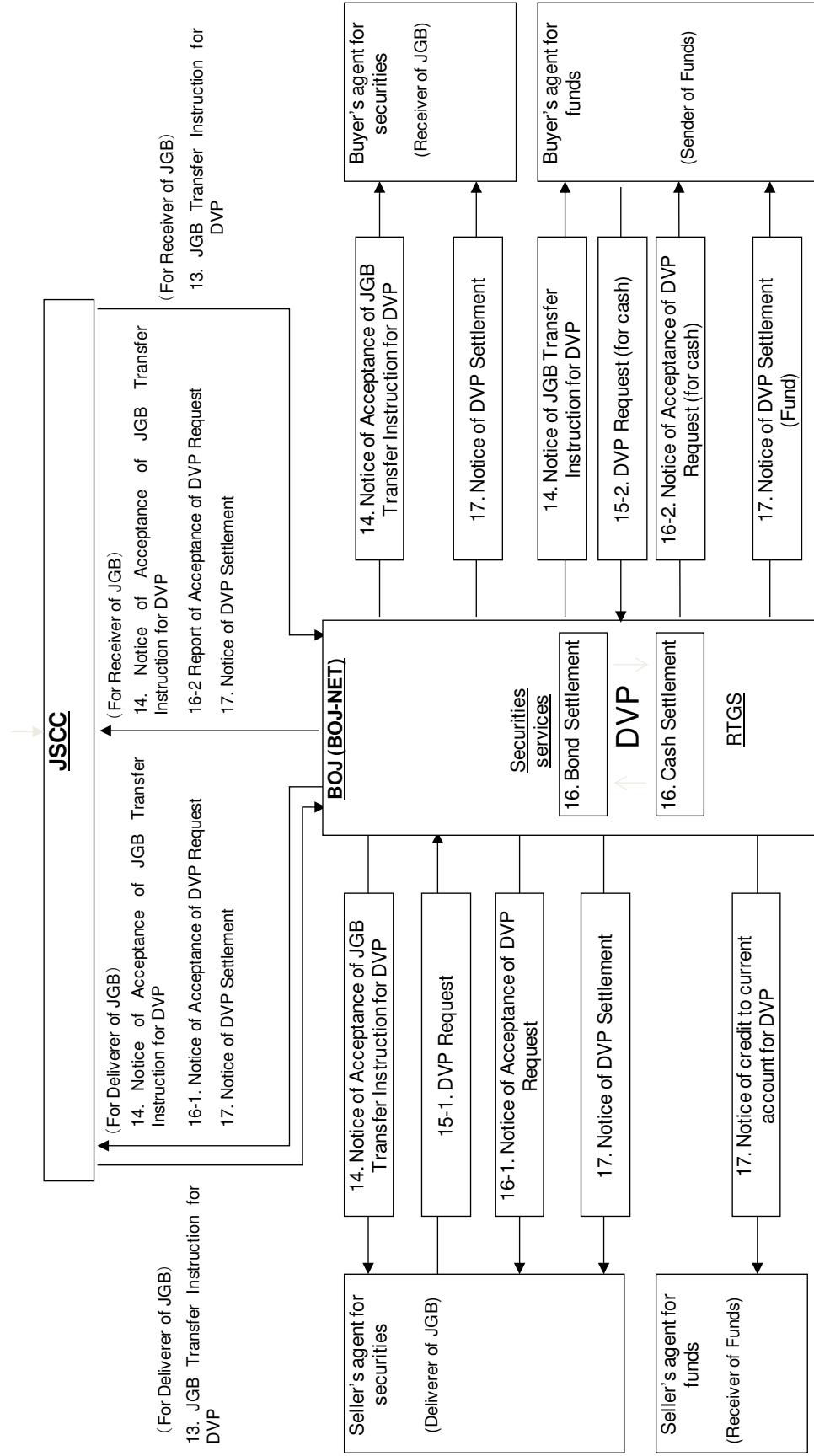
1. Sell side and buy side trade government bond over-the-counter.
2. Both sell side and buy side send trade report to Japan Securities Depository Center, Inc.(JASDEC).
3. JASDEC performs trade matching.
4. JASDEC notifies both sell side and buy side of trade matching status.
5. JASDEC performs settlement matching with Standing Settlement Instruction(SSI) generated by Pre-Settlement Matching System(PSMS).
6. JASDEC sends JGB transfer instruction to Bank of Japan(BOJ).
7. BOJ notifies JASDEC, sell side and buy side of acceptance of instruction.
- 8-1. Sell side enters DVP request to BOJ.
- 8-2. BOJ notifies sell side and buy side of acceptance of instruction.
- 9-1. Buy side enters DVP request to BOJ.
- 9-2. BOJ notifies buy side of acceptance of instruction.
10. BOJ performs bond and cash settlement.
11. When DVP settlement completed, BOJ notifies sell side and buy side of bond and cash settlement.

#### JP04. Government Bond Transaction Flow for Domestic Trades OTC Market (JGB) / DVP (New BOJ-NET) through Trade Matching (PSMS) and JSCC



Source: Bank of Japan and JASDEC (modified by presenter)

#### JJP04. Government Bond Transaction Flow for Domestic Trades OTC Market (JGB) / DVP (New BOJ-NET)



Source: Bank of Japan (modified by presenter)

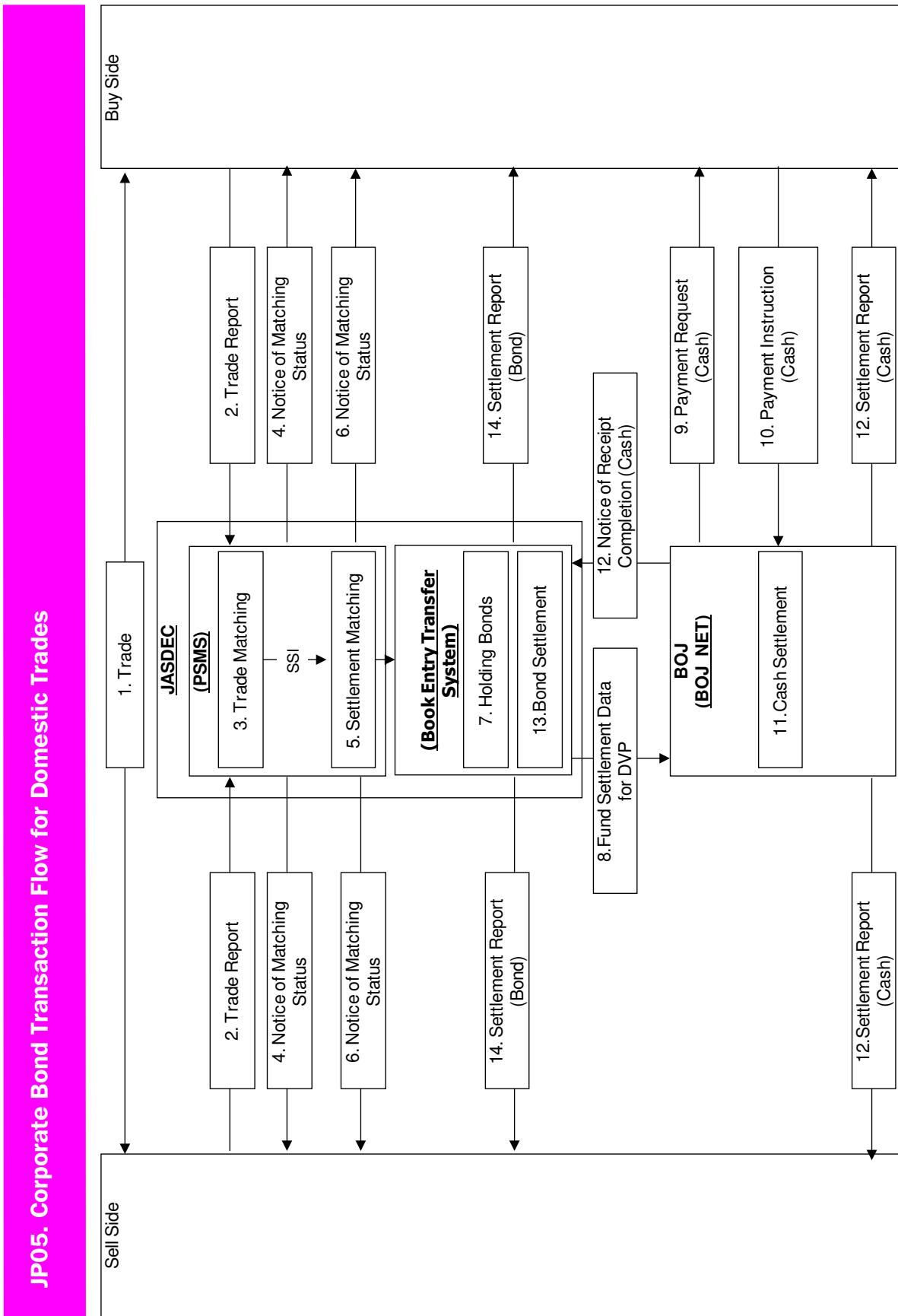
#### JP04. Government Transaction Flow for Domestic Trades OTC Market (JGB) / DVP (New BOJ-NET) through Trade Matching (PSMS) and JS SCC

## OTC Market

1. The seller and buyer trade government bond over-the-counter.
2. Both seller and buyer send Trade Report data into PSMS (Pre-Settlement Matching System).
3. PSMS performs trade matching.
4. PSMS sends the Notice Data of Trade Matching Status to both sides of trade.
5. PSMS transmits the message of Matched Trade Report data to JS SCC.
6. JS SCC makes approval of obligation.
7. JS SCC sends the Notice Data of Approval of Obligation to the seller and buyer via PSMS.
8. JS SCC performs the novation.
9. JS SCC sends the Notice Data of Novation to the seller and buyer via PSMS.
10. JS SCC performs the netting.
11. JS SCC sends the Notice Data of Netting to the seller and buyer via PSMS.
12. JS SCC compiles DVP order.
13. JS SCC sends the JGB Transfer Instruction for DVP to BOJ-NET.
14. BOJ-NET sends the Notice of Acceptance of JGB Transfer Instruction for DVP to the seller, the buyer and JS SCC.
  - 15-1. The seller enters DVP Request to BOJ-NET.
  - 15-2. The buyer enters DVP Request to BOJ-NET. (for cash)
- 16-1. BOJ-NET sends the Notice of Acceptance of DVP Request to seller and completes settlement.
- 16-2. BOJ-NET sends the Notice of Acceptance of DVP Request to buyer and completes settlement. (for cash)
17. When DVP settlement completed, BOJ-NET sends the Notice of credit to current account for DVP to the seller, buyer and JS SCC.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
- 3. Bond Transaction Flow for Domestic Trades (Corporate Bond)**
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### JP05. Corporate Bond Transaction Flow for Domestic Trades

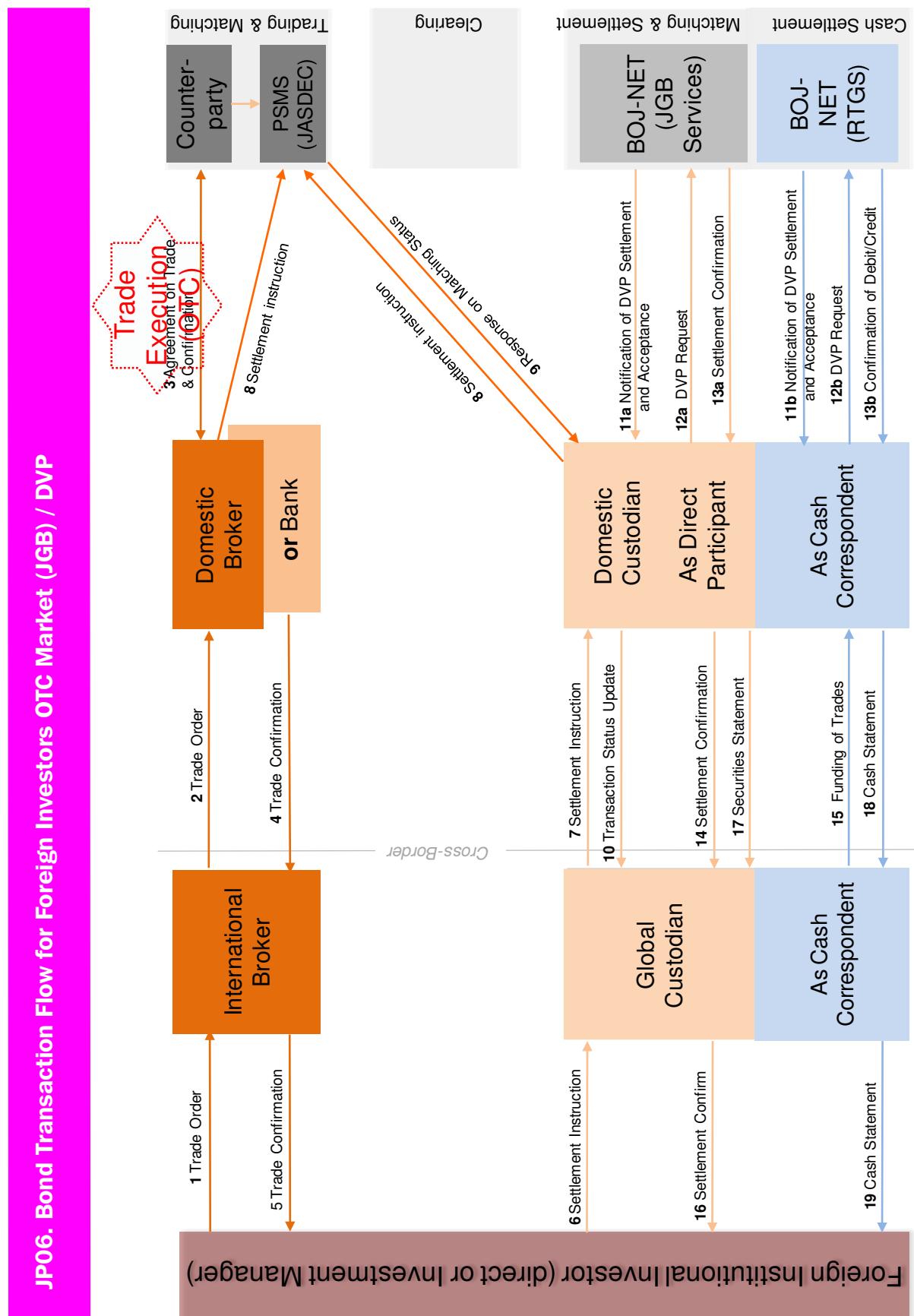


## JP05. Bond Transaction Flow for Domestic Trades

### OTC Market

1. Sell side and buy side trade corporate bonds over-the-counter.
2. Both sell side and buy side send trade report to Japan Securities Depository Center, Inc.(JASDEC).
3. JASDEC performs trade matching.
4. JASDEC notifies both sell side and buy side of trade matching status.
5. JASDEC performs settlement matching with Standing Settlement Instruction(SSI) generated by Pre-Settlement Matching System(PSMS).
6. JASDEC notifies sell side and buy side of settlement matching status.
7. JASDEC holds bonds with it's book-entry transfer system.
8. JASDEC sends fund settlement data for DVP to Bank of Japan(BOJ).
9. BOJ sends payment request to buy side.
10. Buy side sends payment instruction to BOJ.
11. BOJ executes cash settlement.
12. BOJ notifies sell side, buy side and JASDEC of cash receipt completion.
13. JASDEC executes bond settlement.
14. JASDEC sends bond settlement report to sell side and buy side.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)



### JP06. Bond Transaction Flow for Foreign Investors OTC Market (JGB) / DVP

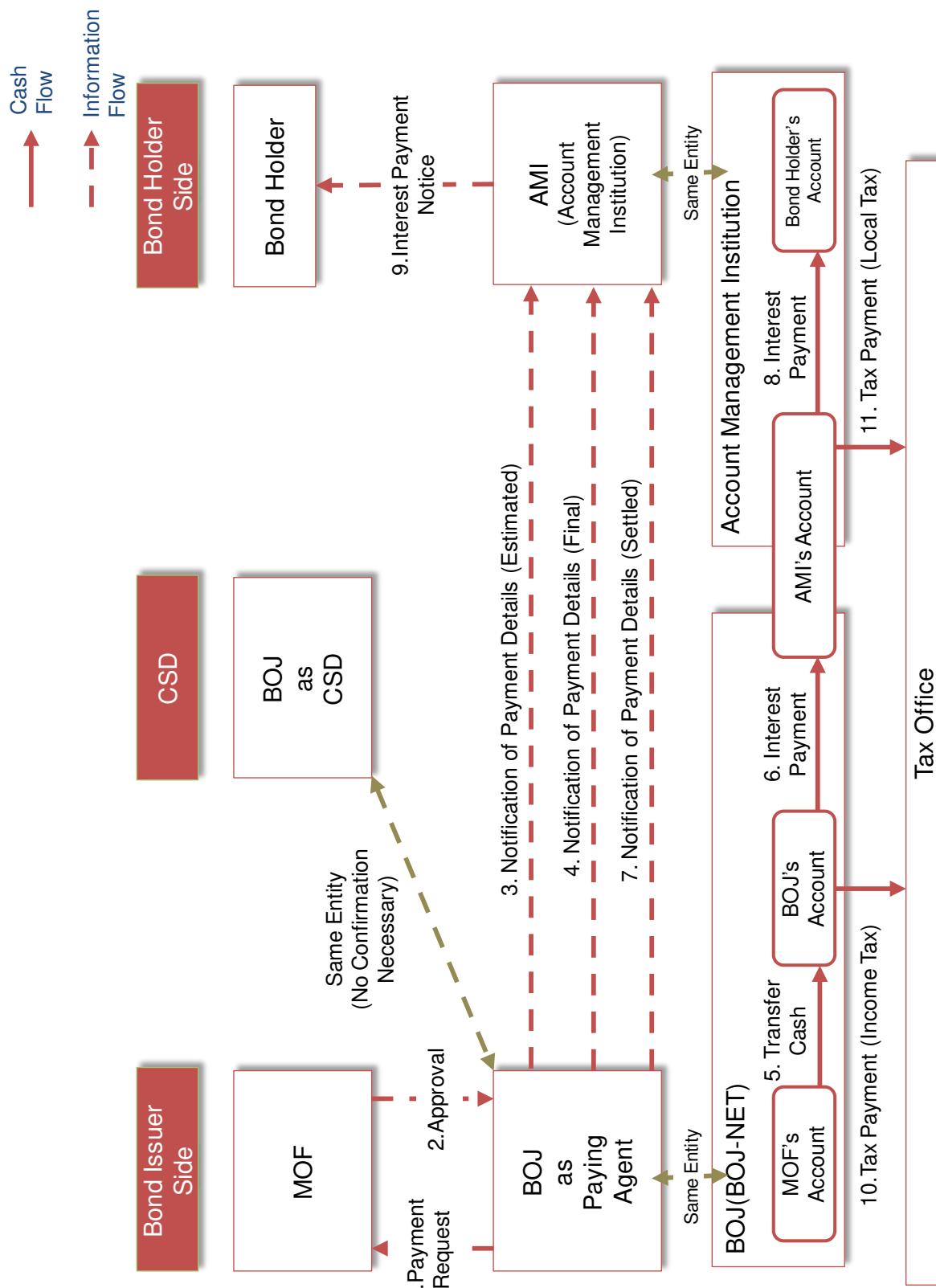
1. Foreign Institutional Investor places order with International Broker
2. International Broker places order with Domestic Broker/Bank
3. Domestic Broker/Bank trades OTC with Counterparty (via phone or e.g. Bloomberg)
4. Domestic Broker/Bank send trade confirmation to International Broker
5. Foreign Institutional Investor receives trade confirmation
6. Foreign Institutional Investor instructs Global Custodian on securities settlement details
7. Global Custodian instructs Domestic Custodian on securities settlement details
8. Domestic Broker and domestic Custodian input trade details into PSMS
9. PSMS responds with matching status
10. Domestic Custodian reports transaction status update to Global Custodian
  
11. Domestic Custodian/Direct Participant receive Notification of DVP Settlement and Acceptance from BOJ-NET
12. Domestic Custodian/Direct Participant send DVP request to BOJ-NET
13. Domestic Custodian/Direct Participant as well as JSCC receive confirmation of DVP settlement
14. Domestic Custodian sends settlement confirmation to Global Custodian
15. Global Custodian funds account with Domestic Custodian, or into FCY nostro (before end of day)
16. Global Custodian sends settlement confirmation to Foreign Institutional Investor
17. Domestic Custodian sends securities statement to Global Custodian
18. Domestic Custodian sends cash credit/debit confirmation in cash statement to Global Custodian
19. Global Custodian sends credit/debit confirmation in cash statement to Foreign Institutional Investor

T+2 ~ Trade Date

Settlement Date

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### JP07. Interest Payment Flow of Government Bond

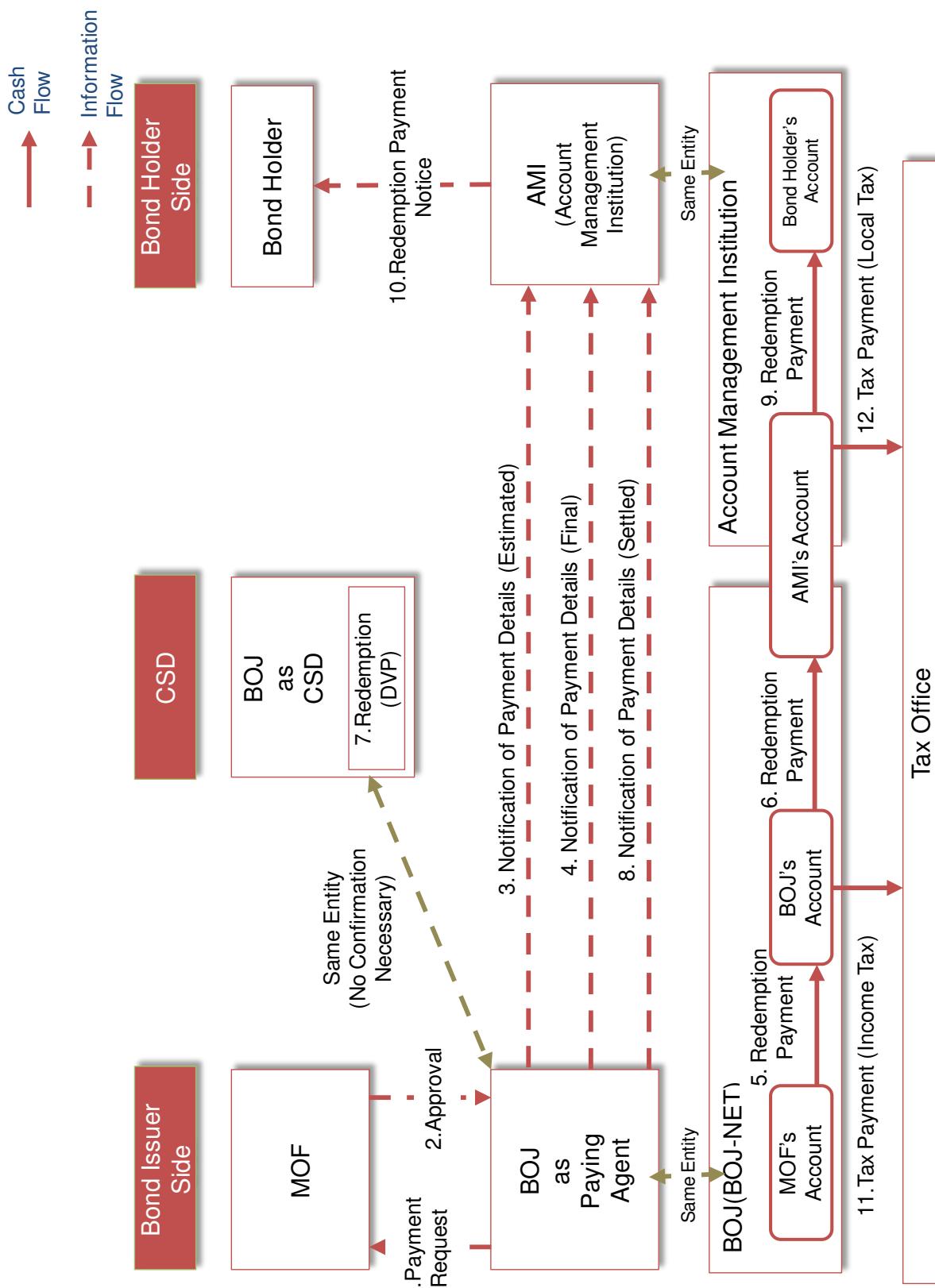


#### JP07. Interest Payment Flow of Government Bond

## Process of Interest Payment

- 
1. Bank of Japan (BOJ) as a paying agent sends request of interest payment to Ministry of Finance (MOF).
  2. MOF approves request of interest payment from BOJ.
  3. BOJ as a paying agent notifies estimated details of interest payment to account management institutions. Since BOJ also functions as CSD of government bond, no confirmation is necessary before this process.
  4. BOJ as a paying agent notifies final details of interest payment to account management institutions.
  5. BOJ as a paying agent transfers cash for interest payment from MOF's account to BOJ's account.
  6. BOJ as a paying agent makes interest payments, deducting income tax if applicable, to account management institutions via BOJ-NET.
  7. BOJ as a paying agent notifies details of a settled interest payment to account management institutions.
  8. Account management institutions credit to bondholder's accounts with interest paid by BOJ, deducting local tax if applicable.
  9. Account management institutions notifies bond holders of interest payment.
  10. BOJ as a paying agent pays income tax to tax office via BOJ's account, if it's applicable.
  11. Account management institutions pay local tax to tax office if applicable.

### JP08. Redemption Payment Flow of Government Bond

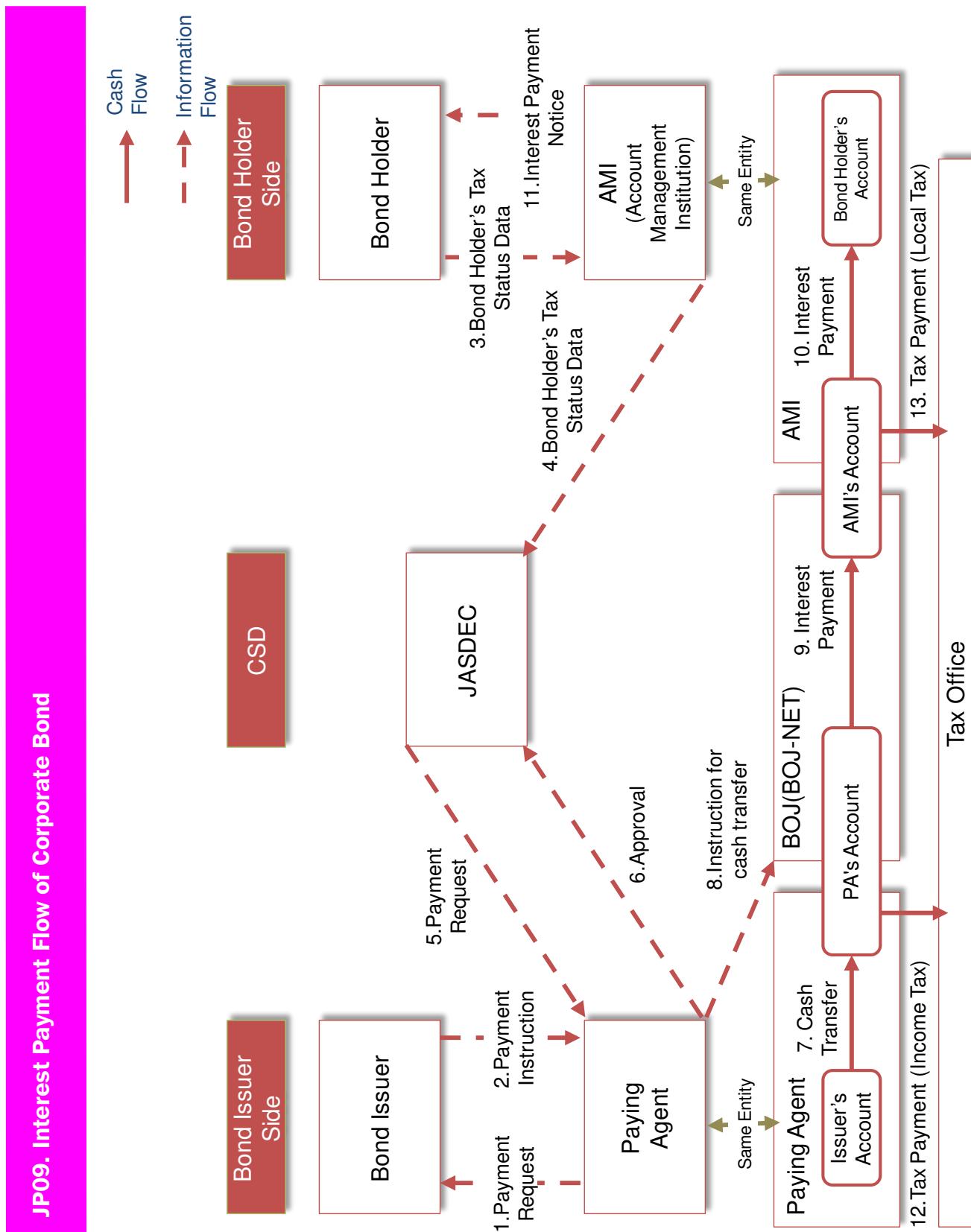


#### JP08. Redemption Payment Flow of Government Bond

## Process of Redemption Payment

1. Bank of Japan (BOJ) as a paying agent sends request of redemption and last interest payment to Ministry of Finance (MOF).
2. MOF approves request of redemption and last interest payment from BOJ.
3. BOJ as a paying agent notifies estimated details of redemption and last interest payment to account management institutions. Since BOJ also functions as CSD of government bond, no confirmation is necessary before this process.
4. BOJ as a paying agent notifies final details of redemption and last interest payment to account management institutions.
5. BOJ as a paying agent transfers cash for redemption payment from MOF's account to BOJ's account.
6. BOJ as a paying agent makes redemption and last interest payments, deducting income tax if applicable, to account management institutions via BOJ-NET.
7. BOJ as CSD makes bond redemption.
8. BOJ as a paying agent notifies details of a settled redemption and last interest payment to account management institutions.
9. Account management institutions credit to bondholder's accounts with redemption and last interest paid by BOJ, deducting local tax if applicable.
10. Account management institutions notifies bond holders of redemption and last interest payment.
11. BOJ as a paying agent pays income tax to tax office via BOJ's account, if it's applicable.
12. Account management institutions pay local tax to tax office if applicable.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

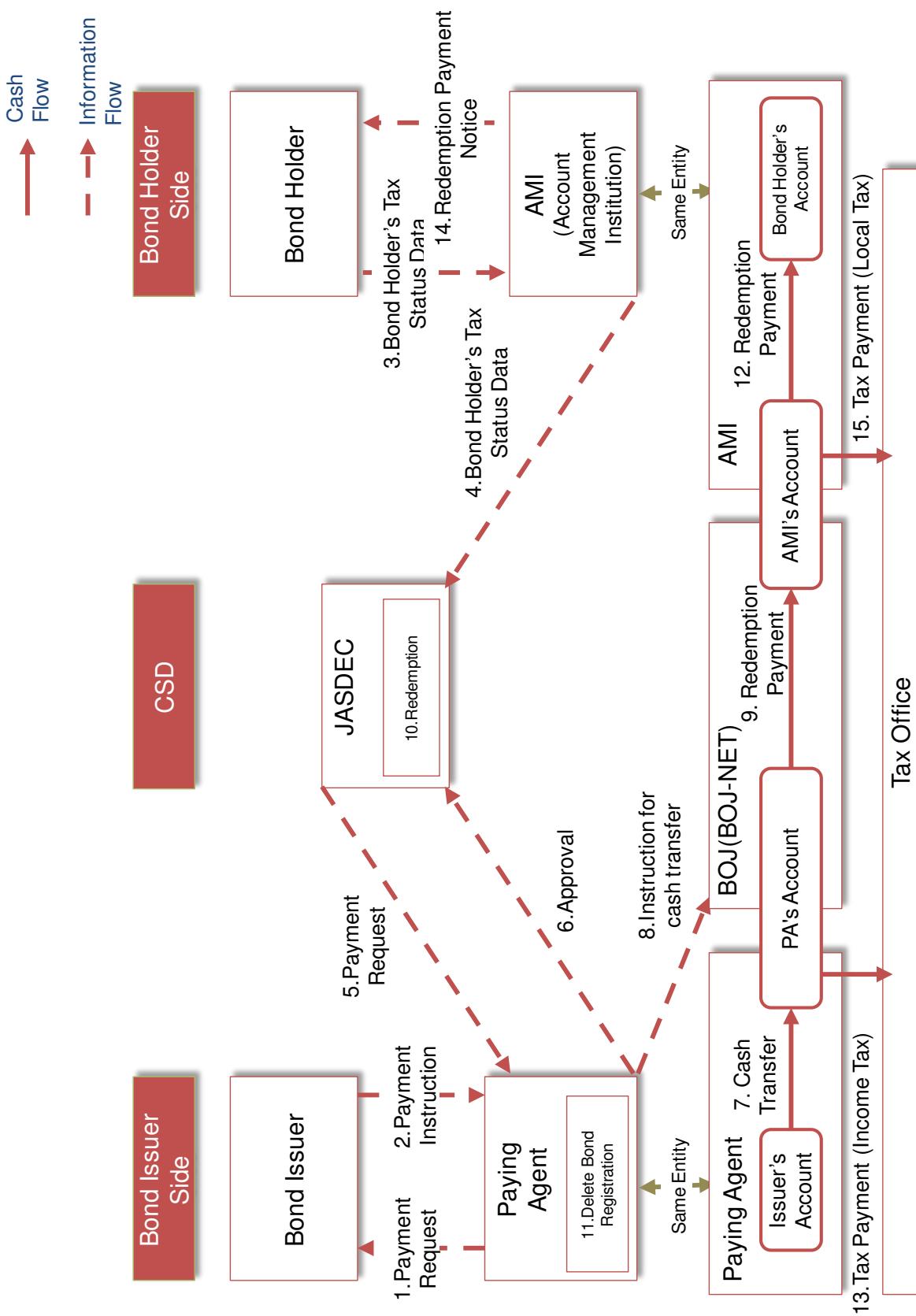


### JP09. Interest Payment Flow of Corporate Bond

## Process of Interest Payment

1. Paying agent sends payment request of interest to bond issuer.
2. Bond issuer instructs paying agent to pay interest.
3. Bond holders send their tax status data to account management institutions(AMIs).
4. AMIs of bond holders send the tax status data of bondholders to Japan Securities Depository Center, Inc. (JASDEC).
5. JASDEC sends payment request of interest to paying agent.
6. Paying agent approves request from JASDEC.
7. Paying agent transfers cash for interest payment from issuer's account to it's own account.
8. Paying agent instructs BOJ to transfer cash to AMIs.
9. BOJ makes interest payments, deducting income tax if applicable, to account management institutions via BOJ-NET.
10. AMIs credit to bondholder's accounts with interest paid by paying agent, deducting local tax if applicable.
  11. AMIs notifies bond holders of interest payment.
  12. Paying agent pays income tax to tax office via it's own account, if tax is applicable.
  13. Account management institutions pay local tax to tax office if applicable.

### JP10. Redemption Payment Flow of Corporate Bond



#### JP10. Redemption Payment Flow of Corporate Bond

## Process of Redemption Payment

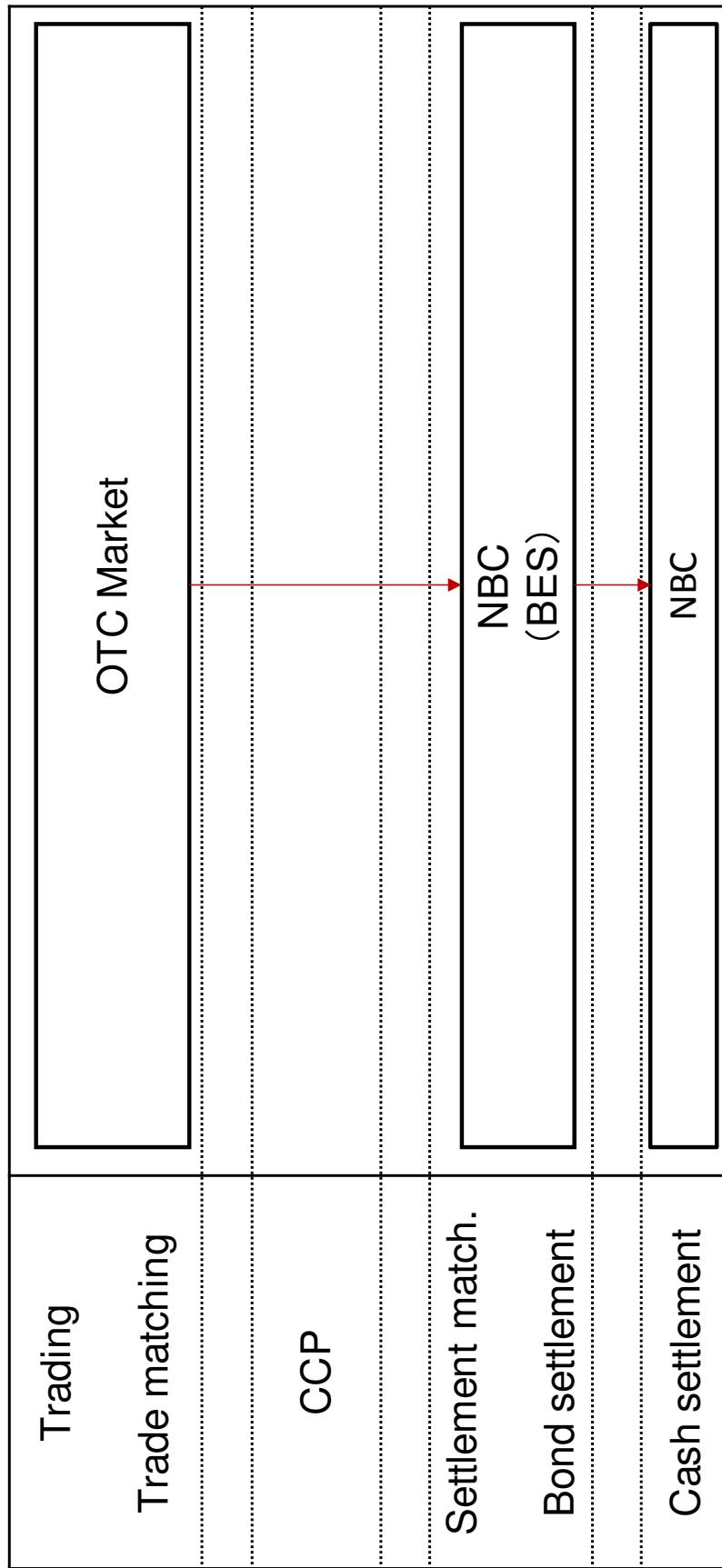
- 
1. Paying agent sends payment request of redemption to bond issuer.
  2. Bond issuer instructs paying agent to pay redemption.
  3. Bond holders send their tax status data to account management institutions(AMIs).
  4. AMIs of bond holders send tax status data of bondholders to JASDEC.
  5. JASDEC sends payment request of redemption to paying agent.
  6. Paying agent approves request from JASDEC.
  7. Paying agent transfer cash for redemption payment from issuer's account to it's own account.
  8. Paying agent instructs BOJ to transfer cash , deducting income tax if applicable, to AMIs' accounts.
  9. BOJ makes redemption payments to AMIs via BOJ-NET.
  10. JASDEC makes bond redemption.
  11. Paying agent deletes bond registration.
  12. AMIs credit to bondholder's accounts with redemption paid by paying agent, deducting local tax if applicable.
  13. Paying agent pays income tax to the tax office via it's own account, if tax is applicable.
  14. AMIs notifies bond holders of redemption payment.
  15. Account management institutions pay local tax to tax office if applicable.

# Cambodia (KH)

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades  
(Government Bond)
3. Bond Transaction Flow for Domestic Trades  
(Corporate Bond)
4. Interest & Redemption Payment Flow  
(Government Bond)
5. Interest & Redemption Payment Flow  
(Corporate Bond)

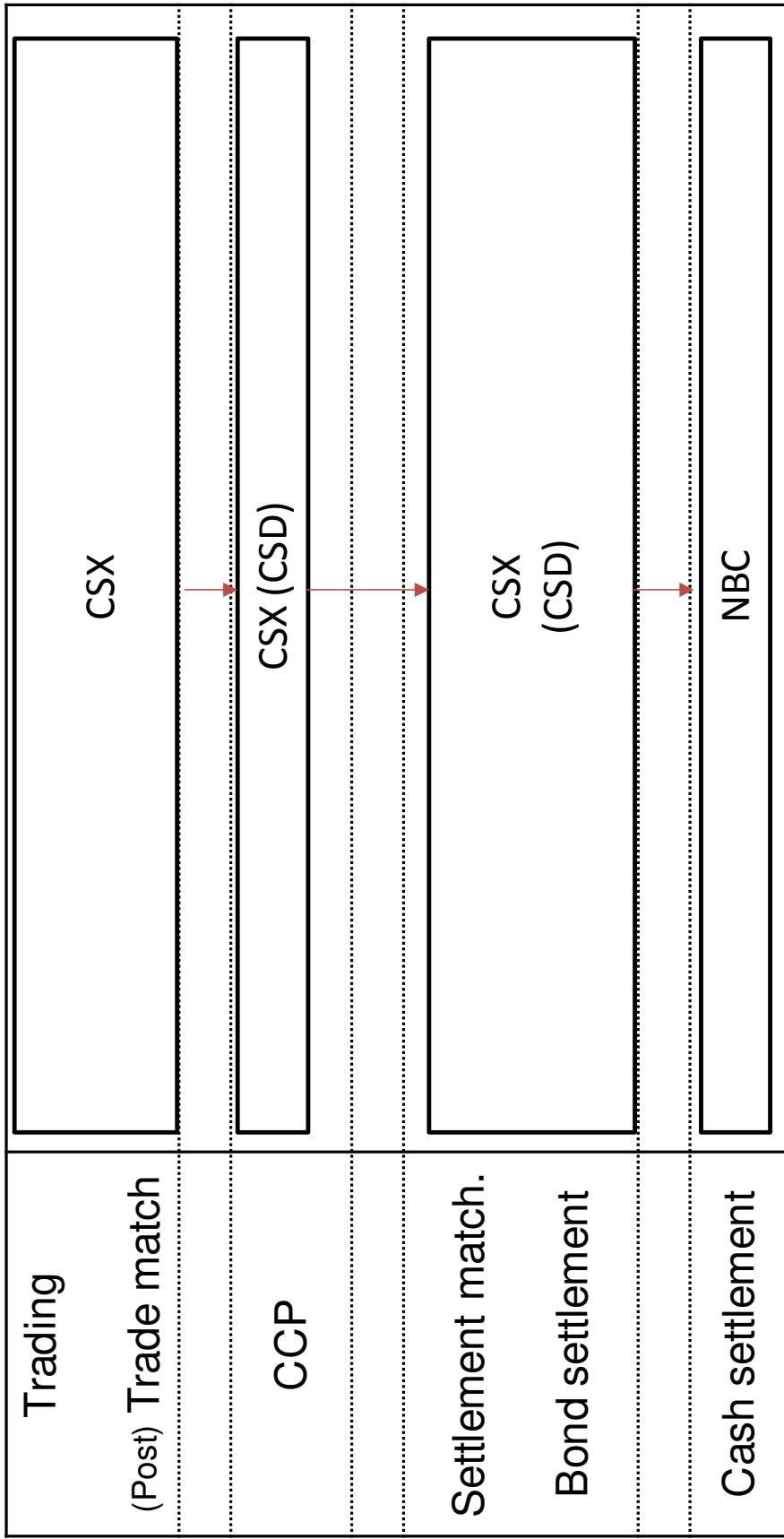
1. Bond Market Infrastructure Diagram
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### KH01. Government Bond Market Infrastructure Diagram



NBC: National Bank of Cambodia

BES: Book Entry System

**KH02. Corporate Bond Market Infrastructure Diagram**

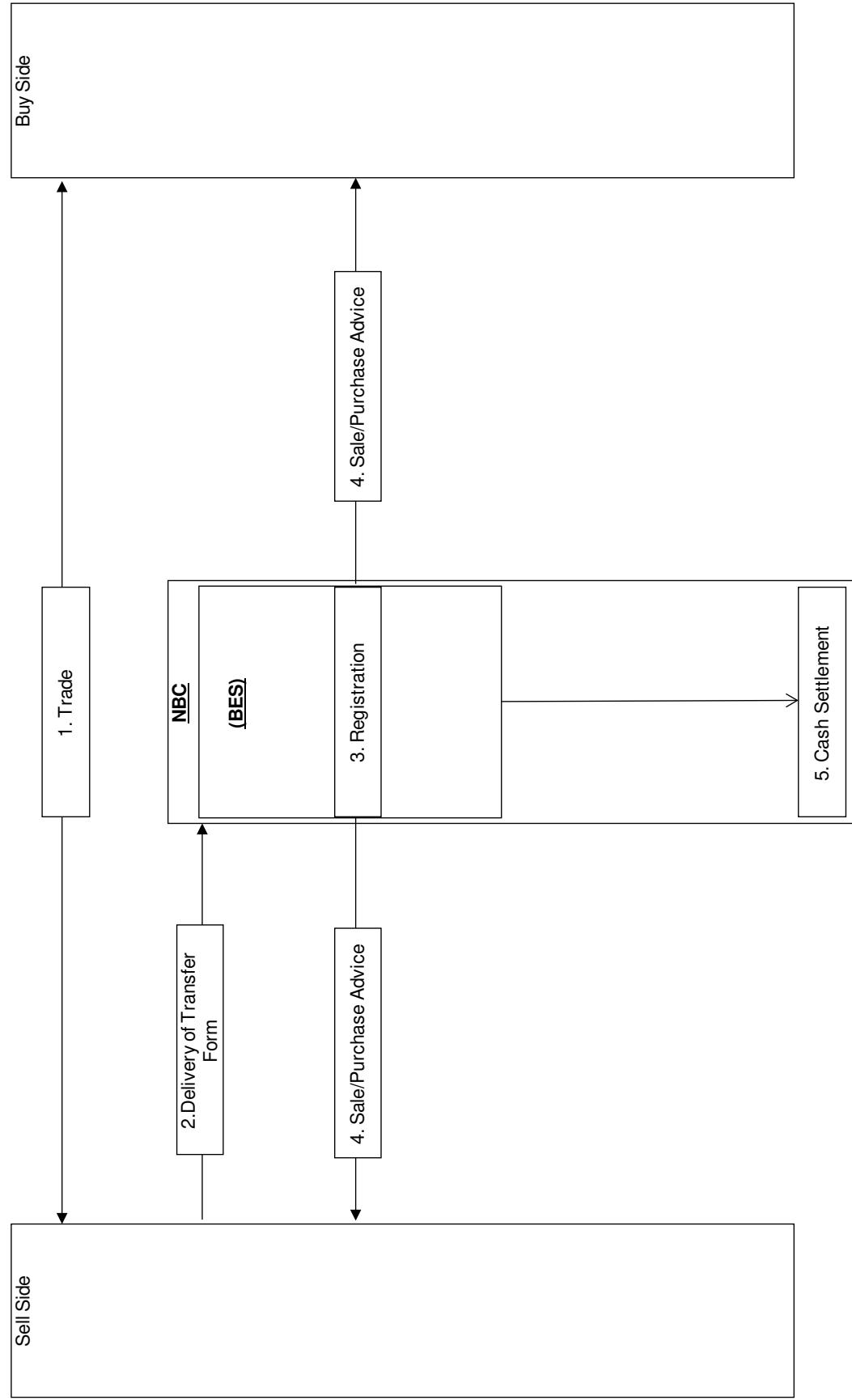
CSX: Cambodia Securities Exchange

NBC: National Bank of Cambodia

CSD: Cambodian Securities Depository

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
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### KH03. Government Bond Transaction Flow for Domestic Trades



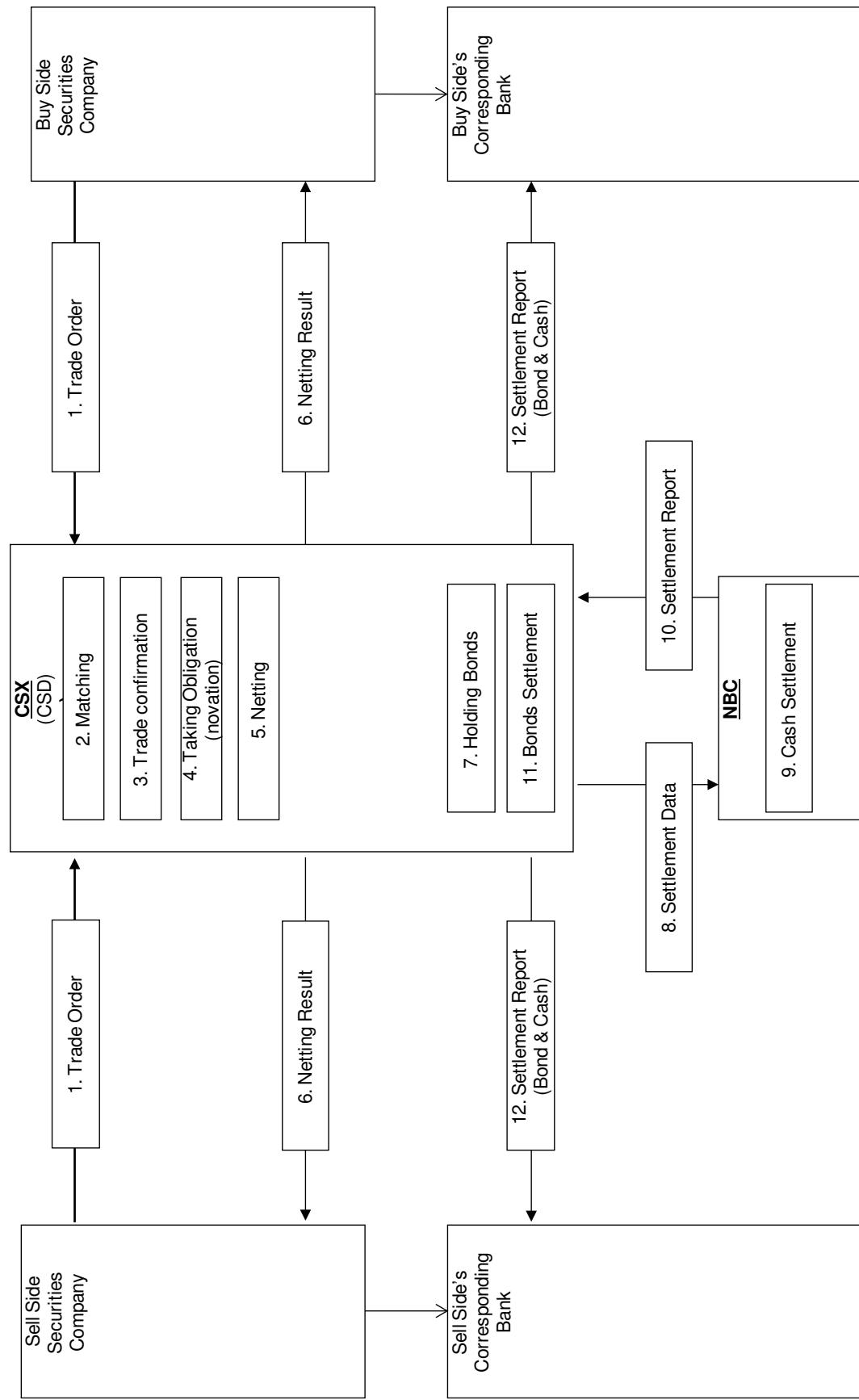
### KH03. Government Bond Transaction Flow for Domestic Trades

## OTC Market

- 
1. Sell side and buy side trade via OTC market
  2. NBC receives Transfer Form for Government Securities with signature of sell side and buy side.
  3. NBC registers the trade information in Book Entry System (BES).
  4. NBC sends Sale/Purchase advices to sell side and buy side.
  5. NBC carries out cash settlement.

1. Bond Market Infrastructure Diagram
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#### KH04. Corporate Bond Transaction Flow for Domestic Trades



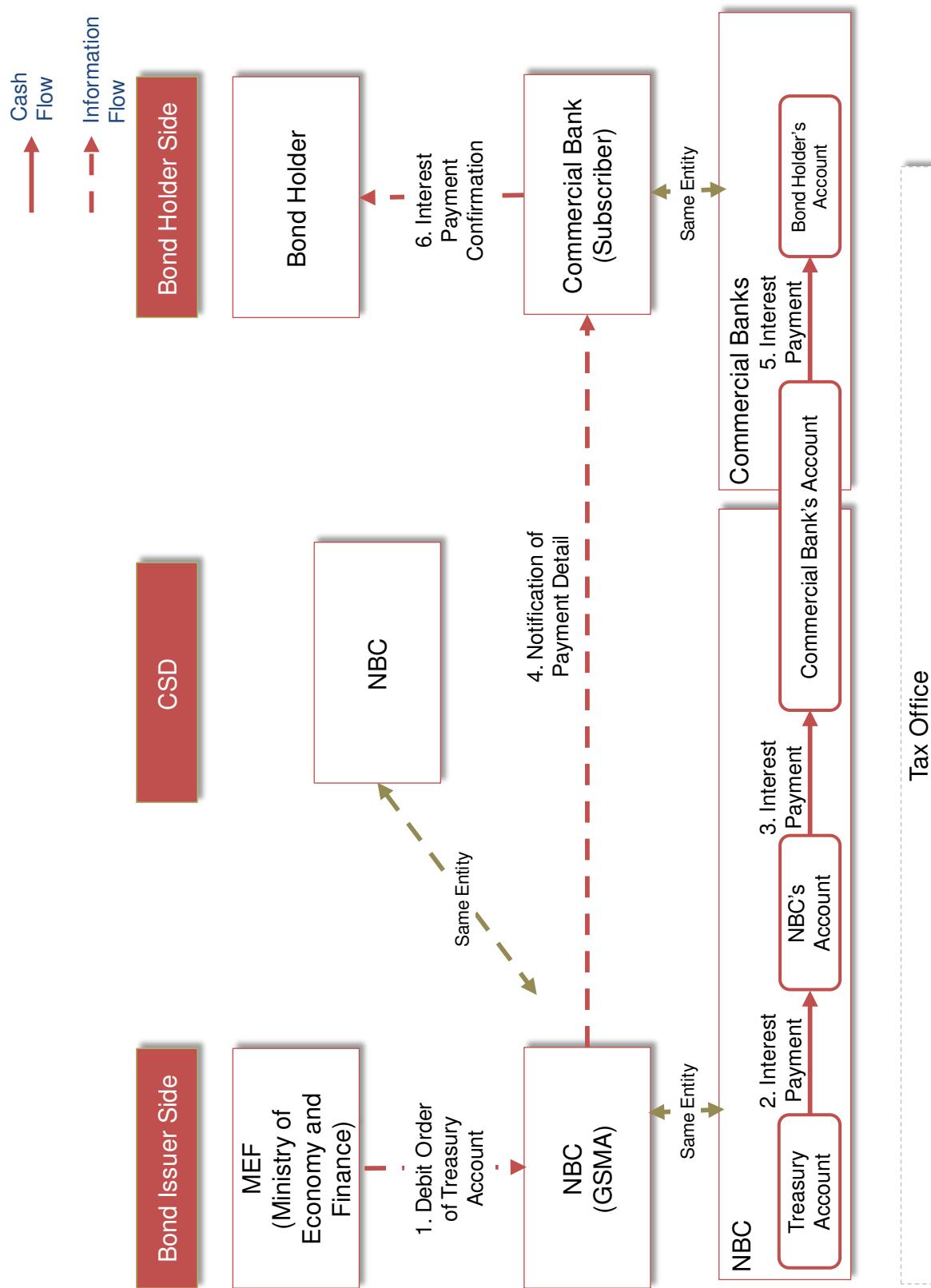
**KH04. Corporate Bond Transaction Flow for Domestic Trades**

## Exchange Market

1. Sell side and buy side enter trading order into the CSX trading system.
2. CSX performs matching.
3. CSX makes trade confirmation.
4. CSX takes obligation (novation) for CSX members.
5. CSX performs netting.
6. CSX sends detail of netting result to sell side and buy side via system.
7. CSX checks availability and holds securities.
8. CSX sends settlement data to NBC automatically via FTP.
9. NBC executes cash settlement.
10. NBC notices cash settlement confirmation to CSX.
11. NBC releases held securities and executes securities delivery.
12. CSX sends settlement report to sell side and buy side.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Interest & Redemption Payment Flow (Government Bond)
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### KH05. Interest Payment Flow of Government Bond

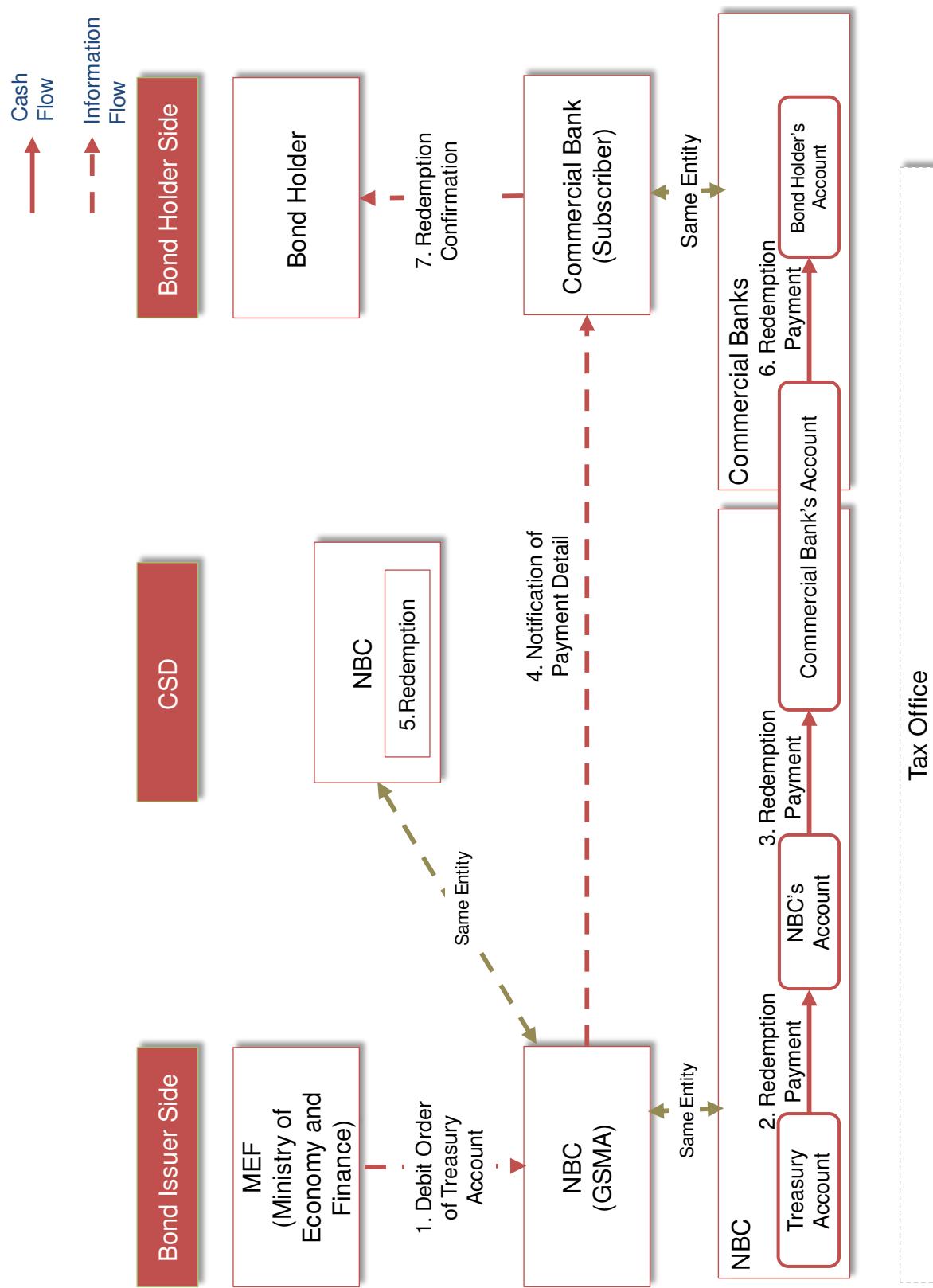


#### KH05. Interest Payment Flow of Government Bond

### Process of Interest Payment

- 
1. MEF provides order of debit to NBC in advance of interest payment date.
  2. On payment date, NBC debits interest payment amount from Treasury Account following order of debit by MEF and credit it to its own account.
  3. NBC transfers cash for interest payment to commercial bank's account via NBC Clearing House.
  4. NBC sends letter of notification for interest payment to subscriber.
  5. Commercial bank credits interest amount to its client's account in the case that bond is held by the client.
  6. Commercial bank notifies bond holders of interest payment.

### KH06. Redemption Flow of Government Bond



#### KH06. Redemption Payment Flow of Government Bond

### Process of Redemption Payment

1. MEF provides order of debit to NBC in advance of redemption due date.
2. On due date, NBC debits redemption payment amount from Treasury Account following order of debit by MEF and credit it to its own account.
3. NBC transfers cash for redemption to commercial bank's account via NBC Clearing House.
4. NBC sends letter of notification for redemption to subscriber.
5. NBC makes bond redemption.
6. Commercial bank credits redemption payment to its client's account in the case that bond is held by the client.
7. Commercial bank notifies bond holders of redemption.

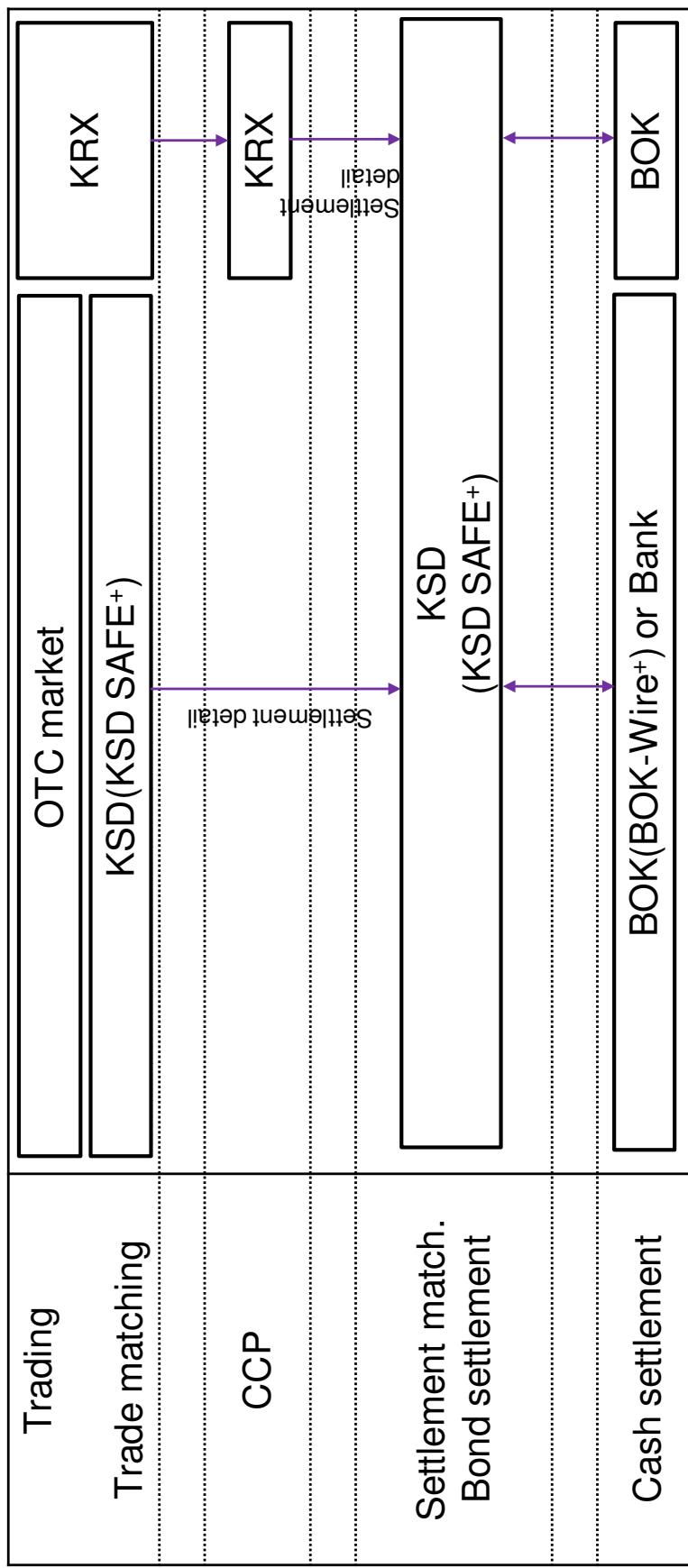
# **Republic of Korea (KR)**

- 1. Bond Market Infrastructure Diagram**
- 2. Bond Transaction Flow for Domestic Trades  
(Government Bond)**
- 3. Bond Transaction Flow for Domestic Trades  
(Corporate Bond)**
- 4. Bond Transaction Flow for Foreign Investors**
- 5. Interest & Redemption Payment Flow  
(Government Bond)**
- 6. Interest & Redemption Payment Flow  
(Corporate Bond)**

## 1. Bond Market Infrastructure Diagram

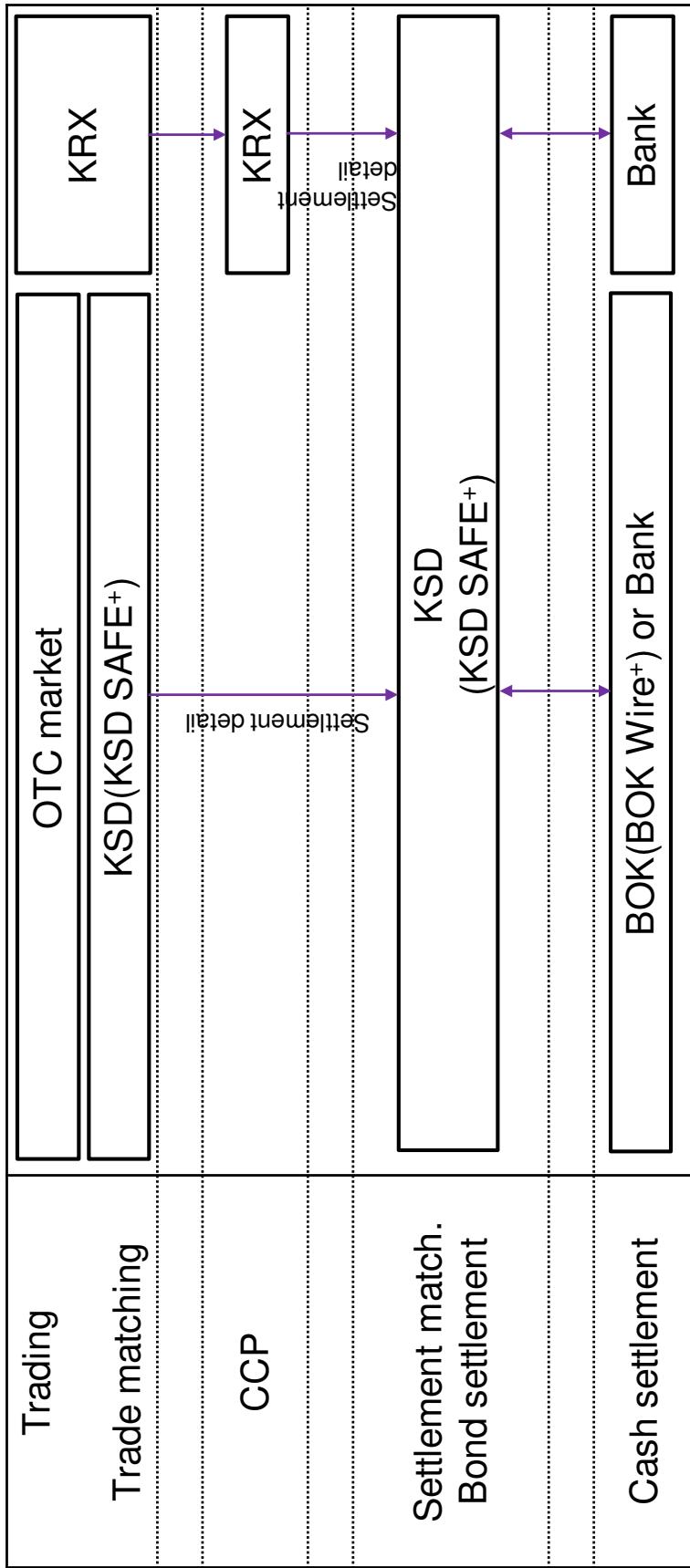
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### KR01. Government Bond Market Infrastructure Diagram



- OTC : Over the Counter
- KRX : Korea Exchange
- KSD : Korea Securities Depository
- KSD SAFE<sup>+</sup> : the name of KSD's System (SAFE : Speedy, Accurate, Faithful, Efficient)
- BOK : Bank of Korea
- BOK Wire<sup>+</sup> : the name of BOK's System
- Bank : Commercial Bank

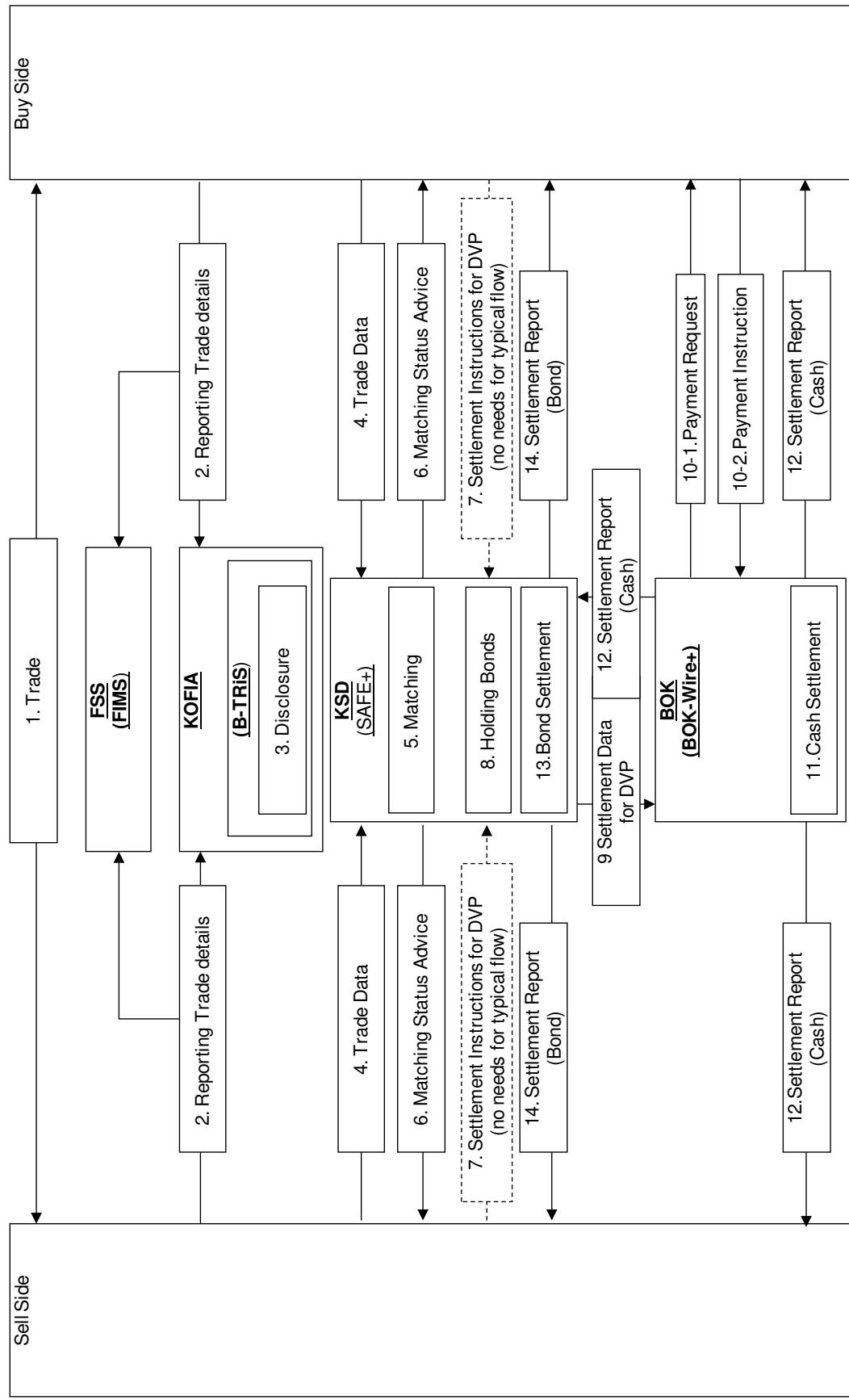
## KR02. Corporate Bond Market Infrastructure Diagram



- OTC : Over the Counter
- KRX : Korea Exchange
- KSD : Korea Securities Depository
- KSD SAFE<sup>+</sup> : the name of KSD's System (SAFE : Speedy, Accurate, Faithful, Efficient)
- BOK : Bank of Korea
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- Bank : Commercial Bank

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
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### KR03. Government Bond Transaction Flow for Domestic Trades (OTC)

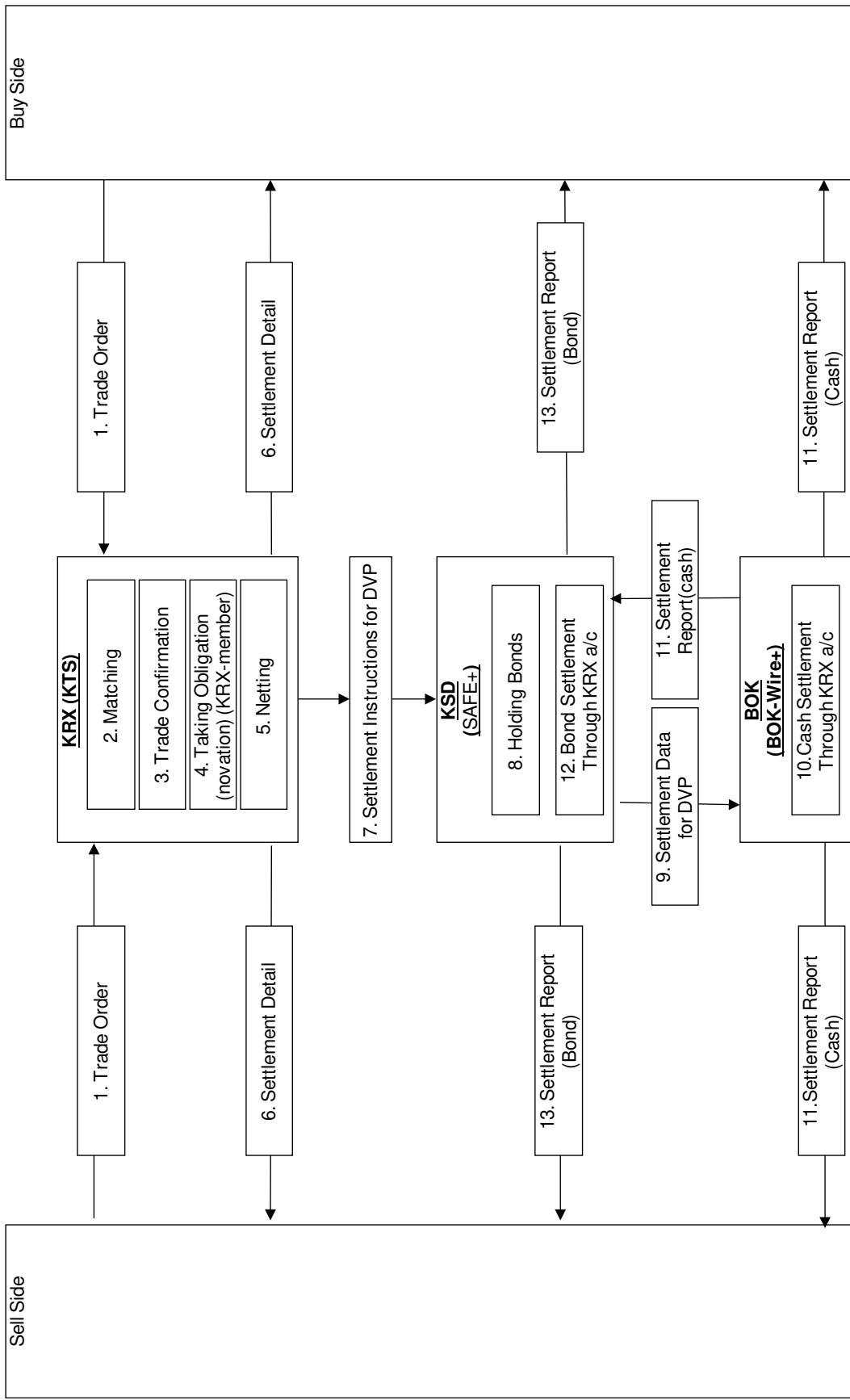


### KR03. Government Bond Transaction Flow for Domestic Trades (OTC)

## OTC Market

1. Sell side and buy side trade over the counter mostly with private messenger, and some transactions are done with FreeBond provided by KOFIA which is a supporting and confirmation system for bond trading.
2. Financial investment companies engaged in trading must report trading details to KOFIA within 15 minutes after trading execution. They also report trading details to FSS via Foreign Investment Management System(FIMS).
3. KOFIA discloses this information on its Bond-Trade Report & Information Service (B-Tris).
4. Sell side and buy side send trade data to Korea Securities Depository (KSD).
5. KSD collates trade data from the sell side and buy side.
6. KSD sends matching status advise to the sell side and buy side.
7. Sell side and buy side sends settlement instructions for DVP to KSD.
8. KSD holds bonds before cash settlement.
9. KSD sends settlement data to Bank of Korea (BOK).
- 10-1.The BOK sends payment request(cash) to the buy side.
- 10-2. The buy side sends the payment instruction for DVP to BOK.
11. BOK executes cash settlement.
12. BOK sends settlement report to sell side, the buy side and KSD.
13. KSD executes bond settlement.
14. KSD sends settlement report to sell side and buy side.

#### KR04. Government Bond Transaction Flow for Domestic Trades (Exchange)



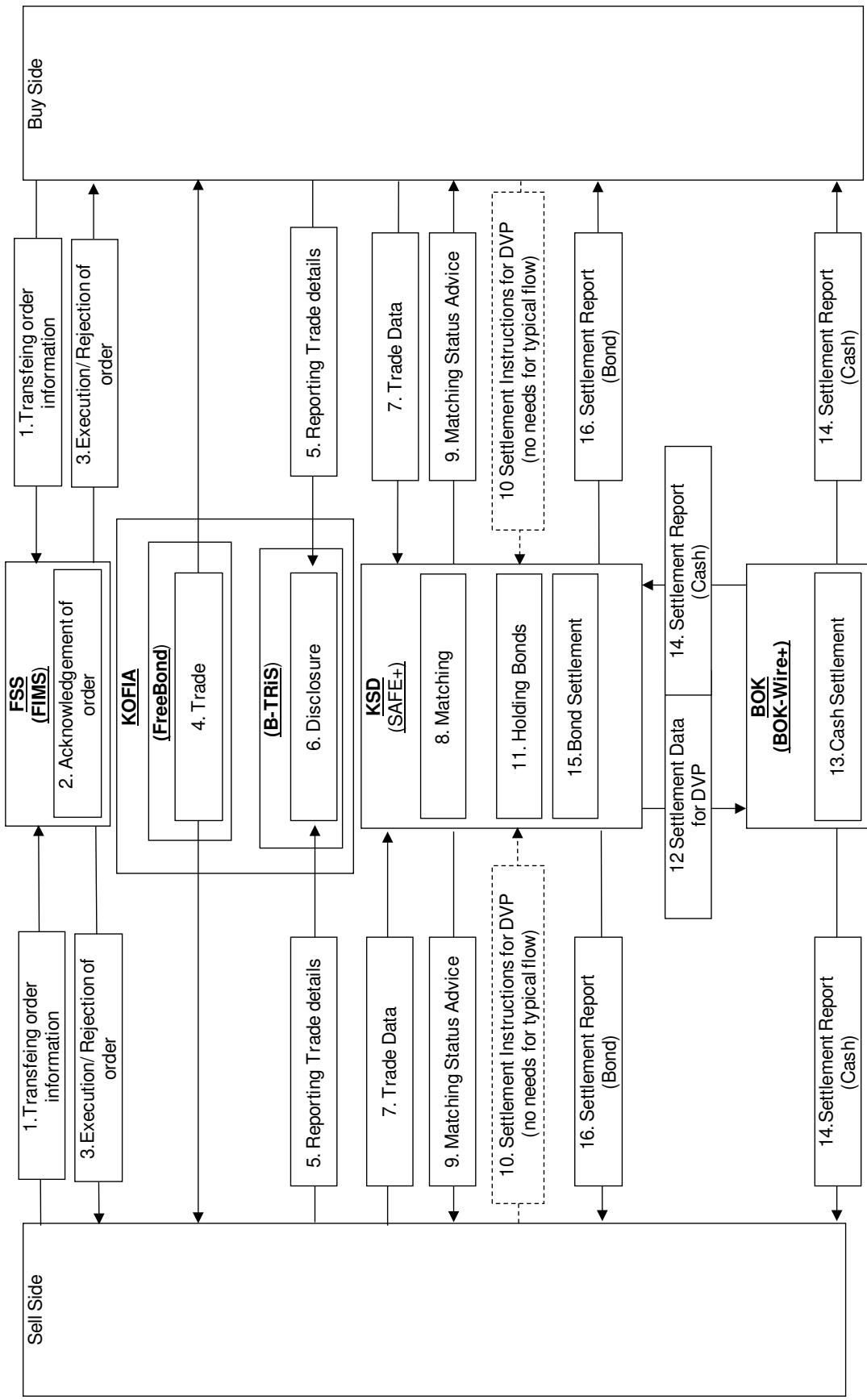
## Exchange Market

### KR04. Government Bond Transaction Flow for Domestic Trades (Exchange)

1. Sell side and buy side send trade order to Korea Exchange(KRX).
2. KRX performs matching.
3. KRX makes trade confirmation.
4. KRX takes obligation (novation) for KRX members.
5. KRX performs netting.
6. KRX sends settlement details to sell side and buy side.
7. KRX sends settlement instruction for DVP to Korea Security Depository(KSD).
8. KSD holds bonds before cash settlement.
9. KSD sends settlement data to Bank of Korea (BOK).
10. BOK executes cash settlement.
11. BOK sends settlement report (cash) to sell side, the buy side and KSD.
12. KSD executes bond settlement through KRX account.
13. KSD sends settlement report to sell side and buy side.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. **Bond Transaction Flow for Domestic Trades (Corporate Bond)**
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

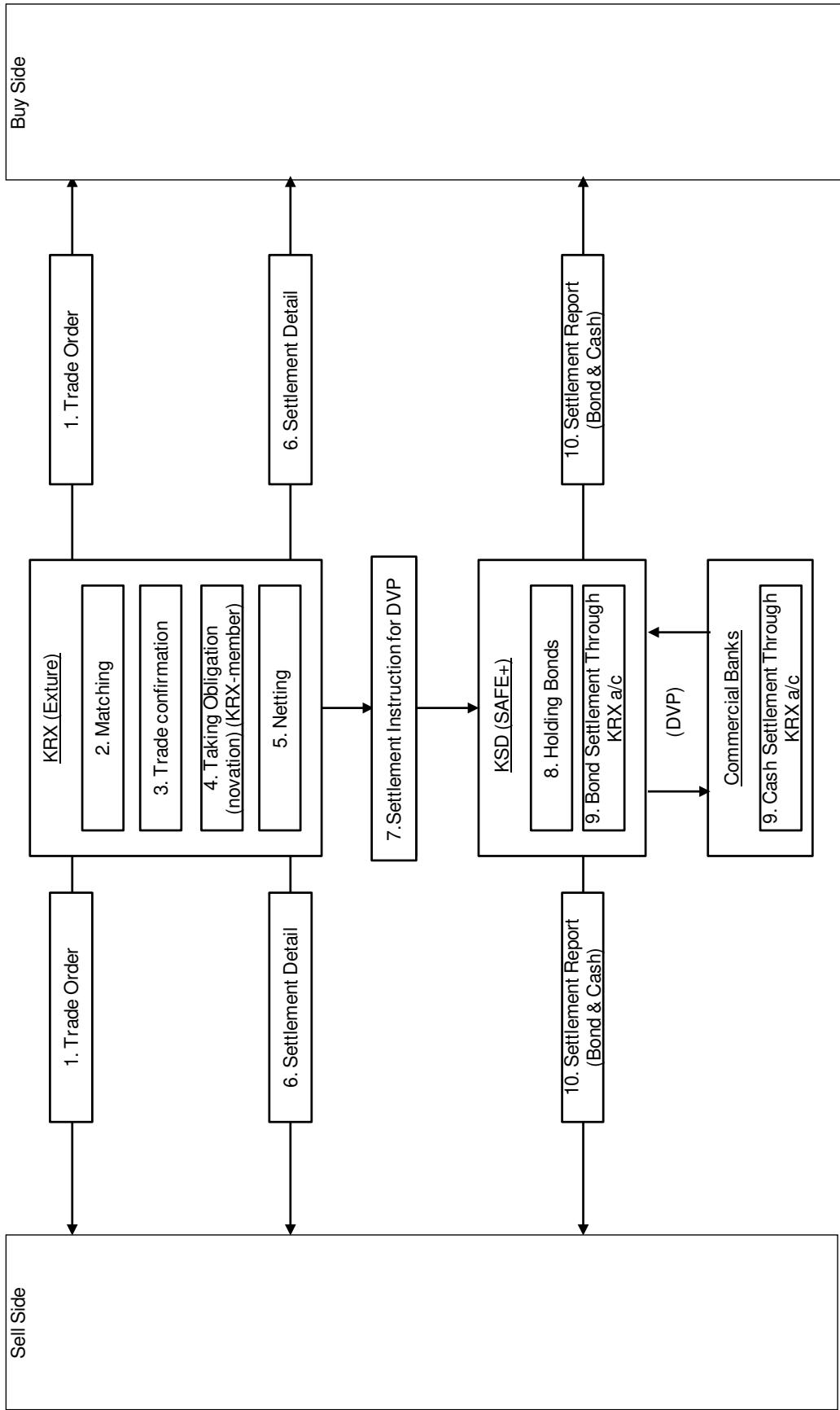
## KR05. Corporate Bond Transaction Flow for Domestic Trades (OTC)



**KR05. Bond Transaction Flow for Domestic Trades****OTC Market**

1. If the client is a foreign investor, the sell side and/or the buy side of securities companies transfer order information to Financial Supervisory Service(FSS) via Foreign Investment Management System(FIMs).  
FSS acknowledges or rejects order.
2. If holdings is enough, FSS transfers order information to the sell side and/or the buy side of securities companies and Korea Exchange.
3. The sell and buy trade over the counter with a formalized bond trading system, whose name is FreeBond.
4. Both the sell and buy must report trading details to the KOFIA within 15 minutes after trading execution.
5. KOFIA discloses this information on its Bond-Trade Report and Information Service(B-TriS).
6. The sell side and Buy side send trade data to KSD.
7. KSD collates trade data from the seller and buyer.
8. KSD sends matching status advise to the sell side and buy side.
9. The sell side and buy side send settlement instructions for DVP to KSD.
10. KSD holds bonds before cash settlement.
11. KSD sends settlement data to BOK.
12. BOK executes cash settlement.
13. BOK sends settlement report to the sell side, buy side and KSD.
14. KSD executes bond settlement.
15. KSD sends settlement report to the sell side and buy side.

### KR06. Corporate Bond Transaction Flow for Domestic Trades (Exchange)



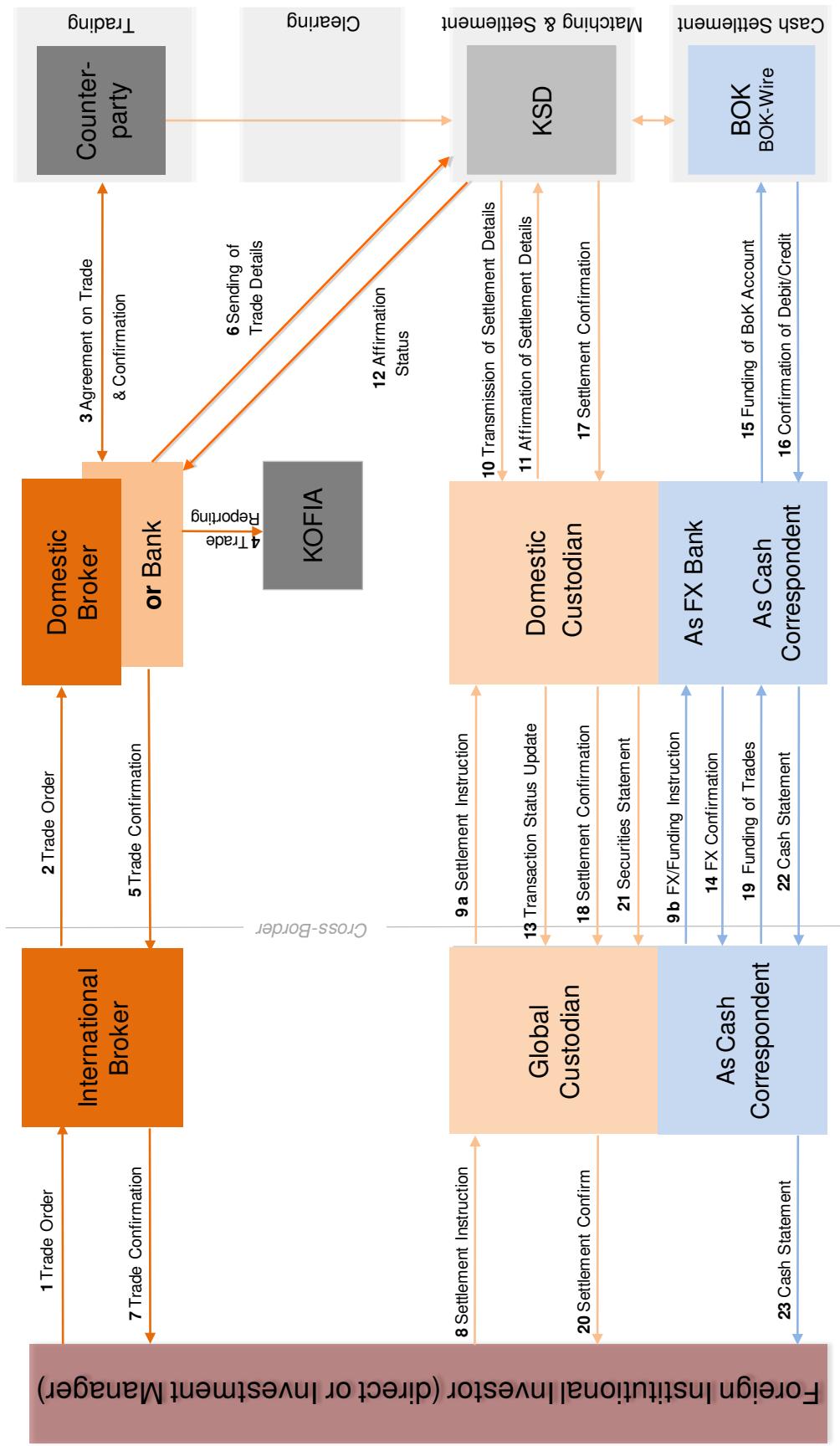
## Exchange Market

### KR06. Corporate Bond Transaction Flow for Domestic Trades (Exchange)

1. Sell side and buy side send trade order to Korea Exchange(KRX).
2. KRX performs matching.
3. KRX makes trade confirmation.
4. KRX takes obligation (novation) for KRX members.
5. KRX performs netting.
6. KRX sends settlement details to sell side and buy side
7. KRX sends settlement instruction for DVP to Korea Security Depository(KSD).
8. KSD holds bonds before cash settlement.
9. KSD executes bond & cash settlement for DVP through KRX account.
10. KSD sends settlement report to sell side and buy side.

1. Bond Market Infrastructure Diagram
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## KR07. Bond Transaction Flow for Foreign Investors OTC Market / DVP



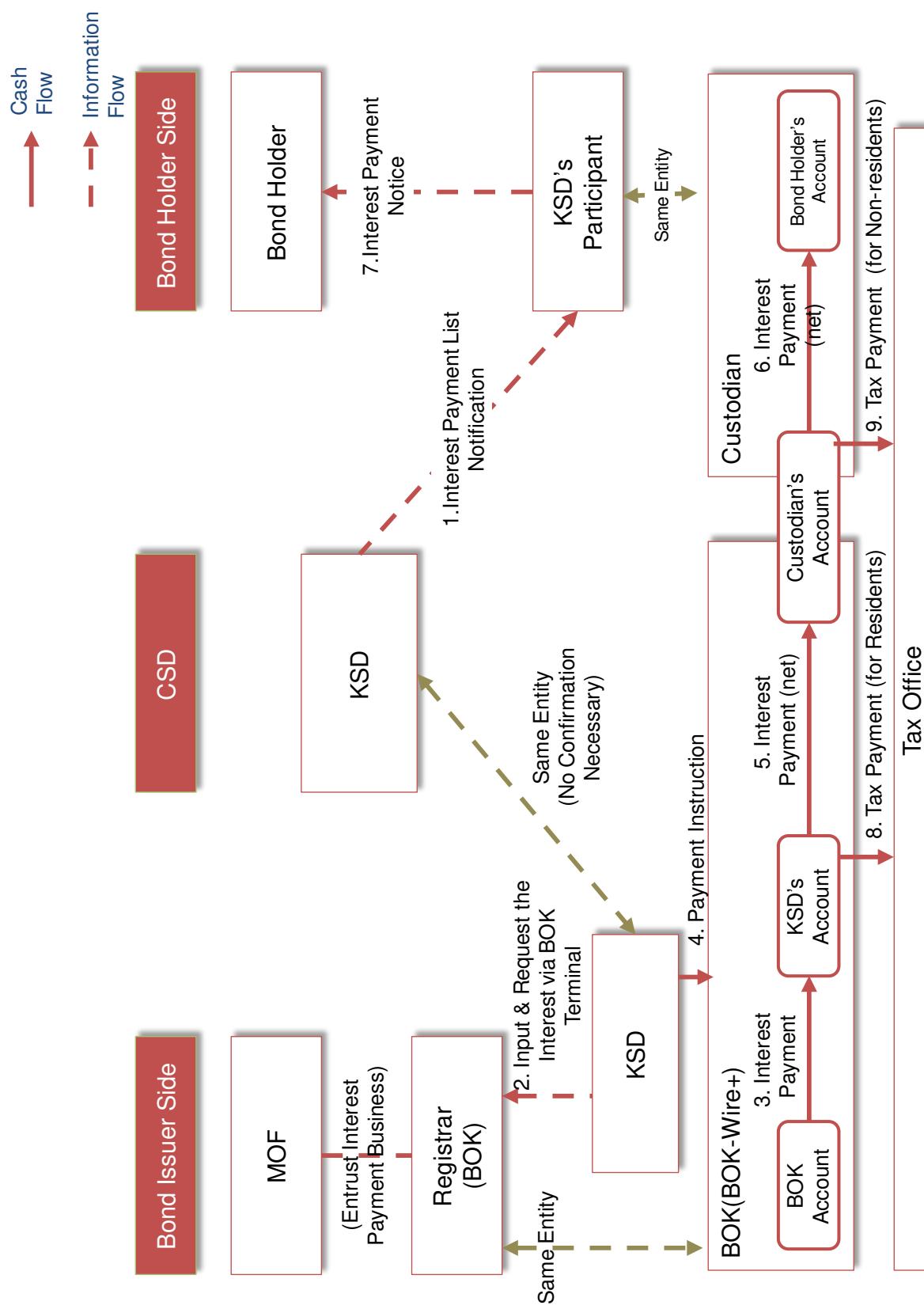
### KR07. Bond Transaction Flow for Foreign Investors OTC Market / DVP

1. Foreign Institutional Investor places order with International Broker
2. International Broker places order with Domestic Broker/Bank
3. Domestic Broker/Bank trades OTC with Counterparty (via phone or e.g. Bloomberg)
4. Domestic Broker/Bank and Counterparty report trade to KOFIA within 15 minutes of trade
5. Domestic Broker/Bank send trade confirmation to International Broker
6. Domestic Broker/Bank sends trade details to KSD
7. Foreign Institutional Investor receives trade confirmation
8. Foreign Institutional Investor instructs Global Custodian on securities settlement details, and FX/funding
9. Global Custodian instructs Domestic Custodian on (a) securities settlement details, and (b) FX/funding requirements
10. KSD sends Preliminary Settlement Data to Domestic Custodian, via SAFE
11. Domestic Custodian affirms settlement details
12. KSD sends affirmation status to Domestic Broker/Bank
13. Domestic Custodian reports transaction status update to Global Custodian
14. Domestic Custodian sends FX confirmation to Global Custodian
15. Domestic Custodian funds BOK account
16. Upon transfer of cash, BOK sends settlement confirmation to Domestic Custodian
17. Upon transfer of securities, KSD sends settlement confirmation to Domestic Custodian
18. Domestic Custodian sends settlement confirmation to Global Custodian
19. Global Custodian funds account with Domestic Custodian, or into FCY nostro (before end of day)
20. Global Custodian sends settlement confirmation to Foreign Institutional Investor
21. Domestic Custodian sends securities statement to Global Custodian
22. Domestic Custodian sends cash credit/debit confirmation in cash statement to Global Custodian
23. Global Custodian sends credit/debit confirmation in cash statement to Foreign Institutional Investor

Settlement Date	T+1 (SD-1)	Trade Date
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### KR08. Interest Payment Flow of Government Bond

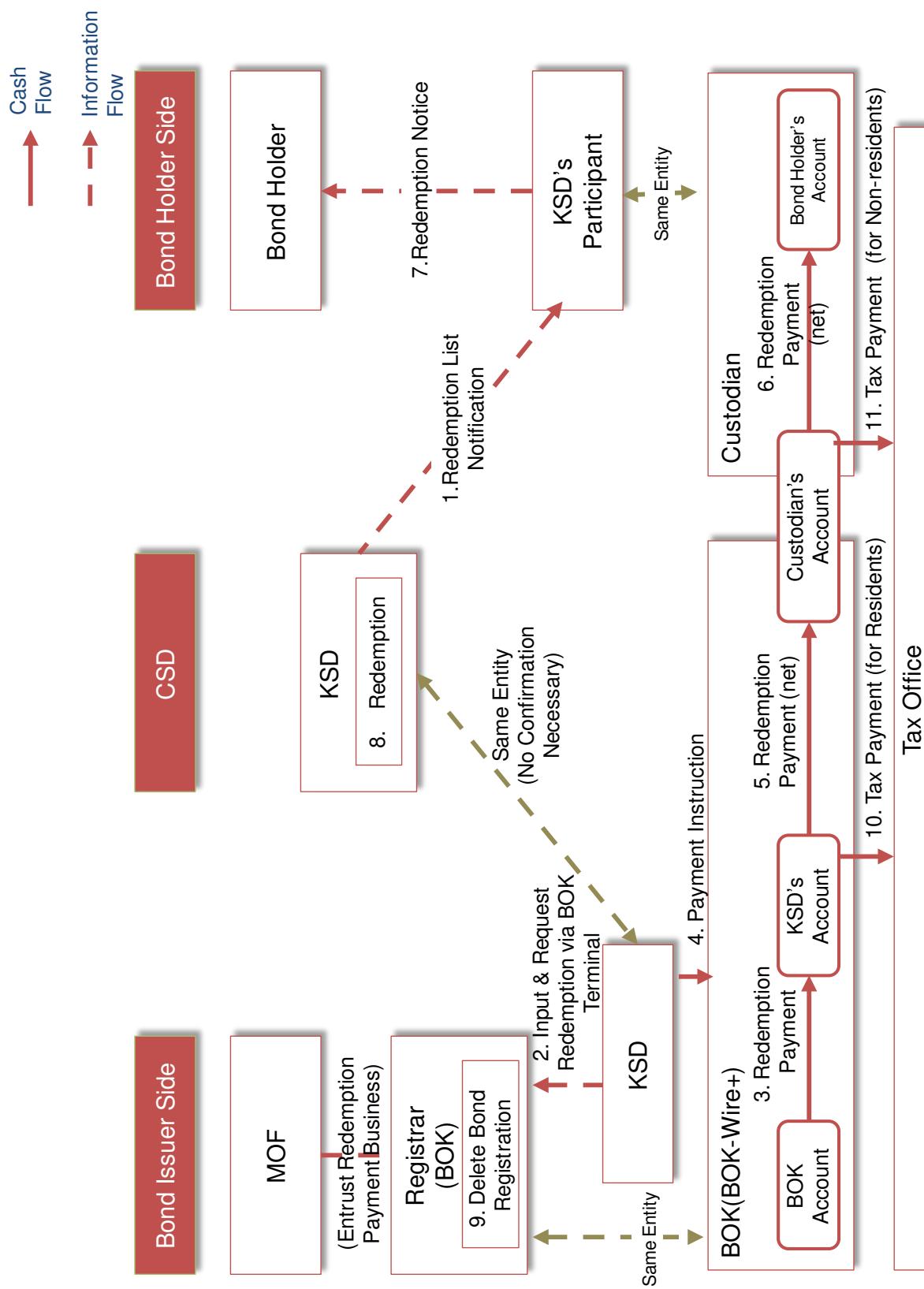


#### KR08. Interest Payment Flow Government Bond

### Process of Interest Payment

- 
1. Korea Securities Depository(KSD) notifies KSD participants of interest payment list.
  2. KSD inputs and request the interest via Bok terminal.
  3. BOK makes interest payment to BOK account of KSD.
  4. KSD withholds income tax on receiving interest and sends payment instruction to BOK.
  5. BOK transfers interest from BOK account of KSD to KSD participant.
  6. KSD participants make interest payments to bondholders.
  7. KSD's participants notify bond holders of interest payment.
  8. KSD' pays tax for residents to tax office.
  9. KSD's participants pay tax for non-residents to tax office.

### KR09. Redemption Flow of Government Bond



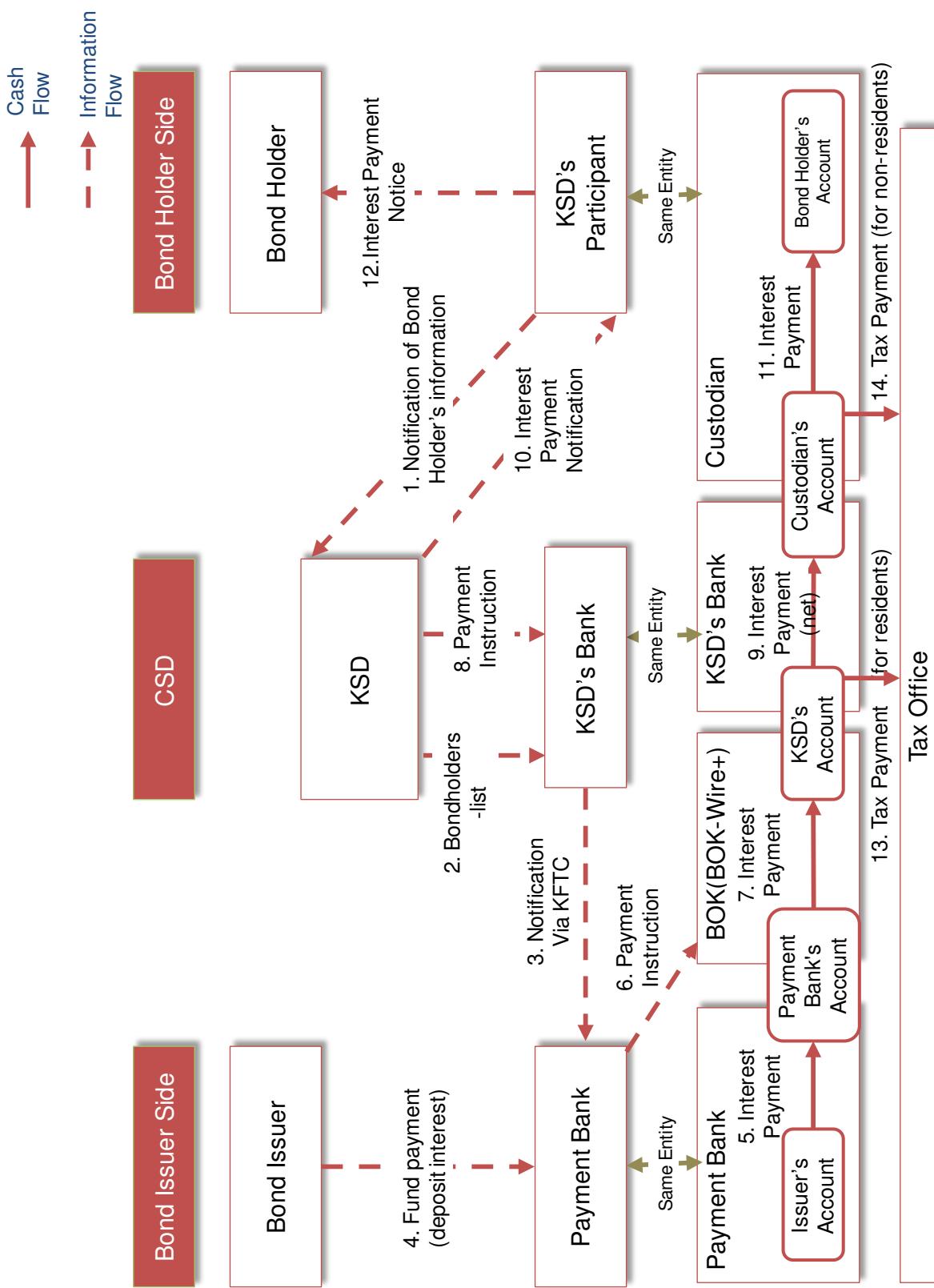
### KR09. Redemption Flow Government Bond

## Process of Redemption

- 
1. Korea Securities Depository(KSD) notifies KSD participants of redemption payment list.
  2. KSD inputs and request the redemption via Bok terminal.
  3. BOK makes redemption payment to BOK account of KSD.
  4. KSD withholds income tax on receiving principal and sends payment instruction to BOK.
  5. BOK transfers redemption payment from BOK account of KSD to KSD participant.
  6. KSD participants make redemption payments to bondholders.
  7. KSD's participants notify bond holders of redemption payment.
  8. KSD makes bond redemption.
  9. BOK deletes the registration of redeemed bond.
  10. KSD pays tax for residents to tax office.
  11. KSD's participants pay tax for non-residents to tax office.

1. Bond Market Infrastructure Diagram
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### KR10. Interest Payment Flow of Corporate Bond

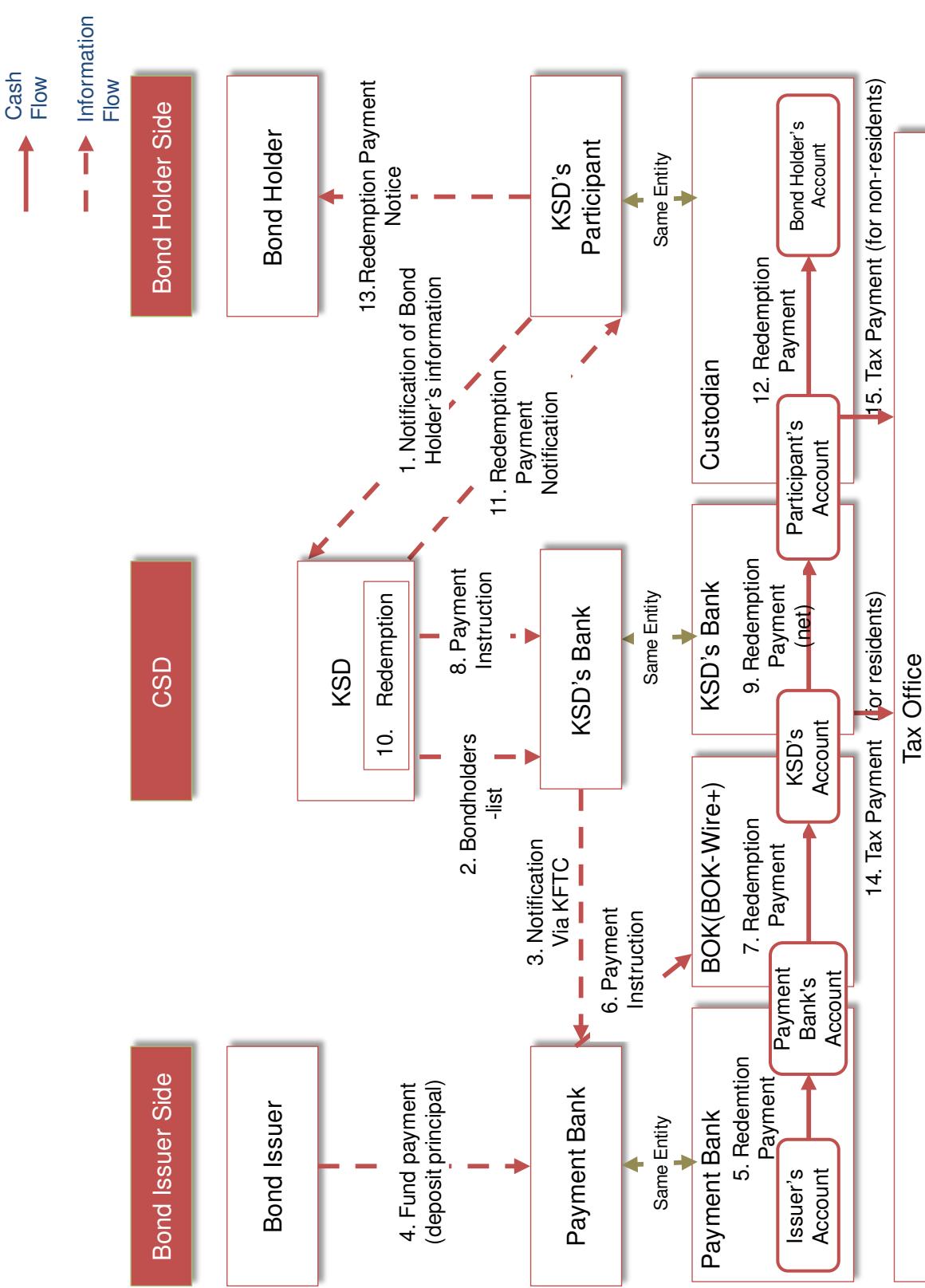


#### KR10. Interest Payment Flow Corporate Bond

## Process of Interest Payment

1. Korea Securities Depository(KSD)'s participants notifies KSD of information of bond holders.
2. KSD sends KSD's bank of bondholders-list.
3. KSD's bank notifies issuer's payment bank of interest payment via KOREA FINANCIAL TELECOMMUNICATIONS & CLEARINGS INSTITUTE (KFTC).
4. A bond issuer makes fund payment for interest to a payment bank.
5. Payment Bank executes interest payment from issuer's account to it's account.
6. Payment bank instructs BOK to pay interest from payment bank's account to KSDs' Bank's account.
7. BOK executes interest payment from payment banks' account to KSD's account.
8. KSD instructs KSD's bank to pay interest to custodians(KSD participants') account.
9. KSD's bank executes interest payment from KSD's account to custodians(KSD participants') account , deducting income tax if applicable.
10. KSD notifies it's participants of interest payment.
11. Custodian (KSD's participants) credit bond holders' accounts with interest paid by issuer, deducting tax if applicable..
12. Custodian (KSD's participants) notify bond holders of interest payment.
13. KSD's bank pays tax for residents to tax office.
14. KSD's participants pay tax for non-residents to tax office.

### KR1.1. Redemption Payment Flow of Corporate Bond



**KR11. Redemption Payment Flow Corporate Bond**

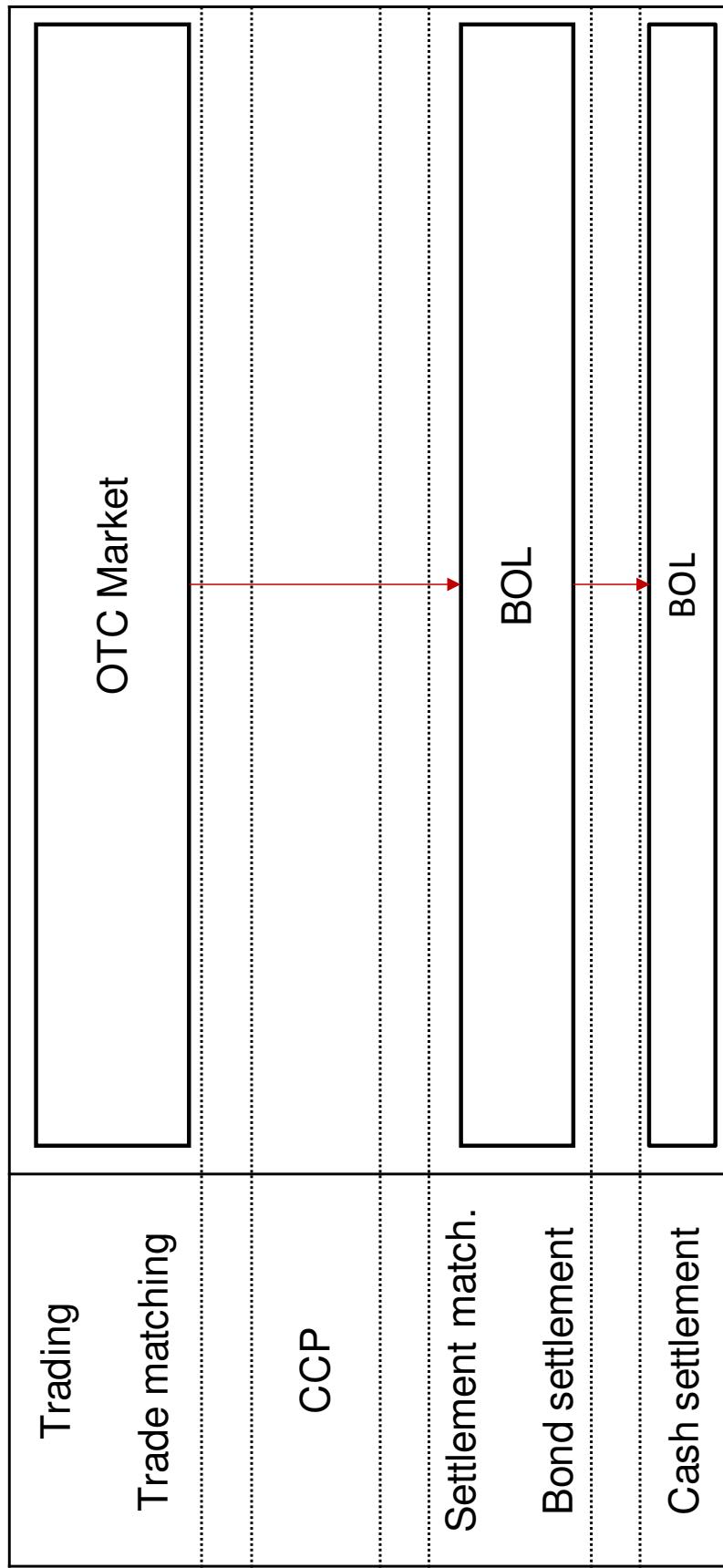
## Process of Redemption Payment

- 
1. Korea Securities Depository(KSD)'s participants notifies KSD of information of bond holders.
  2. KSD sends KSD's Bank of bondholders-list.
  3. KSD's bank notifies issuer's payment bank of redemption payment via KOREA FINANCIAL TELECOMMUNICATIONS & CLEARINGS INSTITUTE (KFTC).
  4. A bond issuer makes fund payment for redemption to a payment bank.
  5. Payment Bank executes redemption payment from issuer's account to it's account.
  6. Payment Bank instructs BOK to pay redemption from payment bank's account to KSD's account.
  7. BOK executes redemption payment from payment banks' account to KSD's account.
  8. KSD instructs KSD's Bank to pay redemption to custodians(KSD participants)' account.
  9. KSD's bank executes redemption payment from KSD's account to custodians(KSD participants)' account, deducting tax if applicable..
  10. KSD makes bond redemption.
  11. KSD notifies it's participants of redemption payment.
  12. Custodian (KSD's participants) credit bond holders' accounts with redemption paid by issuer, deducting tax if applicable.
  13. Custodian (KSD's participants) notify bond holders of redemption payment.
  14. KSD's Bank pays tax for residents to tax office.
  15. KSD's participants pay tax for non-residents to tax office.

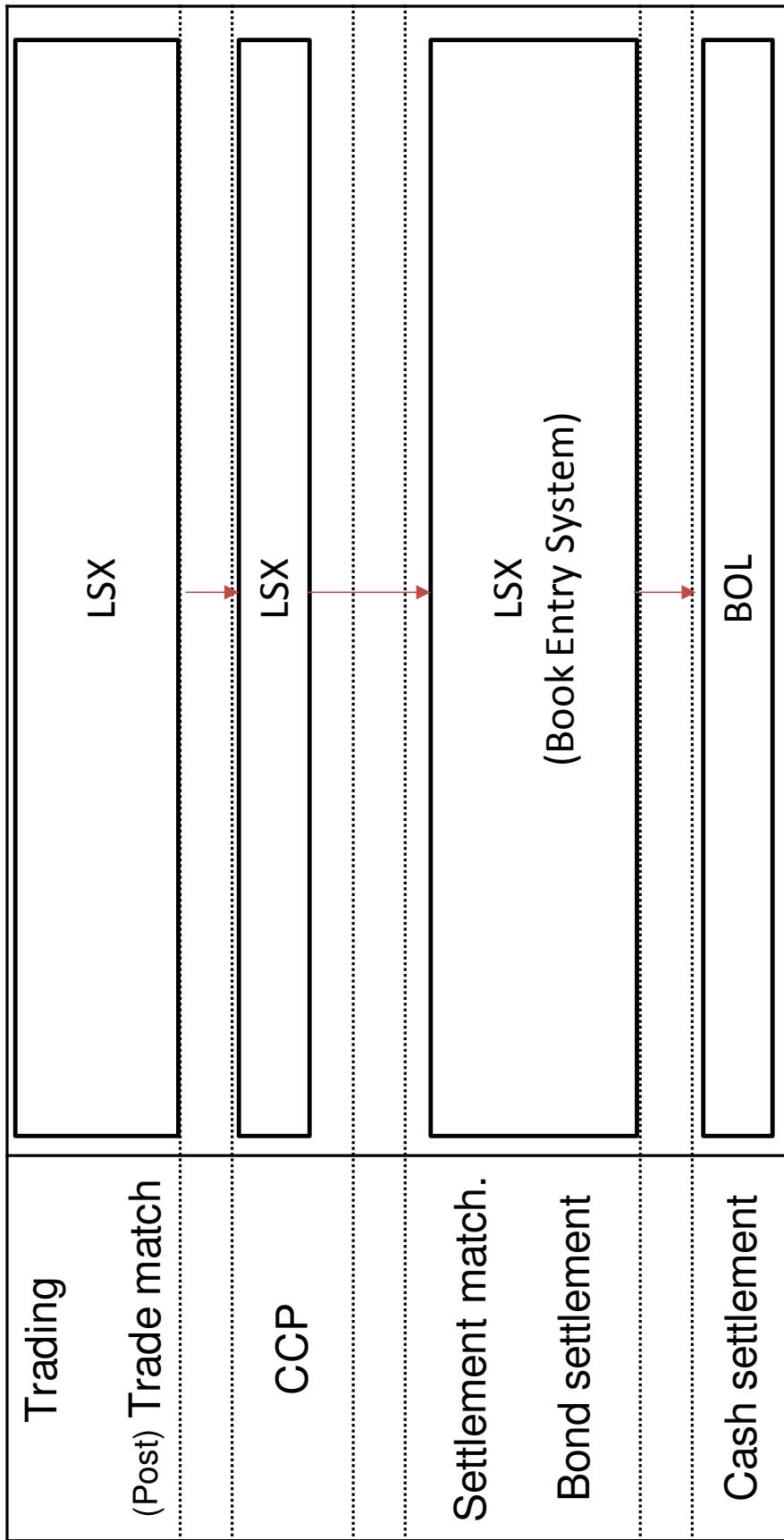
# Lao PDR (LA)

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1. Bond Market Infrastructure Diagram
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**LA01. Government Bond Market Infrastructure Diagram**

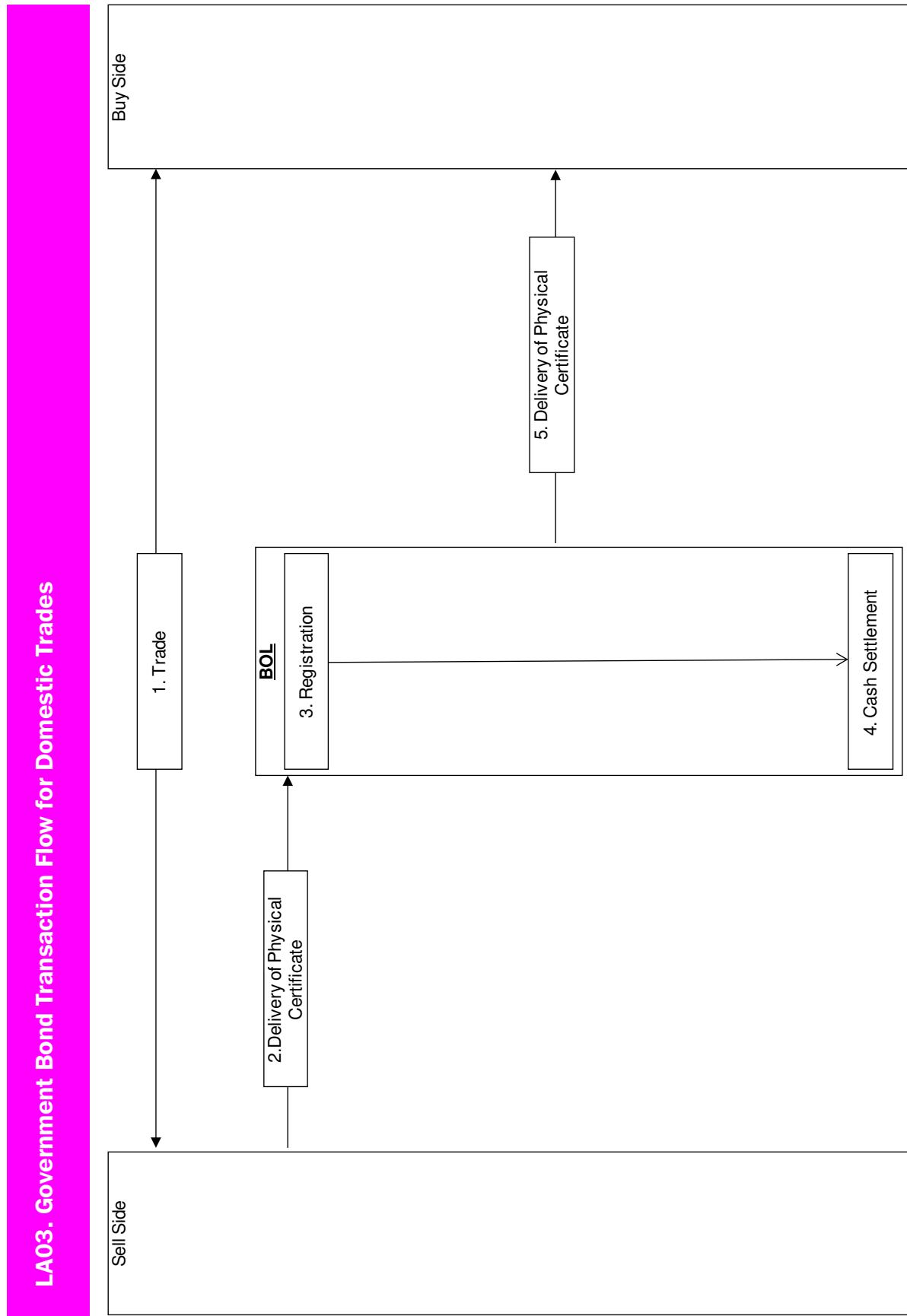
BOL: Bank of Lao PDR

**LA02. Corporate Bond Market Infrastructure Diagram**

LSX: Lao Securities Exchange

BOL: Bank of Lao PDR

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
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**LA03. Government Bond Transaction Flow for Domestic Trades**

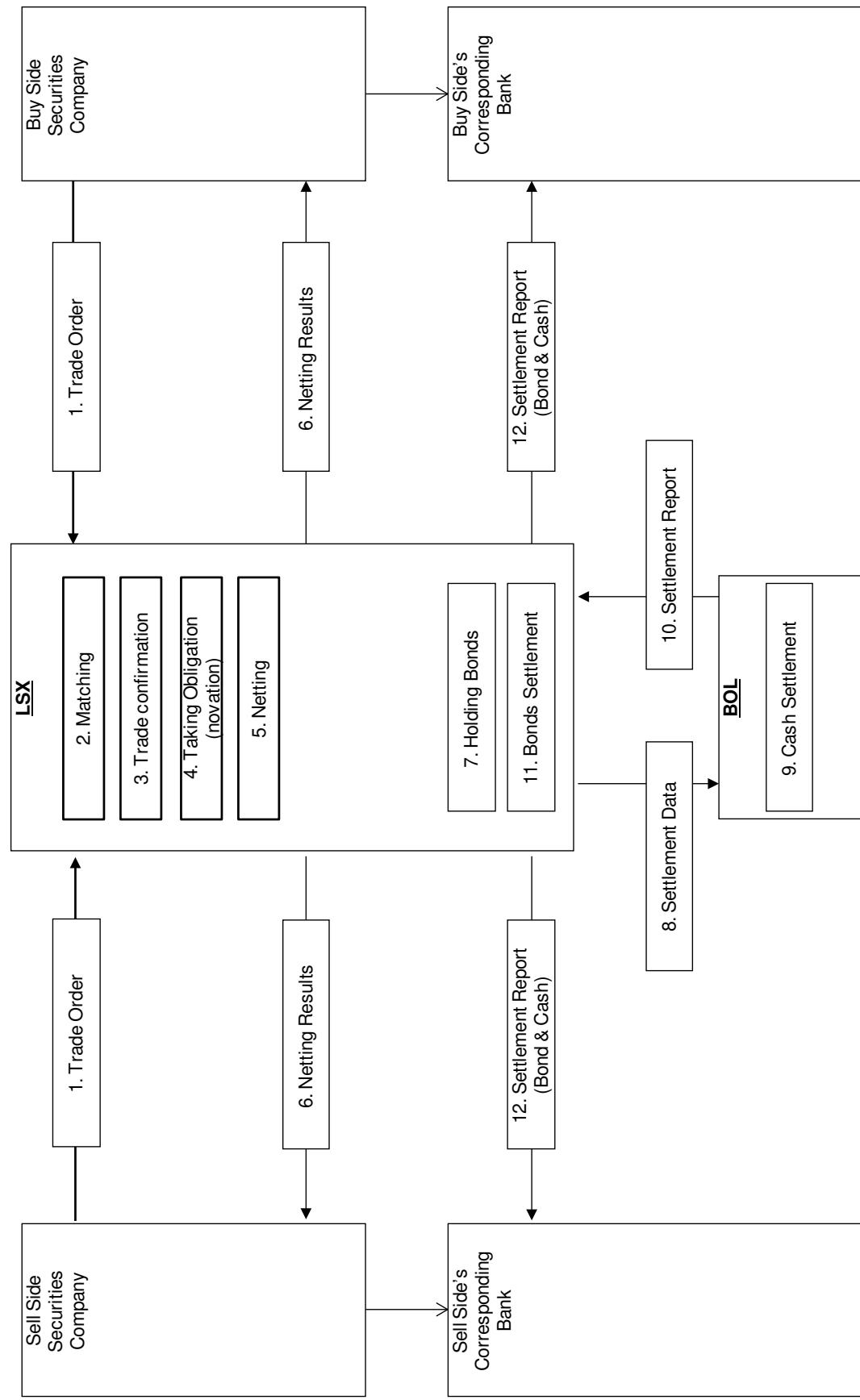
#### LA03. Government Bond Transaction Flow for Domestic Trades

## OTC Market

- 
1. Sell side and buy side trade via OTC market by telephone or by FAX in the form of physical certificate.
  2. Sell side deliver physical certificate with evidence of trade to BOL.
  3. BOL registers trade on book.
  4. BOL makes cash settlement from buy side to sell side.
  5. Buy side brings back BOL physical certificate from BOL.

1. Bond Market Infrastructure Diagram
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#### LA04. Corporate Bond Transaction Flow for Domestic Trades



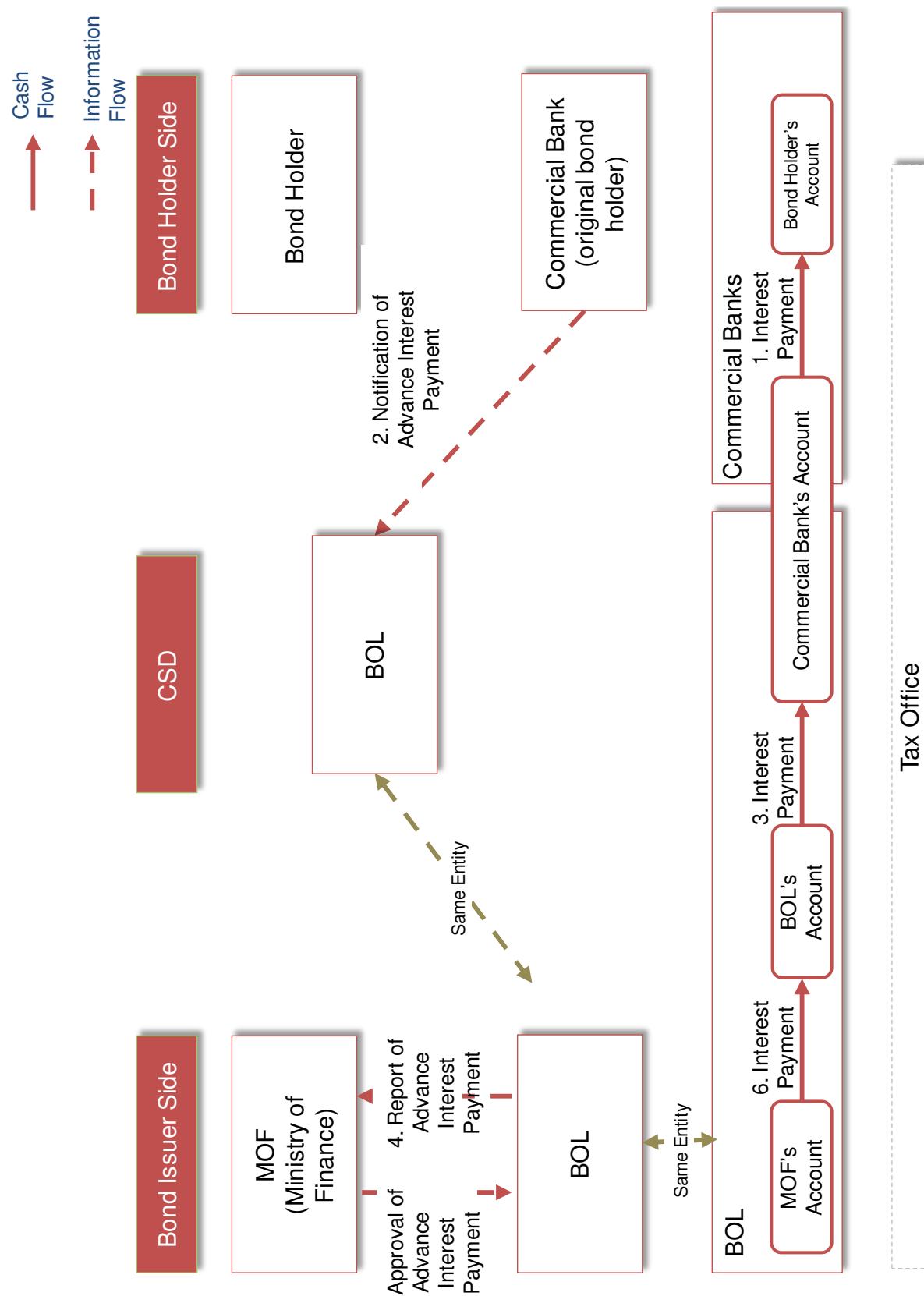
## Exchange Market

### LA04. Corporate Bond Transaction Flow for Domestic Trades

1. Sell side and buy side send trade order to LSX.
2. LSX performs matching.
3. LSX makes trade confirmation.
4. LSX takes obligation (novation) for LSX members.
5. LSX performs netting.
6. LSX send details of netting results to sell side and buy side via system.
7. LSX checks availability and holds securities.
8. LSX sends settlement data to BOL automatically via FTP.
9. BOL executes cash settlement.
10. BOL notices cash settlement confirmation to LSX.
11. LSX releases held securities and executes securities delivery.
12. LSX sends settlement report to sell side and buy side.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
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### LA05. Interest Payment Flow of Government Bond



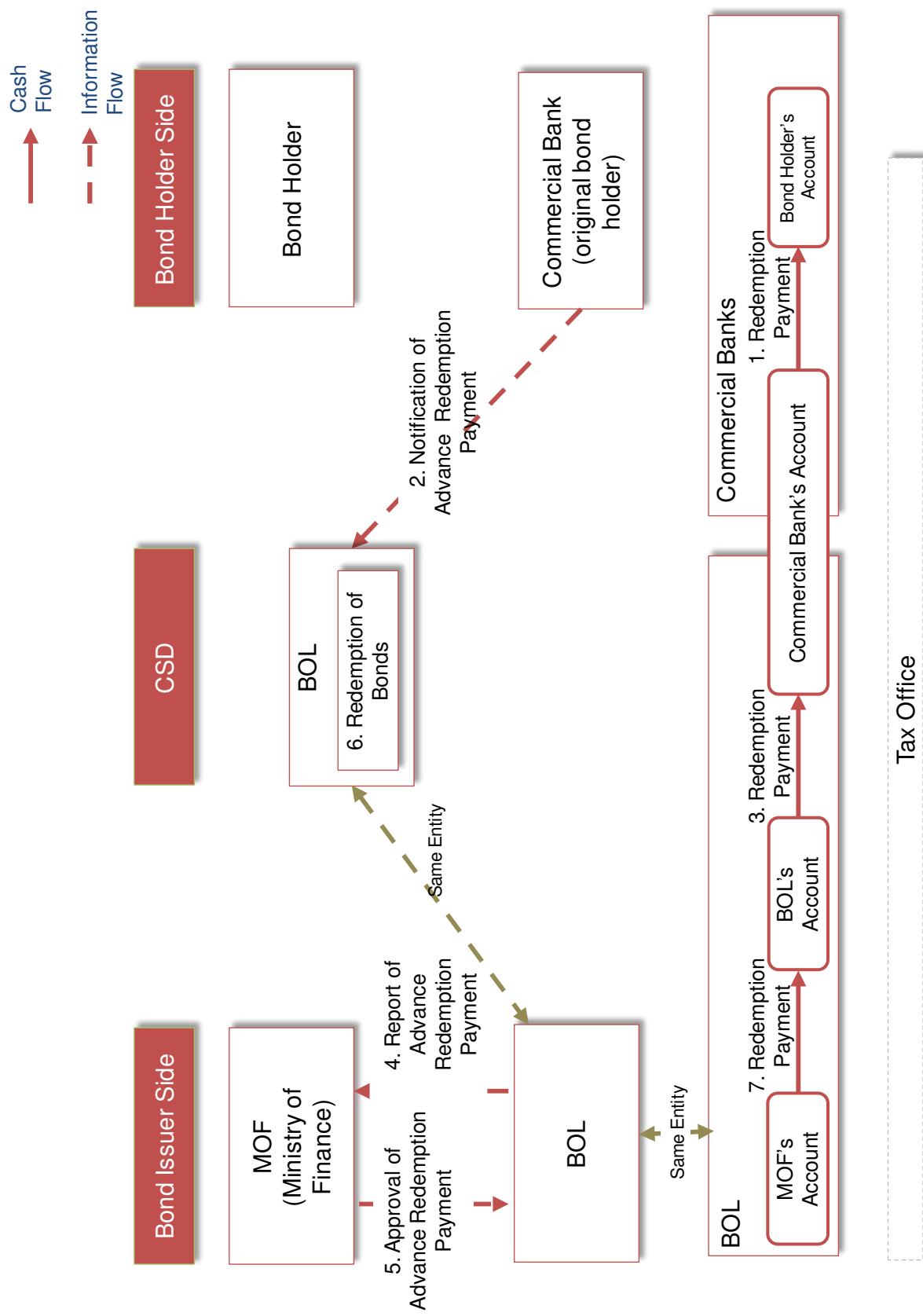
#### LA05. Interest Payment Flow of Government Bond

## Process of Interest Payment

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1. Commercial banks, which are originally allocated T-bills, make interest payment in advance to bond holders deducting income tax if applicable on behalf of MOF on interest payment date.
2. The commercial banks report to BOL the advance interest payments they made on behalf of MOF.
3. BOL reimburses the advance payment to commercial banks on behalf of MOF.
4. BOL notifies MOF of the advance interest payment made by commercial banks on a quarterly basis through a report, and requests MOF to pay the amount.
5. MOF reconciles the payment details with BOL before making payments, and approve to pay the amount to BOL.
6. MOF pays the interest amount to BOL.
7. Commercial banks pays income tax to the tax office via its own account, if tax is applicable.

### LA06. Redemption Payment Flow of Government Bond



#### LA06. Redemption Payment Flow of Government Bond

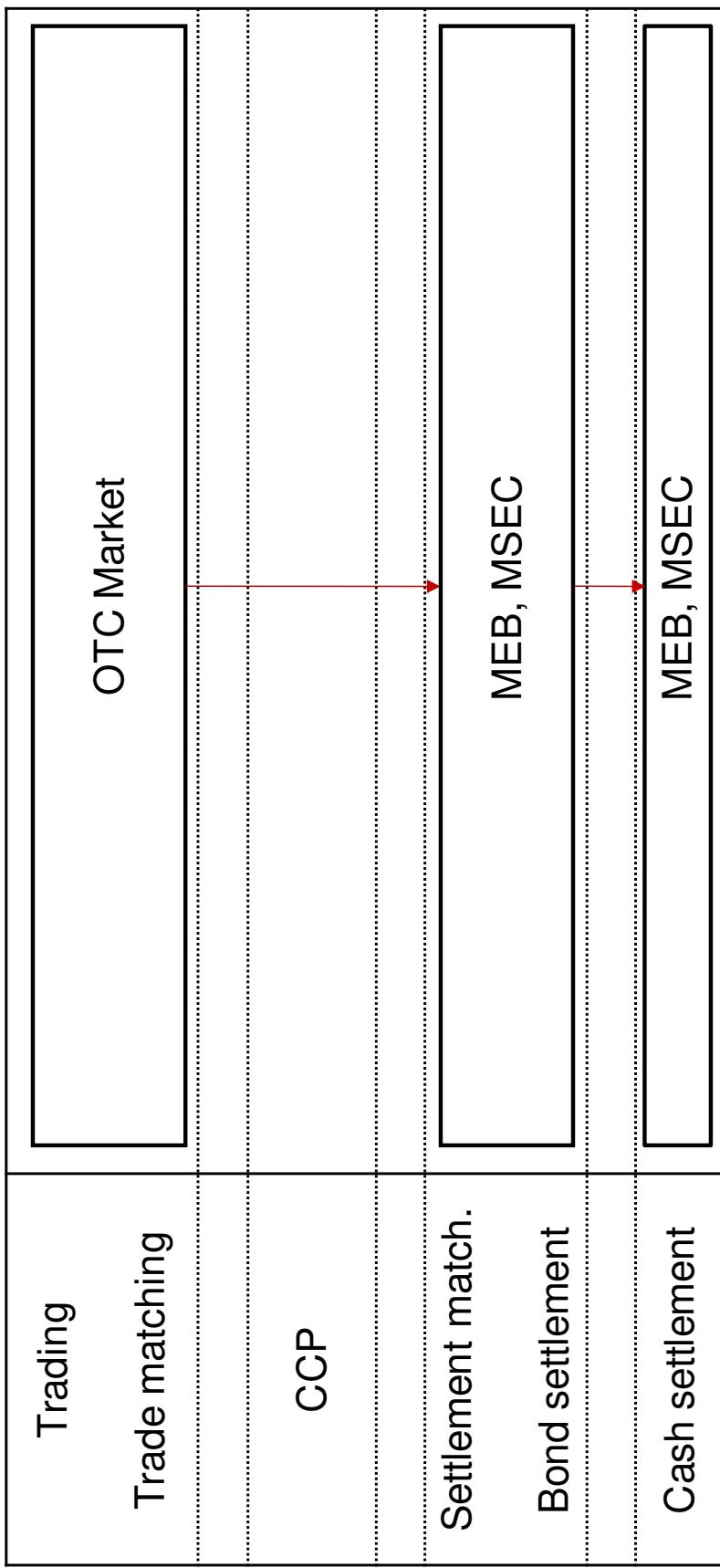
## Process of Redemption Payment

1. Commercial banks, who are originally allocated T-bills, pay the amount for redemption and interest payment in advance to bond holders deducting income tax if applicable on behalf of MOF on the redemption date.
2. Commercial banks ask BOL to pay the amount for redemption.
3. BOL makes the payment to commercial banks on behalf of MOF.
4. BOL notifies MOF of the advance redemption made by commercial banks, and requests MOF to pay the amount.
5. MOF reconciles the payment details with BOL before making payments, and approve to pay the amount to BOL.
6. BOL performs redemption.
7. MOF makes reimbursement for the payment to BOL following the presentation of the letter.
8. Commercial banks pays income tax to the tax office via it's own account, if tax is applicable.

# **Myanmar (MM)**

- 1. Bond Market Infrastructure Diagram**
- 2. Bond Transaction Flow for Domestic Trades  
(Government Bond)**
- 3. Interest & Redemption Payment Flow  
(Government Bond)**

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Interest & Redemption Payment Flow (Government Bond)

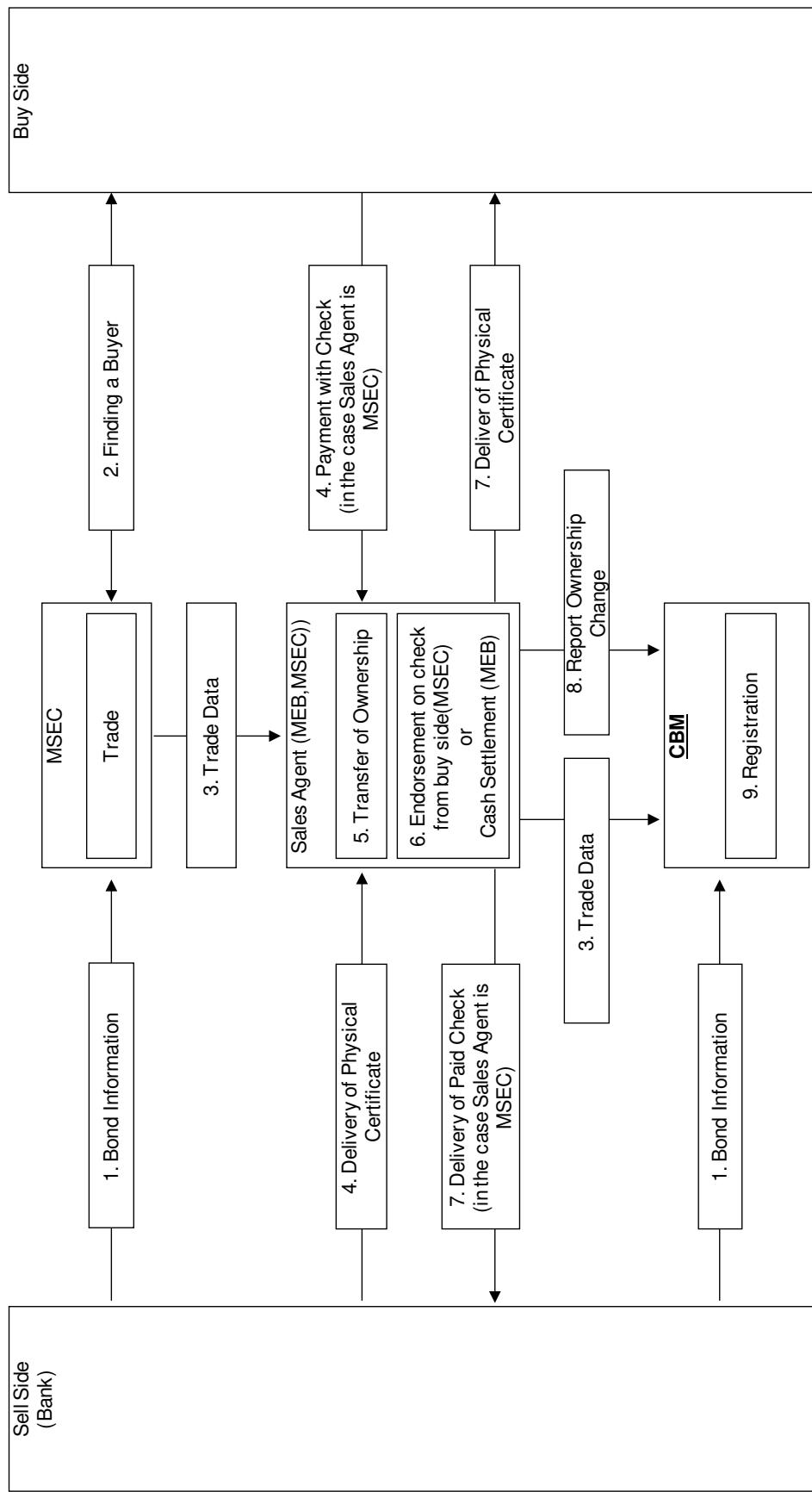
**MM01. Government Bond Market Infrastructure Diagram**

MEB: Myanma Economic Bank

MSEC: Myanmar Securities Exchange Centre

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Interest & Redemption Payment Flow (Government Bond)

### MM02. Government Bond Transaction Flow for Domestic Trades



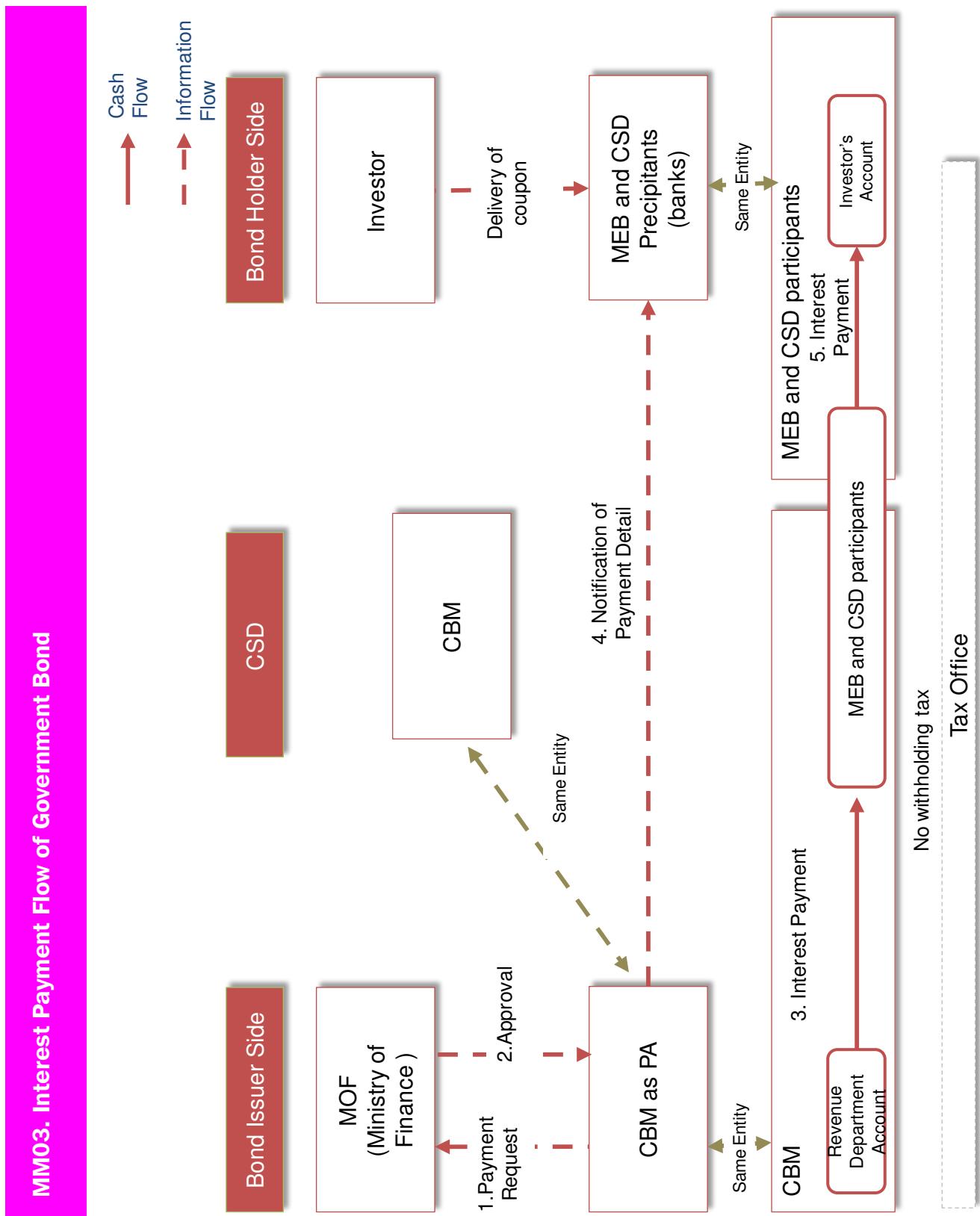
## MM02. Government Bond Transaction Flow for Domestic Trades

### OTC Market

1. Sell side informs CBM and MSEC of bond information such as the face value, maturity date and numbers of bonds which they want to sell.
2. MSEC finds a buy side who accepts the price (quote driven trade) for trade.
3. MSEC reports to CBM about the sales of bond directly or via .MEB.
4. If buyer and seller agree the price, the seller brings physical certificate to MSEC or MEB with the signature on the back of bond certificate by authorized person to transfer the ownership. The buyer makes check when sales agent is MSEC.
5. Transfer of ownership is done by sales agent (MEB or MESEC).
6. MEB conducts account transfer or MSEC makes endorsement on check.
7. Bond certificate is delivered to buyer. Paid check is delivered to seller (only when sale agent is MSEC).
8. After bond trading, MSEC reports to CBM about the changing of bond ownership.
9. CBM makes registration.

Note: The flow in the previous page shows from trade to settlement between banks in OTC market. MSEC quotes bonds of sell side (bank) and sell them to buy side (bank) as sole intermediary (securities company) in OTC market. Regarding retail investors, MEB and MSEC are the intermediary between seller and buyer of T-bond.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government)Bond
3. Interest & Redemption Payment Flow (Government Bond)



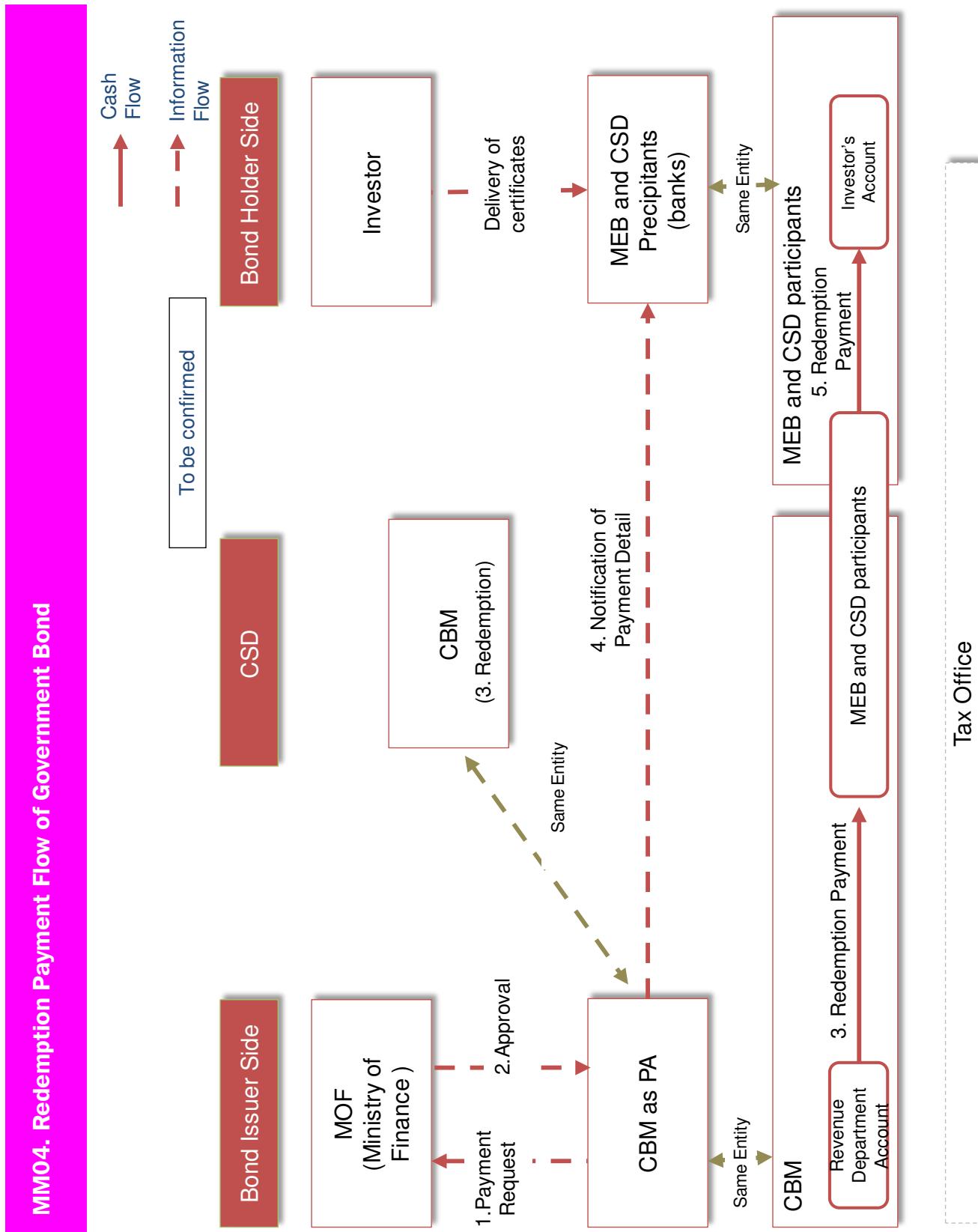
### MM03. Interest Payment Flow of Government Bond

## Process of Interest Payment

1. CBM send payment request to MOF.
2. MOF approves it.
3. CBM pays interests to banks (CSD participants including MEB) by debiting Revenue Department Account and crediting it to the banks' account.
4. CBM sends letter of notification for interest payment to banks including MEB. (Banks bring coupons to CBM except for MEB.)
5. MEB transfers cash for interest payment to investor's accounts upon receipt of coupons.

Note: There is no withholding tax for government bonds.

## **MM04. Redemption Payment Flow of Government Bond**



#### MM04. Redemption Payment Flow of Government Bond

### Process of Interest Payment

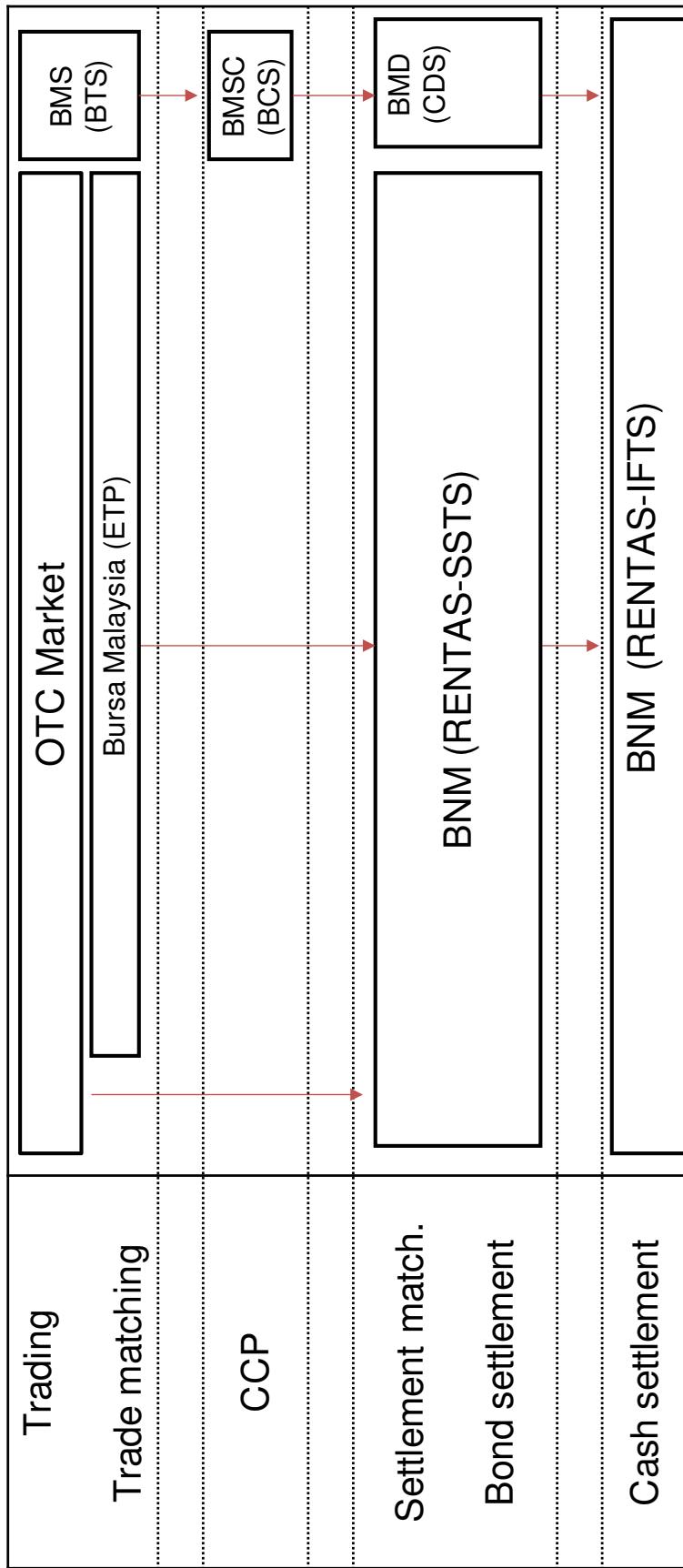
- 
1. CBM send payment request to MOF.
  2. MOF approves it.
  3. CBM pays interests to banks (CSD participants including MEB) by debiting Revenue Department Account and crediting it to the banks' account. CBM makes redemption.
  4. CBM sends letter of notification for redemption payment to banks including MEB. (Banks bring certificates to CBM except for MEB.)
  5. MEB transfers cash for redemption payment to investor's accounts upon receipt of certificates.

# Malaysia (MY)

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades  
(Government Bond)
3. Bond Transaction Flow for Domestic Trades  
(Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow  
(Government Bond)
6. Interest & Redemption Payment Flow  
(Corporate Bond)

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

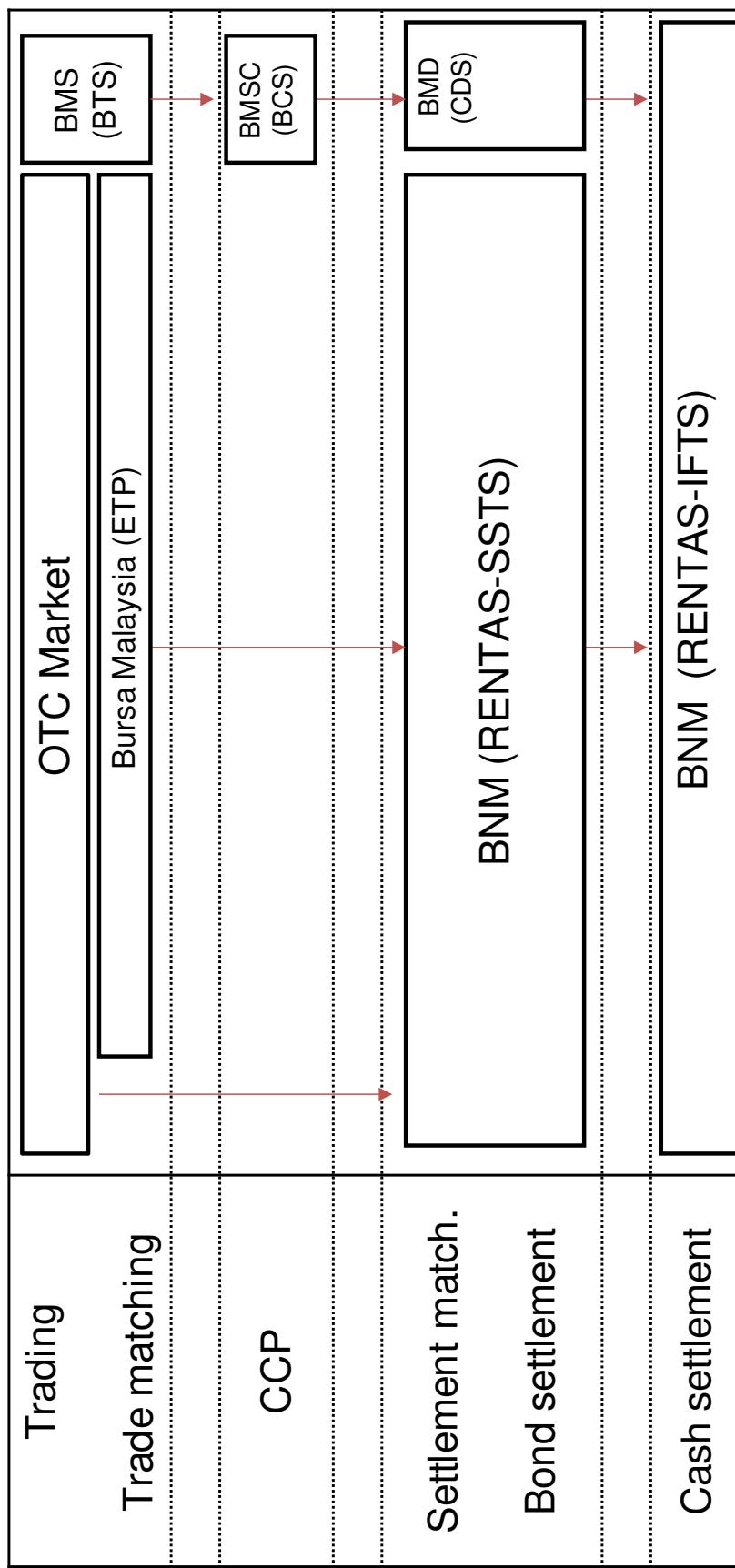
### MY01. Government Bond Market Infrastructure Diagram



ETP – Electronic Trading Platform BNM - Bank Negara Malaysia  
 RENTAS – Real-time Electronic Transfer of Funds and Securities

BMS – Bursa Malaysia Securities BTS – Bursa Trade System  
 BMSC – Bursa Malaysia Securities Clearing BCS – Bursa Clearing & Settlement System  
 SSTS – Scripless Securities Trading System BMD – Bursa Malaysia Depository  
 CDS – Central Depository System IFTS – Interbank Funds Transfer System

## My02. Corporate Bond Market Infrastructure Diagram

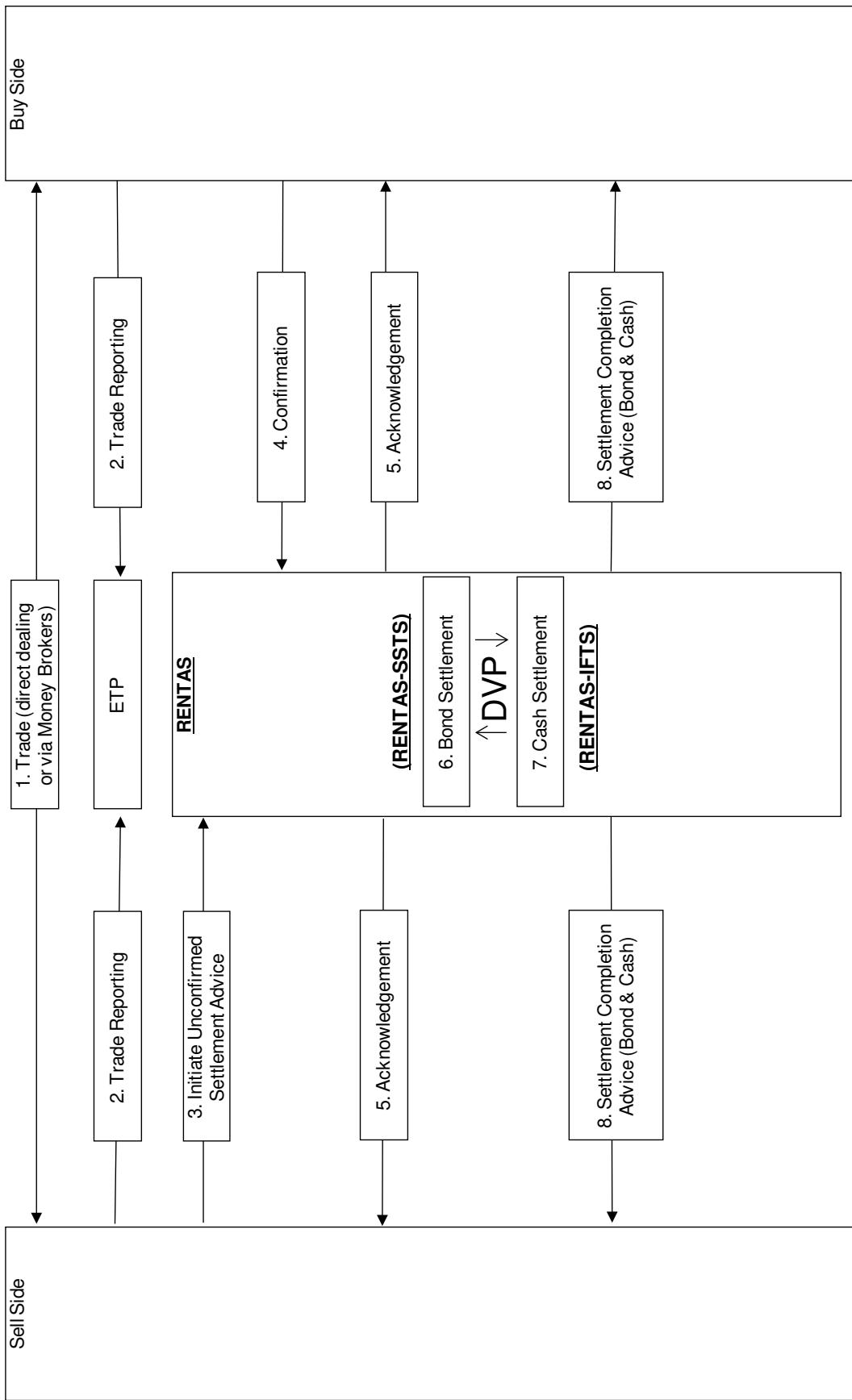


ETP – Electronic Trading Platform BNM - Bank Negara Malaysia  
 RENTAS – Real-time Electronic Transfer of Funds and Securities

BMS – Bursa Malaysia Securities BTS – Bursa Trade System  
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 CDS – Central Depository System IFTS – Interbank Funds Transfer System

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

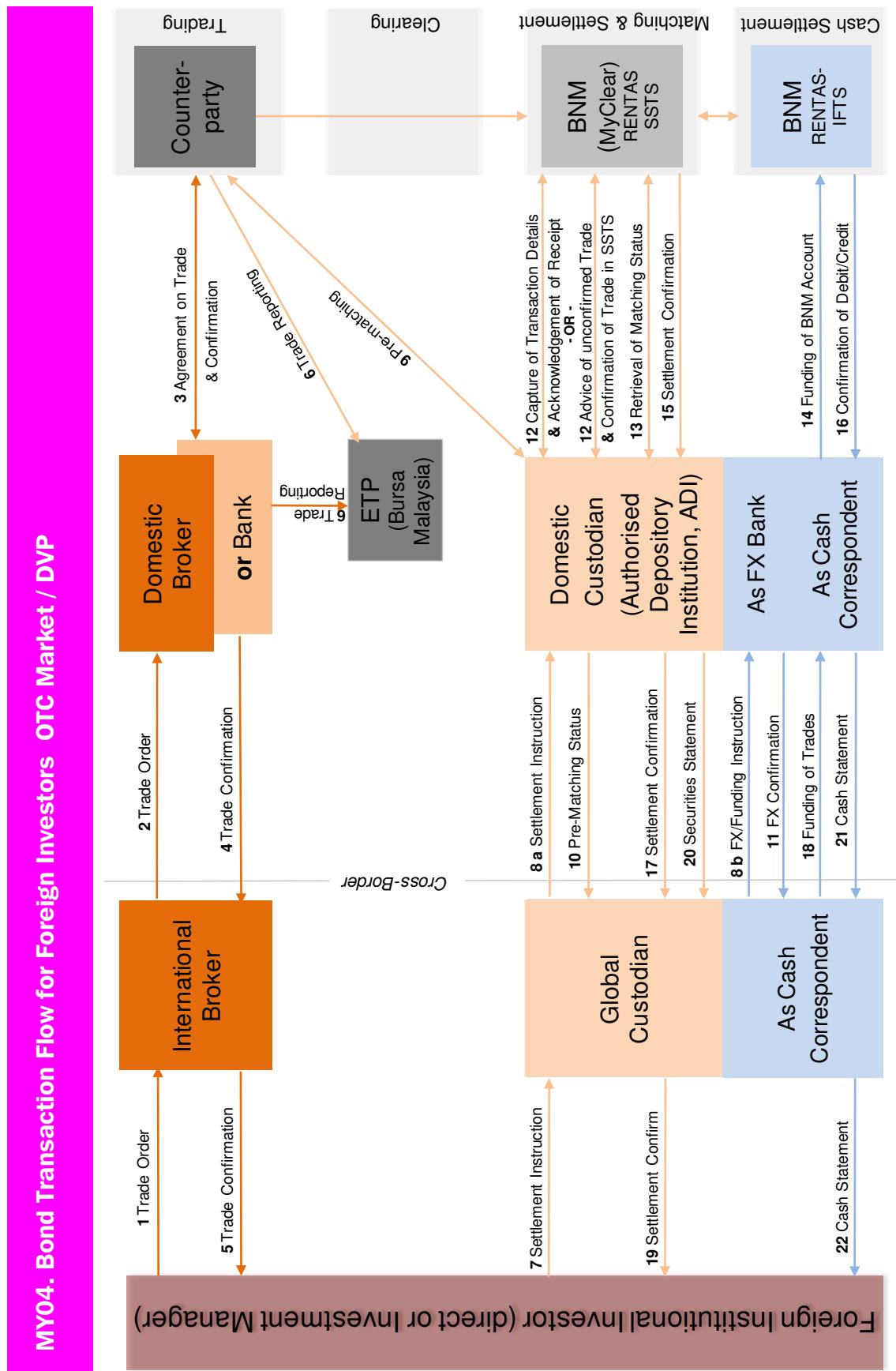
### MY03. Government Bond Transaction Flow for Domestic Trades (OTC)



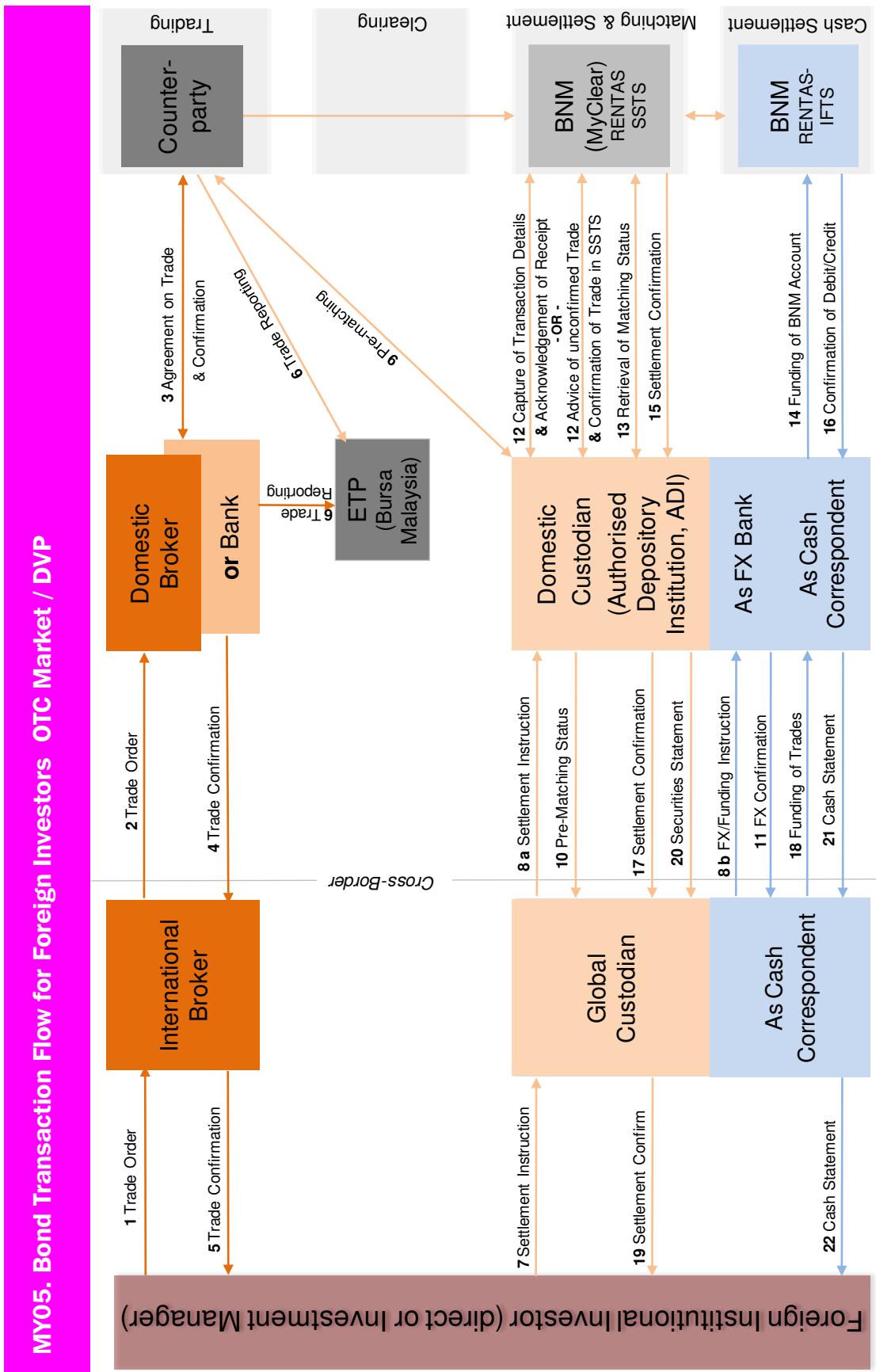
### MY03. Government Bond Transaction Flow for Domestic Trades (OTC)

## OTC Market

- 
1. Sell side and buy side trade over the counter by telephone (direct dealing or through Money Broker). 95% of bond trades are dealt in OTC market. Commercial banks and Islamic banks can trade bonds.
  2. All trades are recorded in Electronic Trading Platform (ETP).
  3. Sell side (or buy side) inputs trade data into RENTAS as initiate unconfirmed settlement advice.
  4. Buy side (or sell side) confirms an unconfirmed settlement advice using by confirmation menu of RENTAS.
  5. Sell side and buy side access report menu of RENTAS and confirms that confirmation of local matching is performed.
  - 6.7 On settlement date, bond and cash are settled on DVP basis.
  8. Sell side and buy side access Report menu of RENTAS and confirms report of bond settlement and cash settlement.



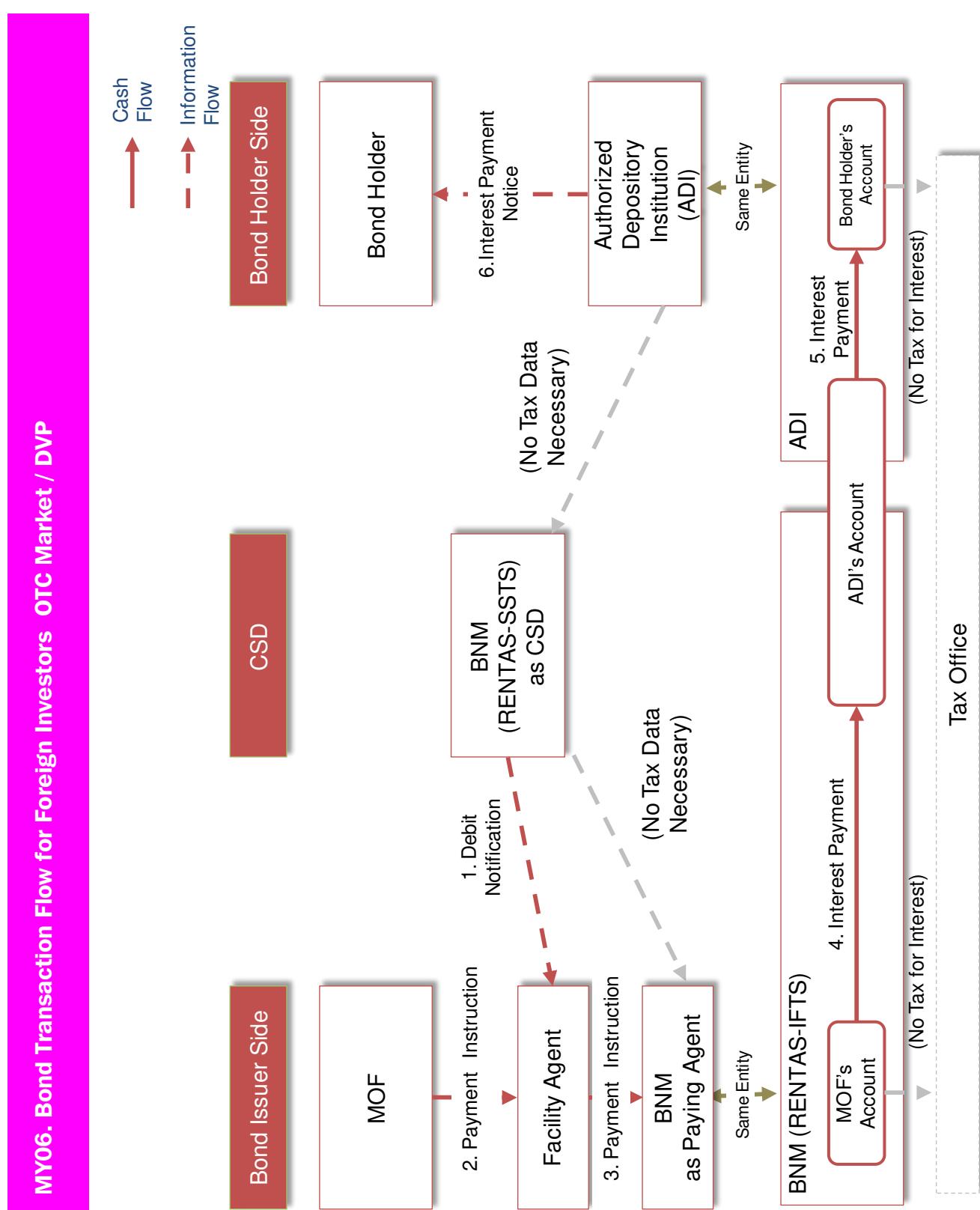
1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)



### MY05. Bond Transaction Flow for Foreign Investors OTC Market / DVP

- | Trade Date  | T+1 | Settlement Date |
|---|-----|-----------------|
| 1. Foreign Institutional Investor places order with International Broker  |     |                 |
| 2. International Broker/Domestic Investor places order with Domestic Broker/Bank  |     |                 |
| 3. Domestic Broker/Bank and Counterparty agree on OTC trade (via e.g. phone or Bloomberg)   |     |                 |
| 4. Domestic Broker/Bank sends trade confirmation to International Broker  |     |                 |
| 5. Foreign Institutional Investor receives trade confirmation   |     |                 |
| 6. Domestic Broker/Bank and Counterparty capture trade in ETP, by end of trading day  |     |                 |
| 7. Foreign Institutional Investor instructs Global Custodian, on securities settlement and cash/funding details   |     |                 |
| 8. Global Custodian instructs Domestic Custodian/ADI on (a) securities settlement details, (b) FX request or funding details (since 3rd Party FX possible)  |     |                 |
| 9. Domestic Custodian/ADI and Counterparty pre-match settlement details, via phone  |     |                 |
| 10. Domestic Custodian/ADI sends pre-matching result information (e.g. missing instructions) to Global Custodian  |     |                 |
| 11. Domestic Custodian/ADI provides confirmation of FX booked (in case of earlier FX request)   |     |                 |
| 12. Domestic Custodian/ADI captures settlement details into SSTS and receives SSTS acknowledgment of receipt of data (selling side), OR receives alleged trade notice (advice of unconfirmed trade) from SSTS and confirms settlement details in SSTS (buying side) |     |                 |
| 13. Domestic Custodian/ADI retrieves settlement matching status   |     |                 |
| 14. Upon settling securities, SSTS sends settlement confirmation for securities to Domestic Custodian/ADI if necessary  |     |                 |
| 15. Upon settling cash, RENTAS sends debit/credit confirmation to Domestic Custodian/ADI  |     |                 |
| 16. Domestic Custodian/ADI sends settlement confirmation to Global Custodian  |     |                 |
| 17. Global Custodian funds account with Domestic Custodian/ADI (before end of day)  |     |                 |
| 18. Global Custodian sends settlement confirmation to Foreign Institutional Investor  |     |                 |
| 19. Domestic Custodian/ADI sends statement of securities to Global Custodian (at end of day)  |     |                 |
| 20. Domestic Custodian/Sub-registry sends debit/credit information in cash statement (at end of day)  |     |                 |
| 21. Global Custodian sends debit/credit information in cash statement to FII (at end of day)  |     |                 |
| 22. Global Custodian sends debit/credit information in cash statement to FII (at end of day)  |     |                 |

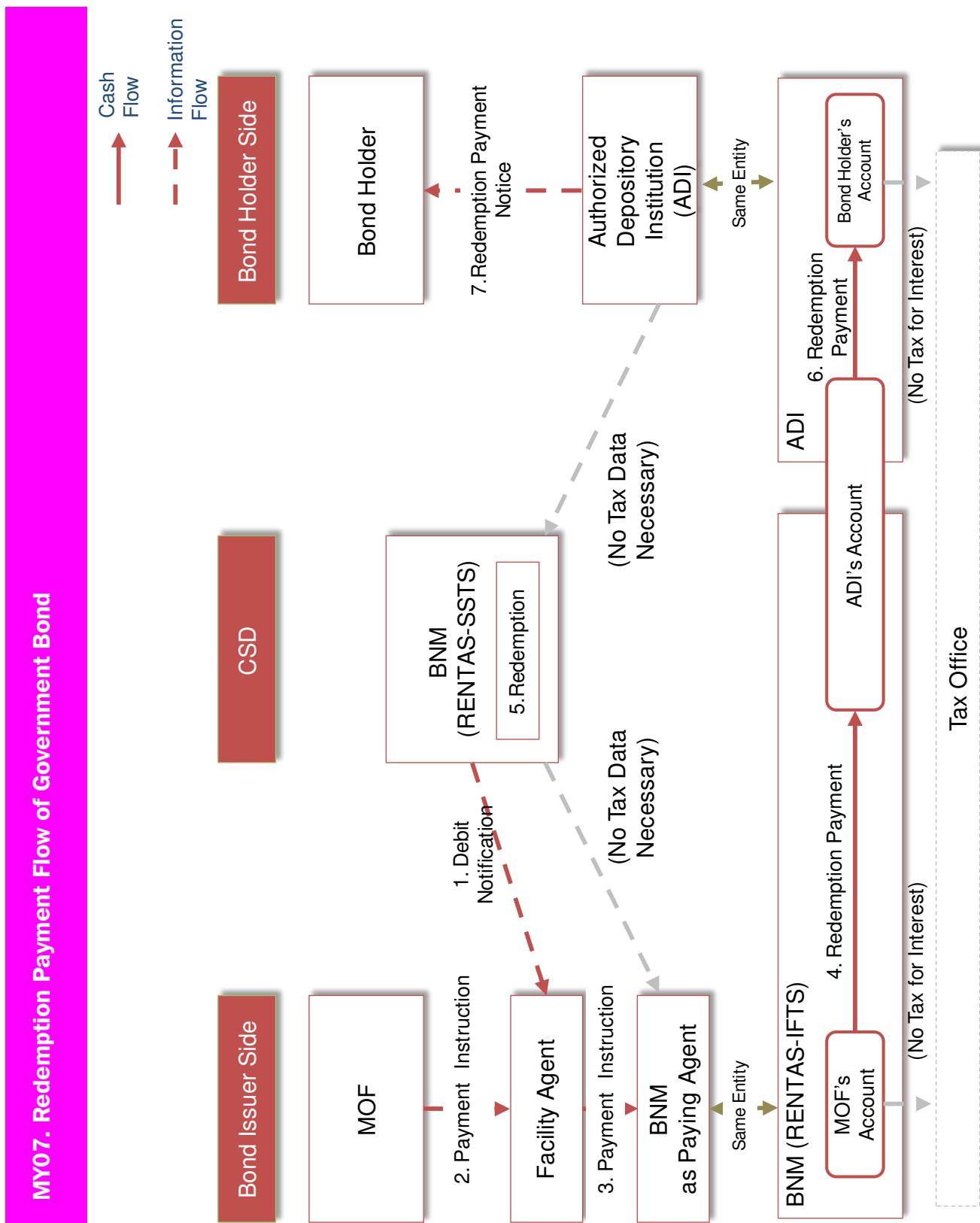
1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)



#### MY06. Interest Payment Flow of Government Bond

### Process of Interest Payment

- 
1. On interest payment day, RENTAS sends Debit Notifications to Facility Agents(FAs) on the actual amount of interest proceeds to be paid to Paying Agent.
  2. MOF instructs FAs to make redemption payment.
  3. FAs send payment instruction to Paying Agent.
  4. BNM executes interest payment from MOF's account to Authorized Depository Institutions(ADIs)' accounts.
  5. ADIs credit to bond holder's accounts with interest paid by MOF.
  6. ADIs notify bond holders of interest payment.



#### MY07. Redemption Payment Flow of Government Bond

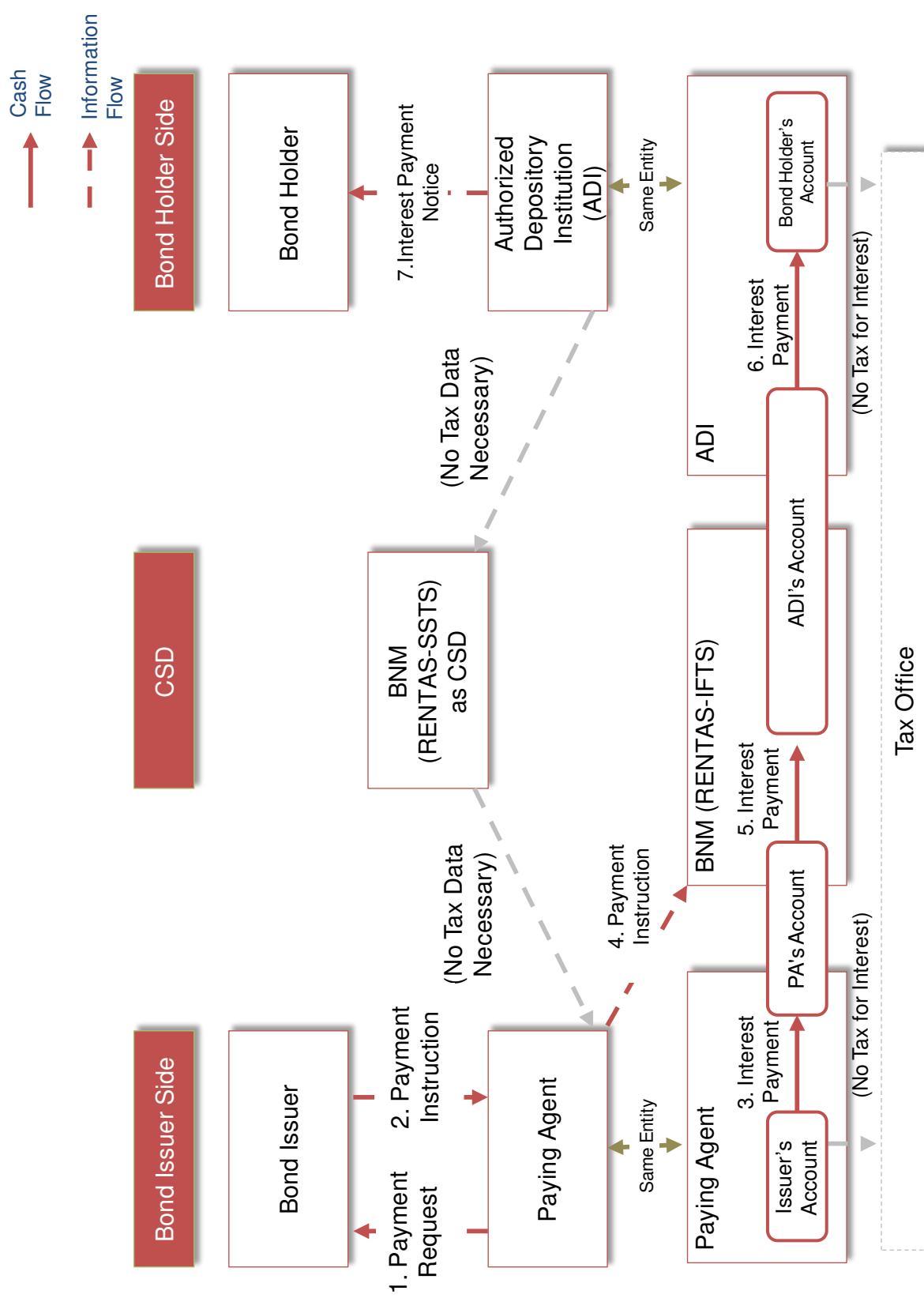
### Process of Redemption Payment

1. On redemption payment day, RENTAS sends Debit Notifications to Facility Agents(FAs)  
on the actual amount of proceeds to be paid to Paying Agent.
2. MOF instructs FAs to make redemption payment.
3. FAs send payment instruction to Paying Agent.
4. BNM executes redemption payment from MOF's account to Authorized Depository Institutions(ADIs)' accounts.
5. BNM as CSD makes bond redemption.
6. ADIs credit to bondholder's accounts with last interest and principal paid by MOF.
7. ADIs notify bond holders of redemption payment.

Note: It is supposed that redemption always involves last interest payment.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### MY08. Interest Payment Flow of Corporate Bond

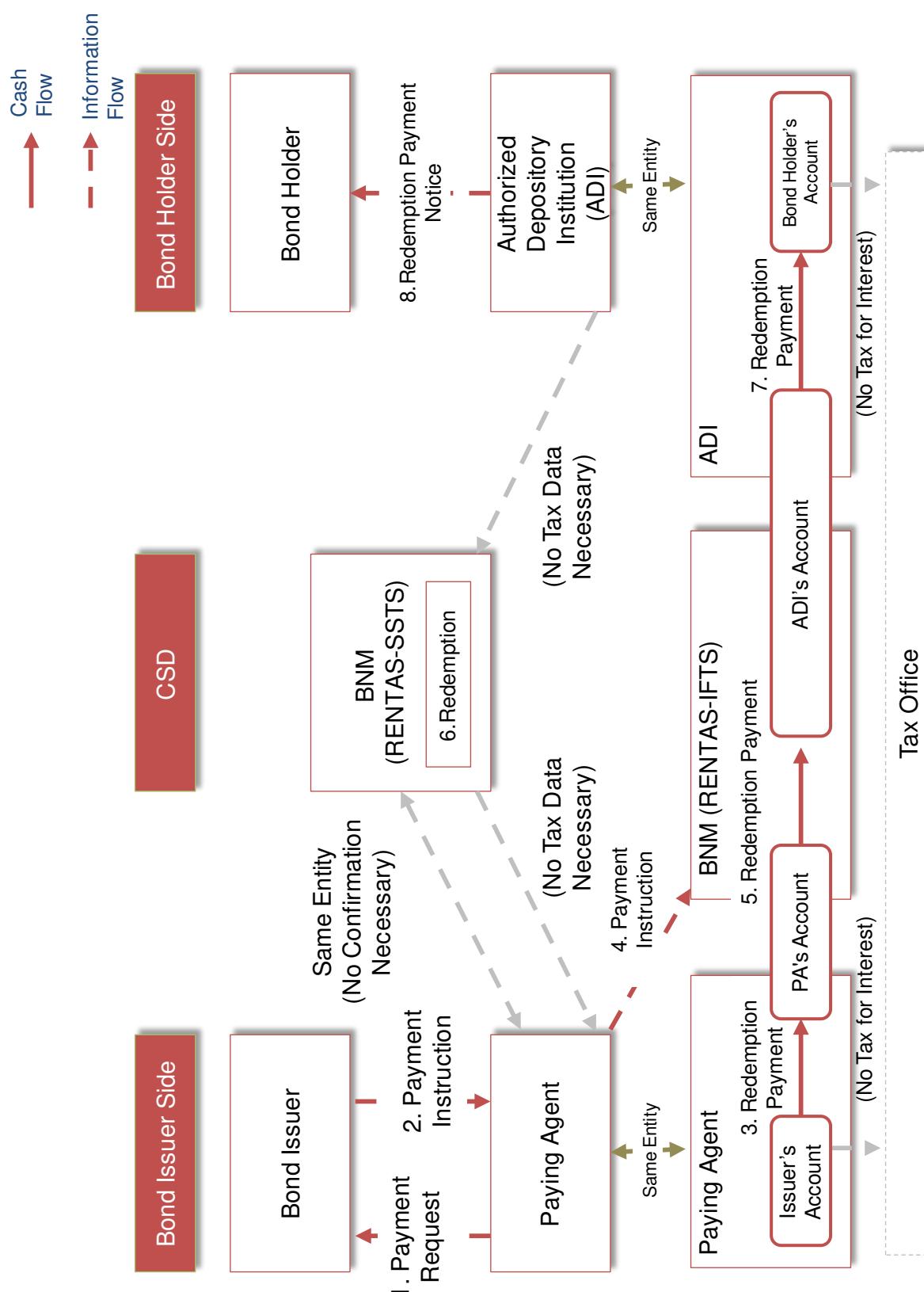


#### MY08. Interest Payment Flow of Corporate Bond

### Process of Interest Payment

1. Paying agent requests interest payment to bond issuer.
2. Bond issuer instructs paying agent to make interest payment.
3. Paying agent transfers interest from issuer's account to it's account.
4. Paying agent instructs Bank Negara Malaysia (BNM) to transfer cash from it's account to Authorized Depository Institutions(ADIs)' accounts via RENTAS-IFTS.
5. BNM transfers cash from paying agent's account to Authorized Depository Institutions(ADIs)' accounts.
6. ADIs credit to bondholder's accounts with interest paid by bond issuer.
7. ADIs notify bond holders of interest payment.

### MY09. Redemption Payment Flow of Corporate Bond



### MY09. Redemption Payment Flow of Corporate Bond

## Process of Redemption Payment

- 
1. Paying agent requests redemption payment to bond issuer.
  2. Bond issuer instructs paying agent to make redemption payment.
  3. Paying agent transfers last interest and principal from issuer's account to it's account.
  4. Paying agent instructs Bank Negara Malaysia (BNM) to transfer cash from it's account to Authorized Depository Institutions(ADIs)' accounts via RENTAS-IFTs.
  5. BNM transfers cash from paying agent's account to Authorized Depository Institutions(ADIs)' accounts.
  6. BNM as CSD makes bond redemption.
  7. ADIs credit to bondholder's accounts with last interest and principal paid by bond issuer.
  8. ADIs notify bond holders of redemption payment.

Note: It is supposed that redemption always involves last interest payment.

# **Philippines**

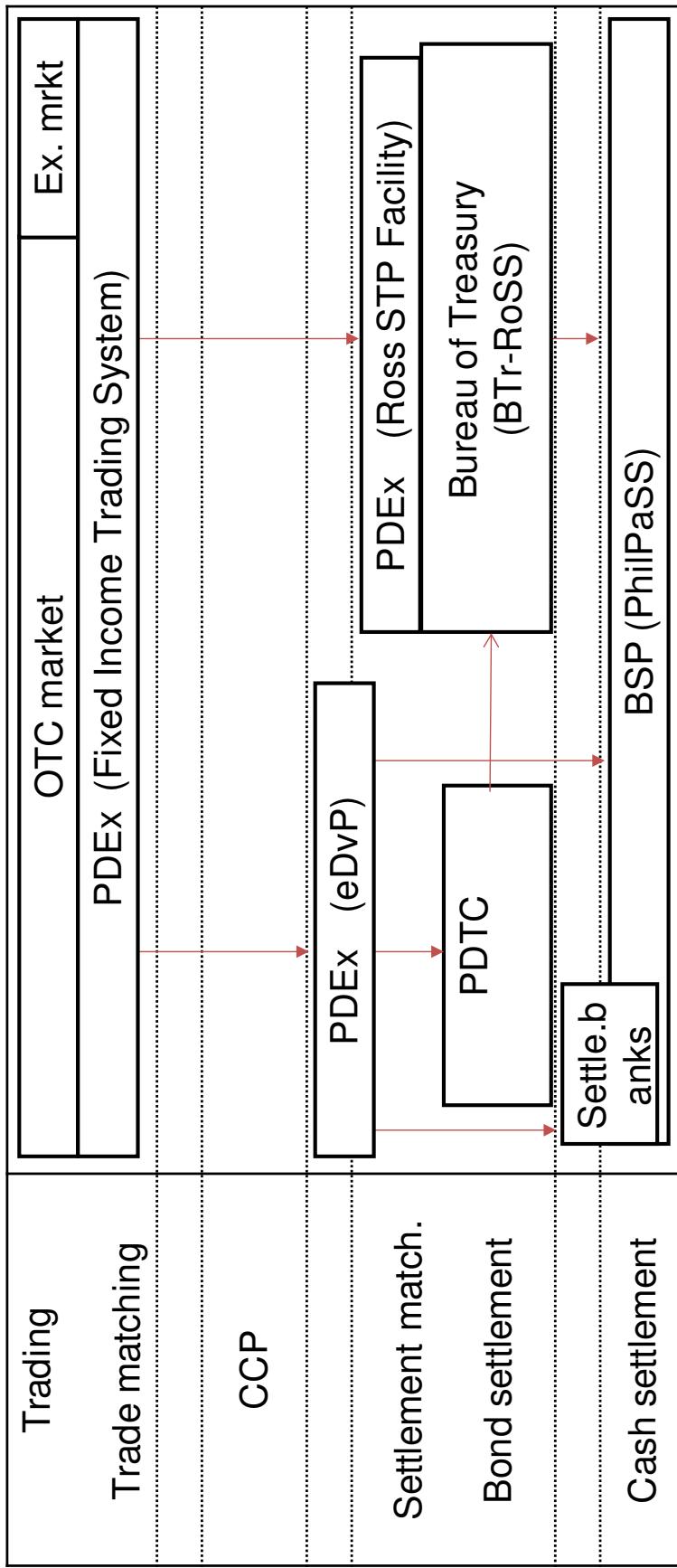
## **(PH)**

- 1. Bond Market Infrastructure Diagram**
- 2. Bond Transaction Flow for Domestic Trades  
(Government Bond)**
- 3. Bond Transaction Flow for Domestic Trades  
(Corporate Bond)**
- 4. Bond Transaction Flow for Foreign Investors**
- 5. Interest & Redemption Payment Flow  
(Government Bond)**
- 6. Interest & Redemption Payment Flow  
(Corporate Bond)**

## 1. Bond Market Infrastructure Diagram

2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### PH01. Government Bond Market Infrastructure Diagram



PDEEx – Philippine Dealing & Exchange

eDvP – Expanded Delivery vs. Payment System

PDTC – Philippine Depository & Trust Corporation

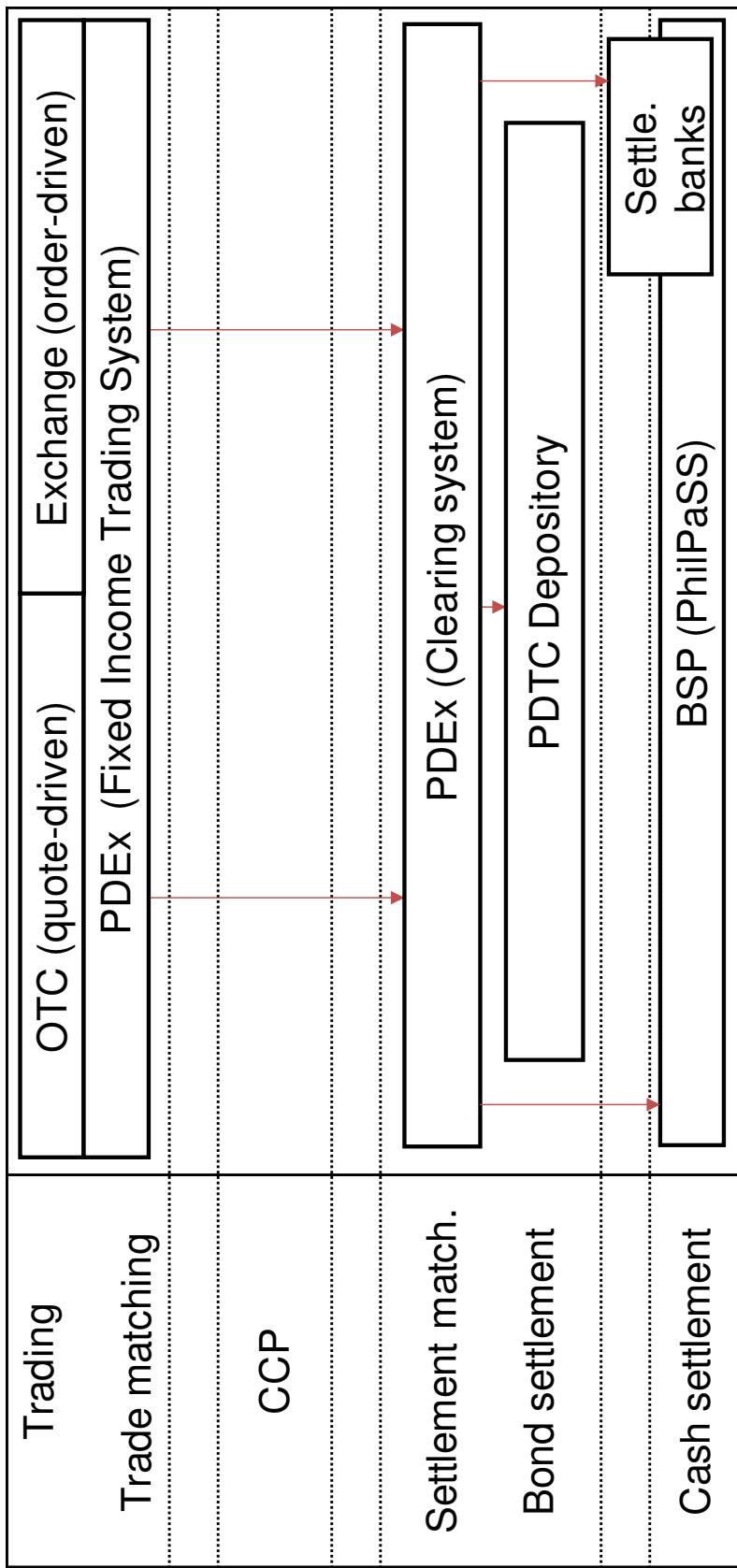
RoSS – Registry of Scripless Securities

BSP – Bangko Sentral ng Pilipinas

PhilPaSS – Philippine Payments and Settlement System

Cash settlement by settlement banks is for government and corporate bonds.

## PH02. Corporate Bond Market Infrastructure Diagram



PDEX – Philippine Dealing & Exchange

eDvP – Expanded Delivery vs. Payment System PDTC – Philippine Depository & Trust Corporation

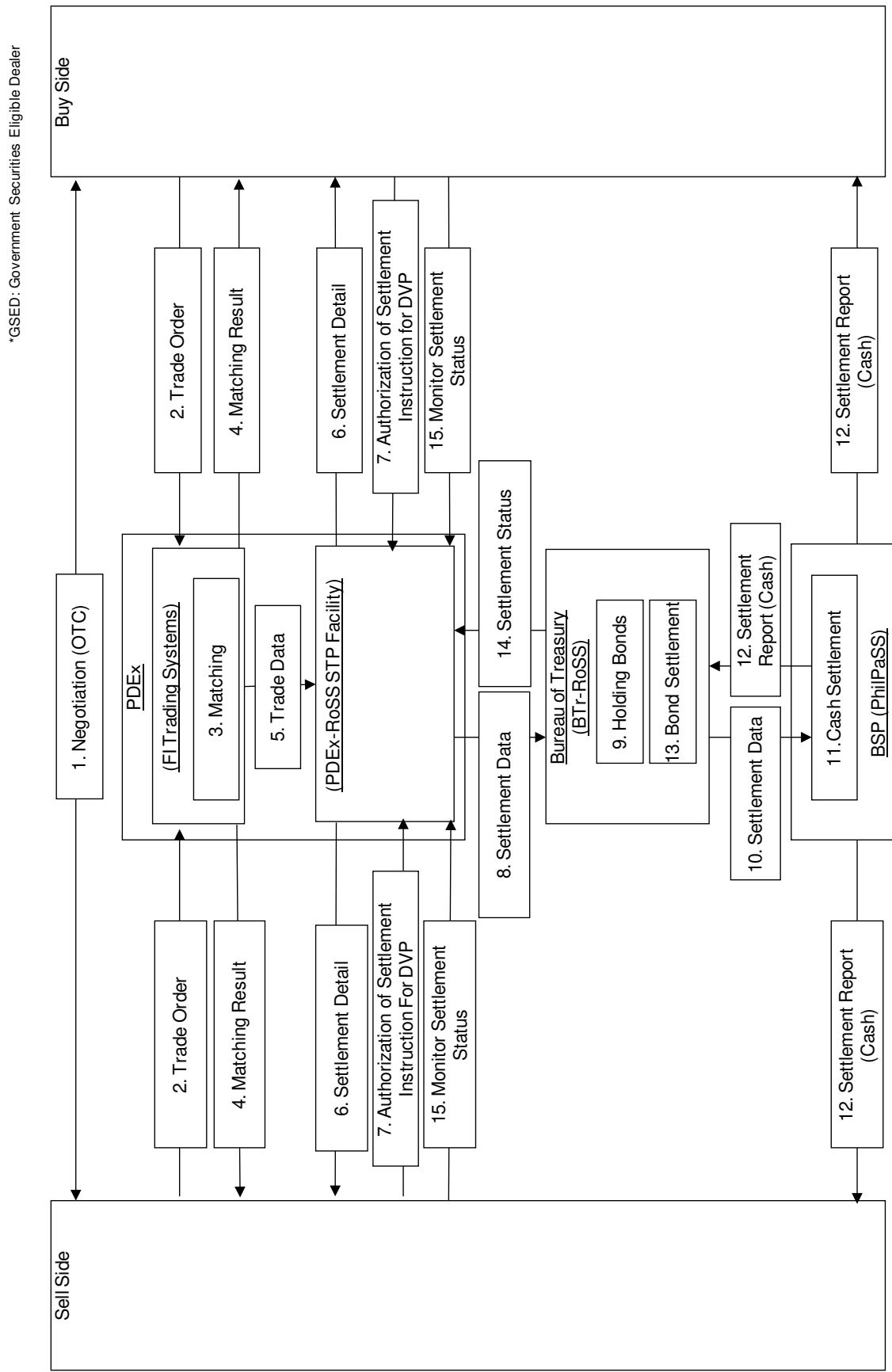
RoSS – Registry of Scripless Securities BSP - Bangko Sentral ng Pilipinas

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Cash settlement by settlement banks is for government and corporate bonds.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
1. Interest & Redemption Payment Flow (Corporate Bond)

### PH03. Government Bond Transaction Flow for Domestic Trades GSEDs Market / DVP



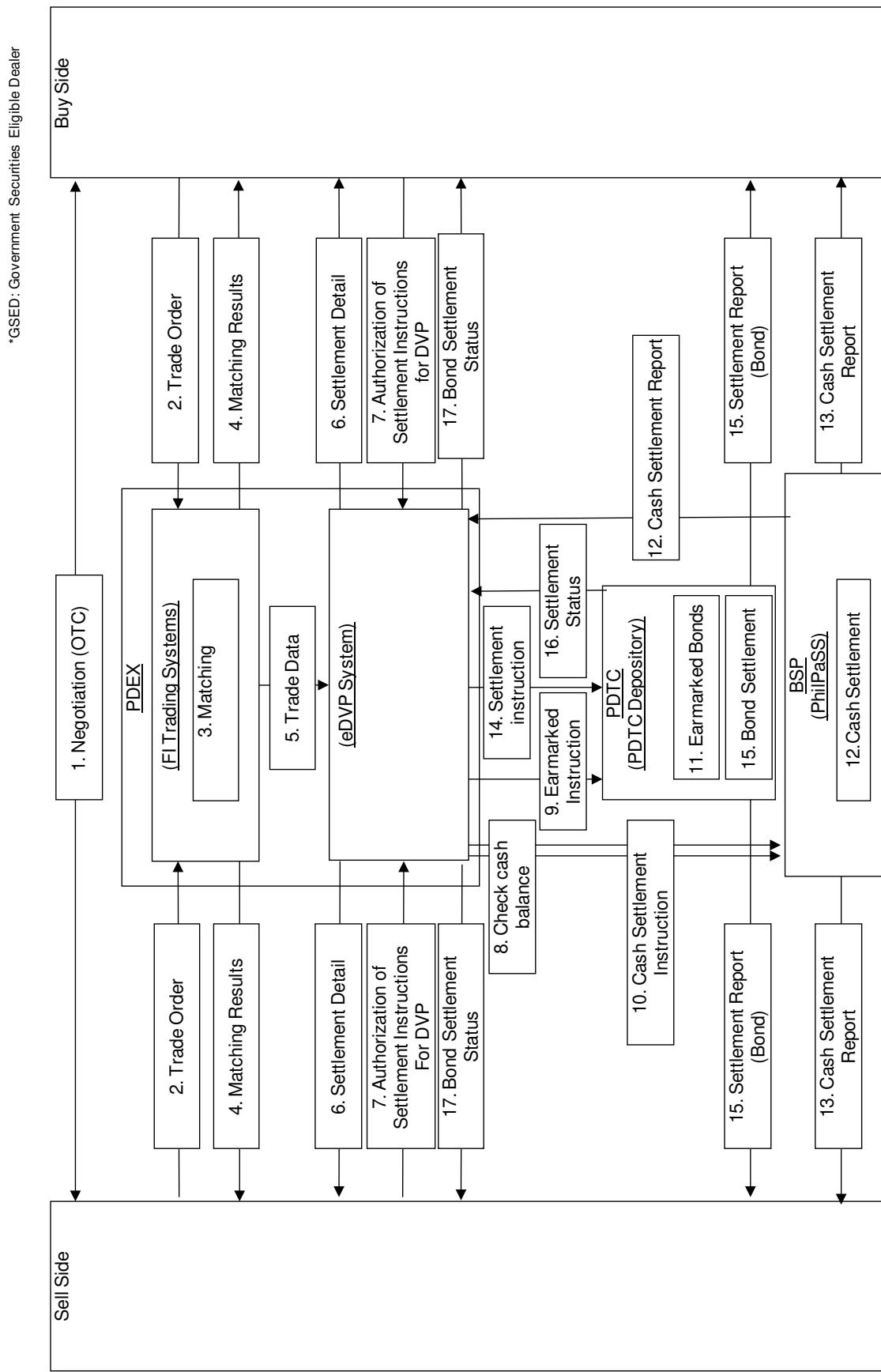
### PH03. Government Bond Transaction Flow for Domestic Trades GSEDs Market / DVP

\*GSED: Government Securities Eligible Dealer

## Exchange Market-GSEDs

1. In OTC market, the sell side and buy side negotiate before they input the trade data to PDEX. This process is omitted in the Exchange Market.
2. Sell side and buy side trade via PDEX(FI Trading System).
3. PDEX(FI Trading System) matches order or records negotiated deals between sell side and buy side.
4. PDEX(FI Trading System) sends matching result to the sell side and buy side.
5. PDEX(FI Trading System) sends trade data to PDEX(PDEX-RoSS STP Facility).
6. PDEX(PDEX-RoSS STP Facility) sends settlement detail to the sell side and buy side.
7. Sell side and buy side authorize the settlement instruction for DVP.
8. PDEX(PDEX-RoSS STP Facility) sends settlement data to Bureau of Treasury Registry of Scripless Securities(BTr-RoSS).
9. BTr-RoSS holds bonds before cash settlement.
10. BTr-RoSS sends settlement data to Bangko Sentral ng Pilipinas (BSP).
11. BSP executes cash settlement.
12. BSP sends cash settlement report to sell side, buy side and BTr-RoSS.
13. BTr-Ross executes bond settlement.
14. BTr-Ross sends bond settlement status to PDEX-RoSS STP Facility.
15. Sell side and buy side can monitor settlement status via PDEX-RoSS STP Facility.

## PH04. Government Bond Transaction Flow for Domestic Trades non-GSEDs Market / DVP



#### PH04. Government Bond Transaction Flow for Domestic Trades non-GSEDs Market / DVP

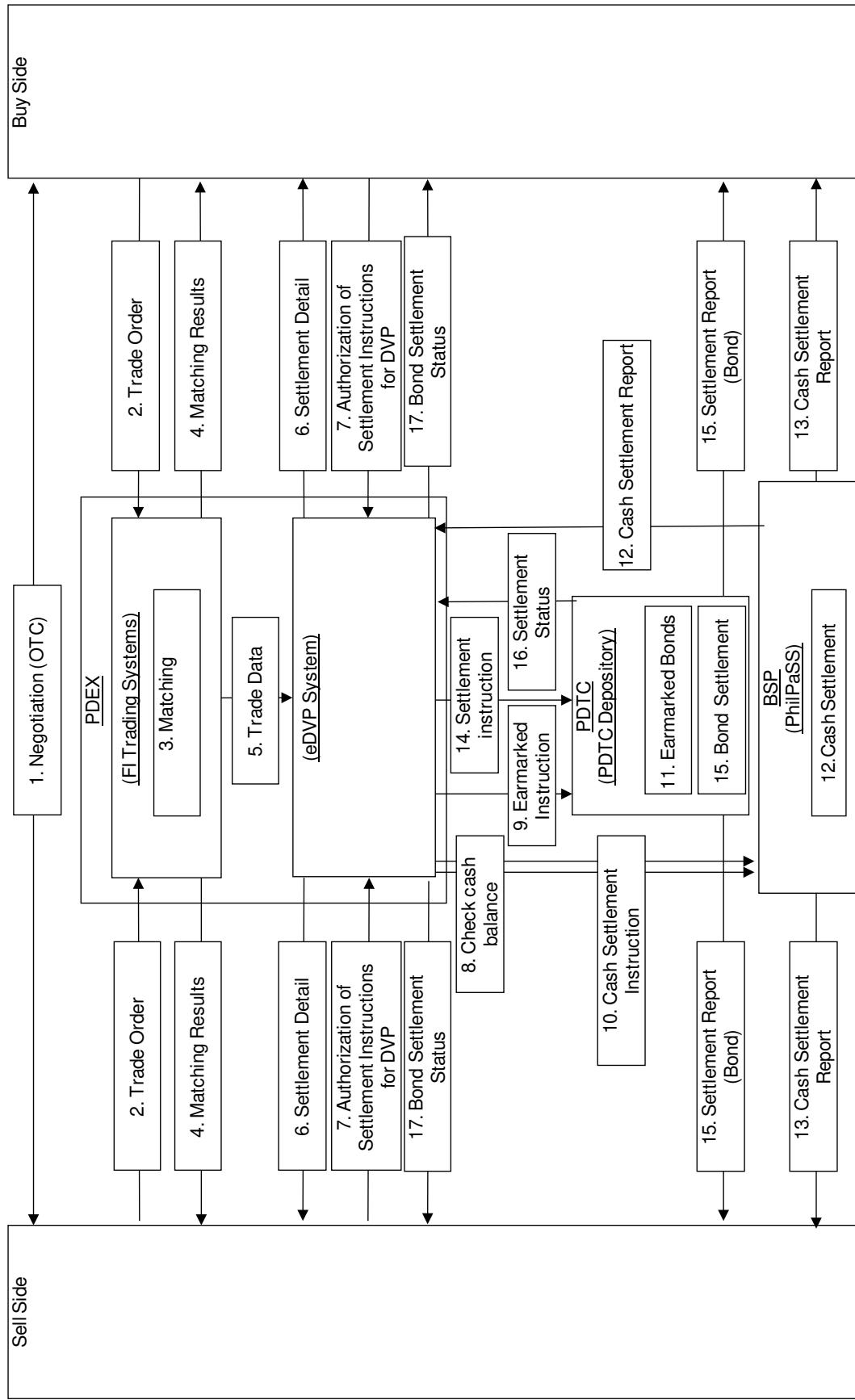
\*GSED: Government Securities Eligible Dealer

## Exchange Market-Non GSEDs

1. In OTC market, sell side and buy side negotiate before they input the trade data to PDEX. This process is omitted in the Exchange Market.
2. Sell side and buy side trade via PDEX (FI Trading System).
3. PDEX (FI Trading System) collates orders from sell side and buy side.
4. PDEX (FI Trading System) sends matching results to sell side and buy side.
5. PDEX (FI Trading System) sends trade data to PDEX (eDVP System).
6. PDEX (eDVP System) sends settlement details to sell side and buy side.
7. Sell side and buy side authorize settlement instruction for DVP.
8. Check cash balance of buy side in PhilPass
9. PDEX (eDVP System) sends earmarked instruction to Philippine Depository & Trust Corp (PDTC).
10. PDEX (eDVP System) sends cash settlement instruction to BSP.
11. PDTC holds bonds before cash settlement. PDTC acts as sub-registry.
12. BSP executes cash settlement.
13. BSP sends cash settlement report to sell side, buy side, and PDEX(eDVP System) .
14. PDEX (eDVP System) sends settlement instruction to PDTC.
15. PDTC executes bond settlement.
16. PDTC sends settlement status to PDEX (eDVP System).
17. PDEX (eDVP System) sends bond settlement status to sell side and buy side.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. **Bond Transaction Flow for Domestic Trades (Corporate Bond)**
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

## PH05 Corporate Bond Transaction Flow for Domestic Trades

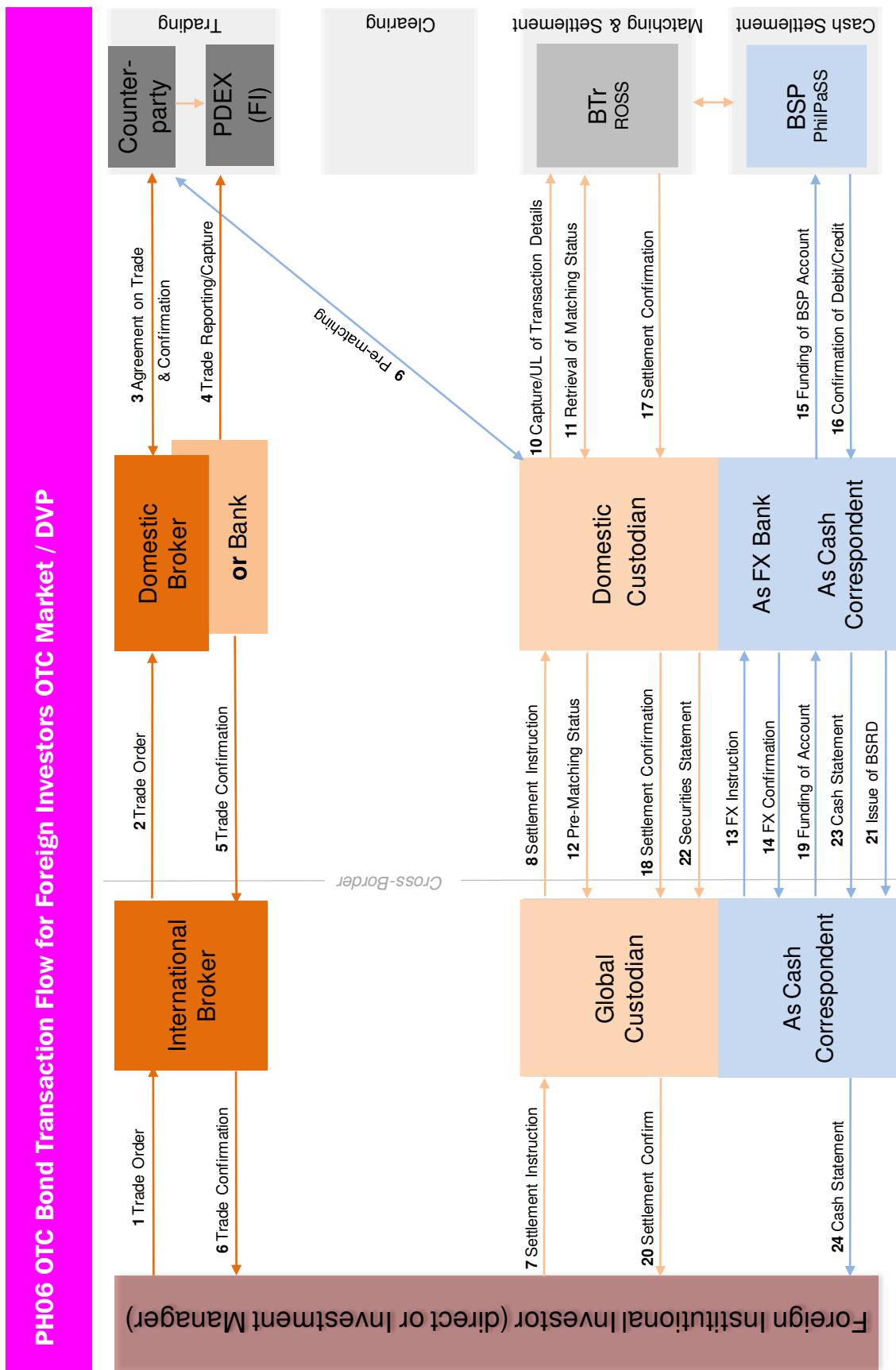


## PH05. Corporate Bond Transaction Flow for Domestic Trades

### Exchange Market

1. In OTC market, sell side and buy side negotiate before they input the trade data to PDEx. This process is omitted in the Exchange Market.
2. Sell side and buy side trade via PDEx(FI Trading System).
3. PDEx(FI Trading System) collates orders from sell side and buy side.
4. PDEx(FI Trading System) sends matching results to sell side and buy side.
5. PDEx(FI Trading System) sends trade data to PDEx(eDVP System).
6. PDEx(eDVP System) sends settlement details to sell side and buy side.
7. sell side and buy side authorize settlement instruction for DVP.
8. Check cash balance of buy side in PhilPass
9. PDEx(eDVP System) sends earmarked instruction to Philippine Depository & Trust Corp(PDTC).
10. PDEx(eDVP System) sends cash settlement instruction to BSP.
11. PDTC holds bonds before cash settlement. PDTC acts as sub-registry.
12. BSP executes cash settlement.
13. BSP sends cash settlement report to sell side, buy side, and PDEx(eDVP System) .
14. PDEx(eDVP System) sends settlement instruction to PDTC.
15. PDTC executes bond settlement
16. PDTC sends settlement status to PDEx(eDVP System) .
17. PDEx(eDVP System) sends bond settlement status to sell side and buy side.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

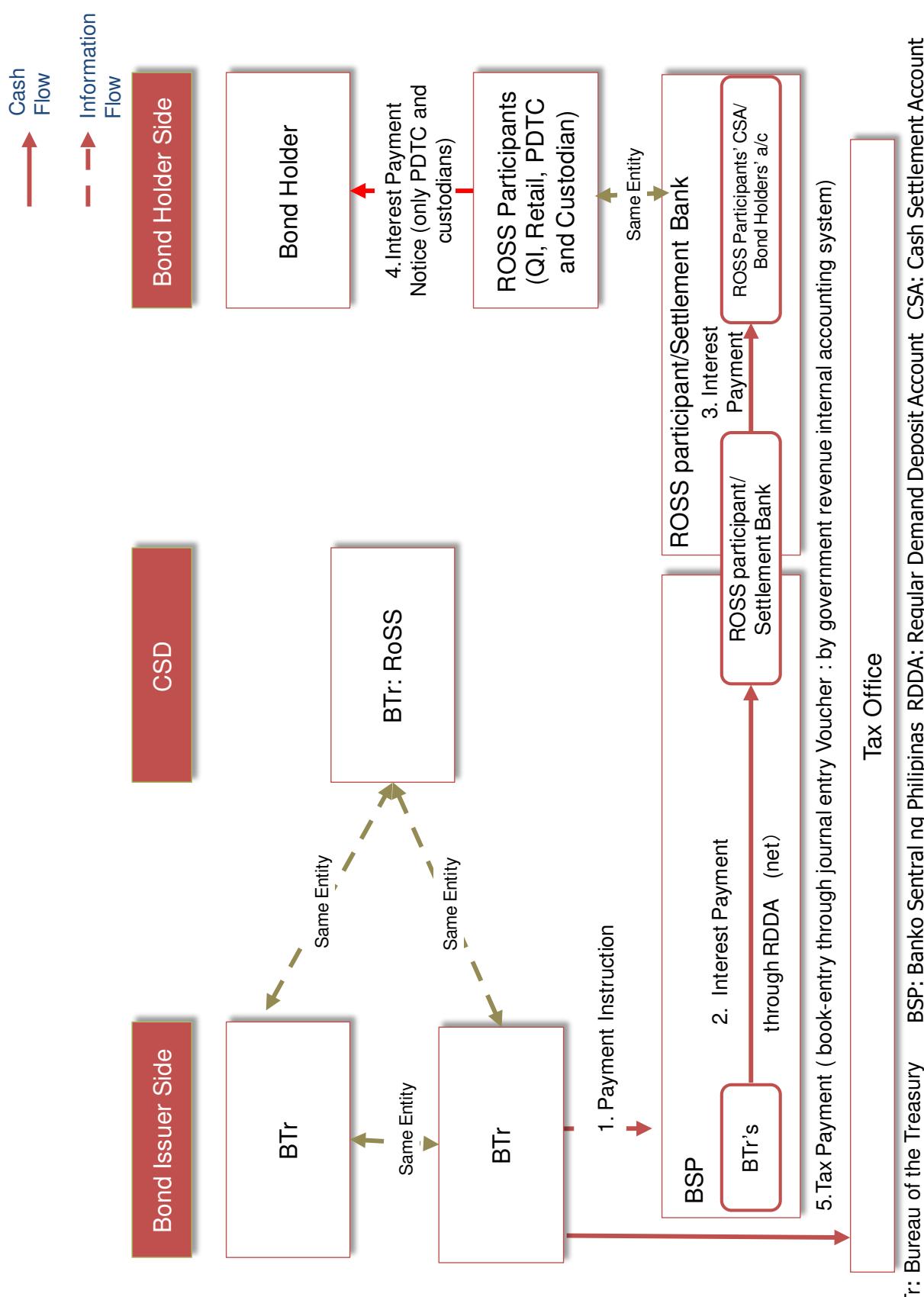


### PH06. OTC Bond Transaction Flow for Foreign Investors OTC Market / DVP

Trade Date	T+1	Settlement Date
1. Foreign Institutional Investor places order with International Broker		
2. International Broker places order with Domestic Broker/GSED		
3. Domestic Broker or Dealer trades OTC with Counterparty		
4. Domestic Broker or Dealer captures trade in PDEX system, for price discovery, within 10 mins		
5. International Broker receives trade confirmation		
6. Foreign Institutional Investor receives trade confirmation		
7. Foreign Institutional Investor instructs Global Custodian, on securities settlement and FX/cash funding details		
8. Global Custodian instructs Domestic Custodian on securities settlement details		
9. Domestic Custodian conducts phone pre-matching with Counterparty or custodian of counterparty		
10. Domestic Custodian enters settlement data into RoSS (typically via 3rd Party front-end)		
11. Domestic Custodian retrieves transaction matching status		
12. Domestic Custodian reports matching status update to Global Custodian		
13. Global Custodian sends FX instruction for projected funding requirements		
14. Domestic Custodian sends FX confirmation		
15. Domestic Custodian funds BSP accounts, via PhilPASS (RTGS) if necessary		
16. Upon transfer of cash (after prompting from RoSS), PhilPASS sends cash settlement confirmation to Domestic Custodian		
17. Upon confirmation of cash settlement, RoSS effects bond settlement, sends confirmation to Domestic Custodian		
18. Domestic Custodian sends settlement confirmation to Global Custodian		
19. Global Custodian funds account with Domestic Custodian in PHP, or into FCY nostro (before end of day)		
20. Global Custodian sends settlement confirmation to Foreign Institutional Investor		
21. Domestic Custodian issues BSRD (Bangko Sentral Registration Document), for capital repatriate and/or remittance of interest payment		
22. Domestic Custodian sends securities statement to Global Custodian		
23. Domestic Custodian sends debit/credit confirmations, in form of cash statement, to Global Custodian		
24. Global Custodian sends cash statement to Foreign Institutional Investor		

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

## PH07 Interest Payment of Government Bond



## PH07. Interest Payment Flow of Government Bond

### Process of Interest Payment

1. BTr instructs BSP to make interest payment
2. BSP executes interest payment from BTr's RDDA (Regular Demand Deposit Account) to ROSS Participants' or their settlement banks' RDDA, deducting tax if applicable.
3. Settlement Banks credit CSA (Cash Settlement Account) of ROSS participants which do not have RDDA in BSP. ROSS participants which hold RDDA in BSP credit interest payment to bond holders' accounts.
4. Custodians (which are ROSS participants with RDDA in BSP) notify bond holders of interest payment
5. BTs Pays WHT to the tax office. (Custodians have two types of account Taxable and Tax-exempt) 100% for Taxable and 0% for Tax-exempt.

Note: Followings are some note on tax in Philippines.

ROSS

0% or 20%

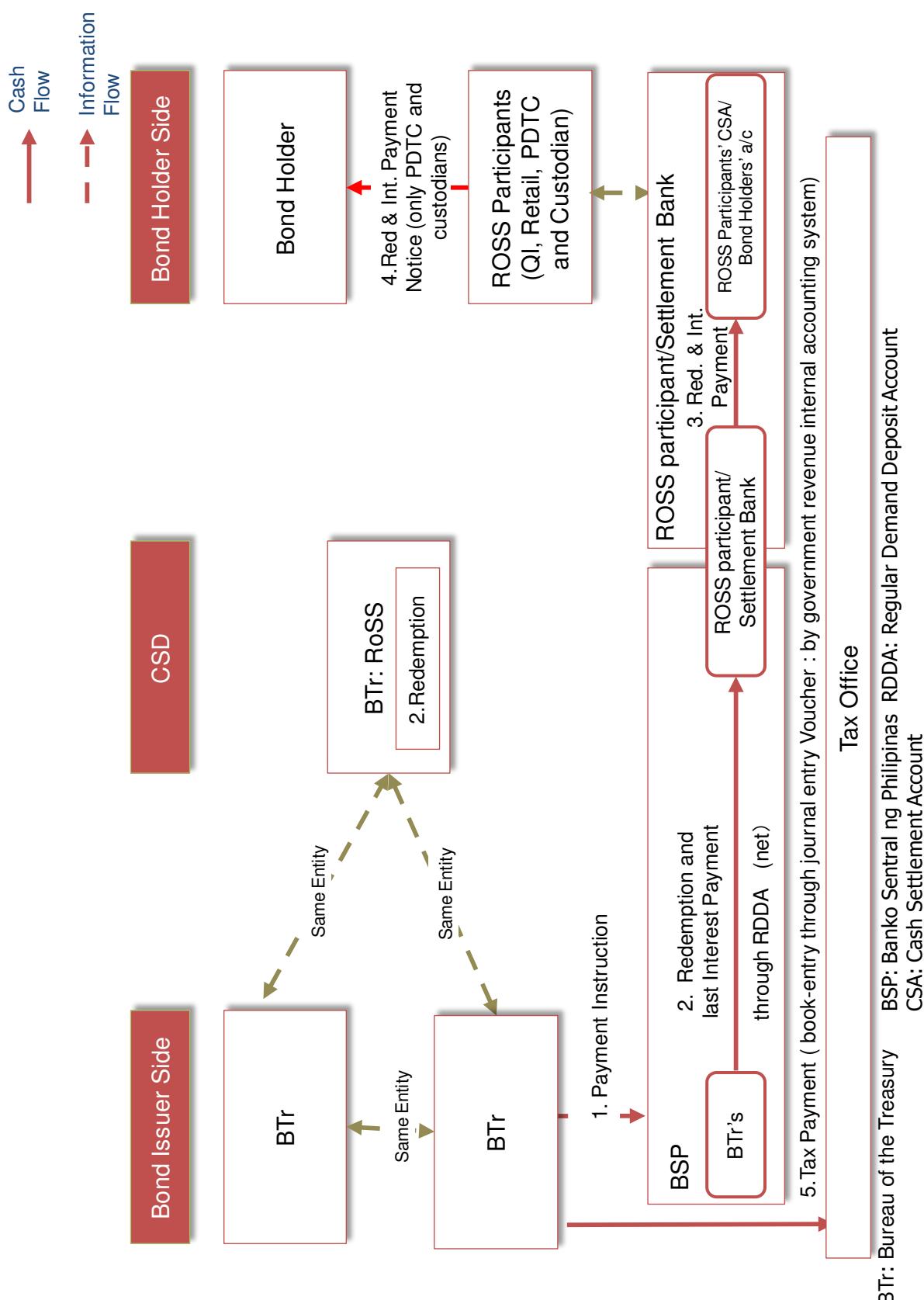
Except multi currency RTB (\$or Euro)  
0%(TEI: Tax exempt entity), 10%(FCDU: foreign currency deductible unit), and 20%(QII).

Tax tracking system PDEX system attached to ROSS

BTr is now enhancing Tax Tracking System to cover all coupon bearing domestic government bond (planning to start operation by 2013 January)

QI: qualified investors) : Banks, insurance companies, trust companies, investment companies, social securities institutions (pension funds), international banks, foreign and local government,

### PH08 Redemption Payment Flow of Government Bond



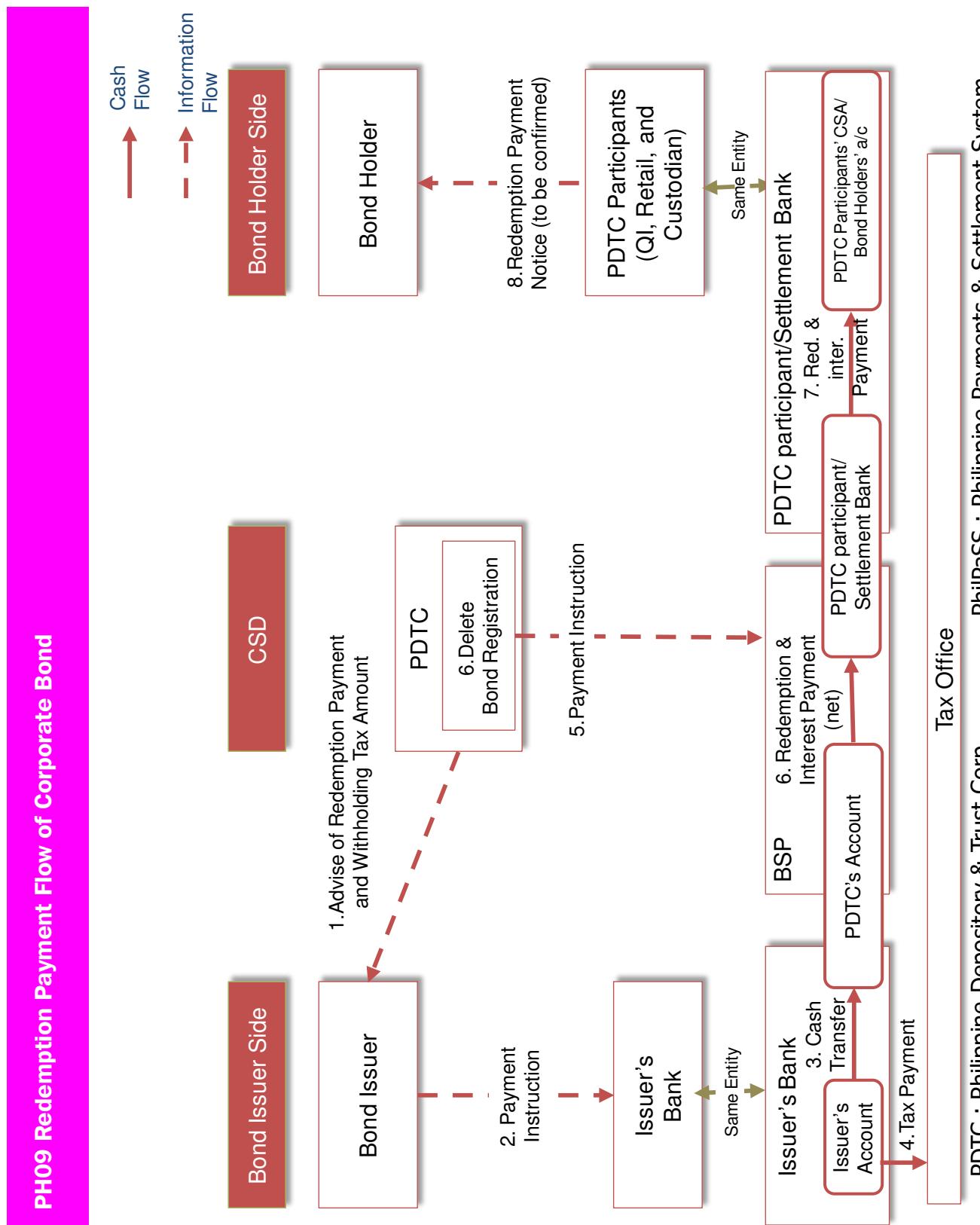
#### PH08. Redemption Payment Flow of Government Bond

## Process of Redemption Payment

1. BTr instructs BSP to make redemption payment.
2. BSP executes redemption payment with last interest payment to ROSS participants' RDDA (Regular Demand Deposit Account) or Settlement Banks' RDDA if ROSS participants do not have RDDA. Regarding last interest payment, tax is deducted, if applicable. Bond is deleted from BTr ROSS system (Redemption)
3. Settlement Banks credit CSA (Cash Settlement Account) of ROSS participants which do not have RDDA in BSP. ROSS participants which hold RDDA in BSP credit principal and interest (net) payment to bond holders' accounts.
4. Custodians (which are ROSS participants with RDDA in BSP) notify bond holders of redemption with interest payment
5. BTs Pays WHT of last interest to the tax office. (Custodians have two types of account Taxable and Tax-exempt) 100% for Taxable and 0% for Tax-exempt.

Note: Last interest is paid with redemption.

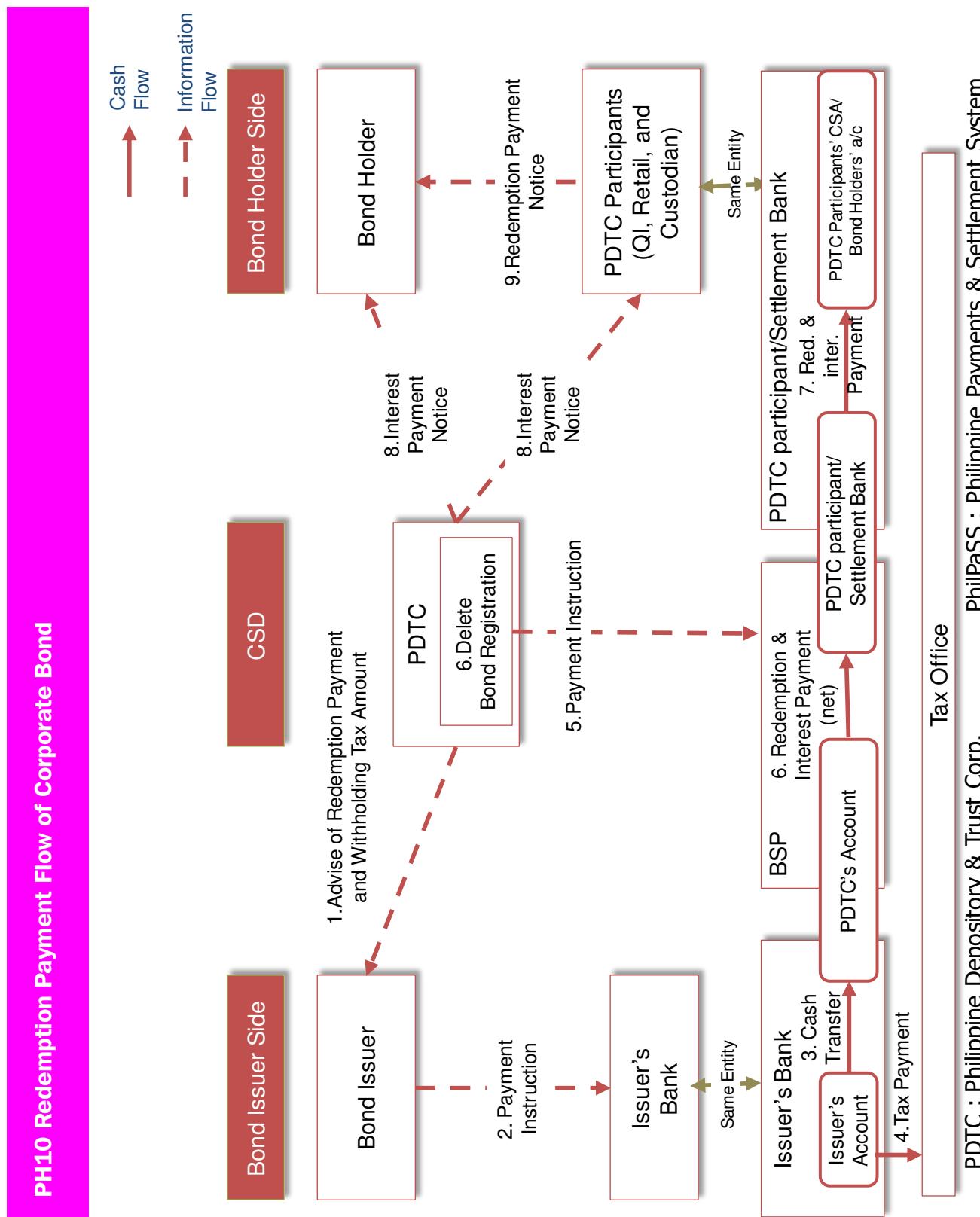
1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)



### PH09. Redemption Payment Flow of Corporate Bond

## Process of Redemption Payment

1. Philippine Depository & Trust Corp (PDTC) advises issuer of redemption payment and last interest payment. Regarding last interest payment, information on withholding tax amount based on list of bond holders is notified.
2. Bond issuer instructs it's Paying Agency (Issuer's Bank) to make redemption and last interest payment.
3. Issuer's bank transfers cash for redemption payment and net amount of last interest payment to PDTC's account. Regarding last interest payment, WHT is deducted before payment if applicable.
4. Issuer pays tax to tax office if applicable.
5. PDTC instructs BSP to transfer cash from it's RDDA to PDTC participants RDDA or Settlement Bank's RDDA if PDTC participant does not have RDDA in BSP via Philippine Payments & Settlement System (PhilPPaSS). At the same time, PDTC makes bond redemption.
6. Custodians (PDTC participants which hold RDDA in BSP) credit bond holder's accounts with last interest and principal.
7. Custodians notify bond holders of redemption payment.



#### PH10. Redemption Payment Flow of Corporate Bond

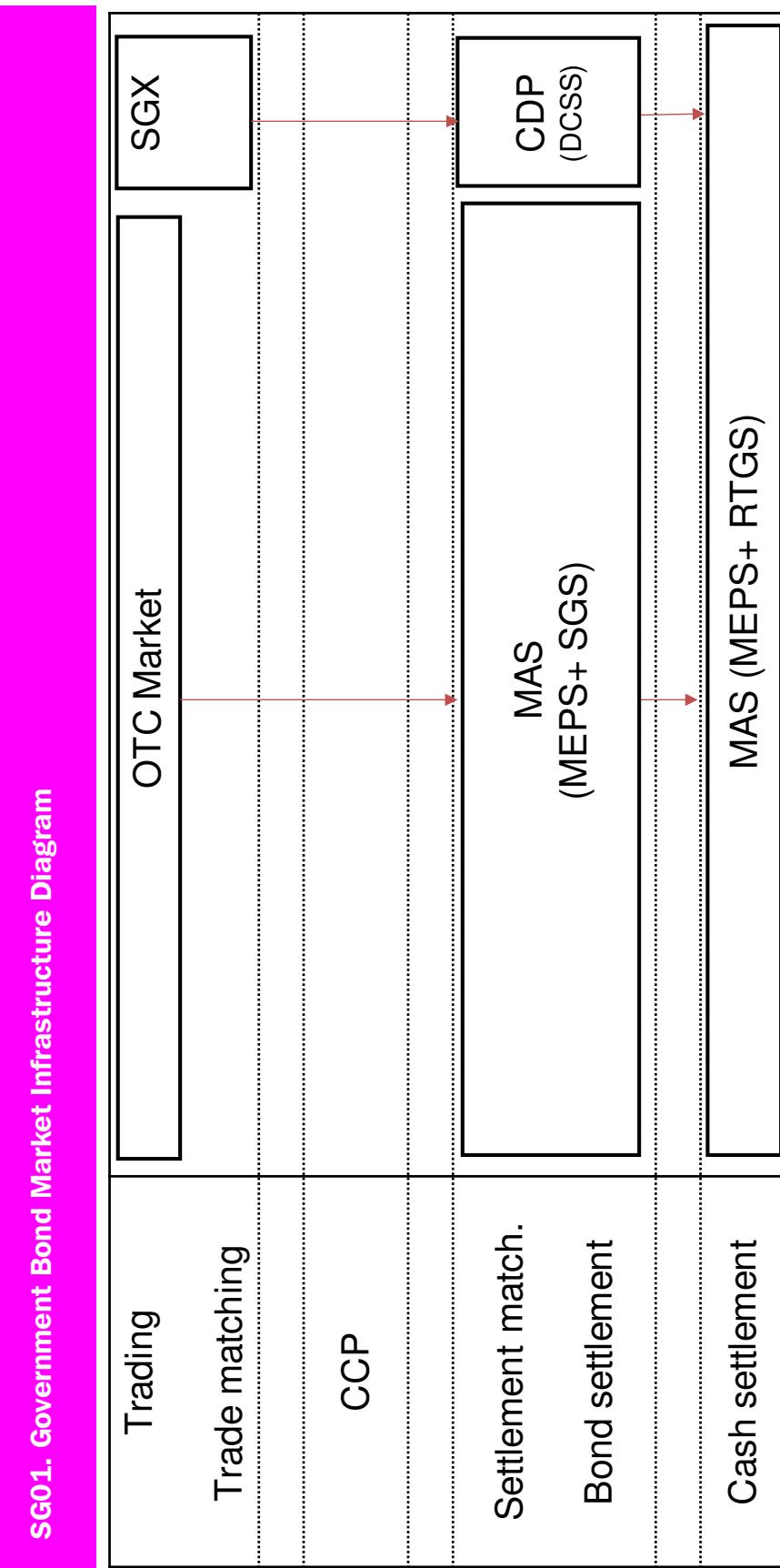
## Process of Redemption Payment

1. Philippine Depository & Trust Corp (PDTC), in its capacity as a registry, advises issuer of redemption payment and last interest payment. Regarding last interest payment, information on withholding tax amount based on list of bond holders is notified.
2. Bond issuer instructs it's Paying Agency (Issuer's Bank) to make redemption and last interest payment.
3. Issuer's bank transfers cash for redemption payment and net amount of last interest payment to PDTC's account. Regarding last interest payment, WHT is deducted before payment if applicable.
4. Issuer pays tax to tax office if applicable.
5. PDTC (or the Issuer's paying bank) instructs BSP to pay redemption and last interest from PDTC's (or Issuer paying bank's) account to bondholder's RDDA or the RDDA of the Settlement Banks designated by bondholders.
6. BSP executes redemption/interest payment and, where applicable, the designated Settlement Bank credits the accounts of the bondholders upon checking that its BSP RDDA has been credited.
7. Custodians holding RDDA in BSP receives redemption/interest payment into their RDDA accounts and make corresponding credits to accounts of their client-bond holders.
8. PDTC, as registry, notifies all registered bondholders of the redemption/interest payment, including custodians.
9. Custodians also notify its client-bondholders of redemption/interest payment.
10. PDTC system marks the bond as matured.

# Singapore (SG)

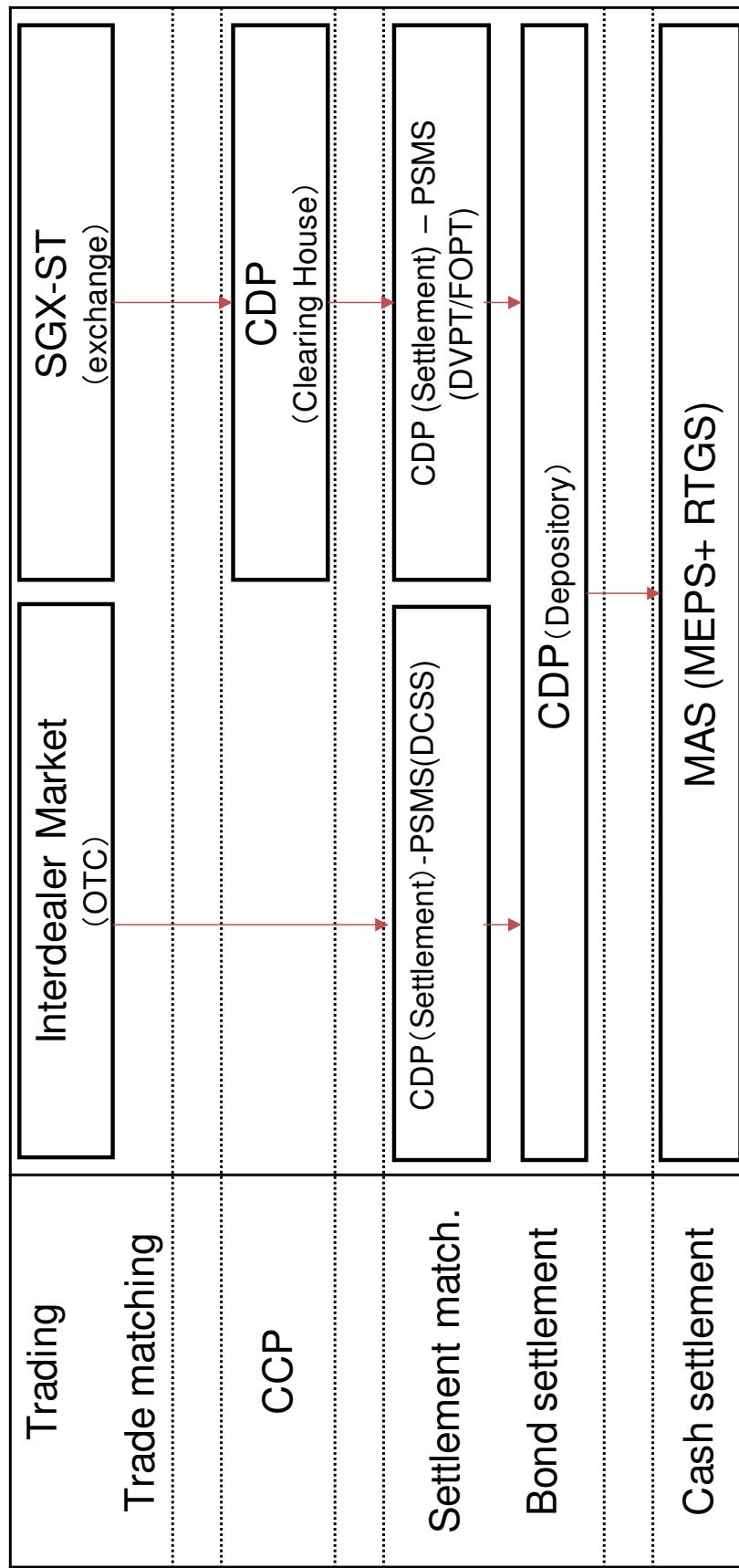
1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades  
(Government Bond)
3. Bond Transaction Flow for Domestic Trades  
(Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow  
(Government Bond)
6. Interest & Redemption Payment Flow  
(Corporate Bond)

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
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SGX – Singapore Exchange Ltd.,  
 CDP – Central Depository (Pte.) Ltd.,  
 MAS - Monetary Authority of Singapore  
 DCSS – Debt Securities Clearing and Settlement System  
 MEPS+ – MAS Electronic Payment System

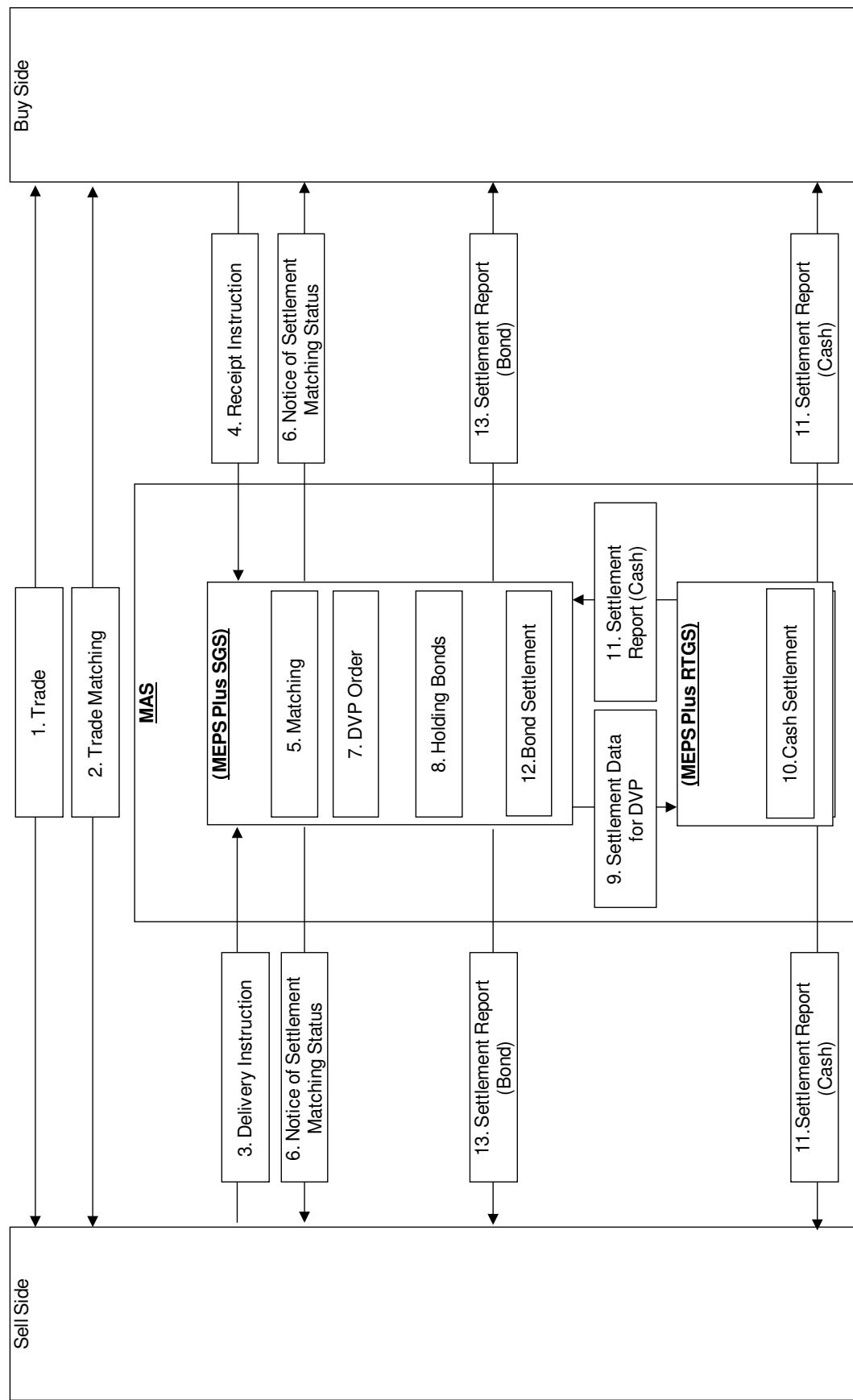
## SG02. Corporate Bond Market Infrastructure Diagram



SGX – Singapore Exchange Ltd.,  
 CDP – Central Depository (Pte.) Ltd.,  
 MAS - Monetary Authority of Singapore  
 DCSS – Debt Securities Clearing and Settlement System  
 MEPS+ – MAS Electronic Payment System

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### SG03. Government Bond Transaction Flow for Domestic Trades



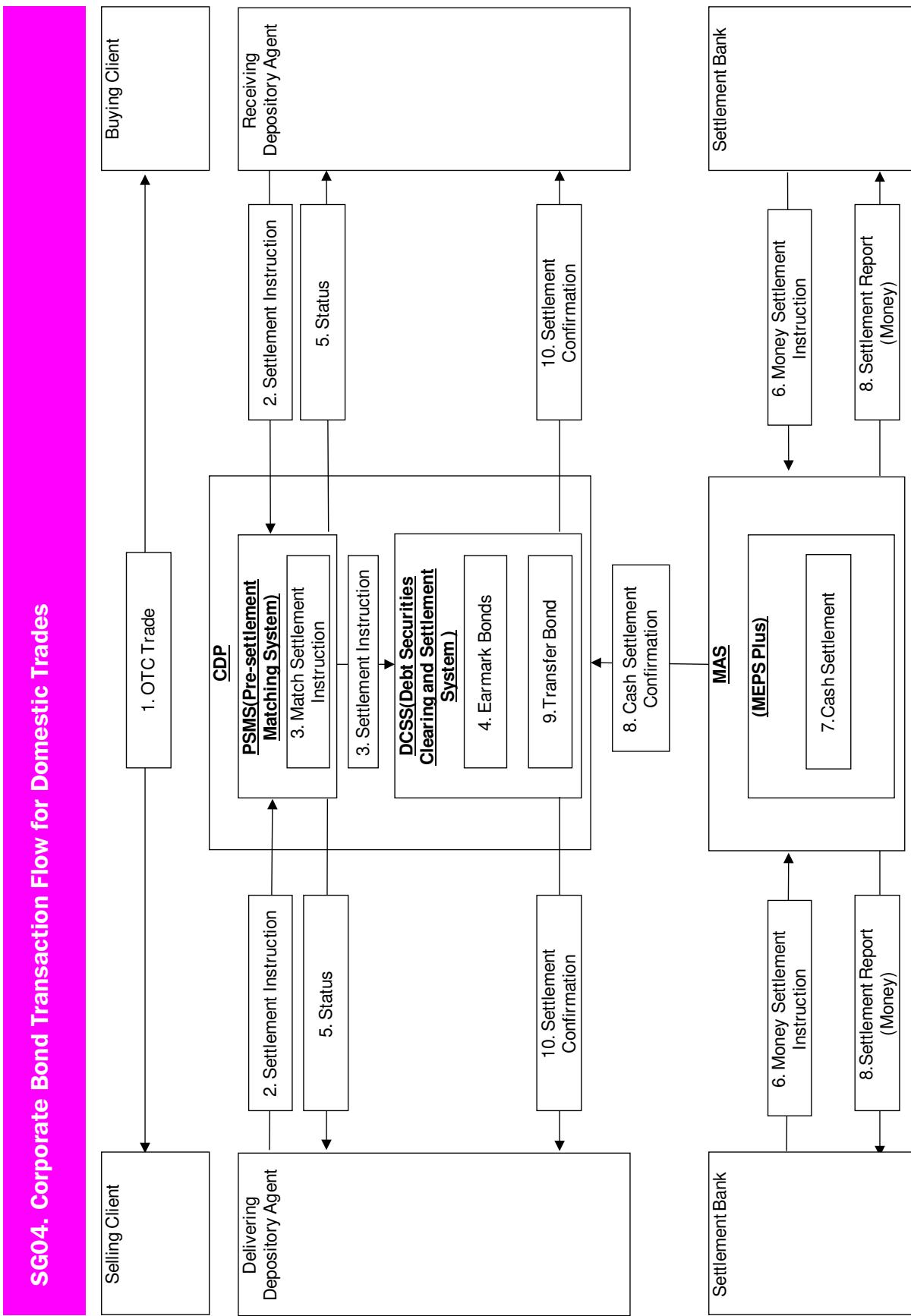
### SG03. Government Bond Transaction Flow for Domestic Trades

## OTC Market

1. Singapore government securities (SGS) is traded on over-the-counter basis.
2. Trades are matched among sell side and buy side.
3. Sell side sends the agreed trade instruction to MEPS+ SGS.
4. Buy side sends the agreed trade instruction to MEPS+ SGS.
5. MEPS+ SGS performs bond matching.
6. MEPS+ SGS sends the notice of bond matching status to sell side and buy side.
7. MEPS + SGS creates the DVP order.
8. When sell side's SGS account has sufficient SGS, the SGS are earmarked for transfer to buy side.
9. Settlement data for DVP is sent to MEPS+ RTGS.
10. When funds are available, amount is debited from buy side's RTGS account and credited to sell side's RTGS account.
11. MEPS+ RTGS simultaneously MEPS+ SGS to transfer securities and reports cash settlement status to both sides of trade.
12. MEPS +SGS transfer bonds to buy side's account.
13. MEPS +SGS reports settlement status to both sell side and buy side.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

#### SG04. Corporate Bond Transaction Flow for Domestic Trades



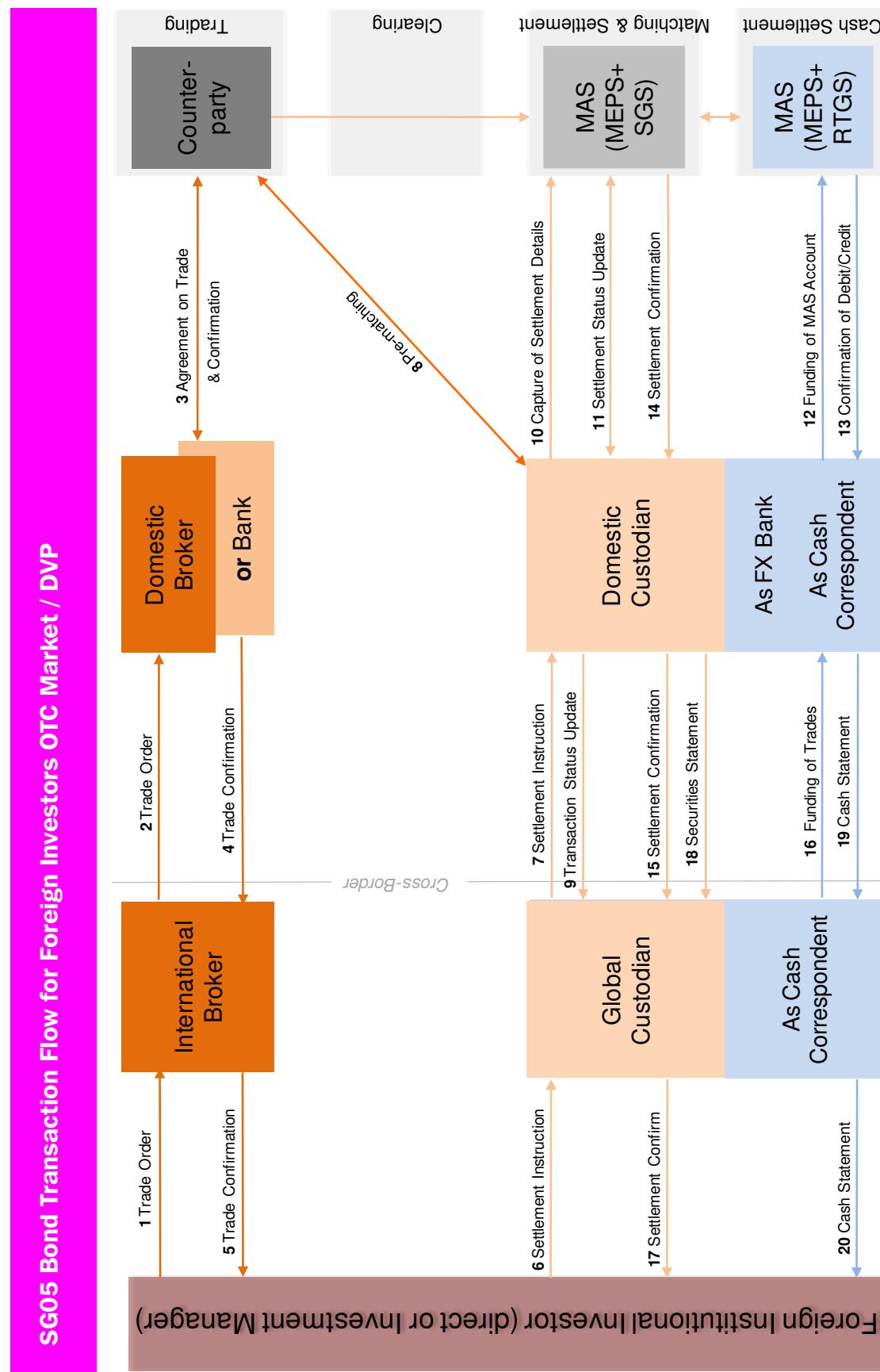
#### SG04. Corporate Bond Transaction Flow for Domestic Trades

## OTC Market

1. Sell side and buy side trade corporate bond over-the counter.
2. Both sell side and buy side send settlement instructions into PSMS (Pre-Settlement Matching System).
3. PSMS matches settlement instructions and sends settlement instruction to Debt Securities Clearing and Settlement System(DCSS).
4. CDP (DCSS) holds bonds on book entry system. CDP (Depository) earmarks the bonds in sell side's account for delivery.
5. PSMS sends settlement instructions status back to depository agents of both sides of trade.
6. Both sides of settlement banks send money settlement instruction to RTGS system in Central Bank (MAS Electronic Payment System – MEPS).
7. Cash settlement takes place in RTGS system in MEPS.
8. MAS send confirmation of cash settlement to CDP (DCSS) and both sides of settlement banks.
9. Bond transfer effected in DCSS.
10. DCSS sends bond settlement confirmation to depository agents of both sides of trade.

**Assumption:** This applies to SGD-denominated bonds which are safe-keep in CDP (Depository). Payment takes place in central bank SGD accounts (known as MEPS) on RTGS mode.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)



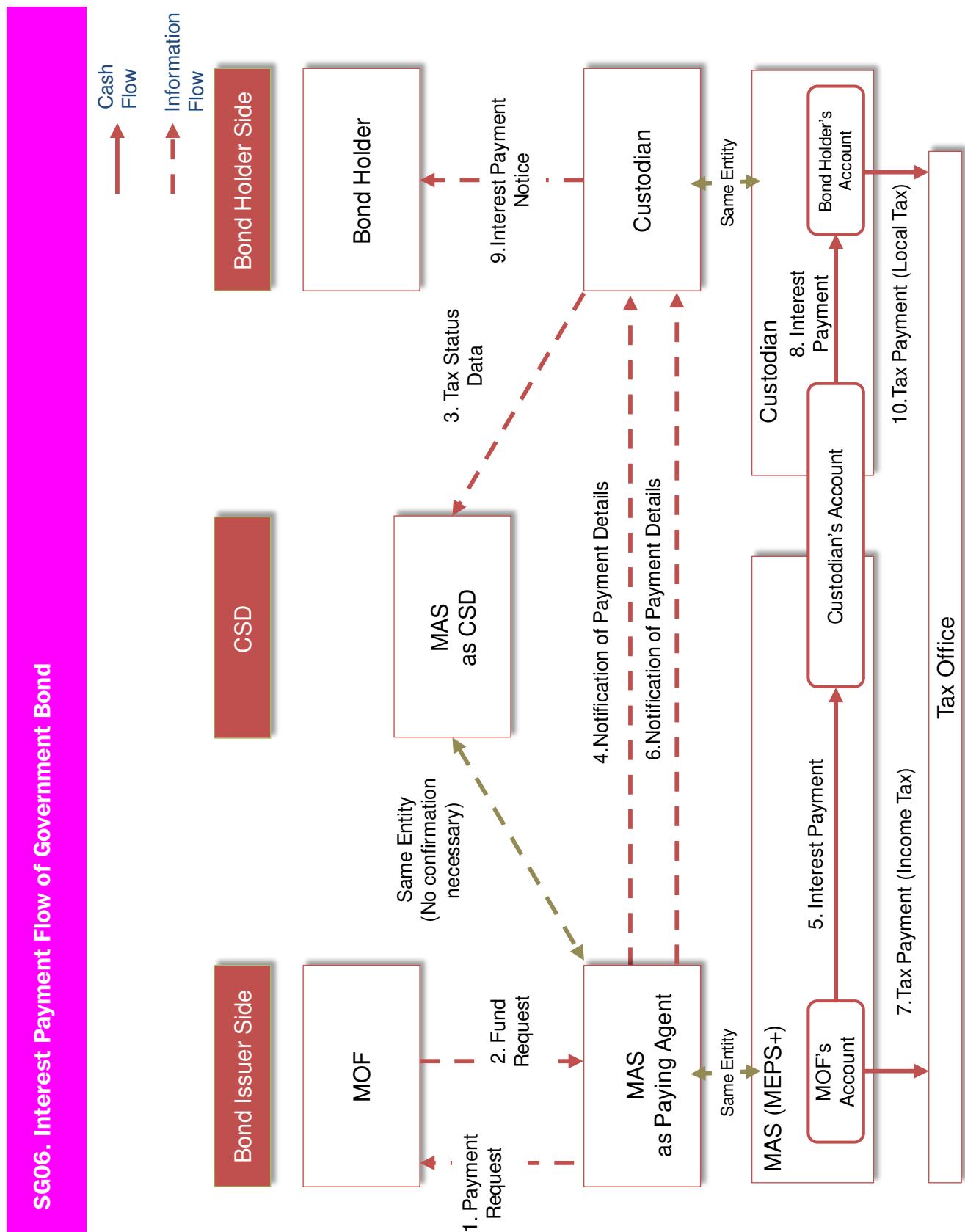
### SG05. OTC Bond Transaction Flow for Foreign Investors OTC Market / DVP

1. Foreign Institutional Investor places order with International Broker
2. International Broker places order with Domestic Broker or Bank
3. Domestic Broker/Bank trades OTC with Counterparty (via phone, Bloomberg)
4. Domestic Broker/Bank sends trade confirmation to International Broker
5. Foreign Institutional Investor receives trade confirmation
6. Foreign Institutional Investor instructs Global Custodian on securities settlement details and funding details
7. Global Custodian instructs Domestic Custodian on securities settlement details
8. Domestic Custodian and Counterparty pre-match settlement details, via phone
9. Domestic Custodian provides result of pre-matching to Global Custodian
10. Domestic Custodian transmits settlement details to MEPS+ SGS.
11. Domestic Custodian monitors settlement status updates (online)
12. Domestic Custodian funds MAS account via MEPS+ RTGS.
13. Upon transfer of cash, debit/credit confirmation from MEPS+ RTGS.
14. Upon transfer of securities, settlement confirmation from MAS, via MEPS+
15. Upon transfer of securities, settlement confirmation from MEPS+ SGS.
16. Global Custodian funds SGD account with Domestic Custodian, or FCY nostro (before end of day)
17. Global Custodian sends settlement confirmation to Foreign Institutional Investor
18. Domestic Custodian sends securities statement to Global Investor
19. Domestic Custodian sends debit/credit confirmations as cash statement to Global Custodian
20. Global Custodian sends cash statement to Foreign Institutional Investor

Trade Date

Settlement Date / T+1

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)



### SG06. Interest Payment Flow of Government Bond

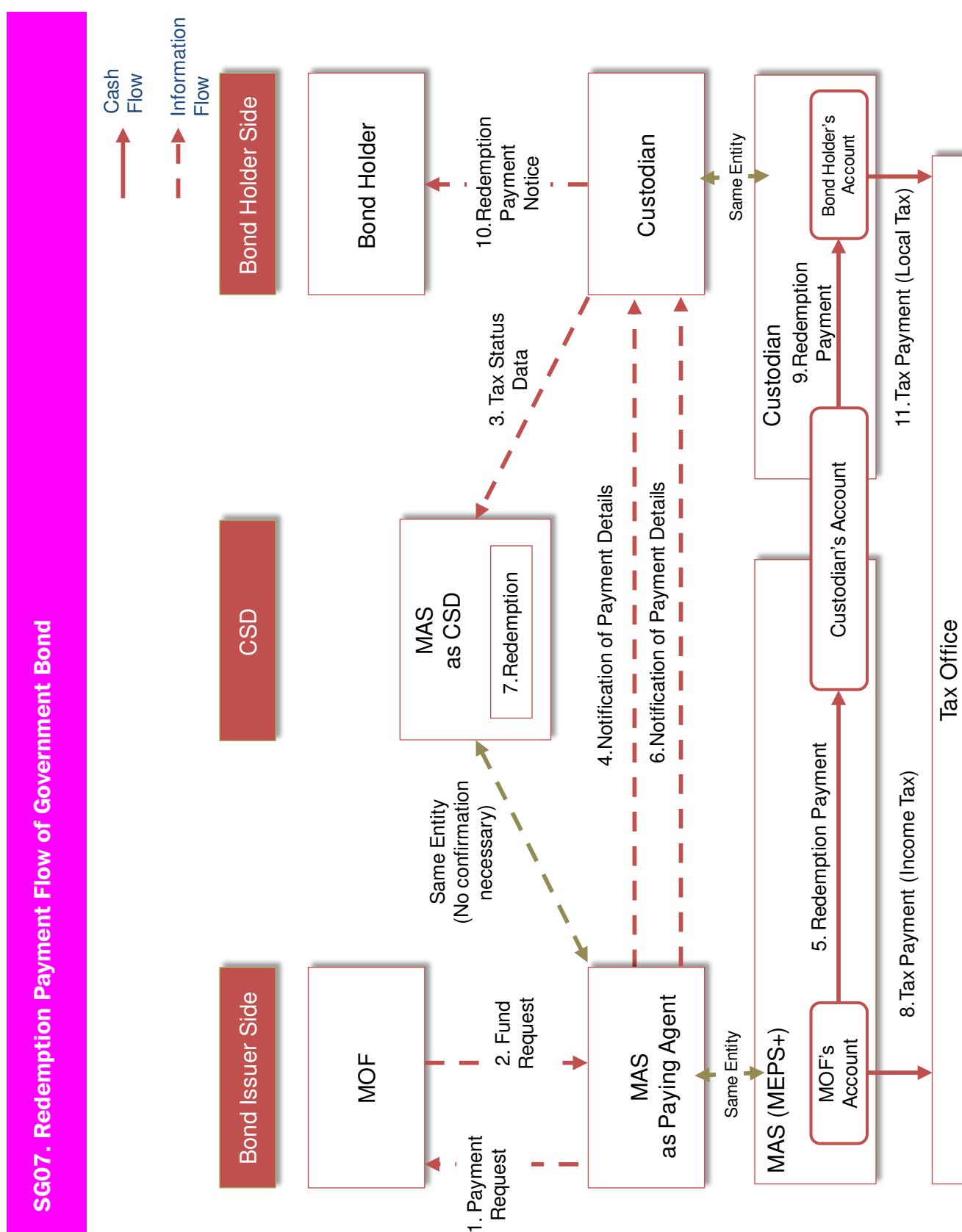
## Process of Interest Payment

1. Monetary Authority of Singapore(MAS) as payment agent requests Ministry of Finance (MOF) for interest payment.
2. MOF approves request of interest payment from MAS.
3. Custodians send tax status data to MAS.
4. MAS notifies custodians of payment details.
5. MAS as payment agent executes interest payment from MOF's account to custodians' account via MEPS+, deducting tax if applicable.
6. MAS notifies custodians of payment details again.
7. MAS as paying agent pays income tax to tax office if applicable.
8. Custodians credit bond holders' accounts with interest paid by MOF.
9. Custodians notify bond holders of interest payment.
10. Custodians pay local tax to tax office if applicable.

Note: No difference between non-residents and domestic investors except account is tagged as “non-resident” for withholding tax purposes.

For SGS coupon payments within MEPS+ SGS, MEPS+ SGS automatically calculates the coupon payment at the beginning of the ex-date according to the coupon rate and coupon frequency of the securities and the members' holdings. The ex-date period, coupon payment date, coupon payment rate and coupon payment frequency are specified for each SGS issue in MEPS+ SGS at the start and MEPS+ SGS will derive the rest of the coupon payment schedule accordingly.

On the coupon payment date, MEPS+ SGS automatically pays the calculated coupon amounts to the holder (as at ex-date) of the SGS by debiting the MAS' MEPS+ RTGS account and crediting the custodian's MEPS+ RTGS account. For all outstanding (as at ex-date) interbank repo transactions in MEPS+ SGS, the reverse interest amounts will also be automatically debited from the original receiving member's account (ie the receiving member for the opening leg of the transaction) and credited to the original delivering member's account.



### SG07. Redemption Payment Flow of Government Bond

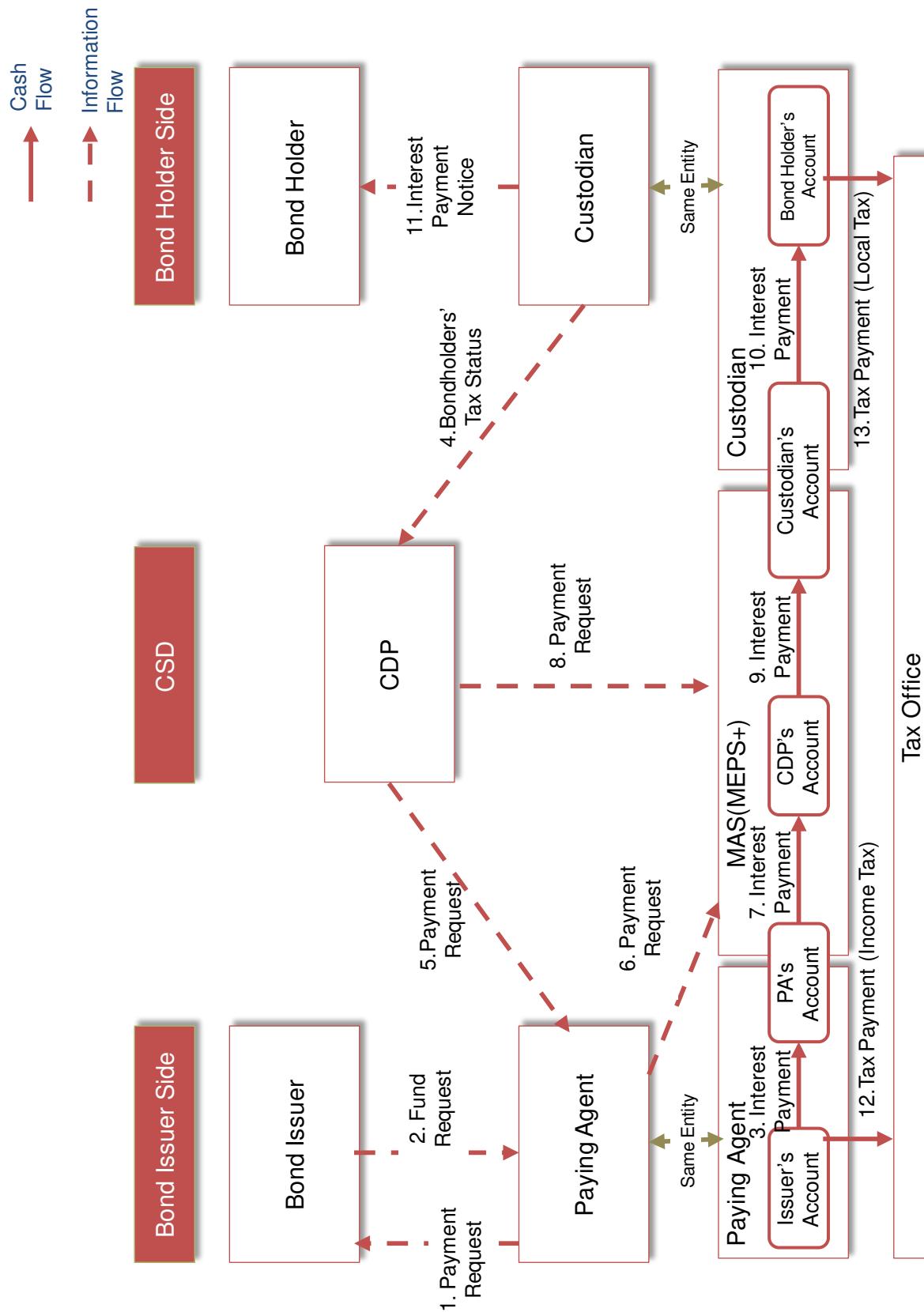
## Process of Redemption Payment

- 
1. MAS (Monetary Authority of Singapore) as payment agent requests Ministry of Finance (MOF) for redemption payment.
  2. MOF approves request of redemption payment from MAS.
  3. Custodians send tax status data to MAS.
  4. MAS notifies custodians of payment details.
  5. MAS as payment agent executes redemption payment from MOF's account to custodians' account via MEPS+, deducting tax if applicable.
  6. MAS notifies custodians of payment details again.
  7. MAS as CSD makes bond redemption.
  8. MAS as a paying agent pays income tax to tax office if applicable.
  9. Custodians credit bond-holders' bank accounts with last interest and principal paid by MAS, deducting local tax if applicable.
  10. Custodians notify bond holders of redemption payment.
  11. Custodians pay local tax to tax office if applicable.

Note: Redemption always involves last interest payment.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### SG08. Interest Payment Flow of Corporate Bond



**SG08. Interest Payment Flow of Corporate Bond**

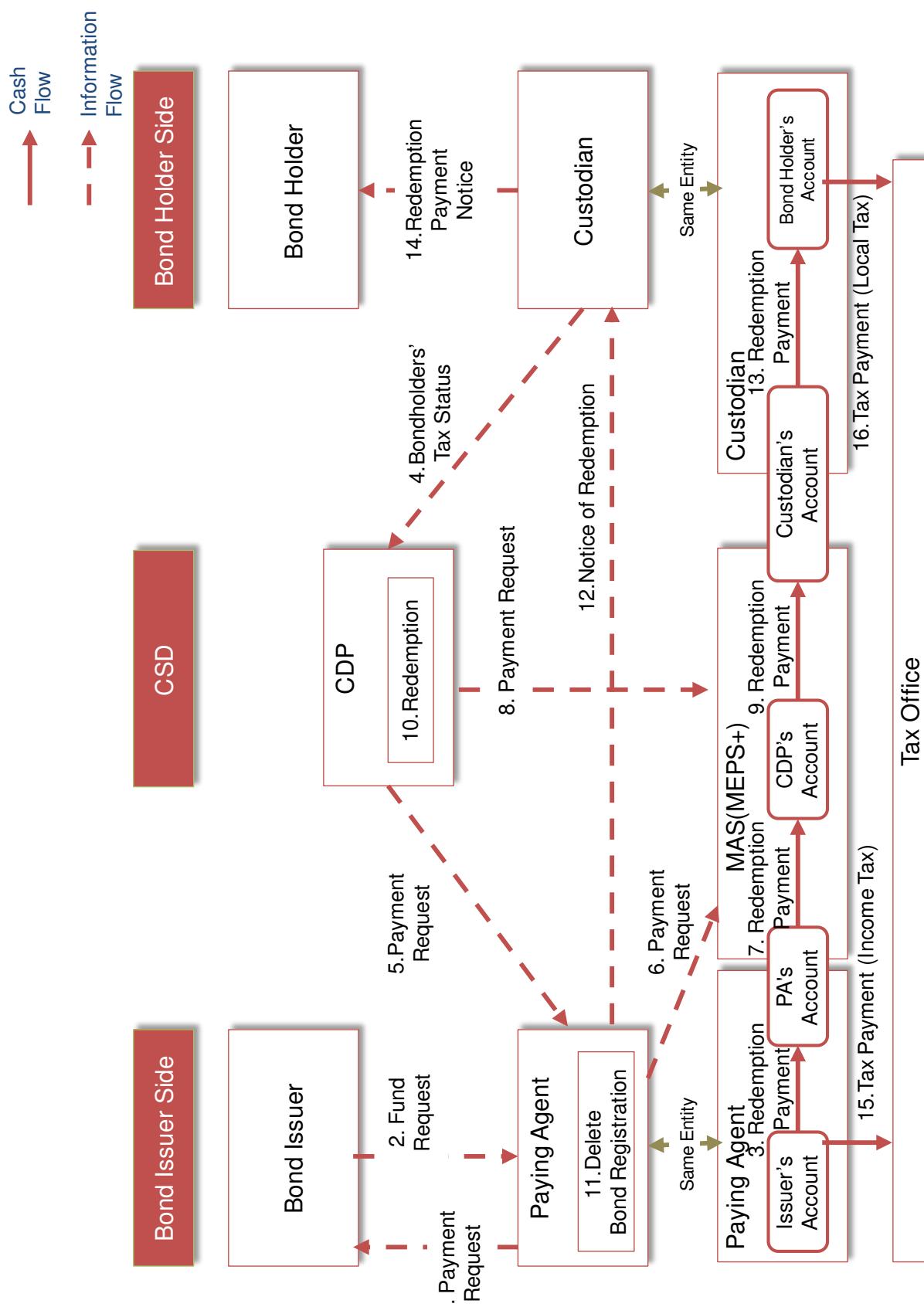
## Process of Interest Payment

1. Paying agent sends payment request of interest to bond issuer.
2. Bond issuer sends fund request to the paying agent.
3. Paying agent transfers cash from issuer's account to own account.
4. Custodians of bond holders send tax status to CDP.
5. CDP sends payment request to paying agent.
6. Paying agent instructs MAS to money transfer requested from CDP.
7. MAS executes interest payment from paying agent's account to CDP's account via MEPS+, deducting income tax if applicable.
8. CDP instructs MAS to payment request.
9. MAS executes interest payment from CDP's account to custodians account via MEPS+.
10. Custodians credit bond holders' accounts with interest payments, deducting local tax if applicable.
11. Custodians notify bond holders of interest payment.
12. Paying agent pays income tax to tax office.
13. Custodians pay local tax to tax office.

Note: No difference between non-residents and domestic investors except that account is tagged as "non-resident" for withholding tax purposes.

Assumption: CDP is the central depository for the corporate bond (Issuer CSD). Bond holders manage their bonds through custodians.

### SG09. Redemption Payment Flow of Corporate Bond



## Process Of Redemption Payment

1. Paying agent sends payment request of redemption to the bond issuer.
2. Bond issuer sends fund request to the paying agent.
3. Paying agent transfers cash from issuer's account to own account.
4. Custodians of bond holders send tax status to CDP.
5. CDP sends payment request to paying agent.
6. Paying agent instructs MAS to money transfer requested from CDP.
7. MAS executes redemption payment from paying agent's account to CDP's account via MEPS+, deducting income tax if applicable.
8. CDP instructs MAS to payment request.
9. MAS executes redemption payment from CDP's account to custodians account via MEPS+.
10. CDP makes bond redemption.
11. Paying agent deletes bond registration.
12. Paying agent notifies custodians of redemption.
13. Custodians credit bond holders' accounts with last interest and principal, deducting local tax if applicable.
14. Custodians notify bond holders of redemption payment.
15. Paying agent pays income tax to tax office.
16. Custodians pay local tax to tax office.

Note: No difference between non-residents and domestic investors except that account is tagged as "non-resident" for withholding tax purposes.

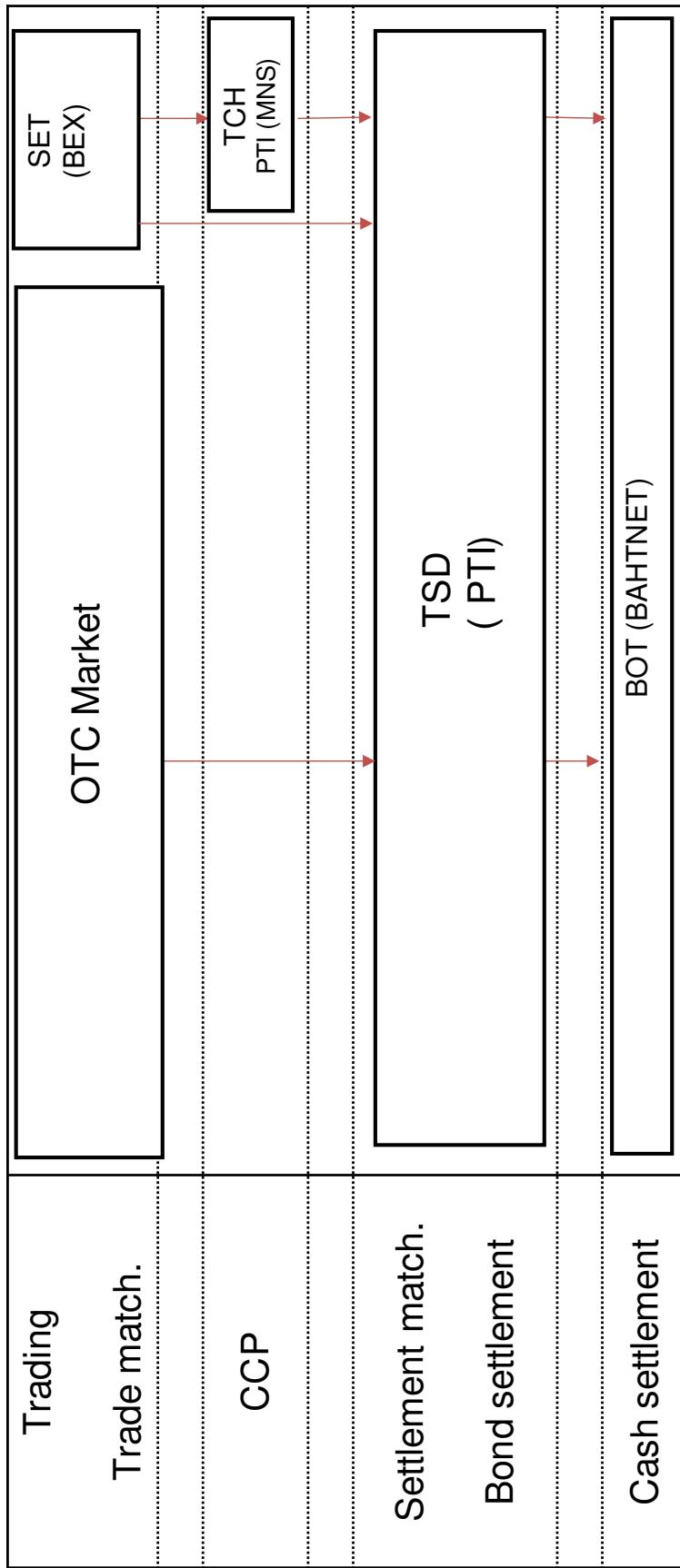
Assumption: CDP is the central depository for the corporate bond (Issuer CSD). Bond holders manage their bonds through custodians.

# Thailand (TH)

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades  
(Government Bond)
3. Bond Transaction Flow for Domestic Trades  
(Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow  
(Government Bond)
6. Interest & Redemption Payment Flow  
(Corporate Bond)

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### TH01. Government Bond Market Infrastructure Diagram



BEX – The Bond Electronic Exchange (The Stock Exchange of Thailand)

SET – Stock Exchange of Thailand

BOT – Bank of Thailand

PTI – Post Trade Integration (The Stock Exchange of Thailand)

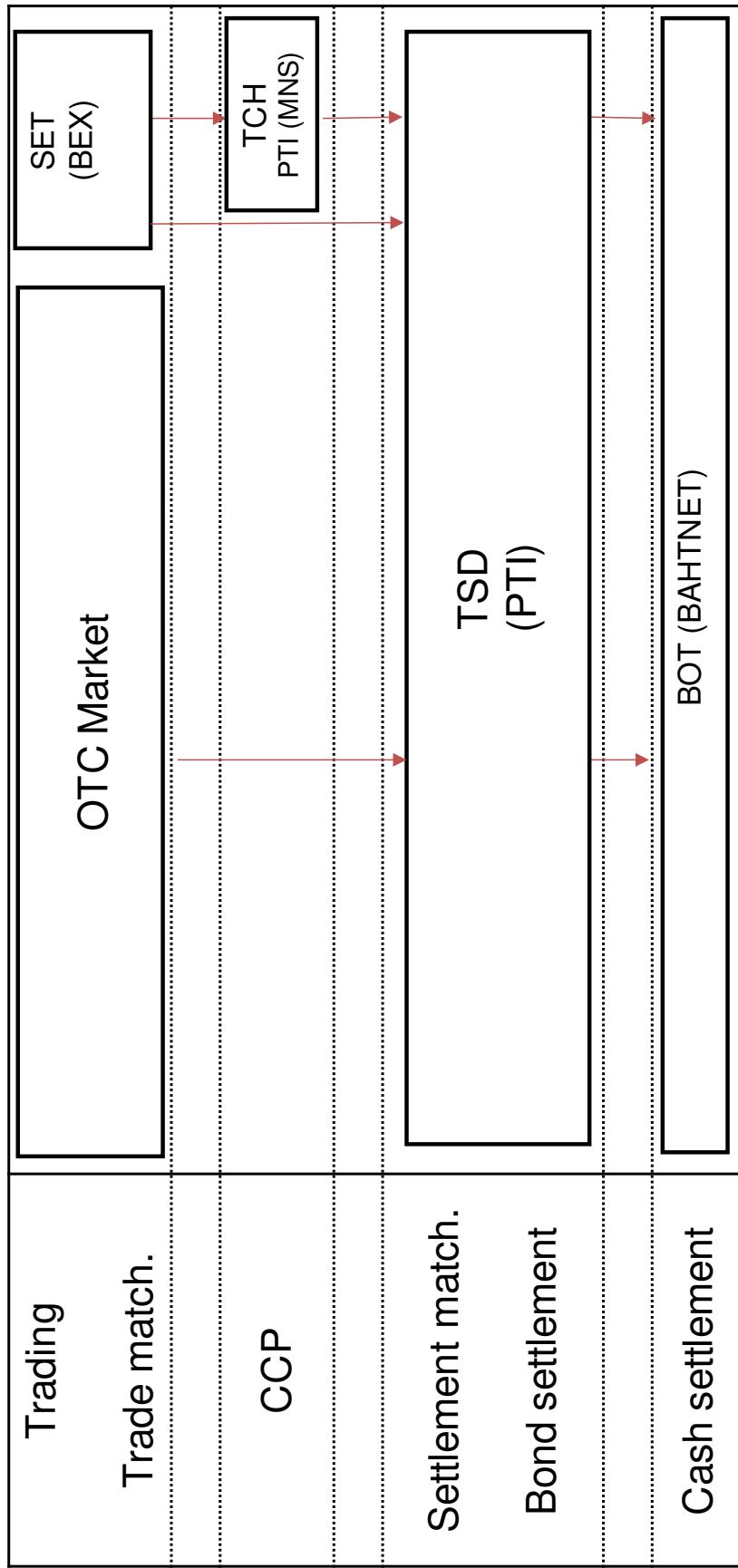
TSD – Thailand Securities Depository (The Stock Exchange of Thailand)

TCH – Thailand Clearing House (The Stock Exchange of Thailand)

BAHTNET – The Bank of Thailand Automated High-value Transfer Network

MNS – Multilateral Netting System

## TH02. Corporate Bond Market Infrastructure Diagram



BEX – The Bond Electronic Exchange (The Stock Exchange of Thailand)

SET – Stock Exchange of Thailand

BOT – Bank of Thailand

PTI – Post Trade Integration (The Stock Exchange of Thailand)

TSD – Thailand Securities Depository (The Stock Exchange of Thailand)

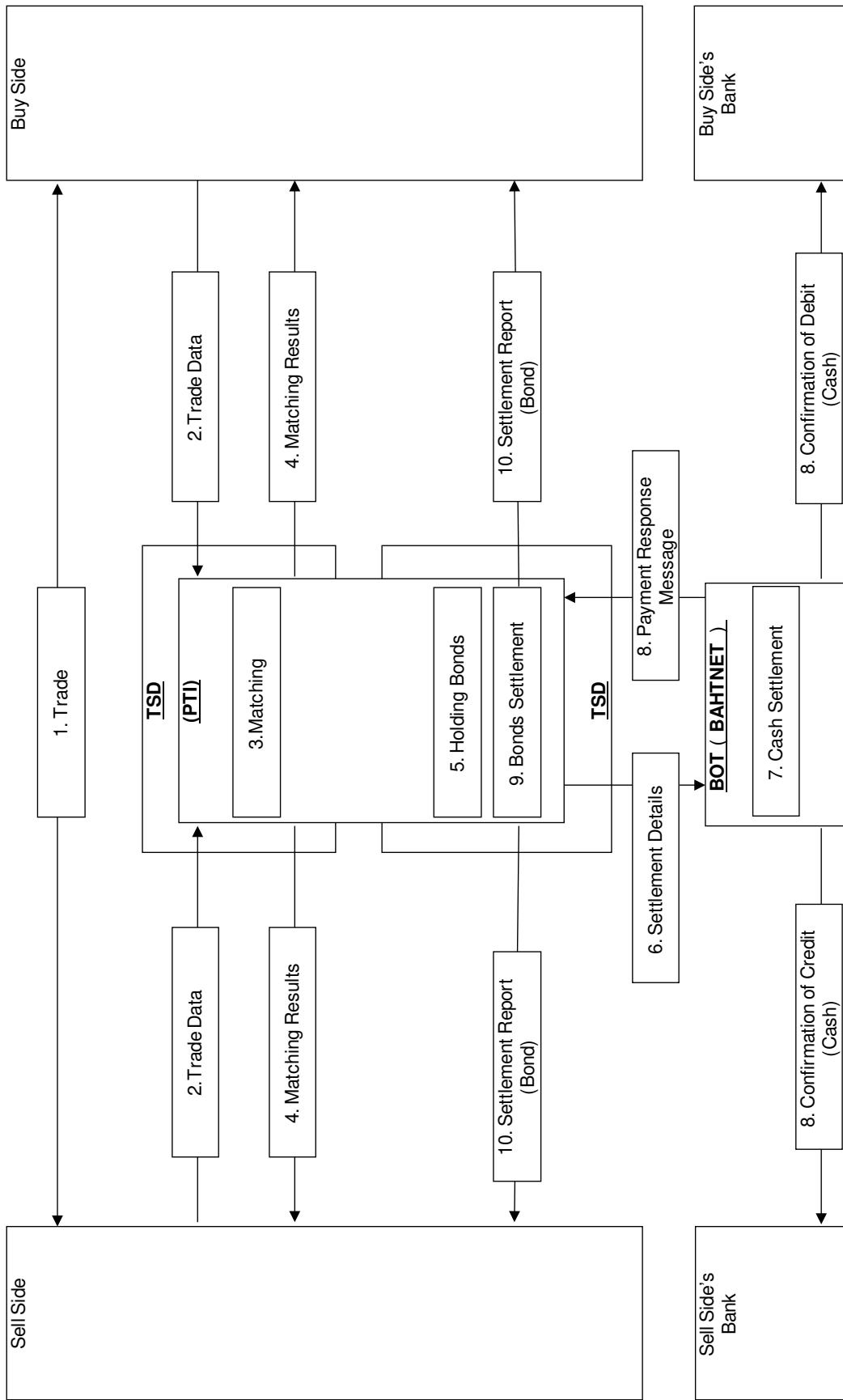
TCH – Thailand Clearing House (The Stock Exchange of Thailand)

BAHTNET – The Bank of Thailand Automated High-value Transfer Network

MNS – Multilateral Netting System

1. Bond Market Infrastructure Diagram
2. **Bond Transaction Flow for Domestic Trades (Government Bond)**
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### TH03. Government Bond Transaction Flow for Domestic Trades



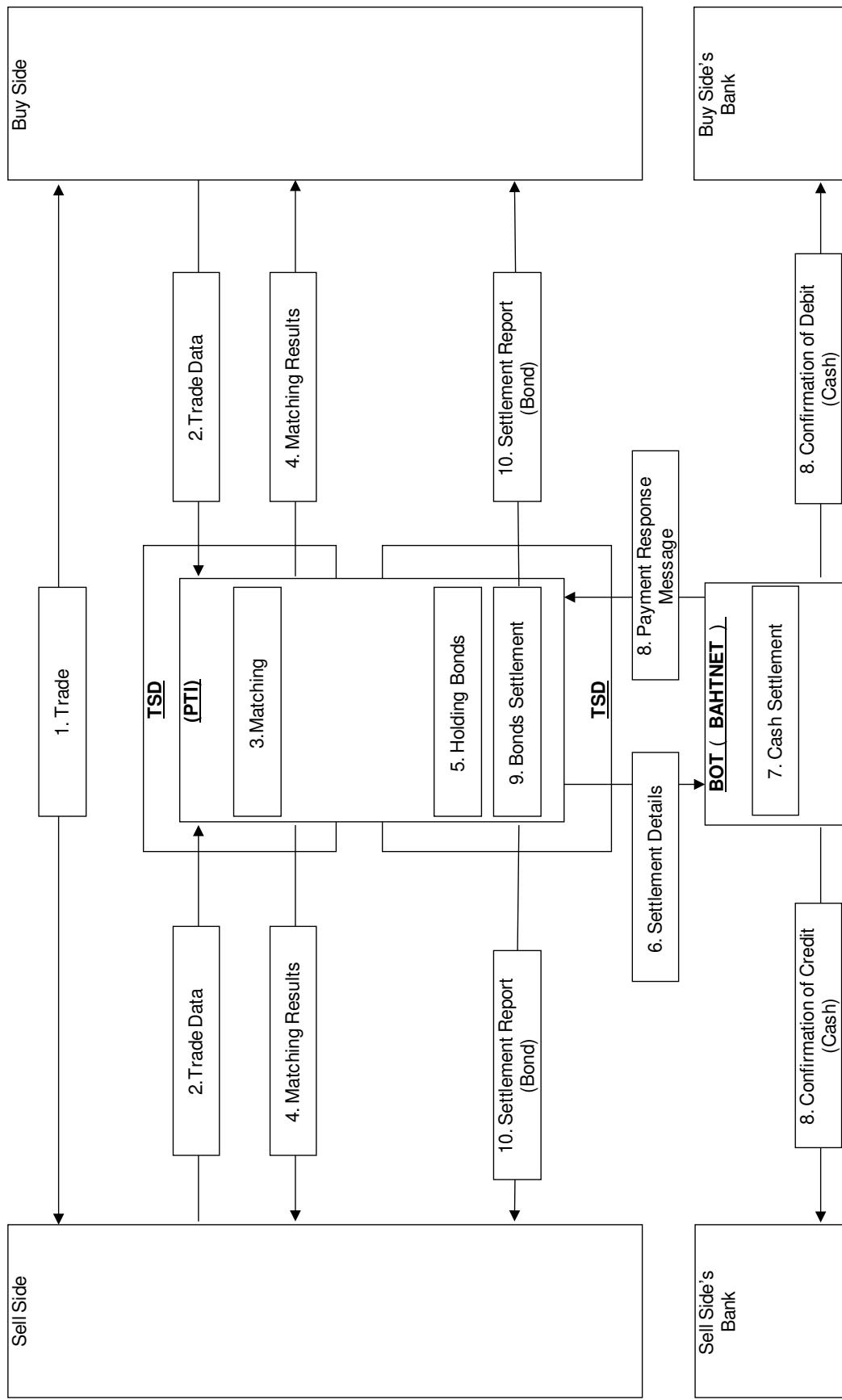
## OTC Market

1. Sell side and buy side trade via OTC market.
2. Sell side and buy side send transaction details to TSD via PTI System.
3. TSD matches trade data from sell side and buy side.
4. TSD sends matching results to sell side and buy side via PTI System.
5. TSD checks availability and blocks securities in members' account.
6. TSD sends cash settlement details to BOT.
7. BOT executes cash settlement.
8. BOT sends cash settlement confirmation to sell side, buy side and TSD.
9. TSD releases blocked securities and executes securities delivery.
10. TSD sends settlement reports to sell side, buy side via PTI System.

### TH03. Government Bond Transaction Flow for Domestic Trades

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. **Bond Transaction Flow for Domestic Trades (Corporate Bond)**
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

## TH04. Corporate Bond Transaction Flow for Domestic Trades

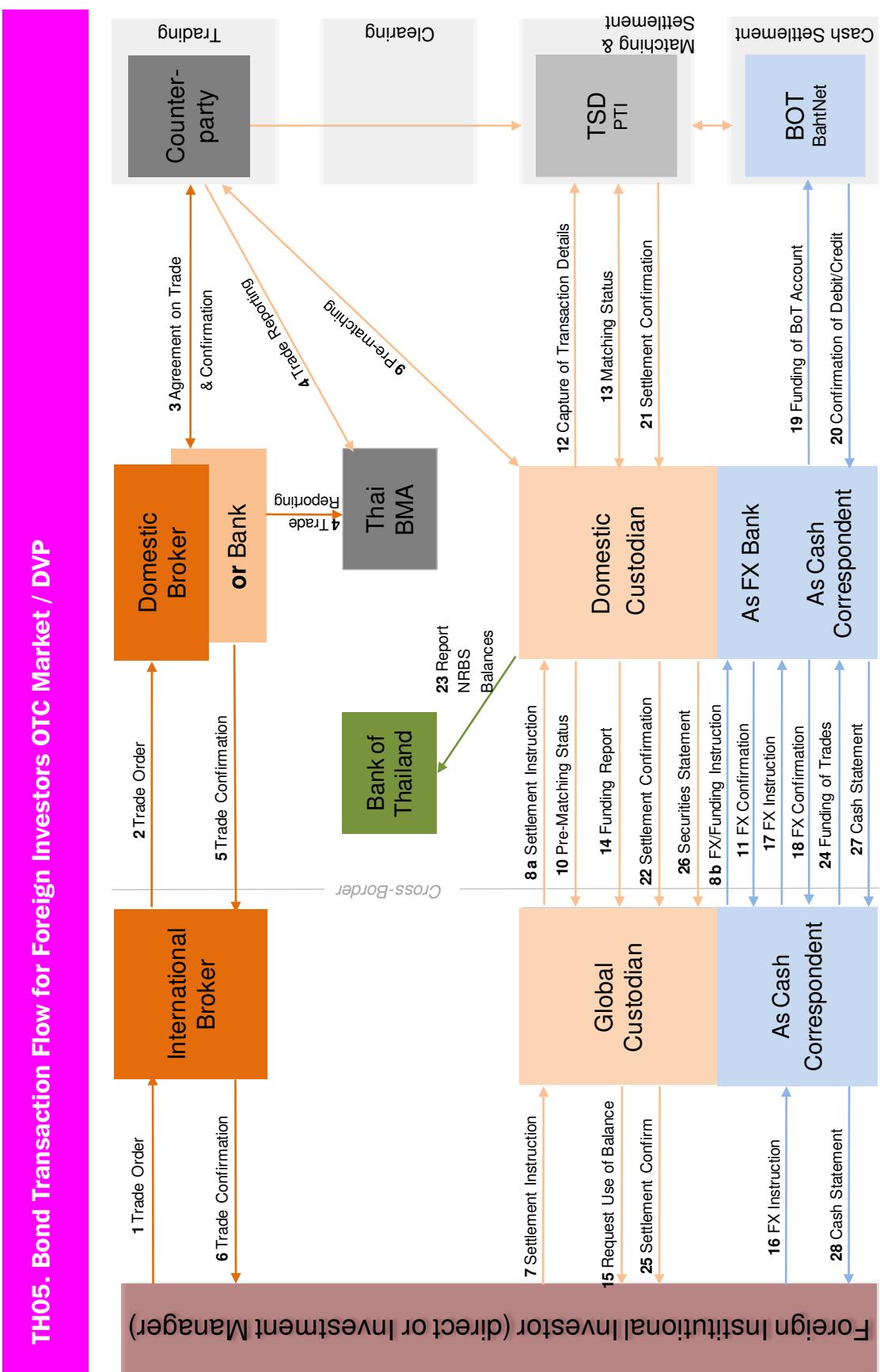


#### TH04. Corporate Bond Transaction Flow for Domestic Trades

## OTC Market

1. Sell side and buy side trade via OTC market.
2. Sell side and buy side send transaction details to TSD via PTI System.
3. TSD matches trade data from sell side and buy side.
4. TSD sends matching results to sell side and buy side via PTI System.
5. TSD checks availability and blocks securities in members' account.
6. TSD sends cash settlement details to BOT.
7. BOT executes cash settlement.
8. BOT sends cash settlement confirmation to sell side, buy side and TSD.
9. TSD releases blocked securities and executes securities delivery.
10. TSD sends settlement reports to sell side, buy side via PTI System.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
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4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

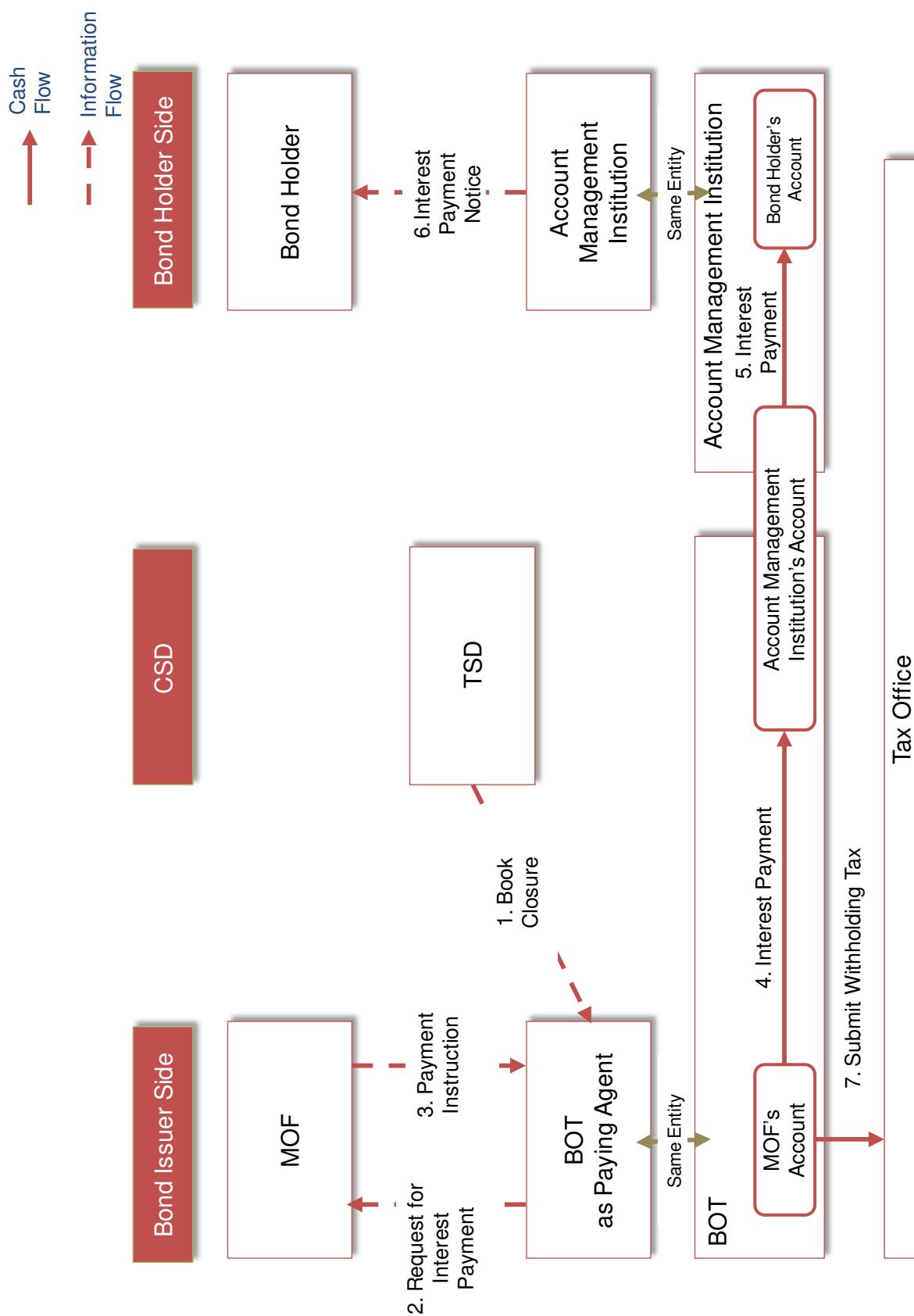


## TH05. OTC Bond Transaction Flow for Foreign Investors OTC Market / DVP

- | Trade Date   | T+1 | Settlement Date |
|--|-----|-----------------|
| 1. Foreign Institutional Investor places order with International Broker   |     |                 |
| 2. International Broker places order with Domestic Broker/Bank   |     |                 |
| 3. Domestic Broker/Bank trades OTC with Counterparty (via phone or Bloomberg)  |     |                 |
| 4. Domestic Broker/Bank and Counterparty report trade to Thai BMA within 30 minutes of trade (web input or, e.g., via Bloomberg)                       |     |                 |
| 5. Domestic Broker/Bank send trade confirmation to International Broker  |     |                 |
| 6. Foreign Institutional Investor receives trade confirmation  |     |                 |
| 7. Foreign Institutional Investor instructs Global Custodian on securities settlement and cash/funding details   |     |                 |
| 8. Global Custodian instructs Domestic Custodian on (a) securities settlement details, (b) FX request or funding details (since 3rd Party FX possible) |     |                 |
| 9. Domestic Custodian pre-matches with Counterparty, typically via phone   |     |                 |
| 10. Domestic Custodian sends pre-matching results to Global Custodian  |     |                 |
| 11. Domestic Custodian sends FX confirmation to Global Custodian   |     |                 |
| 12. Domestic Custodian captures settlement details in PTI  |     |                 |
| 13. Domestic Custodian retrieves matching results, via TSD terminal  |     |                 |
| 14. Domestic Custodian sends funding report to Global Custodian  |     |                 |
| 15. Global Custodian sends, if so required, request to use THB balance to Foreign Institutional Investor   |     |                 |
| 16. Foreign Institutional Investor sends, if so required, FX instruction (or additional securities purchase trade) to Global Custodian                 |     |                 |
| 17. Global Custodian, if so required, sends FX instruction to Domestic Custodian, as FX bank   |     |                 |
| 18. Domestic Custodian, as FX bank, confirms FX deal   |     |                 |
| 19. Domestic Custodian funds clearing account at Bank of Thailand  |     |                 |
| 20. Upon cash settlement/transfer, BAHTNET II sends credit/debit confirmation to Domestic Custodian (as BAHTNET II participant)                        |     |                 |
| 21. Upon cash settlement confirmation, TSD transfers securities and sends settlement confirmation to Domestic Custodian                                |     |                 |
| 22. Domestic Custodian sends settlement confirmation to Global Custodian   |     |                 |
| 23. Domestic Custodian reports clients' NRBS account balances to Bank of Thailand (prior to end of day)  |     |                 |
| 24. Global Custodian funds account with Domestic Custodian directly, or into FCY nostro account (by end of day)  |     |                 |
| 25. Global Custodian sends settlement confirmation to Foreign Institutional Investor   |     |                 |
| 26. Domestic Custodian sends statement of securities to Global Custodian (end of day)  |     |                 |
| 27. Domestic Custodian sends cash credit/debit information in cash statement to Global Custodian (end of day)  |     |                 |
| 28. Global Custodian sends cash credit/debit information to FII in cash statement (end of day)   |     |                 |

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

## TH06. Interest Payment Flow of Government Bond



## TH06. Interest Payment Flow of Government Bond

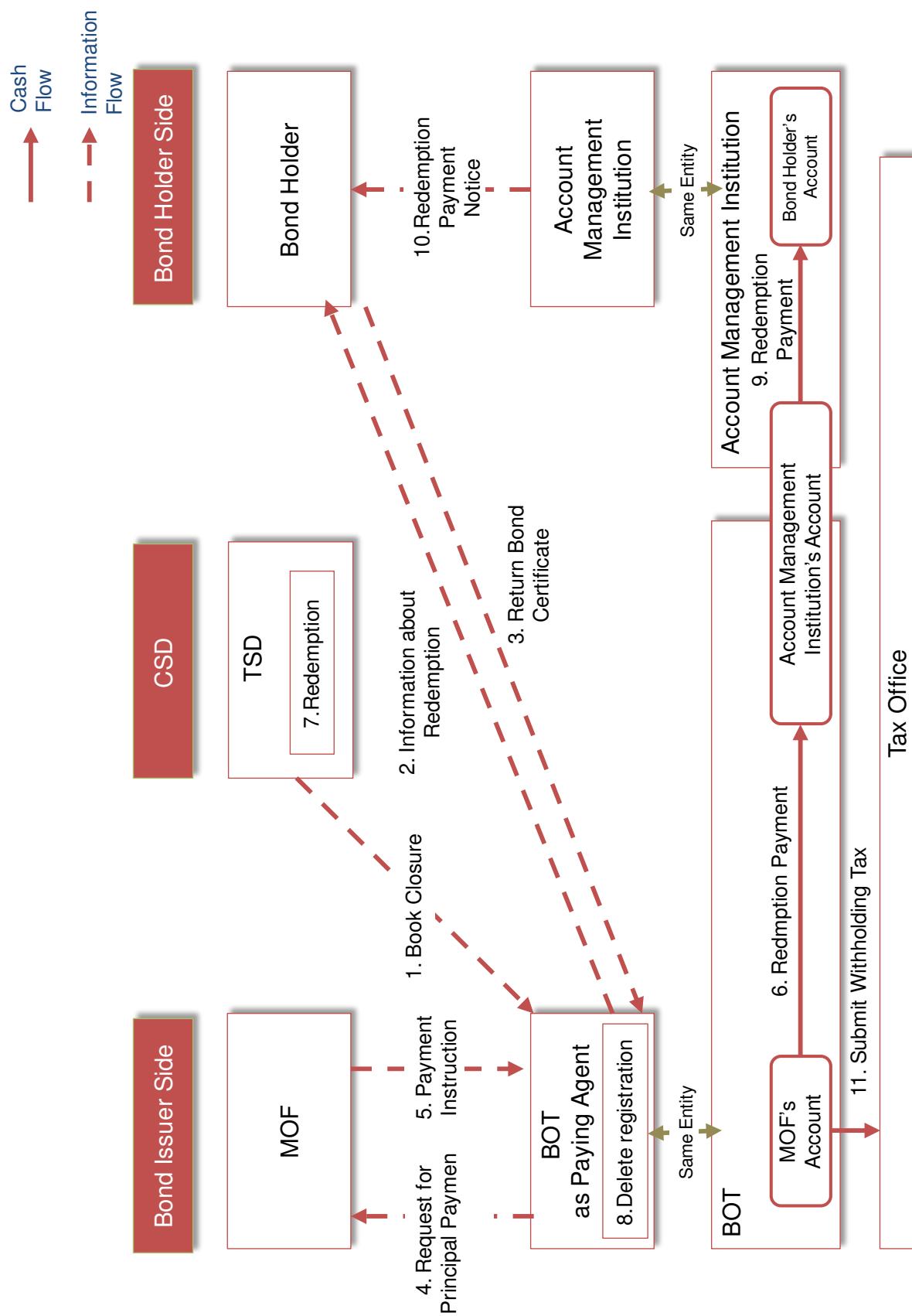
### Process of Interest Payment

1. Bank of Thailand (BOT) as a registrar and paying agent closes the record book for interest payment by gathering bond holders' names from the TSD in case of scripless securities. The book closure period varies between 10-30 days. (In case of scrip securities, no need to gather information from TSD, because BOT owns bond holder's names.)  
BOT submits letter requesting for interest payment to MOF 45-60 days prior to payment date.
2. On the payment date, MOF instructs BOT to make interest payment within 10.00 a.m.
3. BOT executes interest payment from MOF's account to account management institutions' account via BAHTNET on the payment date, deducting tax if applicable.
4. Account management institutions credit bondholders' accounts with interest paid by MOF.
5. Account management institutions notify bond holders of interest payment.
6. BOT submits withholding tax to the Revenue Department (on a monthly basis).

#### <In Case of Retail Bond Holder>

- Prior to interest payment from BOT (No.4), BOT sends data and report of bond holders' names, bank account numbers to which interest will be sent, and interest amount to banks where retail bond holders have accounts with. This is done in 3 working days prior to the payment date to prepare for payment through in-house direct credit system of each bank.
- Instead of process No.4, BOT transfers fund to banks for crediting to retail bond holders' accounts on the payment date.

### TH07. Redemption Payment Flow of Government Bond



#### TH07. Redemption Payment Flow of Government Bond

## Process of Redemption Payment 1/2

1. Bank of Thailand (BOT) as a registrar and paying agent closes the record book for principal payment by gathering bond holders' names from the TSD. The book closure period is 1 working day for short-term securities and 10-30 days for long-term securities. (In case of scrip securities, no need to gather information from TSD, because BOT owns bond holder's names.)  
BOT sends principal redemption forms to inform the bond holders about redemption and return bond certificates.
2. Bond holders return bond certificates to BOT.
3. BOT submits letter requesting for principal payment to MOF 45-60 days prior to payment date.
4. On the payment date, MOF instructs BOT to make redemption payment within 10.00 a.m.
5. BOT executes redemption payment from MOF's account to account management institutions' account via BAHTNET on the payment date, deducting tax if applicable.
6. TSD makes bond redemption.
7. BOT deletes bond registration.
8. Account management institutions credit bondholders' accounts with last interest and principal.
9. Account management institutions notify bond holders of redemption payment.
10. BOT submits withholding tax to the Revenue Department (on a monthly basis).

### TH07. Redemption Payment Flow of Government Bond

## Process of Redemption Payment 2/2

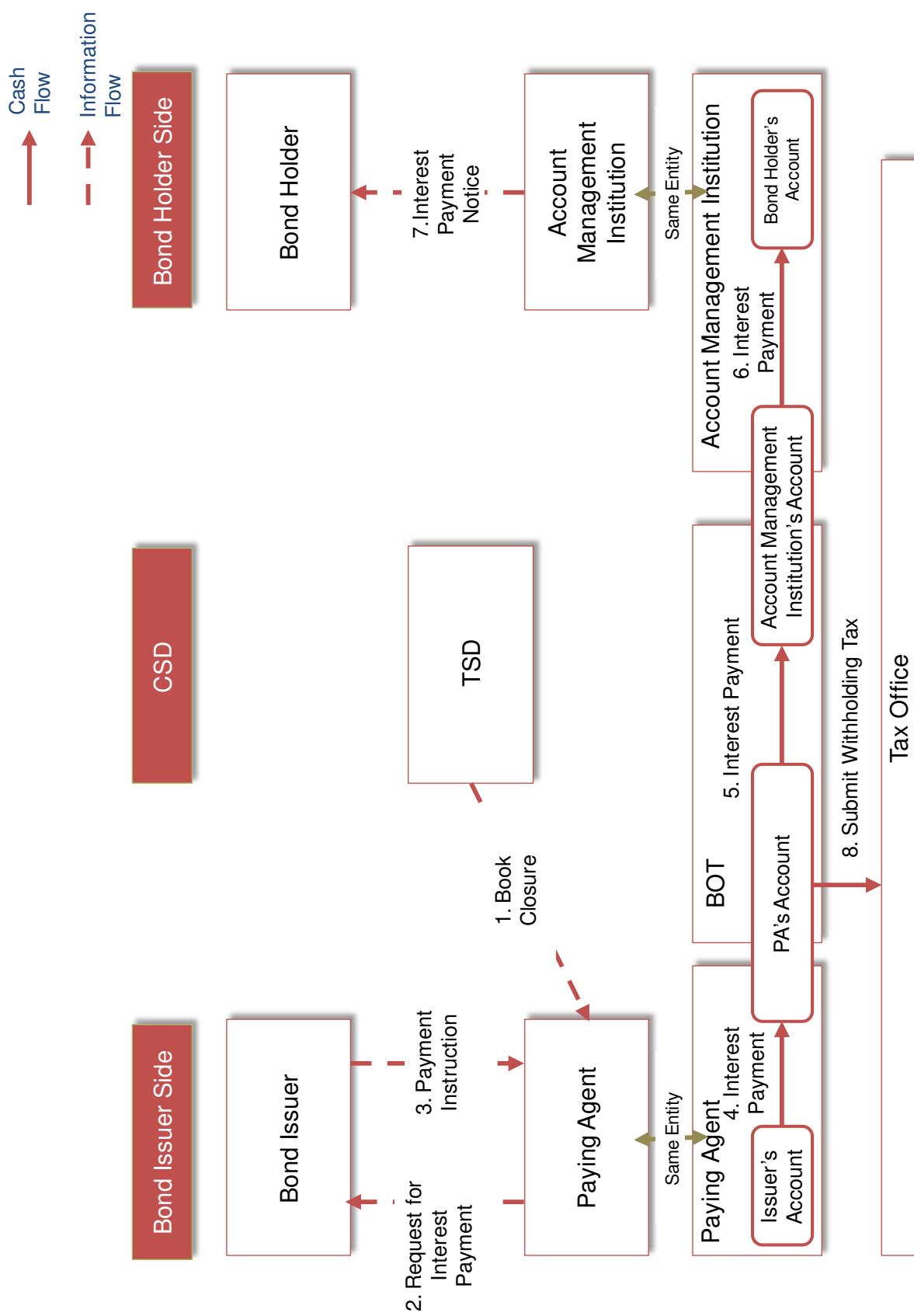
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### <In Case of Retail Bond Holder>

- Prior to redemption payment from BOT(No.6), BOT sends data and report of bond holders' names, bank account numbers to which interest will be sent, and interest amount to banks where retail bond holders have accounts with. This is done in 3 working days prior to the payment date to prepare for payment through in-house direct credit system of each bank.
- Instead of process No.4, BOT transfers fund to banks for crediting to retail bond holders' accounts on the payment date.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow (Government Bond)
6. Interest & Redemption Payment Flow (Corporate Bond)

### TH08. Interest Payment Flow of Corporate Bond



### TH08. Interest Payment Flow of Corporate Bond

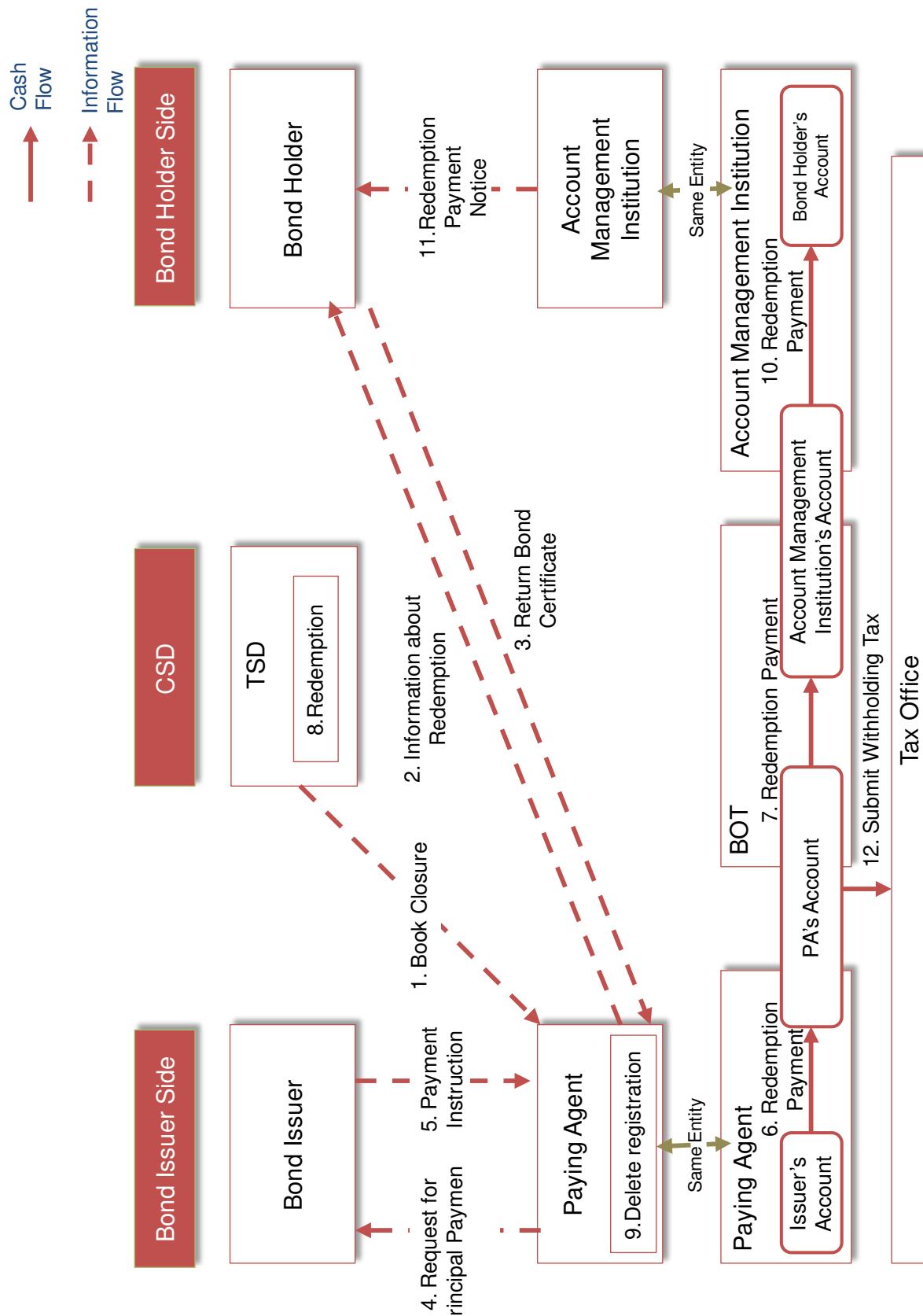
## Process of Interest Payment

1. Bank of Thailand (BOT) as a registrar and paying agent closes the record book for interest payment by gathering bond holders' names from the TSD in case of scripless securities. The book closure period varies between 10-30 days. (In case of scrip securities, no need to gather information from TSD, because BOT owns bond holder's names.)
2. Paying agent submits letter requesting for interest payment to issuer 45-60 days prior to payment date.
3. On the payment date, bond issuer instructs BOT to make interest payment within 10.00 a.m.
4. Paying agent transfers cash from issuer's account to own account.
5. BOT executes interest payment from issuer's account to account management institutions' account via BAHTNET on the payment date, deducting tax if applicable.
6. Account management institutions credit bondholders' accounts with interest paid by issuer.
7. Account management institutions notify bond holders of interest payment.
8. BOT submits withholding tax to the Revenue Department (on a monthly basis).

#### <In Case of Retail Bond Holder>

- Prior to interest payment from BOT (No.4), BOT sends data and report of bond holders' names, bank account numbers to which interest will be sent, and interest amount to banks where retail bond holders have accounts with. This is done in 3 working days prior to the payment date to prepare for payment through in-house direct credit system of each bank.
- Instead of process No.4, BOT transfers fund to banks for crediting to retail bond holders' accounts on the payment date.

### TH09. Redemption Payment Flow of Corporate Bond



**TH09. Redemption Payment Flow of Government Bond****Process of Redemption Payment 1/2**

1. Bank of Thailand (BOT) as a registrar and paying agent closes the record book for principal payment by gathering bond holders' names from the TSD. The book closure period is 1 working day for short-term securities, and 10-30 days for long-term securities. (In case of scrip securities, no need to gather information from TSD, because BOT owns bond holder's names.)
2. Paying agent sends principal redemption forms to inform bond holders about redemption and return bond certificates.
3. Bond holders return bond certificates to BOT.
4. BOT submits letter requesting for principal payment to bond issuer 45-60 days prior to payment date.
5. On the payment date, bond issuer instructs BOT to make redemption payment. within 10.00 a.m.
6. Paying agent transfers cash from issuer's account to own account.
7. BOT executes redemption payment from issuer's account to account management institutions' account via BAHTNET on the payment date, deducting tax if applicable.
8. TSD makes bond redemption. (to be confirmed)
9. BOT deletes bond registration. (to be confirmed)
10. Account management institutions credit bondholders' accounts with last interest and principal.
11. Account management institutions notify bond holders of redemption payment.
12. BOT submits withholding tax to the Revenue Department (on a monthly basis). (to be confirmed)

### TH09. Redemption Payment Flow of Government Bond

## Process of Redemption Payment 2/2

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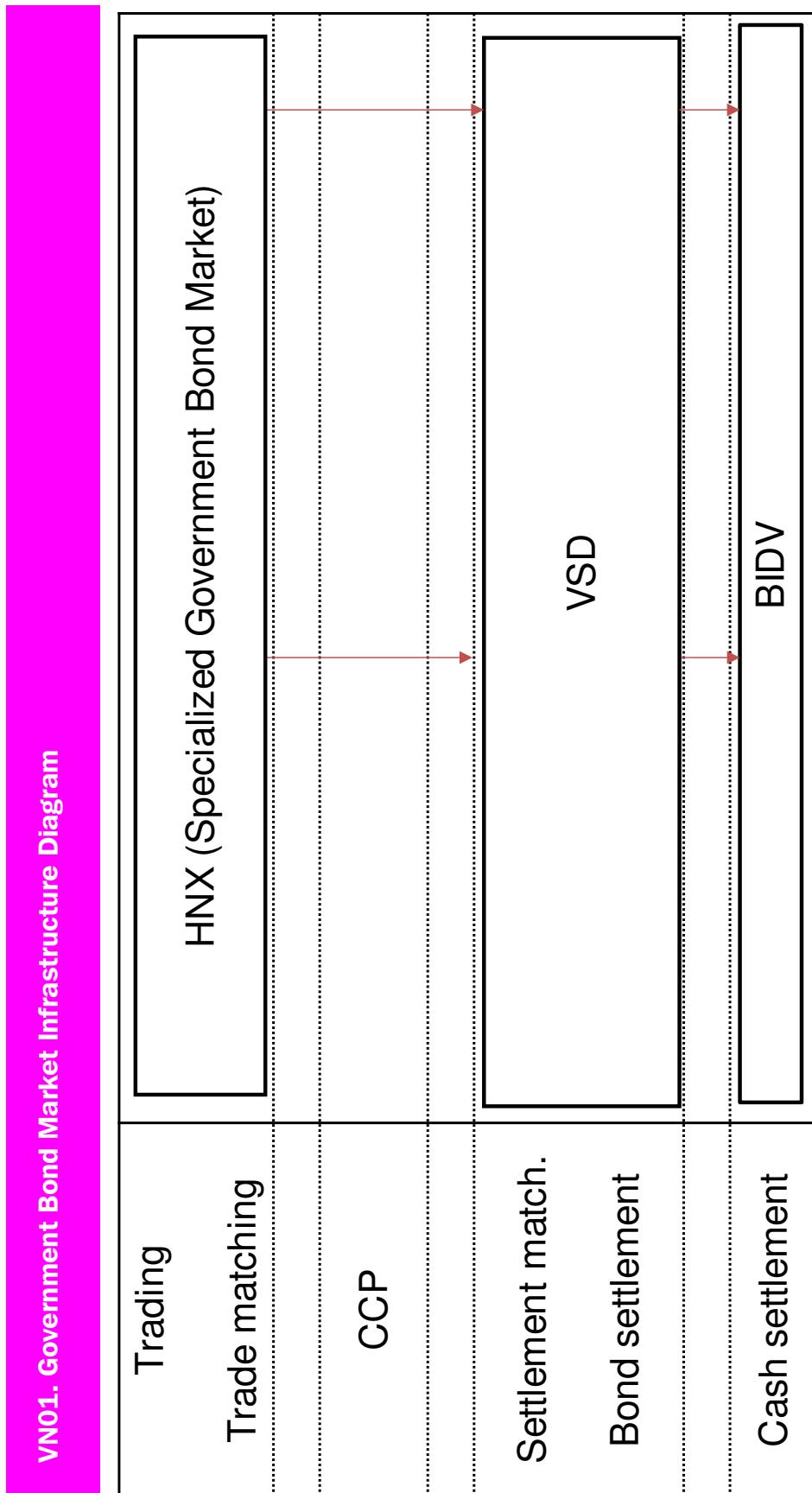
### <In Case of Retail Bond Holder>

- Prior to redemption payment from BOT(No.6), BOT sends data and report of bond holders' names, bank account numbers to which interest will be sent, and interest amount to banks where retail bond holders have accounts with. This is done in 3 working days prior to the payment date to prepare for payment through in-house direct credit system of each bank.
- Instead of process No.4, BOT transfers fund to banks for crediting to retail bond holders' accounts on the payment date.

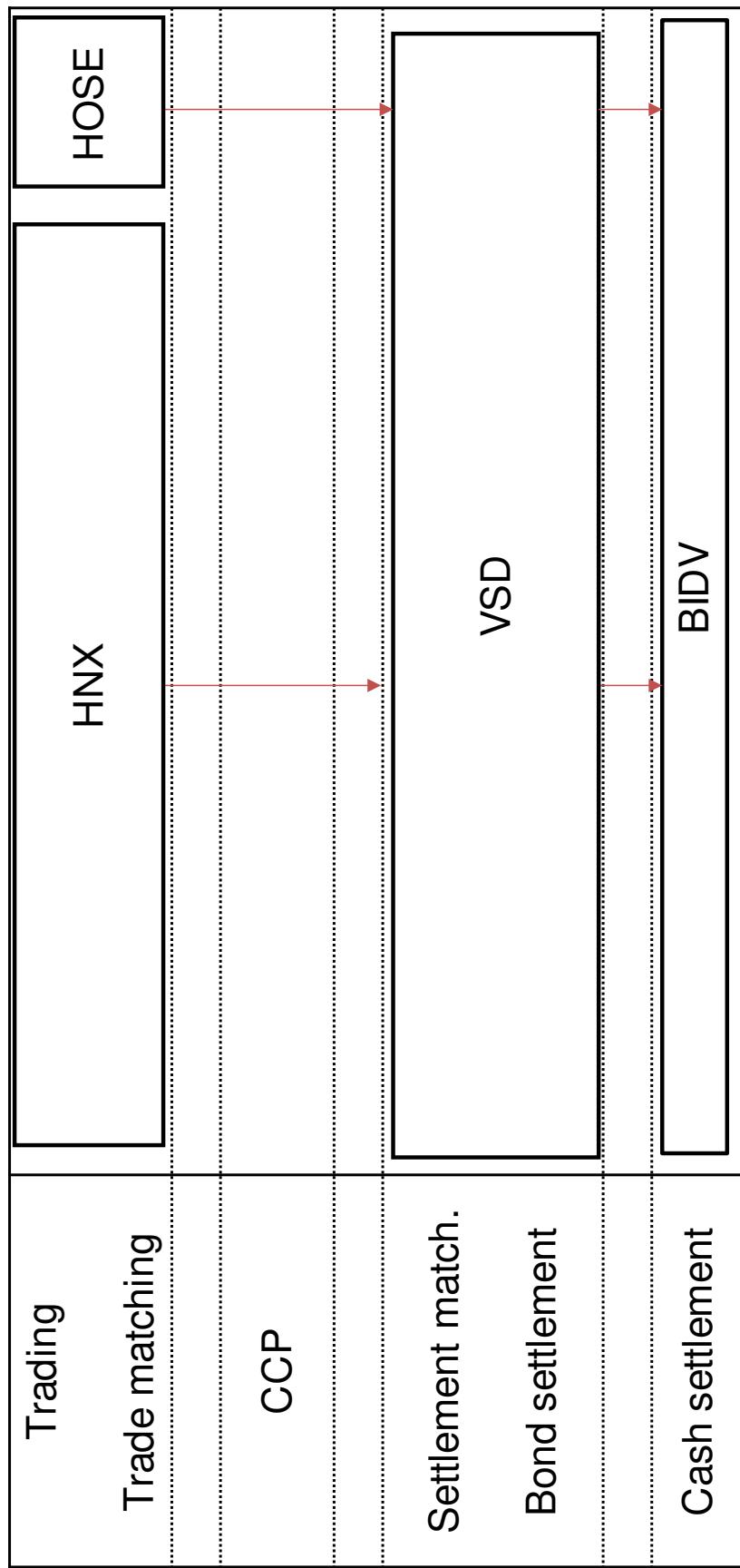
# Viet Nam (VN)

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades  
(Government Bond)
3. Bond Transaction Flow for Domestic Trades  
(Corporate Bond)
4. Bond Transaction Flow for Foreign Investors
5. Interest & Redemption Payment Flow  
(Government Bond)
6. Interest & Redemption Payment Flow  
(Corporate Bond)

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
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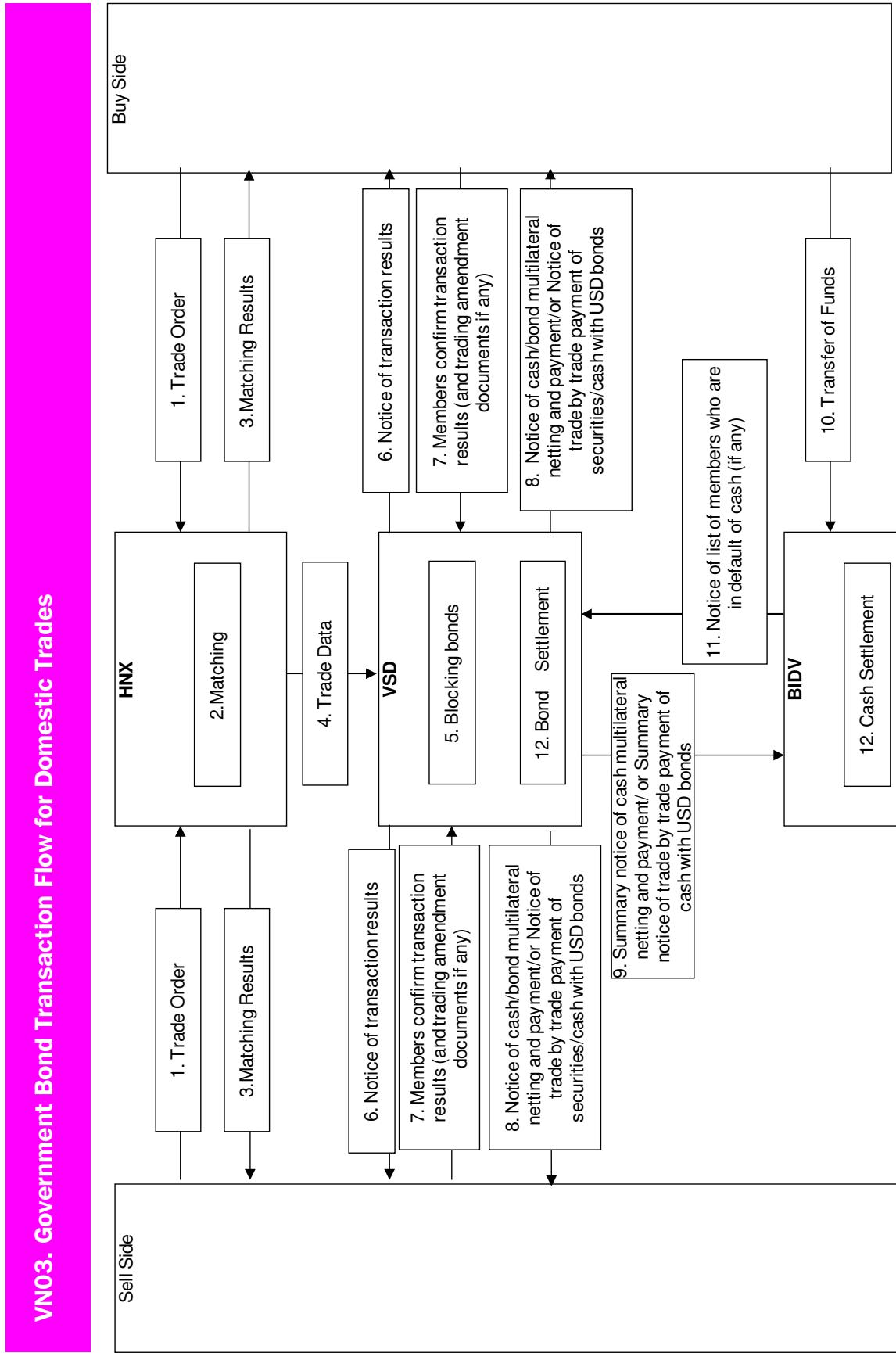
HNX – The Hanoi Stock Exchange  
VSD – Vietnam Securities Depository  
BIDV – Bank for Investment and Development of Vietnam

**VN02. Corporate Bond Market Infrastructure Diagram**

HNX – The Hanoi Stock Exchange  
HOSE – Ho Chi Minh Stock Exchange  
VSD – Vietnam Securities Depository  
BIDV – Bank for Investment and Development of Vietnam

1. Bond Market Infrastructure Diagram
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### VN03. Government Bond Transaction Flow for Domestic Trades



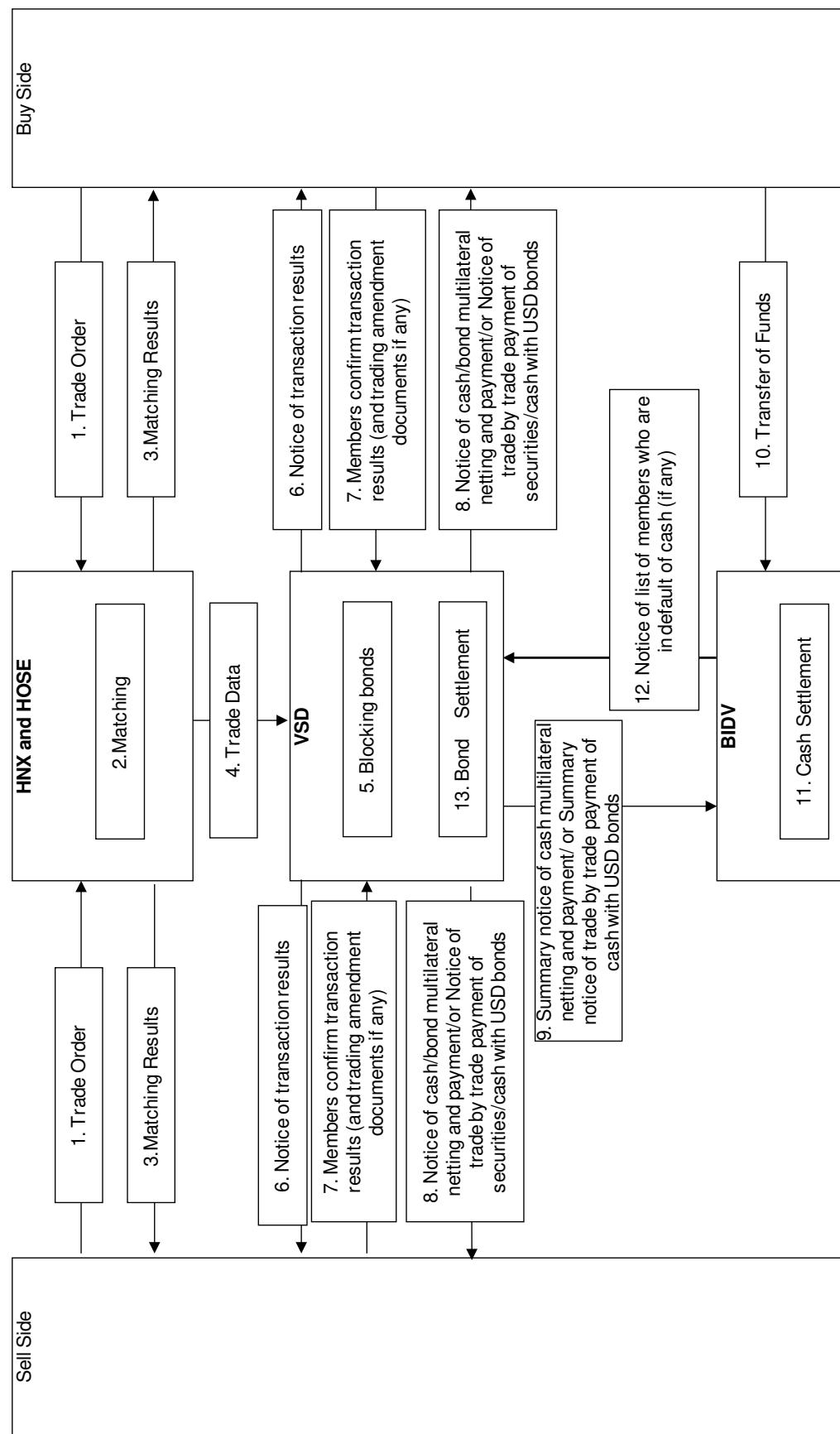
### VN03. Government Bond Transaction Flow for Domestic Trades

## Exchange Market (for listed bonds)

1. Sell side and buy side trade at The Hanoi Stock Exchange (HNX) or Ho Chi Minh Stock Exchange (HOSE).  
2. HNX/HOSE matches trade.  
3. HNX/HOSE sends matching result to sell side and buy side.  
4. HNX/HOSE sends trade data to VSD.  
5. VSD holds bonds from sell side's account.  
6. VSD notifies transaction result to sell side and buy side.  
7. Sell side and buy side confirm transaction results (and trading amendment documents if any).  
8. VSD notifies sell side and buy side of cash/bond multilateral netting and payment or trade by trade payment of securities/cash with USD bonds.  
9. Buy side transfers cash to BIDV.  
10. VSD notifies the summary of cash multilateral netting and payment or trade by trade payment of cash with USD bonds  
BIDV executes cash settlement.  
11. BIDV executes cash settlement.  
12. BIDV notifies of the list of members who are in default of cash if any.  
13. VSD executes bond settlement.

1. Bond Market Infrastructure Diagram
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#### VN04. Corporate Bond Transaction Flow for Domestic Trades



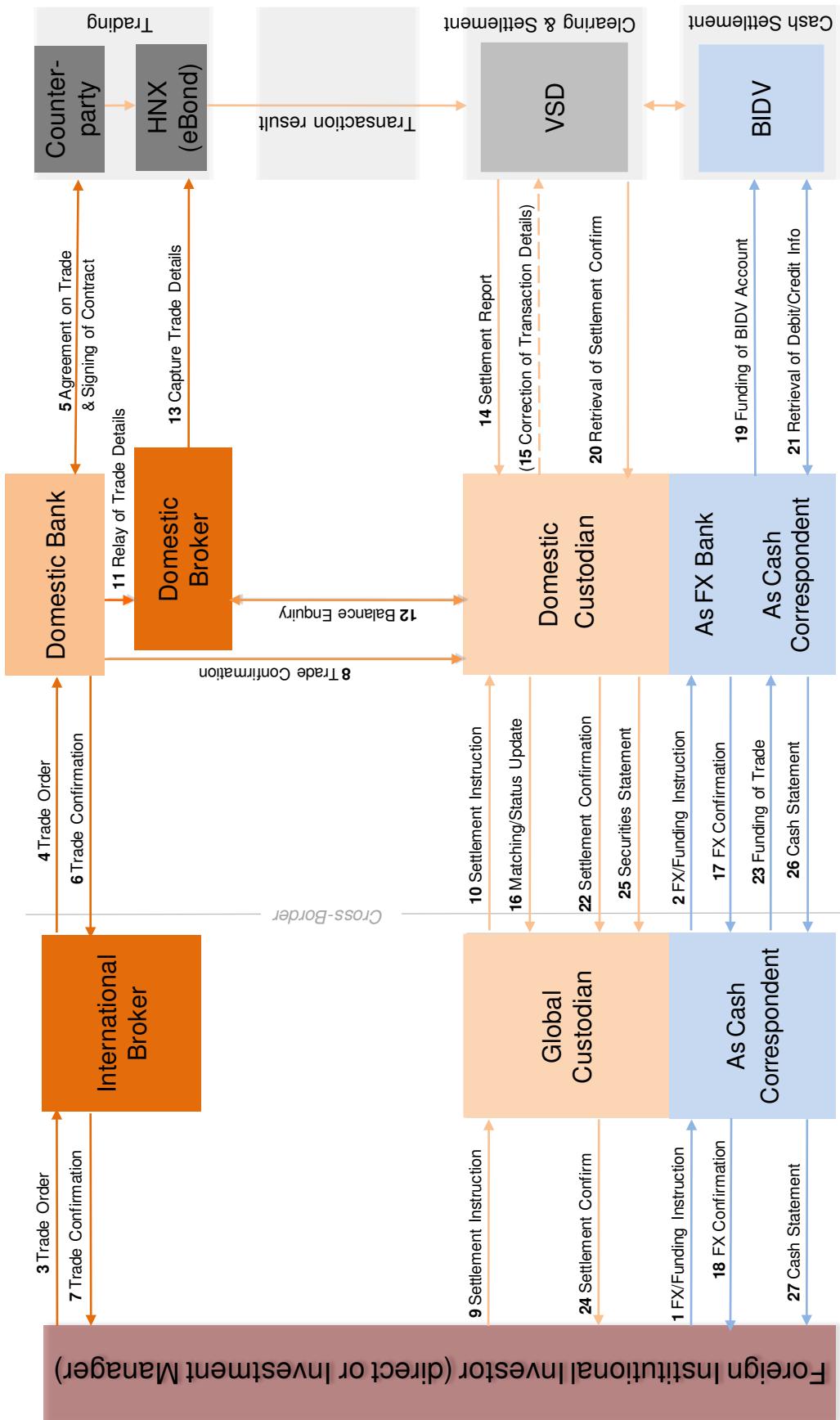
#### VN04. Corporate Bond Transaction Flow for Domestic Trades

### Exchange Market (for listed bonds)

- 
1. Sell side and buy side trade at The Hanoi Stock Exchange (HNX) or Ho Chi Minh Stock Exchange (HOSE).
  2. HNX/HOSE matches trade.
  3. HNX/HOSE sends matching result to sell side and buy side.
  4. HNX/HOSE sends trade data to VSD.
  5. VSD holds bonds from sell side's account.
  6. VSD notifies transaction result to sell side and buy side.
  7. Sell side and buy side confirm transaction results (and trading amendment documents if any).
  8. VSD notifies sell side and buy side of cash/bond multilateral netting and payment or trade by trade payment of securities/cash with USD bonds.
  9. VSD notifies the summary of cash multilateral netting and payment or trade by trade payment of cash with USD bonds
  10. Buy side transfers cash to BIDV.
  11. BIDV executes cash settlement.
  12. BIDV notifies of the list of members who are in default of cash if any.
  13. VSD executes bond settlement.

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
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### VN05. Bond Transaction Flow for Foreign Investors OTC Market



## VN05. OTC Bond Transaction Flow for Foreign Investors

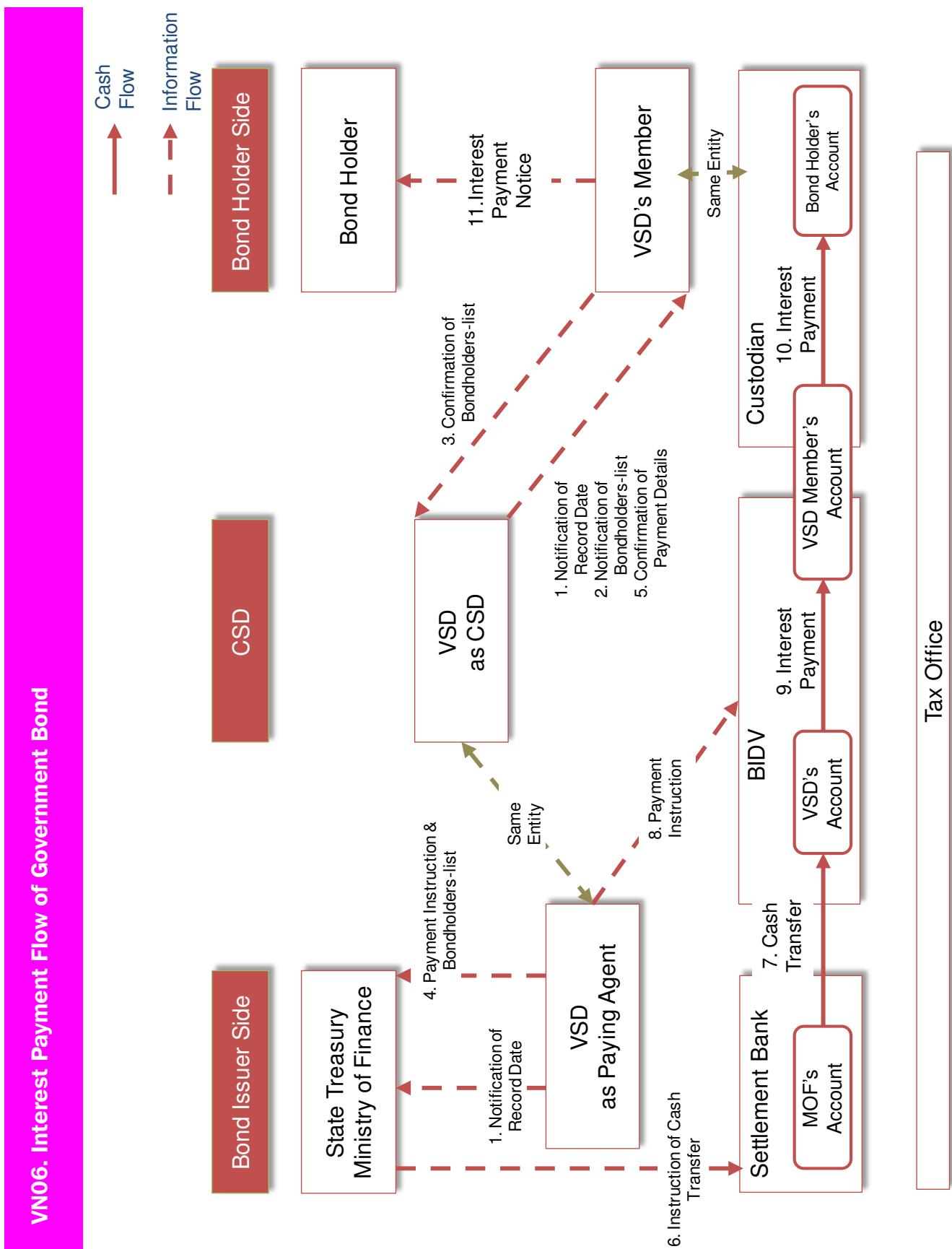
1. Foreign Institutional Investor sends FX/funding instruction to Global Custodian (for planned bond trades)
2. Global Custodian sends FX/funding instruction to Domestic Custodian (to ensure timely availability of VND)
3. Foreign Institutional Investor places order with International Broker
4. International Broker places order, typically with Domestic Bank
5. Domestic Broker/Bank trade OTC with Counterparty (via phone), both parties sign trade agreement (contract)
6. Domestic Broker/Bank sends trade confirmation to International Broker, and to Domestic Custodian
7. International Broker sends trade confirmation to Foreign Institutional Investor
8. Domestic Bank sends trade confirmation to Domestic Custodian
9. Foreign Institutional Investor sends securities settlement instruction to Global Custodian
10. Global Custodian instructs Domestic Custodian on securities settlement details
11. Domestic Bank relays trade details to Domestic Broker (as HNX member) for trade capture
12. Domestic Broker checks available funds/bonds with Domestic Custodian
13. Domestic Broker captures trade details on HNX, typically via eBond front-end system
14. VSD provides Settlement Report to Domestic Custodian ( at end of 'Trade Date')
15. Only in the event of a discrepancy, does Domestic Custodian need to contact VSD (hence dashed arrow)
16. Domestic Custodian provides settlement/matching status to Global Custodian
17. Domestic Custodian sends FX confirmation to Global Custodian
18. Global Custodian sends FX confirmation to Investor
19. Domestic Custodian effects funding of BIDV account
20. After settlement deadline, Domestic Custodian retrieves settlement confirmation from VSD (hardcopy, or online)
21. After settlement deadline, Domestic Custodian retrieves cash debit/credit confirmations from BIDV (hardcopy)
22. Domestic Custodian sends settlement confirmation to Global Custodian
23. Global Custodian effects funding of account with Domestic Custodian, or into FCY nostro account (before end of day)
24. Global Custodian sends settlement confirmation to Foreign Institutional Investor
25. Domestic Custodian sends securities statement to Global Custodian
26. Domestic Custodian sends debit/credit information in cash statement to Foreign Institutional Investor
27. Global Custodian sends cash statement to Foreign Institutional Investor

T-1

Trade Date

Settle Date / T+1

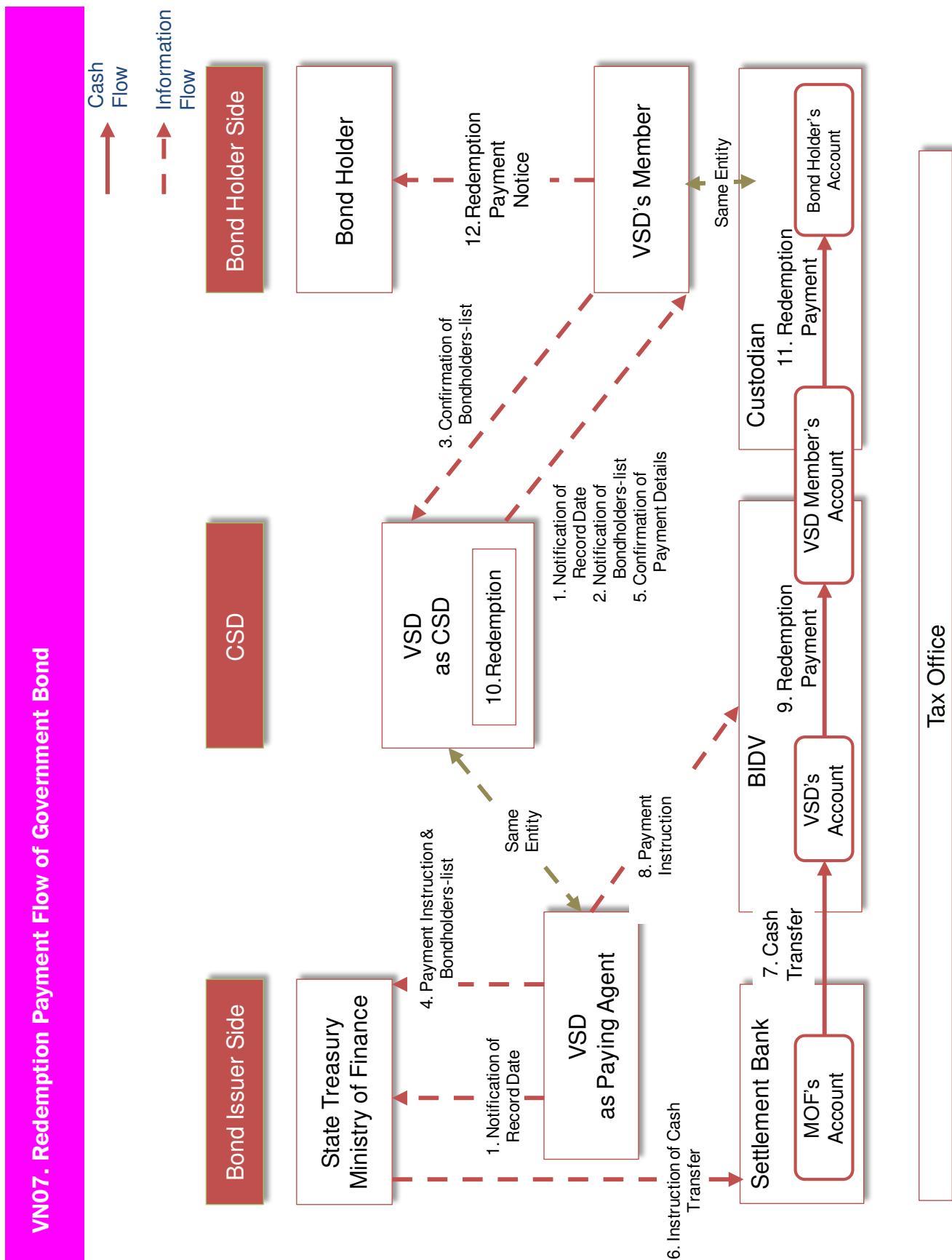
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### VN06. Interest Payment Flow of Government Bond OTC Market

## Process of Interest Payment

1. Vietnam Securities Depository (VSD) as a paying agent notifies the record date to State Treasury -Ministry of Finance (issuers), VSD's members and other related organizations.
2. VSD makes and sends it's members bondholders-list receiving bond interest payment.
3. Members send VSD the confirmation of the bondholders list.
4. VSD sends issuers payment request and comprehensive bondholders list.
5. VSD sends it's members confirmation of interest distribution to investors named in the bondholders list.
6. Issuers instruct settlement bank to transfer cash for interest from issuers' account to VSD's account.
7. Settlement bank transfers cash as requested.
8. VSD instructs BIDV to transfer cash for interest from VSD's account to related VSD members' account.
9. BIDV transfers cash as requested.
10. VSD members credit bondholders' account with interest.
11. VSD members notify bond holders of interest payment.



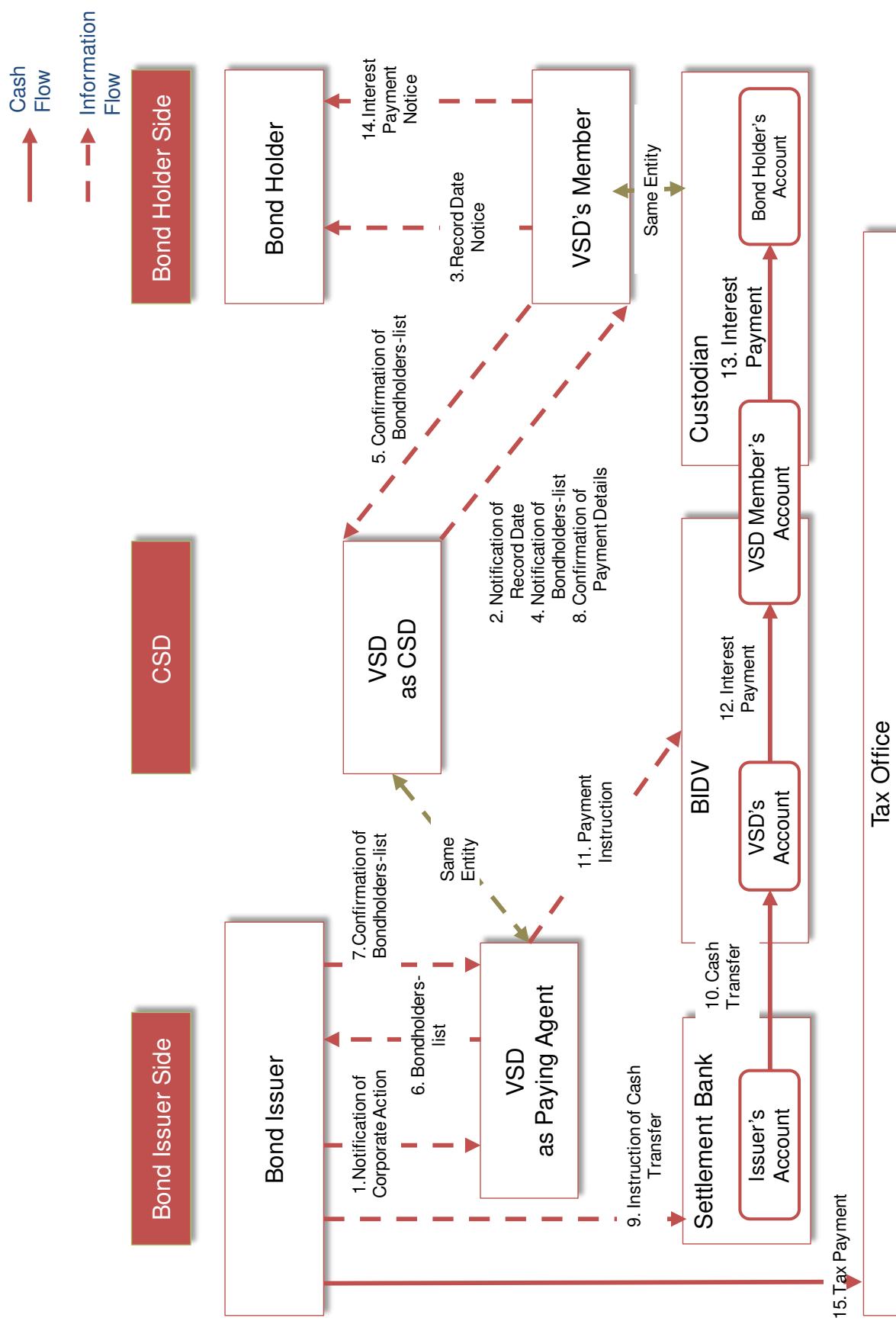
### VN07. Redemption Payment Flow of Government Bond OTC Market

## Process of Redemption Payment

- 
1. Vietnam Securities Depository (VSD) as a paying agent notifies the record date to State Treasury -Ministry of Finance (issuers), VSD's members and other related organizations.
  2. VSD makes and sends it's members bondholders-list receiving bond redemption payment.
  3. Members send VSD confirmation of bondholders list.
  4. VSD sends issuers payment request and comprehensive bondholders list.
  5. VSD sends it's members confirmation of interest and principal distribution to investors named in bondholders list.
  6. Issuers instruct settlement bank to transfer cash for redemption from issuers' account to VSD's account.
  7. Settlement bank transfers cash as requested.
  8. VSD instructs BIDV to transfer cash for redemption from VSD's account to related VSD members' account.
  9. BIDV transfers cash as requested.
  10. VSD makes bond redemption.
  11. VSD members credit bond holders' accounts with last interest and principal, deducting income tax if applicable.
  12. VSD members notify bond holders of redemption payment.

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### VN08. Interest Payment Flow of Corporate Bond

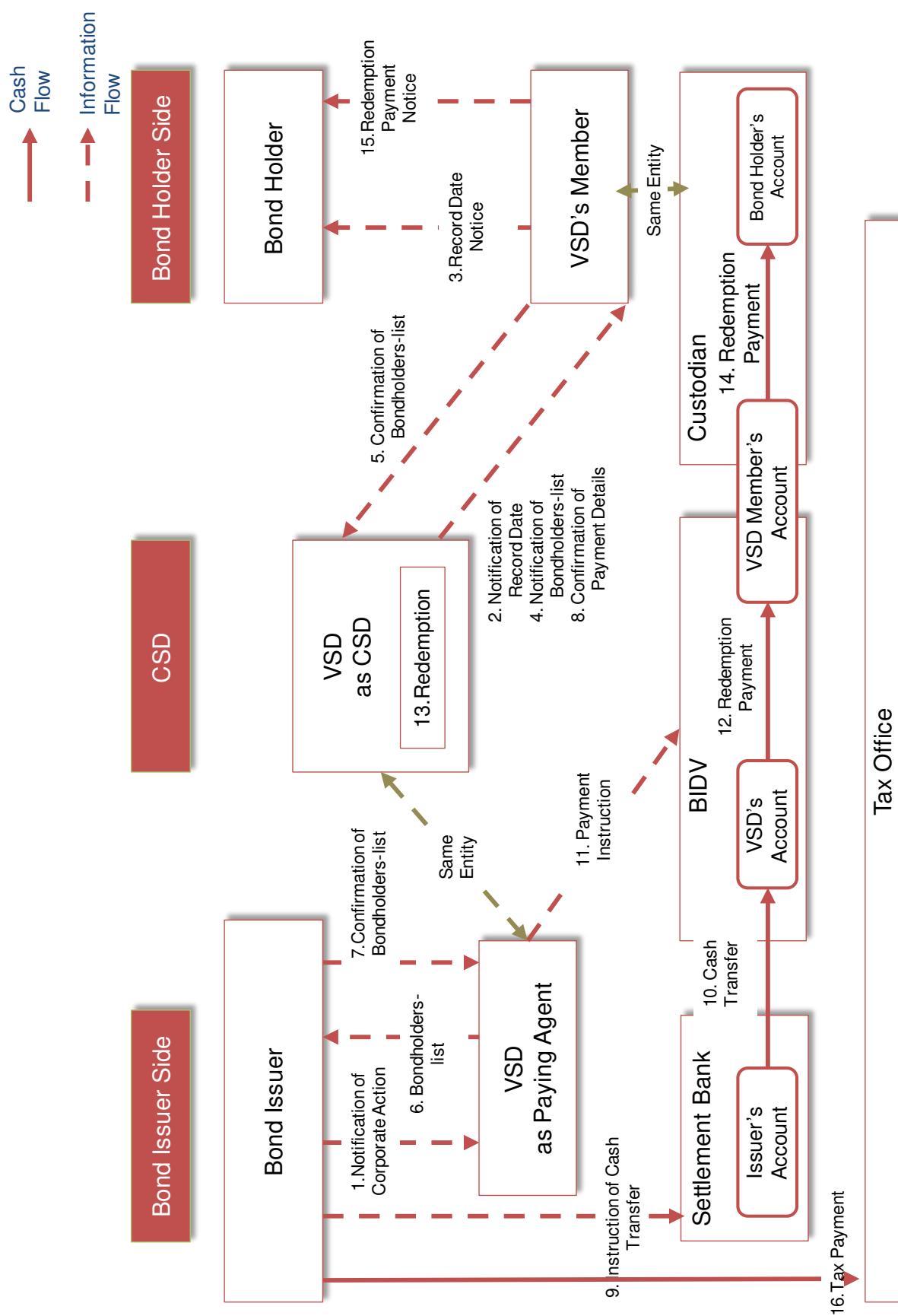


## VN08. Interest Payment Flow of Corporate Bond OTC Market

### Process of Interest Payment

1. Issuers sends the adequate and legal dossier notifying corporate action to Vietnam Securities Depository (VSD) .
2. VSD as a paying agent notifies record date to VSD's members and other related organizations.
3. VSD's members notify record date to bond holders.
4. VSD makes and sends it's members bondholders-list receiving bond interest payment.
5. Members send VSD confirmation of bondholders-list.
6. VSD sends issuers comprehensive bondholders list.
7. Bond issuer sends confirmation of bondholders-list.
8. VSD sends it's members confirmation of interest distribution to investors named in bondholders list.
9. Issuers instruct settlement bank to transfer cash for interest from issuers' account to VSD's account in BIDV.
10. Settlement bank transfers cash as requested.
11. VSD instructs BIDV to transfer cash for interest from VSD's account to related members' account.
12. BIDV transfers cash as requested.
13. Members credit bondholders' account with interest.
14. Members notify bond holders of interest payment.
15. Bond issuers pay income tax to tax office if applicable.

### VN09. Redemption Payment Flow of Corporate Bond



### VN09. Redemption Payment Flow of Corporate Bond OTC Market

## Process of Redemption Payment

1. Issuers sends the adequate and legal dossier notifying corporate action to Vietnam Securities Depository (VSD) .
2. VSD as a paying agent notifies record date to VSD's members and other related organizations.
3. VSD's members notifies record date to bond holders.
4. VSD makes and sends it's members bondholders-list.
5. Members send VSD confirmation of bondholders-list.
6. VSD sends issuers comprehensive bondholders list.
7. Bond issuer sends confirmation of bondholders-list.
8. VSD sends it's members confirmation of redemption payment to investors named in bondholders list.
9. Issuers instruct settlement bank to transfer cash for redemption payment from issuers' account to VSD's account in BIDV.
10. Settlement bank transfers cash as requested.
11. VSD instructs BIDV to transfer cash for redemption payment from VSD's account to related members' account.
12. BIDV transfers cash as requested.
13. VSD as CSD makes bond redemption.
14. Members credit bondholders' account with redemption.
15. Members notify bond holders of redemption payment.
16. Issuers pay income tax to tax office if applicable.