

# Bond, Note, and *Sukuk* Transactions and Trading Market Infrastructure

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## A. Trading of Bonds, Notes, and *Sukuk*

Brunei Government *Sukuk* Al-Ijarah are tradeable in the secondary market among Primary Market Participants, either directly or through securities houses. Most transactions take place over the telephone or through other electronic platforms.

## B. Trading Platforms

### 1. Over-the-Counter Market

There is no common trading platform used in the OTC market. Trading may be conducted directly among Primary Market Participants via phone, or Bloomberg or other such global trading system providers, or an in-house trading system.

### 2. Registered Electronic Facilities

Pursuant to Section 71 of the SMO, operators of a trading facility used in or accessed by trading participants in Brunei Darussalam, including those for bond, note, and *sukuk* trading, must be licensed or have a licence endorsed by AMBD.

Trading of *sukuk* can also be done via Bloomberg's E-Bond System, which is made available to Primary Market Participants subscribing to the system. Bloomberg Tradebook Singapore Pte. Ltd. is currently being recognized by AMBD as a trading facility under section 70 of the SMO.

## C. Mandatory Trade Reporting

The Bloomberg trading platform as one of the regulated entities under the SMO, is required to provide ongoing monthly reporting to AMBD on the volume and value of government and public securities issued by AMBD and traded on the Bloomberg E-Bond System. OTC trades by market participants who are not subscribed to Bloomberg are also required to be reported to AMBD.

## D. Market Monitoring and Surveillance in the Secondary Market

AMBD currently monitors the Bloomberg E-Bond System under Bloomberg Tradebook Singapore Pte. Ltd. Additionally, AMBD conducts secondary market surveillance, focusing on the instruments and participants in the OTC market under their purview.

## E. Bond Information Services

Information on Brunei Government *Sukuk* Al-Ijarah, including an issuance calendar and auction results, is readily available from the AMBD website.<sup>4</sup>

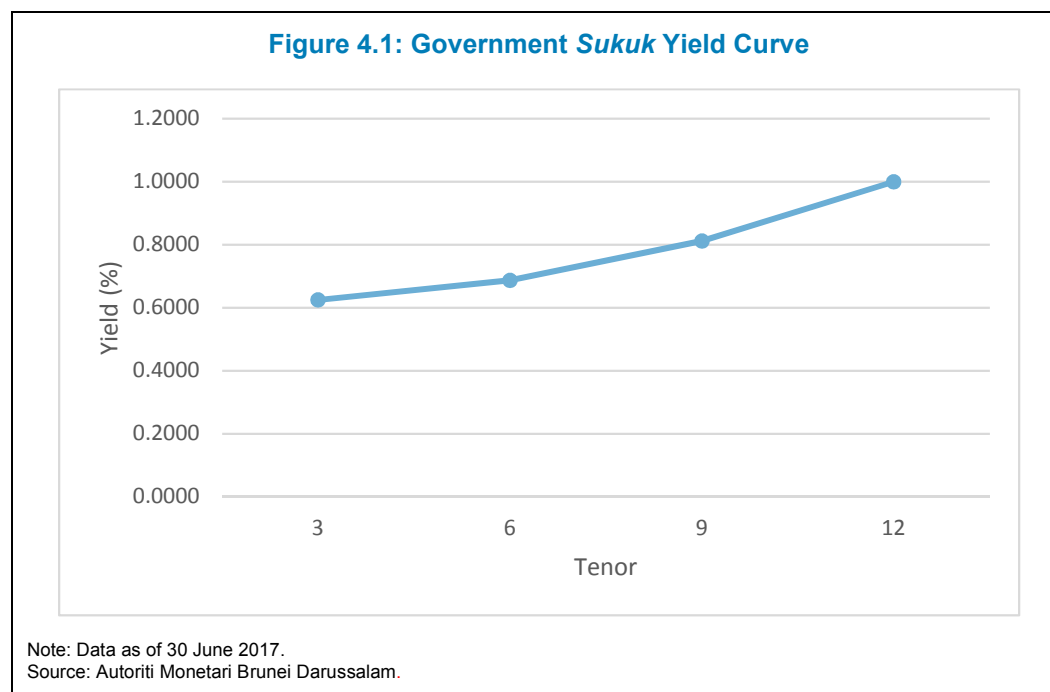
Additional information on the Brunei bond market, its institutions, and its instruments is available through the *AsianBondsOnline* website.<sup>5</sup>

## F. Yields and Yield Curves

Information on yields and yield curves for government securities issued in the Brunei bond market is available from a number of market institutions, typically through their websites. Similar data are also available from commercial data vendors and securities information services.

### 1. Government *Sukuk* Yield Curve

For Brunei Government *Sukuk* Al-Ijarah, yield curves are calculated by AMBD and made public after the auction process. An example is shown in Figure 4.1.



## G. Repo Market

### 1. Repurchase Market Overview

The repurchase (repo) market is being developed in the Brunei bond market. There are plans to establish bilateral repo between AMBD and Primary Market Participants for the purpose of using *sukuk* as collateral to promote liquidity in the banking system.

<sup>4</sup> For an example of available information, please see <http://www.ambd.gov.bn/Lists/News/Displayitem.aspx?ID=275>

<sup>5</sup> See <https://asianbondsonline.adb.org/Brunei.php>

OTC and private repo transactions between Primary Market Participants are also allowed.

## **2. Acceptance of Standards**

The adoption of the Global Master Repurchase Agreement for conventional repo or other Islamic equivalent agreement for Islamic repo is being considered.

## **3. Specific Repurchase Practices**

There are plans to allow Brunei Government Sukuk Al-Ijarah for repo transactions in the interbank market.

## **H. Securities Borrowing and Lending**

There are plans to allow securities borrowing and lending in Brunei Darussalam, including for debt instruments and *sukuk*.

## **I. Interest Rate and Fixed-Income Futures**

Interest rate futures are currently not available in the Brunei bond market.