

General Principles
for participation of non-ASEAN+3 country in ASEAN+3 Bond Market Forum
04 April 2018

1. Background and objectives

The ASEAN+3 Bond Market Forum (ABMF) was established under a mandate from Task Force 3 of the Asian Bond Markets Initiative (ABMI) of ASEAN+3. ABMF provides a platform for dialogue between ASEAN+3 financial authorities and regional and global market participants and experts to promote harmonization of regulatory standards and market practices. It aims to facilitate cross-border bond transactions and market integration in the region while supporting frontier markets of BCLMV to develop along good practices and common standards. The ABMF discusses various issues relating to the harmonization of issuance, trading and clearance of bond transactions to further develop liquid and well-functioning bond markets and effectively channel the region's abundant savings to meet its increasing investment needs. ABMF also provides opportunities to exchange knowledge, expertise and experience between the private and public sectors.

ASEAN+3 member states may consider participation of non-ASEAN+3 countries in ABMF when a country expresses interest to do so. The objective is to share experiences and good practices of ASEAN+3 in developing local currency bond markets with non-ASEAN+3 countries.¹ Currently, ABMF is a quasi-open forum under ABMI that can potentially accommodate non-official participation of non-ASEAN+3 countries as international experts. By using ABMF as a knowledge sharing platform, ASEAN+3 member states can disseminate the Good Practices in Developing Bond Market endorsed by the ASEAN+3 Finance Ministers and Central Bank Governors Meeting in May 2017 in Yokohama.² By doing so, ASEAN+3 member states can contribute to the regional and global financial stability beyond ASEAN+3 as promoted by G20, thus heightening its profile as a good model of regional cooperation and attracting investments from outside ASEAN+3. ASEAN+3 can also benefit from learning lessons and experiences of outside ASEAN+3 to further enhance their cooperation.

These General Principles set out procedures by which a non-ASEAN+3 country can express its interest to regularly participate in ABMF, considerations in making an assessment of an expression of interest, and rules that govern ASEAN+3 member states' decision in accepting regular participation of a non-ASEAN+3 country in ABMF.

¹In November 2011, the G20 endorsed an action plan to support LCY bond markets, and the International Financial Architecture Working Group (IFAWG) under G20 has been implementing the plan.

²2017 Final Report of G20 IFAWG specifically recognized the Good Practices in Developing Bond Market prepared under ABMI by ASEAN+3 as a reference material (cf. Section 5, G20 IFAWG 2017 Final Report). Its second volume to focus on corporate bond market is now anticipated.

The guidelines also clarify the status of non-ASEAN+3 country participants and their rights and obligations to ensure continued effective functioning of ABMF. For clarity, these General Principles will only apply to the participation of non-ASEAN+3 country in ABMF, and not to any other ABMI or ASEAN+3 Financial Cooperation initiatives or activities.

2. Expression of Interest

The government of a non-ASEAN+3 country can express its interest to join ABMF by submitting a letter (“Letter of Interest”) addressed to the co-chairs of Task Force 3 (TF3) of ABMI, i.e., Japan and Malaysia. When an inquiry is made by a non-ASEAN+3 country, any member of ASEAN+3 Financial Cooperation or ADB should advise the interested country of the need to formally express interest to the co-chairs of TF 3 to join ABMF. TF3 co-chairs and/or ADB shall assist in ensuring that the applicant understands that the Letter of Interest contains key information to assist in making an assessment as follows:

- (i) Reasons for the interest, specifically, what the country wishes to gain or learn from ABMF and what it can share with or contribute to ABMF; It would also be useful for the interested country to provide information of specific government initiatives or strategy being undertaken to develop the economy generally and financial markets specifically;
- (ii) Identification of specific type(s) of participants it wishes to send to ABMF (e.g., securities regulator, central banker, government treasury officer, etc.);
- (iii) Understanding of the objectives of ABMF by identifying specific activities under ABMF (or ABMI) that it is particularly interested in participating in;
- (iv) Acknowledgement that the status of its participation is as Non-ASEAN+3 Observer and that its rights and obligations are as defined in these General Principles; and
- (v) Acknowledgement of the requirement to travel to attend ABMF meetings at its own costs and the commitment to participate in ABMF meetings as regularly as possible.

3. Status of participation

Participants from a non-ASEAN+3 country can be accepted as Non-ASEAN+3 **Observer** of ABMF.

ABMF is currently working on two specific sets of related issues, and participation of members and experts is recognized for each subforum, i.e., Subforum 1 and Subforum 2. A Non-ASEAN+3 Observer can participate in either or both subforums or any future subforum under ABMF.

4. Rights and obligations of non-ASEAN+3 participant

Once accepted, Non-ASEAN+3 Observers are expected to participate in ABMF meetings as regularly as possible at its own expense as is the case with all ASEAN+3 participants. They are expected to share lessons learned from their experiences in developing local currency bond market in their respective countries while learning from experiences and good practices of ASEAN+3.

For clarity, the Non-ASEAN+3 Observers activities will be limited to the ones specified in this section. Non-ASEAN+3 Observer shall not participate in any decision making (or voting) processes relating to activities of ABMF. They are free to express different opinions or views in the open session, but those will not necessarily be considered when ABMF members build their consensus or make recommendations to ASEAN+3. In addition, Non-ASEAN+3 Observers will not host ABMF meetings nor initiate any activities in the name of ABMF.

5. Procedures for ASEAN+3 to consider and ratify admission of a non-ASEAN+3 country as Non-ASEAN+3 Observer to ABMF

- (i) A non-ASEAN+3 country interested in participating in ABMF shall submit a Letter of Interest to the TF3 co-chairs;
- (ii) TF3 co-chairs shall make an assessment of the Letter of Interest based on items (i) to (v) in section 2 of these General Principles;
- (iii) TF3 co-chairs shall inform the Co-Chairs of ABMI of its recommendation, for circulation to all other ASEAN+3 members and present it at the next Task Force meeting for discussion by the members;
- (iv) The recommendation reflecting outcomes of the Task Force meeting shall be submitted immediately to Deputies for no-objection;
- (v) Deputies can express no-objection by electronic or other means (e.g., email) within two weeks of the submission on a lapse-of-time basis, and no answer from a Deputy within the period will be taken as no-objection. If any Deputy expresses an objection or requires further explanation from the TF3 co-chairs/ABMI co-chairs by electronic or other means, the recommendation shall be presented at the next ASEAN+3 Finance and Central Bank Deputies meeting for members' consideration and approval based on consensus.

TF3 co-chairs and ADB as the secretariat will endeavor to monitor the state of participation of Non-ASEAN+3 Observers with a view to ensure manageability of ABMF. In an event of persistent inactivity of any Non-ASEAN+3 Observer within the ABMF, TF3 co-chairs may alert such Observer of its inactivity and may eventually advise them of a temporary or permanent suspension of their participation.

6. Reporting

Bi-annual updates and reports on the status of participation of non-ASEAN+3 countries in ABMF pursuant to this General Principles shall be as follows:

- (i) By the TF3 co-chairs and/or ADB at the ASEAN + 3 Task Force meetings; and
- (ii) By the ABMI TF co-chairs at the ASEAN+3 Finance and Central Bank Deputies' Meeting