

# Appendix 1

## The Single Submission Form

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As explained in detail in this report, the Single Submission Form (SSF) serves as a practical conduit for the implementation of the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) in ASEAN+3 markets by offering to both potential issuers and the regulatory authorities in each market the ability to conduct the bond and note issuance regulatory process in a more harmonized, practical, and predictable manner<sup>1</sup>.

The SSF contains a set of the most common issuance information and disclosure items found across the existing regulatory processes in participating ASEAN+3 markets, and is recognized for that purpose by all relevant regulatory authorities. The SSF may be used in the context of issuance, listing, and registration processes in AMBIF markets and be sufficient for submission in some markets, while requiring additional documentation or market-specific information in other markets. Where a submission of physical forms is no longer necessary, the SSF may be used as a checklist for the information to be submitted online. This is particularly useful in cases where an issuer intends to access a number of markets using the same issuance and disclosure information.

In recent years, ASEAN+3 bond markets have added features and become more conducive to the activities of issuers and investors, not least as a result of the work of the Asian Bond Markets Initiative and ASEAN+3 Bond Market Forum. As such developments are expected to continue, whether driven by stakeholder input or as a result of the regular reviews by policy bodies and regulatory authorities, the SSF is expected to evolve in line with resulting changes in regulatory processes. That makes the SSF a living document and will lead to corresponding updates of the form on a regular basis. Every new version of the SSF posted in the public domain will have already been reviewed and accepted for use in the context of AMBIF by each participating market's regulatory authorities.

Interested parties are encouraged to obtain the latest version of the SSF from the ASEAN+3 Bond Market Forum website via *AsianBondsOnline*.<sup>2</sup>

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<sup>1</sup> ASEAN+3 comprises the 10 members of the Association of Southeast Asian Nations plus the People's Republic of China, Japan, and the Republic of Korea.

<sup>2</sup> ASEAN+3 Bond Market Forum. Single Submission Form. <http://tinyurl.com/AMBIF-Single-Submission-Form>

# Single Submission Form

Common Document for Submission to Regulatory,  
Listing, and Registration Authorities, and Market  
Institutions for the Issuance of Notes under the  
ASEAN+3 Multi-Currency Bond Issuance Framework  
(AMBIF)

## **ASEAN+3 Bond Market Forum (ABMF) Initiative**

Version 49, 23 September 2015

Prepared by ABMF Sub-Forum 1, the AMBIF Documentation Recommendation Board,  
and related authorities in the region

## Important Explanations

### For related parties:

- This Single Submission Form (SSF) is designed to facilitate an ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) bond and note issuance application to regulatory, listing, and registration authorities in each participating market. As such, this Form is prepared for the benefit of issuer(s) aiming to issue bonds and notes to professional investors in ASEAN+3.
- This Form contains a common set of information to be submitted when applying for AMBIF bond and note issuance for each participating market; however, this does not impact the ability of the regulatory, listing, and registration authorities to request additional information, if deemed necessary, for review and approval.
- This Form is a standard submission document (template) for AMBIF bond and note issuance(s) that is readily available for the markets defined in Section I.3: Targeted Professional Investor Markets in ASEAN+3 Economies. As of the end of July 2015, the professional bond markets of Hong Kong, China; Japan; Malaysia; the Philippines; Singapore; and Thailand comprised the Targeted Professional Investor Markets in ASEAN+3.
- This Form is basically recognized by most of the regulatory, listing, and registration authorities in each participating market; however, this does not exclude the possibility of using another form or document when applying for an AMBIF bond or note issuance where the relevant authorities so admit or require.

### For issuers who would like to submit this Form:

- The SSF can be used either as disclosure for bonds and notes issued under a program or shelf-registration, or for a discrete stand-alone AMBIF bond or note issuance.
- When used in conjunction with a note issuance program, this Form may be used separately for issuance approval of the program in a first instance, and individual drawdowns under the program in every instance thereafter. Please choose the type of submission accordingly.
- All the necessary disclosure information as specified by regulatory, listing, and registration authorities should be submitted together with this Form, as may be required by the applicable regulations and guidelines of the relevant jurisdictions. This means that such information may not be provided only by way of referring to a particular filing place or website.
- In order to facilitate a shorter time to market for the issuer, this Form may be submitted to all relevant regulatory authorities and market institutions at the same time.
- Before the submission of this Form, the AMBIF Implementation Guidelines for each participating market should be referred to accordingly.

### About terminology in this Form:

- The term “notes” is used in the SSF to describe debt instruments to be issued in a general manner to professional investors in participating ASEAN+3 markets. The other terms below correspond to the expressions commonly used in the context of bond and note issuance in international debt capital markets and are typically familiar to regular issuers, professional investors, and their service providers.
- For the purpose of the SSF, notes is meant to include various forms of debt instruments—such as bills, notes, and bonds—without any prejudice toward any of the definitions of individual terms as may exist in current practices, laws, and regulations of participating ASEAN+3 markets.
- The term “note issuance program” is intended to describe a program under which multiple issuances of notes are intended with a maximum outstanding amount and common disclosure of the issuer information. The term “note issuance program” is also meant to cover any equivalent debt instrument issuance forms, including but not limited to medium-term note programs and debt issuance programs commonly used in mature debt capital markets.

### Introduction to AMBIF and AMBIF Elements

- AMBIF is a policy initiative under the Asian Bond Markets Initiative (ABMI) to help facilitate intraregional transactions through standardized bond and note issuance and investment processes. By doing so, it will facilitate the process of recycling savings within the region in a practical and efficient manner. This can be expected to contribute to the region’s economic growth and stability.
- An AMBIF Market is defined as a professional bond market or market segment for AMBIF bond and note issuance; an AMBIF Market may be constituted as a result of professional investor concepts (e.g., Qualified Buyer), professional market concepts (e.g., Private Placement to Accredited Investors), or because of exemptions from public offering market concepts (e.g., Excluded Offers and similar regimes).
- AMBIF Investors are investors eligible for buying and trading bonds or notes issued under AMBIF.

The AMBIF Elements (AMBIF Core Components) are described below.

AMBIF Elements (AMBIF Core Components)	Brief Description
Domestic Settlement	Bonds and notes are settled at a national CSD in ASEAN+3 markets.
Harmonized Documents for Submission (Single Submission Form)	A common approach is of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information along with an ADRB recommendation needs to be included. <sup>a</sup>
Registration or profile listing at ASEAN+3 (Place of continuous disclosure)	Information on bonds, notes, and issuers needs to be disclosed continuously in ASEAN+3 markets. Registration or a listing authority function is required to ensure continuous and quality disclosure.
Currency	The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.
Scope of Issuer	Resident of ASEAN+3
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations, or market practice, in each ASEAN+3 market <sup>b</sup>

ADRB = AMBIF Documentation Recommendation Board; AMBIF = ASEAN+3 Multi-Currency Bond Issuance Framework; ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China, Japan, and the Republic of Korea; CSD = central securities depository.

<sup>a</sup> For more on ADRB, please refer to AMBIF SSF Frequently Asked Questions No. 38 and 39.

<sup>b</sup> The following are characteristics of AMBIF Investors:

- Investors targeted under AMBIF are professional investors in ASEAN+3, as they may currently be defined in accordance with applicable laws and regulations in each jurisdiction or market practice.
- There is no intention to normalize professional investor concepts across markets at this stage, since it is the ASEAN+3 Bond Market Forum's (ABMF) policy to avoid changes to existing legislation as a result of defining and implementing AMBIF.
- Professional investors may also include foreign institutional investors if they are so defined in the laws and regulations as professional, or if market practice already shows evidence of foreign institutional investment activities.

Source: ABMF SF1.

## Single Submission Form

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## I. General Information for Single Submission Form

Common Document for Submission to Regulatory, Listing, and Registration Authorities, and Market Institutions for Issuance of Notes under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) to be submitted by Issuer(s) to Regulatory, Listing, and Registration Authorities, and Market Institutions for Regulatory Process(es) as applicable:

Date of Submission: \_\_\_\_\_

Issuer's Name: \_\_\_\_\_

Issuer's Address: \_\_\_\_\_

[Issuer's Representative's Signature:] \_\_\_\_\_

Issuer's Representative's Name: \_\_\_\_\_

Issuer's Representative's Title and Status: \_\_\_\_\_

### 1. Authorities and Market Institutions Applied to for an Approval and Profile Listing or Registration in Each Market.

Targeted Market		Regulatory, Listing, or Registration Authority, and Market Institution	Purpose of Submission	Tick
Cambodia	1-1.	Securities and Exchange Commission of Cambodia (SECC)	Approval	
	1-2.	National Bank of Cambodia (NBC)	Approval	
People's Republic of China	2-1.	People's Bank of China (PBOC)	Approval	
	2-2.	National Association of Financial Market Institutional Investors (NAFMII)	Approval	
Hong Kong, China	3-1.	Hong Kong Exchanges and Clearing Limited (HKEx)	Submission for Listing	
	3-2.	Hong Kong Monetary Authority (HKMA)—Central Moneymarkets Unit (CMU)	Approval	
Indonesia	4-1.	Indonesian Financial Services Agency (OJK)	Approval	
	4-2.	PT Kustodian Sentral Efek Indonesia (KSEI)	Approval	

Japan	5.	Tokyo Stock Exchange (TSE)— TOKYO PRO-BOND Market	Submission for Listing	
Republic of Korea	6-1.	Korea Exchange (KRX)	Submission for Listing	
	6-2.	Korea Financial Investment Association (KOFIA)	Submission for Registration	
Lao People's Democratic Republic	7-1.	Securities and Exchange Commission Office (SCC)	Approval	
	7-2.	Bank of Lao PDR	Approval	
Malaysia	8-1.	Securities Commission Malaysia	Lodgement of Documents and Information under the Lodge and Launch Framework	
	8-2.	Bank Negara Malaysia (BNM)	Request for Approval (for Purposes of Foreign Exchange Administration)	
Myanmar	9-1.	Securities and Exchange Commission	Approval	
	9-2.	Central Bank of Myanmar	Approval	
Philippines	10-1.	Securities and Exchange Commission of the Philippines (PH SEC)	Submission of Notice of Exemption	
	10-2.	Bangko Sentral ng Pilipinas (BSP)	Request for Approval	
	10-3.	Philippine Dealing & Exchange Corp. (PDEX)	Enrollment for Listing cum Trading	
	10-4.	Philippine Depository & Trust Corp. (PDMC)	Approval	
Singapore	11-1.	Singapore Exchange Securities Trading Limited (SGX)	Submission of Application for Listing	
	11-2.	Central Depository Pte Ltd.(CDP)	Approval	



Thailand	12-1.	The Securities and Exchange Commission, Thailand (Thai SEC)	Filing for Approval	
	12-2.	Public Debt Management Office (PDMO) of the Ministry of Finance	Request for Approval	
	12-3.	Thai Bond Market Association (ThaiBMA)	Submission for Registration	
	12-4.	Bank of Thailand (BoT) (only if issuer is a financial institution and the use of proceeds is for capital requirements)	Request for Approval	
	12-5.	Thailand Securities Depository (TSD)	Approval	

Viet Nam	13-1.	Ministry of Finance (MOF)	Approval	
	13-2.	State Bank of Vietnam (SBV)	Approval	
	13-3.	Vietnam Bond Market Association (VBMA)	Approval	

## 2. Issuer's Domicile:

Issuer's Domicile (Home Jurisdiction)	No.*	Resident in

\* Enumeration in case of multiple issuer domiciles

## 3. Issuer's Parent Company's Jurisdiction:

Issuer's Parent Company's Jurisdiction	
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## 4. Type of Submission:

		Tick
Type-P	Note Issuance Program	
Type-S	Shelf-Registration (regulatory system of collective registration of the total amount of the note issuances that can be executed within a certain period of time)	
Type-A	Stand-Alone Issuance	
Type-D	Drawdown Issuance from the Note Issuance Program or Shelf-Registration	

**5. Distinction of the Form:**

		Tick
N.	New	
R.	Renewal (details are described below):	
A.	Amendment (details are described below):	

**6. Targeted Professional Investor Markets in ASEAN+3:**

		Tick
No.	Targeted Professional Investor Market*	
1.	(Cambodia: PP Market)	
2.	People's Republic of China: Inter-Bank Bond Market (IBBM)	
3.	<b>Hong Kong, China: Professional Investors Only Market</b>	
4.	Indonesia: PP Market	
5.	<b>Japan: TOKYO PRO-BOND Market (Professional Investor Market)</b>	
6.	Republic of Korea: PP Market	
7.	(Lao People's Democratic Republic: PP Market)	
8.	<b>Malaysia: Excluded Offers – Sophisticated Investors Market</b>	
9.	(Myanmar: PP Market)	
10.	<b>Philippines: Qualified Buyers' Market</b>	
11.	<b>Singapore: Wholesale Market (Institutional Investors Market)</b>	
12.	<b>Thailand: PP-AI Regime (Accredited Investors Market)</b>	
13.	(Viet Nam: PP Market)	

AI = Accredited Investors, PP = Private Placement, PP-AI = Private Placement to Accredited Investors.

\* Markets that were not yet active at end-July 2015 are in parentheses. Those six markets that had defined professional bond markets suitable for AMBIF at end-July 2015 are in boldface type.

**7. Denominated Currency of the Notes:**

		Tick
No.	Denominated Currency of the Notes (ISO 4217 Code)	
1.	KHR	
2.	CNY	CNH (HKMA-CMU settled)
		CNH (other than HKMA-CMU settled: )
3.	HKD	
4.	IDR	
5.	JPY	
6.	KRW	
7.	LAK	

8.	MYR	
9.	MMK	
10.	PHP	
11.	SGD	
12.	THB	
13.	VND	
14.	USD	

**8. Clearing and Settlement:**

No.	Denominated Currency of the Notes	Name of Central Depository	Name of Depository System	Distinction of DVP, Non-DVP, or N.A.

**9. Place of Disclosure:**

No.	Name of the Place of Disclosure
Detailed explanation of the profile listing or registration, if necessary:	

**10. Any Other Important Matters:**

No.	Jurisdiction (Market)	Important Matter
1.	Cambodia	
2.	People's Republic of China	
3.	Hong, Kong, China	
4.	Indonesia	
5.	Japan	

6.	Republic of Korea	
7.	Lao People's Democratic Republic	
8.	Malaysia	
9.	Myanmar	
10.	Philippines	
11.	Singapore	
12.	Thailand	
13.	Viet Nam	
14.	Other (if any)	

## II. Issuer Information

*(If two or more issuers intend to jointly establish a note issuance program, describe information for each of the issuers.)*

<b>Method of Describing Issuer Information*</b> <i>(An issuer can choose one method of describing as set forth below.)</i>		<b>Tick</b>
A.	Fully describe Issuer Information	
B.	Specify the documents and places where AMBIF Investors are able to access the documents and designate them as Documents Incorporated by Reference	
C.	A combination of A and B above	

\* An issuer can also choose not to designate Financial Information of the Issuer as Documents Incorporated by Reference provided the issuer discloses its financial information in English in the Home Jurisdiction. For example, in case the issuer has continuously disclosed English annual reports that contain consolidated financial statements with independent auditor reports, the issuer may state such facts below and describe how AMBIF Investors can access such annual reports (e.g., via a website).

### 1. Information on the Issuer:

1.	Name of Issuer:	
2.	Name and Title of Representative	
3.	Address (Registered or Business Address)	
4.	Liaison Contact Person	
5.	Telephone and e-Mail	
6.	Business Registration No. (if any)	

7.	Date and Place of Incorporation	
8.	Authorized and Paid-up Capital	
9.	Trends of Key Financial Data	
10.	Description of Business (nature of business of the issuer in the domestic economy, if any)	(use attachment for extra space as needed)
11.	Risk Factors (including risks related to the issuer's business, operations, and regulatory environment)	(use attachment for extra space as needed)
12.	Board of Directors	(use attachment for extra space as needed)
13.	Controlling Shareholders or, in the Case of a Public Company, Names of Major Shareholders	(use attachment for extra space as needed)
14.	Status of Affiliates	(use attachment for extra space as needed)
15.	Website for Disclosure (if any)	

## 2. Financial Information of the Issuer:

1.	Consolidated Financial Statements: (i) Consolidated Balance Sheet (ii) Consolidated Income Statement and Consolidated Comprehensive Income Statement, or Statement of Consolidated Income and Comprehensive Income (iii) Consolidated Statement of Changes in Shareholders' Equity (iv) Consolidated Cash Flow Statement (v) Independent Auditor's Report (vi) Accompanied Notes	(use attachment for extra space as needed)*
2.	Other Matters	
	<ul style="list-style-type: none"> <li>• Subsequent Events:</li> <li>• Litigations:</li> </ul>	

\* For (i), (ii), and (iii) only

## 3. Information on the Guarantor or Provider of Other Credit Enhancement (if any):

1.	Name:	
2.	Address:	
3.	Description of Business:	
4.	Guaranty or Support Agreement Details:	

**4. Financial Information of the Guarantor or Provider of Credit Enhancement:**

<i>(use attachment for extra space as needed)</i>
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**III. Information of the Program or the Shelf-Registration**

*(Except for Item No.14 below, the component information for Program and Shelf-Registration is exactly the same.)*

1.	Issuer:	
2-1.	Guarantor (if any):	
2-2.	Provider of Credit Enhancement (if any):	
3.	Description of the Program or Shelf-Registration: <i>(Ref. I. 1. Type of Submission [Type-P] or [Type-S])</i>	
4.	Credit Rating(s) for the Program or Shelf-Registration:	
5.	Scheduled Issuance Period: <i>(DD/MM/YY) – (DD/MM/YY)</i>	
6.	Arranger(s) of the Program or Shelf-Registration:	
7.	Dealers and/or Underwriters or Equivalent: <i>(for example, Principal Adviser [MY] or Financial Adviser [TH])</i>	
8.	Trustee or Equivalent (if any): <i>(Bond Administrator, Commissioned Company or Person, or Bondholder Representative)</i>	
9.	Fiscal Agent:	
10.	Paying Agents:	
11.	Registrar and Transfer Agent:	
12.	Other Agent (            ):	
13-1.	Legal Advisers to the Issuer(s):	
13-2.	Legal Adviser(s) to the Dealer(s):	
14-P.	Maximum Outstanding Amount under the Program:*	

14-S.	Total Amount of the Note Issuances under Shelf-Registration:*	
15.	Method of Distribution: <i>(Subject to applicable selling restrictions. For instance, notes may be distributed [only to professional investors] on a syndicated or non-syndicated basis.)</i>	
16.	Issuance in Series: <i>(Describe if notes will be issued in a series and, if so, the salient points of it and tranches within the series.)</i>	
17.	Forms of Notes: <i>(book-entry)</i> <i>(bearer)</i> <i>(registered)</i>	
18.	Currencies: <i>(Describe currencies in which notes under the program may be denominated.)</i>	
19.	Status of the Notes:*\br/> <i>(subordinated)</i> <i>(preferred)</i> <i>(unsubordinated)</i>	
20.	Type of Notes: <i>(fixed-rate notes)</i> <i>(floating-rate notes)</i> <i>(zero-coupon notes)</i>	1.
		2.
		3.
21.	Listing, Registration, or Filing Place(s): <i>(See I.-6.Place of Disclosure.)</i>	
22.	Use of Proceeds:	
23.	Governing Law(s) and Jurisdiction(s) of the Notes:**	
24.	Taxation and Tax Status: <i>(Prospective purchasers of the notes are advised to consult their own tax advisors on taxation in ASEAN+3 or taxation as may be applicable in other relevant countries or economies.)</i>	

25.	Selling Restrictions at Issuance: (Notes shall not be sold, offered for sale, or distributed to nonprofessional investors in ASEAN+3.)	
	1.	
	2.	
	Selling Restrictions Thereafter: (Notes shall not be sold, offered for sale, or distributed to nonprofessional investors in ASEAN+3)	
	1.	
	2.	
26.	Outstanding Debt from Previous Issues of Bonds and Notes : (for example, in case of THB-denominated bonds and notes)	

\* Under the current prescriptions for AMBIF, subordinated notes, index-linked notes, dual currency notes, and other structured notes are not considered by ABMF for inclusion as AMBIF issuances.

\*\* Governing law and jurisdiction, with respect to the Terms and Conditions of the Notes, will be those agreed among the contract parties, subject to applicable laws and regulations.

#### IV. Information on the Notes

##### 1. Summary of the Terms and Conditions of the Notes or Final Terms of Individual Issuance of Notes:

(This section may be used for describing the information of individual issuance of notes for Type-D submissions.)

1.	Issuer(s):	
2.	2-1.Guarantor (if any):	
	2-2.Provider of Support Agreement (if any):	
3.	Name of the Notes:	
4.	Aggregate Amount of the Notes (Issue Amount):	
5.	Form of Notes:	
6.	Status of the Notes:	
7.	Denomination of the Notes: (i) minimum tradable amount (ii) multiple tradable amount	



8.	Issue Price:	
9.	Offer Price:	
10.	Date of Issue:	
11.	Date of Maturities: <i>(timing of amortization plan ([if any]))</i>	
12.	Early Redemption: <i>(with call option, with put option, with call and put exercise dates [if any])</i>	
13.	Type of Notes: <i>(fixed-rate notes)</i> <i>(floating-rate notes)</i> <i>(zero-coupon notes)</i>	
14.	Interest or Coupon Rate:	
15.	Interest or Coupon Payment Method: <i>(record date rule, interest payment frequency, interest calculation frequency, first interest payment date, and timing of interest payment)</i>	
16.	Negative Pledge:	
17.	Cross Default:	
18.	Governing Law and Jurisdiction:*	
19.	Special Withholding Tax Applied to Financial Institutions including FATCA (if any):	

\* Governing law and jurisdiction, with respect to the Terms and Conditions of the Notes, will be those agreed among the contract parties, subject to applicable laws and regulations.

## 2. Other Information on the Notes:

1.	Dealers and/or Underwriters or Equivalent: <i>(for example, Principal Advisor [MY] or Financial Advisor [TH])</i>	
2.	Trustee or Equivalent (if any): <i>(Bond Administrator, Commissioned Company or Person, Bondholder Representative)</i>	
3.	Fiscal Agent:	

4.	Paying Agents:		
5.	Registrar and Transfer Agent:		
6.	Other Agent: (            ):		
7.	Listing, Registration, or Filing Place(s) of the Notes: (See I.-6.Place of Disclosure.)		
8.	Settlement Place(s) of Each Denominated Currency Notes: (See I.-5.Clearing and Settlement.)		
9.	Use of Proceeds:		
	1.	Amount of Proceeds from Sale of Notes:	
	2.	Use of Proceeds [and Timing of Disbursement]: (may include rationale or justification)	
10.	Risk Factors Relating to the Notes:		
11.	Selling Restrictions at Issuance: (Notes shall not be sold, offered for sale, or distributed to nonprofessional investors in ASEAN+3.)		
	1.		
	2.		
	Selling Restrictions Thereafter: (Notes shall not be sold, offered for sale, or distributed to nonprofessional investors in ASEAN+3.)		
	1.		
	2.		
12.	Credit Rating for the Notes:		
13.	Other: (“final terms” for drawdown)		
14.	Method of Distribution: (Subject to applicable selling restrictions. For example, notes may be distributed [only to professional investors] on a syndicated or non-syndicated basis, and also in case of THB-denominated bonds and notes.)		

15.	Outstanding Debt from Previous Issues of Bonds and Notes : <i>(for example, in case of THB-denominated bonds and notes)</i>	
16.	Cross Currency Swap Information: <i>(for example, in case of issuance by nonresident, including intermediaries, if possible, and currencies, as and where necessary)</i>	
17.	Timing of Bond Issuance: <i>(for example, in case of Baht Bond issued by non-Thai resident [Public Debt Management Office authorized period])</i>	

## V. Terms and Conditions of the Notes

*(This section is used for describing in detail the Terms and Conditions of the Notes for Program, Shelf-Registration, and Stand-Alone Notes.)*

*(Samples of the Terms and Conditions of the Notes [for the Program, Shelf-Registration, and Stand-Alone Notes] will be included in the AMBIF Implementation Guideline for each participating market.)*

## VI. Attachments

*(if any)*

# Appendix 2

## Frequently Asked Questions on AMBIF and the SSF

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The proposal for and the implementation of the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) in ASEAN+3 bond markets is not expected to be rapid or without challenges. Experience gained in the ASEAN+3 Bond Market Forum (ABMF) Phase 3 shows that each stakeholder tends to look at AMBIF and its features, intended benefits, and resulting opportunities from a distinct perspective.

The Frequently Asked Questions (FAQs) aim to relate specific facts and features of AMBIF and the Single Submission Form (SSF), and address potential concerns or questions interested parties may have. The questions represent those encountered in the course of Phase 3 and the responses are consistent with those given to and acknowledged by ABMF members and experts, and market participants, particularly during the first few months of 2015.

Individual questions in the FAQs relate to the purpose and merit of the SSF, its use in general and in specific processes, and its use in conjunction with additional documentation or disclosure requirements in some markets. In response to specific questions from stakeholders, adequate levels of disclosure and selling and transfer restrictions are explained in the FAQs, as are a number of SSF fields and their purpose.

Since both AMBIF and the SSF are expected to evolve as a result of the pilot issues and experiences during AMBIF implementation in individual markets, additional questions and suitable responses will be added to the FAQs, as needed, to maintain it as an easily accessible and relevant reference document. Hence, interested parties are encouraged to avail themselves of the latest version of the FAQs, which will be available, together with the latest version of the SSF, on the ABMF website via *AsianBondsOnline* or from one of the mirror sites of ABMF member institutions in support of AMBIF.

## Frequently Asked Questions on the ASEAN+3 Multi-Currency Bond Issuance Framework and the Single Submission Form

Prepared by the ASEAN+3 Bond Market Forum Sub-Forum 1 and reviewed by the AMBIF Document Recommendation Board

### Questions:

<b>I.</b>	<b>What is the objective or merit of the SSF?</b>	<b>60</b>
	Q1. What can the SSF achieve?	60
	Q2. Since the stage of development differs among ASEAN+3 bond markets, and the SSF is acknowledged as a living document, does this mean that there will be a number of different versions of the SSF circulating? This could be confusing for issuers, intermediaries, and approving authorities.	60
	Q3. If an issuance application in different markets may require different information and procedures, what is the merit of the SSF?	60
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## I. What is the objective or merit of the SSF?

### Q1. What can the SSF achieve?

A1. The Single Submission Form (SSF) is designed to facilitate an ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) bond and note issuance application to regulatory, listing, and registration authorities in each participating market. This Form is aimed at containing a common set of information to be submitted when applying for AMBIF bond and note issuance for each participating market. The contents in the SSF can largely be used as either disclosure for bonds or notes issued under a program or a shelf-registration, or for a discrete stand-alone AMBIF bond or note issuance.

Issuers who are considering bond and note issuances in multiple places in ASEAN+3 would benefit the most from the SSF. Over the long-term, the SSF aims to serve as a standard documentation template within AMBIF markets. This could also facilitate increased intraregional cross-border investment among regional investors.

### Q2. Since the stage of development differs among ASEAN+3 bond markets, and the SSF is acknowledged as a living document, does this mean that there will be a number of different versions of the SSF circulating? This could be confusing for issuers, intermediaries, and approving authorities.

A2. This concern is understood and, no, there will always only be one version of the SSF at any single point in time. This is necessary not only to maintain the integrity of the SSF and the concept of AMBIF, but also to make any improvements immediately available to all stakeholders.

### Q3. If an issuance application in different markets may require different information and procedures, what is the merit of the SSF?

A3. The SSF is defined on the basis of a common set of information to be submitted when applying for AMBIF bond and note issuances across the participating markets. Therefore, the aim of and general expectation for the SSF is that one (version of) the SSF can cover a large portion of all necessary information to be submitted to the authorities in each market. Where this would not fulfill all requirements in a given market, basically the SSF and supplemental documentation to cover market-specific requirements would need to be prepared.

In this context, it is important to note that AMBIF as a market is still at the beginning of its expected development. As AMBIF bond and note issuances grow in number, more beneficial features may be introduced into the market. At the same time, the process of developing the AMBIF market will also aid in harmonizing and standardizing AMBIF processes and practices.



**Q4. What if a market's regulatory process cannot accommodate the SSF, such as in cases when the regulatory process is evolving?**

A4. As also explained at other points in these Frequently Asked Questions (FAQs), the introduction of the SSF does not prevent the regulatory process in each market from requiring additional information (not contained in the SSF) or separate legal documents to be submitted. The SSF is intended to contain the most common set of issuance information and disclosure items drawn from the existing processes in participating markets at the time of inception.

Where a market does not require, or no longer requires, the physical submission of documentation, the SSF can serve as a checklist or a guiding template, since the information required in such submissions is still likely to contain relevant items shown in the SSF. At the same time, the use of the SSF continues to be useful and practical, in particular if an issuer intends to make intraregional offerings through the use of note issuance programs. In such cases, while the SSF may be used as a checklist in one market, it may still be submitted into the regulatory processes in other target markets.

**II. Who are the users of the SSF?**

**Q5. Who are the target users of the SSF?**

A5. The target users of the SSF are corporate issuers based in ASEAN+3 who intend to issue bonds and notes in a participating domestic bond market(s) in ASEAN+3. Ideally, the use of proceeds from such bond or note issuances is intended for the funding of domestic operations or investments in ASEAN+3 economies.

**Q6. Can government bonds be issued under AMBIF?**

A6. Yes, they can. The issuance of government bonds, or issuance by government agencies or related corporations, are not excluded under AMBIF. However, the main focus will be on corporate bond and note issuances, since sovereign issuers already typically enjoy exemptions from full disclosure requirements and receive concessions that are presently not explained in the Implementation Guidelines.

**Q7. Do AMBIF issuers have to use the SSF?**

A7. From the viewpoint of the relevant authorities, using the SSF is not mandatory in any of the participating markets and issuers are not required to use the SSF. At the same time, however, the use of the SSF is an integral part of the AMBIF concept, and any streamlining of regulatory processes and possible future concessions would be linked to the AMBIF market. Hence, an application for an AMBIF bond or note issuance should be expected to be made by using the SSF.

### III. What is the usability of the SSF in targeted markets?

#### Current Usability Status of the SSF by the Recognition of the Regulatory and/or Listing Authorities in Six Markets in the Region

Targeted Market	Related Description
Hong Kong, China	As long as laws are observed and the SSF is in compliance with listing rules, it is expected to be accepted.
Japan	TSE (TPBM's listing authority) is receptive to exploring a single-submission-document process (e.g., the SSF) that adheres to TPBM's current professional bond listing requirements and processes.  The SSF can be treated as the Specified Securities Information (SSI) by mentioning clearly on the SSF that it is a SSI. Then, the SSF can be applied for the listing process on TPBM.
Malaysia	Since June 2015, the Lodge and Launch Framework no longer requires preissuance approval. Under this new framework, the SSF may serve as a checklist when lodging documentation and information with the SC, and may support submission of a listing application for the BMS Exempt Regime.
Philippines	The SSF is acceptable but additional information and/or document(s) may be requested during the evaluation process, as necessary.
Singapore	SGX is receptive to exploring a single-submission-document process (e.g., the SSF) that adheres to SGX's current bond listing requirements and processes.
Thailand	The SEC will recognize the SSF format as long as the requirements of Thai regulations continue to be observed. The SEC does not prescribe a particular form or format for PP-AI documentation and disclosure items, but specifies the minimum content of such disclosure in Sections 69 and 70 of the Securities and Exchange Act B.E.2535, 1992 (as amended). These requirements have been incorporated into the SSF. Also, additional documents may be requested during the evaluation process, as necessary. At present, the SSF may not be used for issuance under MTN programs in Thailand, but the SEC is exploring the introduction of an MTN program, in addition to the existing MTN-like program, which is closer to a shelf-registration concept.

BMS = Bursa Malaysia Securities; MTN = medium-term note; PP-AI = Private Placement to Accredited Investors; SEC = The Securities and Exchange Commission, Thailand; SGX = Singapore Exchange; SSF = Single Submission Form; TPBM = TOKYO PRO-BOND Market; TSE = Tokyo Stock Exchange  
Source: ABMF SF1.

#### Q8. Can the SSF accommodate both multiple market issuances and offers for sale in multiple markets at the same time?

- A8. Yes, basically, it can. The SSF is recognized by most of the authorities and market institutions in ASEAN+3 for that purpose. Ticking the respective boxes in the SSF can show which authorities and market institutions were applied to for an approval and profile listing or registration when bonds or notes are issued. Also, by ticking the targeted professional investors markets, the SSF can show where the bonds or notes are intended to be offered or solicited.

**Q9. Are issuers required to indicate all markets of interest at once when submitting the SSF?**

A9. No, they are not. Under the current SSF format, an issuer can submit an SSF for the market(s) of intended issuance and, should they wish to later issue in other market(s) as well, submit a separate SSF indicating the additional market(s). (For more details, please refer to SSF Section 1.2: Distinction of the Form.) For practical reasons and to maximize benefits, the issuer could consider indicating all the potential issuance markets in the SSF at the outset, even if the actual issuance may only take place over time. In this context, issuers may need to consider the validity of an issuance approval in a given market.

**Q10. Regarding the domestic vs. cross-border aspect of issuance and listing, the SSF can support resident and nonresident issuers' local currency funding as well as intraregional (cross-border) offering of bonds and notes by adding visibility through listing or registration. Is this the intention of AMBIF?**

A10. Yes, it is. AMBIF is aiming to facilitate intraregional funding and investments. Hopefully, the SSF and the Implementation Guidelines, which will be accepted by the market authorities, will provide certainty and clarity (and minimize uncertainty) on the bond and note issuance process. Also, it is hoped that multiple listings or registrations, together with flexibility in the choice of governing law, will bring more regional professional investors.

**Q11. The Implementation Guidelines are focused on the bond and note issuance process in domestic market(s), how will the solicitation of bonds and notes in other markets be undertaken?**

A11. The SSF is designed to indicate both the places where to issue the bonds and notes, and where to solicit professional investors to purchase. But Implementation Guidelines can always (only) focus on the issuance and regulatory process in a given domestic market. Therefore, detailed regulatory information or market features for intraregional listing and soliciting of bonds and notes need to be checked (cross-referenced) in the Bond Market Guide and Implementation Guidelines related to the specific investment market.

## **IV. How to apply and/or submit the SSF?**

**Q12. Is the SSF alone sufficient to apply for AMBIF bond and note issuances?**

A12. The SSF is recognized by all regulatory, listing, and registration authorities in the participating AMBIF markets, and is designed to contain the most common set of information stipulated by these authorities. In some markets, the information may be sufficient for an application of issuance or listing approval, while in other markets, additional information and/or other documents may need to be submitted. In any case, the submission of the SSF would not exclude the possibility of providing, or be asked to provide, supplemental documents or disclosure information when applying for an AMBIF bond or note issuance where the relevant authorities so

admit or require. A typical example of a supplemental document may be a Declaration by the Issuer that is designed to give regulatory authorities comfort that the information submitted is complete and in compliance with laws and regulations; the format of such declaration tends to be specific to each market.

**Q13. How is the SSF applied in the context of a note issuance program?**

A13. When used in conjunction with a note issuance program, the SSF may be used separately for issuance approval of the program in the first instance (by choosing Type-P for Type of Submission) and individual drawdowns under the program in every instance thereafter (by choosing Type-D for Type of Submission).

**Q14. Who submits or needs to submit the SSF to the approving authorities?**

A14. This follows the requirements or, more likely, the market practice in the participating AMBIF markets. While the regulatory authorities typically look at the issuer as the submitting party, market practice may favor an intermediary such as an underwriter or advisor. At the same time, listing places often require the services of a separate listing agent or sponsor, even for a profile listing application.

**Q15. What is the approval timeline for the SSF?**

A15. The approval timeline for the SSF basically follows the existing approval timeline stipulated in the regulatory process of each market. This information is mentioned in the AMBIF Implementation Guidelines for each market. But, at the same time, a shorter timeline may be expected in some markets by using the SSF.

**Q16. Should the SSF be submitted before or after pricing the bonds or notes?**

A16. Since the SSF is intended to facilitate the issuance approval process, the SSF can be submitted to the regulatory authority before pricing; if necessary, the SSF can be marked as provisional. (For more details, please refer to SSF Section I.2: Distinction of the Form; there are three distinctions: New, Renewal, and Amendment). If the market regulatory process so prescribes, another SSF can be submitted once pricing is concluded and other final details are available.

**Q17. Some of the information in the SSF or in the accompanying documentation may be sensitive or confidential. How is such information treated?**

A17. The SSF—whether provisional or final—is aimed only at the approving authorities, not at investors or the market at large. Hence, any sensitive or confidential information contained in the SSF should be easily contained until commencement of the pricing or actual issuance of the bonds or notes.

**Q18. Who will approve the SSF for each market? In particular, since the SSF may still require distinct submissions for each market, what is the strategic value of the SSF?**

A18. Approval, acceptance, or recognition is given by each market's relevant regulatory and/or listing authorities. Though a difference in documentation may continue to exist, the SSF and the AMBIF Implementation Guidelines provide clarity and benefits to issuers in the bond and note issuance process, particularly when issuing in an unfamiliar market. In addition, it reduces documentation- and issuance-related costs for multiple issuances since the most common set of information across markets is already covered in the SSF.

Ultimately, the SSF is a reflection of current common practices in the professional bond markets in the region. This also means that the SSF and Implementation Guidelines will need to be continuously revised in line with the evolution of market practices going forward. This is why they are referred to as living documents.

For convenience, the latest version of the SSF is available on the ASEAN+3 Bond Market Forum (ABMF) website.<sup>1</sup> The Implementation Guidelines for participating markets are also available on the ABMF website.

Please note that regular validation of the usability of the SSF and the Implementation Guidelines is expected during the process of pilot issuances in 2015. As a result of lessons learned from these and subsequent AMBIF issuances, the SSF, in particular, is expected to evolve.

**V. AMBIF and the SSF: disclosure-related questions**

**Q19. AMBIF seems to utilize a private placement scheme. In a private placement, disclosure is normally not continuous but simply at the time of issuance only. Is this understanding correct?**

A19. AMBIF is not the same as an existing typical buy-and-hold type private placement. Also, the concept, definitions, and practices of private placements are different in each market and/or jurisdiction. A professional market may be created in some jurisdictions by initially utilizing the existing framework of private placement; however, the disclosure information practice under AMBIF will be different. Hence, we should not equate AMBIF with prevailing or existing types of private placements because it may give a wrong impression.

<sup>1</sup> ASEAN+3 Bond Market Forum. Single Submission Form. <http://tinyurl.com/AMBIF-Single-Submission-Form>

**Q20. Regarding continuous disclosure, what is considered to be the cycle of continuous disclosure, and what type of disclosure is intended, to the public or only to professionals?**

A20. Continuous disclosure in the context of AMBIF refers to regular material disclosure—typically annually, such as financial statements—as agreed between the issuer and professional investors and/or as prescribed by a listing place, plus material information in the course of business. At the same time, issuers will typically define their disclosure intervals in line with ongoing corporate obligations in their market of domicile; this could be quarterly, semi-annually, or annually. Going forward, AMBIF market practice is expected to find the right balance.

**Q21. Does the issuer need an information memorandum to submit together with the SSF, or does the SSF suffice? An information memorandum is typically used for disclosure for a private placement, mainly to professional investors. But, in some markets, the submission of an information memorandum is not mandatory or regulated.**

A21. For an AMBIF bond or note issuance, only the submission of the SSF is required; other or additional documents may be submitted on a voluntary basis or if the approving authority so specifies, as stated earlier. The information contained in the SSF can be collected from a number of sources, even if no information memorandum is available. The SSF can be a replacement of the disclosure information in the information memorandum in some markets.

**Q22. An issuer provides offering materials to professional investors (hereafter AMBIF Investors) such as a prospectus, which has more information than the SSF. Is the intention for the SSF to replace a prospectus or similar disclosure documents?**

A22. No, the SSF is not intended to replace a prospectus. The term “prospectus” or “offering circular” is generally used for full disclosure documents of public offers of securities. The prospectus or offering circular is meant to be a formal legal disclosure document, which is required by and filed with the securities regulator, which provides details about an investment offering for sale to the public. On the other hand, the term “offering memorandum” or “information memorandum” is typically used in the context of disclosure for a private placement, mainly to professional investors. For the soliciting of bonds and notes to AMBIF investors, limited or concise disclosure information or materials can be provided while using the SSF.

Existing disclosure document(s), such as a prospectus or offering circular, must not be used or attached to the SSF because this would give the impression that the issuance is a public offering aimed at general investors and retail investors. No underwriter will take such risk.

For AMBIF market issuances, if necessary, existing disclosure information, such as an offering memorandum or information memorandum, can be used with the SSF, and indicated as Documents Incorporated by Reference. In addition, the following may also be used as Documents Incorporated by Reference in the SSF: existing press releases that relate to material events,

standard disclosure document(s) such as annual reports, and designated financial information with an independent auditor's report.

An issuer can also choose not to designate its financial information as Documents Incorporated by Reference, provided the issuer discloses its financial information in English in the home jurisdiction. For example, in case the issuer has continuously disclosed annual reports in English, which contain consolidated financial statements with independent auditor reports, the issuer may state such facts in the SSF and describe how AMBIF Investors can access such annual reports (e.g., via a website).

**Q23. Does limited disclosure mean less transparency in the markets? What is the target of transparency, i.e., level of transparency?**

A23. No, it does not. Transparency in disclosure in a professional market means accountability and accessibility of the consequential and continuous disclosure information that has been agreed between parties involved being available at certain times and in a certain format; thus, transparency itself is not affected by the limited disclosure status. Information available in a professional market may be different from the information available in a public offering market. But this does not mean that a professional market is less transparent. The level of disclosure under AMBIF is geared toward the professional market in each jurisdiction and has been compared against current typical levels of disclosure and issuance application processes in each professional market, with the intention being to have the SSF reflect the most common information required across markets. Furthermore, the level of information and scope depend on the degree of evolution of market practices. This level of disclosure may also be influenced by AMBIF bond market practices going forward. One possible benchmark would be the market practice in the international bond market, where participants are generally considered to be professionals.

**Q24. If an AMBIF market is more flexible than a public offering market, would issuers move to AMBIF? Is there any risk of regulatory arbitrage?**

A24. The creation of AMBIF will not lead to regulatory arbitrage. In each jurisdiction, the AMBIF (professional) market, public offering market, and traditional private placement will continue to coexist. There are merits and demerits for each funding method, and all have different characteristics. A public offering may be able to access more investors, which may lead to larger and sometimes cheaper funding, but regulatory requirements may be higher. Also, just-in-time issuances and targeted issuances may not be easy. A private placement may only access a very small number of regular investors for limited issuance amounts. It typically has a buy-and-hold nature. AMBIF (professional) markets allow issuers and investors to agree on all relevant terms and features to suit both sides. Issuers will decide which funding method best fits their financing needs.

The flexibility of an AMBIF market is only one perspective. From the regulators' point of view, one aspect of particular importance related to an AMBIF market operation will be the need to establish and maintain the secure and effective ring-fencing (transfer restriction) of the market

among professional investors in its jurisdiction, for the protection of nonprofessional investors, without sacrificing market liquidity and market efficiency. This can typically be achieved by the imposition of specific selling and transfer restrictions.

## **VI. Appropriate handling of selling and transfer restrictions**

### **Q25. AMBIF requires a professional market in each jurisdiction; these professional markets need to have strong mechanisms to protect nonprofessional investors. How can these mechanisms, such as appropriate and effective selling and transfer restrictions in each market, be established and maintained?**

A25. One key aspect of the regulatory mandate in the region's markets is the protection of retail (general) and, in fact, all nonprofessional investors in each jurisdiction. Policy bodies and regulatory authorities exercise their mandate with a combination of legislation and rules for the securities market. Chief among these regulations is the prevention of the sale or offer of securities, including bonds, to investors that are considered not able to make complex investment decisions.

Methods, qualifications, and conditions for these selling and transfer restrictions may vary from market to market, but all result in obligations by the market's professional participants to apply these rules. This principle is well understood and supported by professional market participants.

In contrast, many markets do not directly regulate interactions among these professional market participants. While professional investor concepts are defined in legislation or regulations in most jurisdictions, these regulations do not contain specific limitations on their activities with professional counterparties. Instead, in addition to the licensing of professional institutions, the governance of market activities is often delegated to a suitable self-regulatory organization, such as a market association, that governs its members with the help of a code of conduct expected to be observed in the course of daily business. All these provisions work on the basis that professional participants are in a position to make their own decisions based on available information, conditions, and circumstances in the marketplace. This applies across all markets.

All market participants should understand the common basic mechanisms for effective Selling and Transfer Restrictions in AMBIF markets in the region:

1. a clear-cut definition and rules on Selling and Transfer Restrictions for professional market exist in the law, supplementary regulations, or listing rules;
2. these provisions are publicly available to investors and market participants together with the Terms and Conditions of the Notes;
3. a Selling and Transfer Restrictions-related description is mentioned and available in the Terms and Conditions of the Notes;
4. these bonds and notes are issued or traded through licensed dealers and/or underwriters;



5. the solicitation and offer for sale by the seller must be made only to professional investors and persons reasonably believed to be persons who are professional investors; and the seller must announce to professional investors that the seller is selling by employing such exemptions or special rules exempted from full disclosure requirements and/or notification to the authorities; and
6. appropriate enforcement for rule violations is available.

## VII. Listing-related questions

**Q26. If the focus on professional investors is intended to allow limited disclosure, lower costs, and shorter time to market, a potential profile listing requirement being one of the AMBIF Elements appears to increase disclosure and may lead to higher costs?**

A26. A focus on professionals is not intended to allow less or inferior disclosure. Instead, an issuer is able to utilize much of their existing disclosure information, and even include it in the SSF for reference, because professional investors can accept this in many or most professional markets. As a result, this may lead to lower issuance costs and expedited access to the market(s). This disclosure information aimed at professional investors can also typically be utilized for a profile listing. Any (additional) costs for a profile listing may have to be weighed against the wider range of professional investor access created by the profile listing.

**Q27. What is the strategic value of a profile listing in the region?**

A27. The strategic value, in fact the reason why profile listing is part of the AMBIF Elements, is that a wide range of investor groups will only be able to invest in assets if they are listed (or at least registered). This aids the visibility, transparency, and price finding of the bonds and notes as well. In contrast, private placements, or typical forms of issuance of bonds and notes to professional investors (without listing), would not be possible for these investors to invest in. Since the ABMF mandate is in support of deeper, broader, and more liquid bond markets in the region, part of this mandate is to make the markets more accessible to a broader professional investor universe.

## VIII. Specific questions on the SSF

**Q28. What level of detail is expected for Section II.1, Field 9: Trends of Key Financial Data? This is information that is not customary in our market.**

A28. The SSF contains information and disclosure items required by the participating markets; it is aimed at providing common information for bond and note issuance approvals. However, this also means that not all fields or parts of the SSF are suitable for every market. At the same time, however, these trends of key financial data are information that is regularly disclosed by issuers (listed companies). Hence, it would be practical to

provide information, as necessary, in the same form and format, and the same level of detail as already available.

**Q29 What level of information is expected for Section II.1, Field 11: Risk Factors? Such information may not be required for submission into the issuance approval process in all participating markets.**

A29. Similarly to other disclosure information, risk factors are often part of the typical disclosure obligations for an issuer. It is suggested to consider providing information in accordance with details already published. Ultimately, the level of information to be provided would be discussed with and decided by the issuer's legal counsel and, if necessary, the underwriter and their legal counsel.

**Q30. What type and level of information is expected for Section II.2, Field 2: Other Matters—Subsequent Events?**

A30. Subsequent Events or Recent Developments is a term used in documentation that refers to significant recent or future developments after official closing of the last financial reporting period to the date of issuance, with a possible impact on the issuer or issuer's group. This type of information is often contained in a comfort letter, but not all markets participating in AMBIF have a well-established comfort letter practice. Instead, these markets may mention such developments in a dedicated section of the information memorandum or offering circular for the bonds and notes; the field in the SSF could make reference to such available information as well. Ultimately, the issuer would discuss and decide with the help of legal counsel on the type and level of information to be provided.

**Q31. How much information is expected for Section II.2, Field 2: Other Matters—Litigations? Going back 3 years, or any other timeframe?**

A31. From a practical perspective, it may be best to disclose what has already been published by the issuer. Ultimately, the amount of information to be disclosed will be decided by the issuer in conjunction with legal counsel.

**Q32. What level of detail or information on outstanding debt from previous issues should be provided for Section III, Field 26? If the issuer issues debt on a regular and continuous basis in a number of markets, this could entail a significant amount of data and the required effort to compile it.**

A32. In principle, information on outstanding debt is a typical component of regular financial disclosure for any company. The objective of the SSF is to record information relevant for the approving authority. From a practical perspective, this may mean considering disclosing what has already been published, in particular in the market of interest.

**Q33. The SSF has a field for Credit Rating. Does this mean that obtaining a credit rating is mandatory for an AMBIF issuance?**

A33. No, the need to obtain a credit rating for an issuer of bonds or notes will depend on the market(s) of planned issuance and solicitation as not

all markets require a rating for bonds and notes aimed at professional investors. The SSF merely provides the space for this information if needed. For more information, it is important to consult the AMBIF Implementation Guidelines for the relevant market(s), which will describe the specific information requirements for each market's approval process in detail. In this context, it should be mentioned, that although a credit rating may not be compulsory in some markets, expectations among professional investors might still include the provision of a credit rating to satisfy internal investment processes.

**Q34. In the context of AMBIF, would regulators accept an SSF that includes documentation that conforms to Regulation S (Reg S) issuances?**

A34. Not likely. AMBIF is a bond and note issuance framework in ASEAN+3 and while the intention is to adopt international standards, the SSF and additional materials common to each market are the targeted, and accepted, documentation for issuance approval. At the same time, Reg S documentation is typically aimed at investors in the United States, not regulators. Even for AMBIF issuances, any documentation aimed at the respective professional investors would be separate from the SSF. The inclusion of a Reg S format or related information in the SSF or other documentation would very much depend upon the marketing strategy of the issuer and the underwriter(s) toward foreign institutional investors.

## **IX. CSD-related questions**

**Q35. In some markets, the settlement agency (CSD) is not listed among the authorities and market institutions, but in other markets it is. Why?**

A35. Depending on established market process, central securities depositories (CSDs) in some markets may receive the information relevant for the set-up and deposit of bonds and notes to be issued through the approving authority or market institution, or they may not be involved in the actual approval process. In other markets, CSDs may require their own application or legal documentation to be submitted and/or executed, in addition to the SSF, e.g., to fulfill legal or statutory requirements. These additional requirements are not within the scope of the SSF.

**Q36. Can ICSD participate in AMBIF, since the focus is on domestically settled bonds?**

A36. Absolutely. International CSD (ICSD) can still service their account holders by acting as global custodians for the clients and using their correspondents (sub-custodians) in the domestic markets. If the bonds or notes are prescribed to be settled domestically, the ICSD would not be able to provide issuance services in the context of AMBIF.

## **X. Information Platform-related questions**

**Q37. The SSF serves as the maximum common denominator for bond and note issuance applications and disclosure information. While participating markets continue to have different issuance procedures and different disclosure practices, the SSF is expected to bridge these differences effectively. Wouldn't it be better to have a single, central platform for such information to be stored and made viewable in a common location?**

A37. The creation of the SSF is just a starting point. While the SSF itself is a living document, additional tools to support the submission procedures, or the regulatory processes at large, can be considered in the future as the AMBIF markets and market practices develop. At this stage, ABMF is focused on implementing AMBIF. As a next step, ABMF will discuss possible additional features of AMBIF in selected working groups, such as the Information Platform and its possible iterations. These working groups will constitute prior to the ABMF Meeting in August 2015.

## **XI. ADRB-related questions**

**Q38. What is ADRB?**

A38. ADRB, the AMBIF Documentation Recommendation Board, is an initiative of market practitioners, industry experts, and researchers. ADRB was established in the context of ABMF's work on AMBIF in order to advise ABMF on professional bond market practices, including issuance documentation and disclosure practices. ADRB members and observers include debt capital market advisers, law and accounting firms, securities market intermediaries, research institutions, and bond and capital market associations. Participation is on a voluntary basis and participants are expected to proactively share their experience with members and observers.

The objective of ADRB is to provide expert input, from time to time, to the ABMF meetings and other such gatherings, on ABMF- and AMBIF-related subjects from the consolidated perspective of a number of specialist industry participants, and to discuss and put forward recommendations for the practical application of specific market practices in the work of ABMF.

**Q39. What are the ADRB recommendations?**

A39. In the context of ABMF, which focuses on the harmonization of regulations and standardization of market practices and self-regulatory rules relating to cross-border domestic professional bond market transactions in Asia, ADRB has provided recommendations for the concept and contents of the SSF, as well as a list and grouping of supplementary documentation expected to be submitted for regulatory processes in participating AMBIF markets.

ADRB provided the Necessary Documentation Framework to ABMF in November 2013, effectively grouping typical issuance documentation and disclosure items into a number of functional elements:

- information memorandum or program information as the core document of disclosure about issuer and securities' information for AMBIF Investors;
- conditions of bonds and notes, representing the rights of holders and obligations of issuer;
- underwriting agreement, or similar indispensable document between issuer and investment banks or underwriters; and
- relevant disclosure items representing the obligations of the issuer and its agents toward the underlying laws and/or the collective expectations of professional AMBIF Investors.

Following ABMF discussions, the revised recommendation was published as an appendix, AMBIF Documentation Recommendation Board on AMBIF Disclosure Items on Information Memorandum and Program Information, to the ABMF SF1 Phase 2 Report: Proposal on ASEAN+3 Multi-Currency Bond Issuance Framework.

Together with other elements of ABMF discussions during Phases 2 and 3, this recommendation led to the creation of the SSF. The SSF and these FAQs have subsequently been reviewed by ADRB.

# Appendix 3

## ABMF SF1 Members, Observers, and International Experts in Phase 3

**Table A3.1: ABMF SF1 Member Institutions in Phase 3**

Country	Membership Category	Institution
Brunei Darussalam	NM	Autoriti Monetari Brunei Darussalam (ABMD)
Cambodia	NM	National Bank of Cambodia (NBC)
	NM	Securities and Exchange Commission of Cambodia (SECC)
People's Republic of China	NM	China Securities Regulatory Commission (CSRC)
	NM	Hong Kong Monetary Authority (HKMA)
	NM	National Association of Financial Market Institutional Investors (NAFMII)
	NE	Bank of China (Hong Kong)
	NE	China Central Depository and Clearing Co. Ltd. (CCDC)
	NE	China Securities Depository and Clearing Corporation Limited Shanghai (CSDCC)
Indonesia	NM	Ministry of Finance, Indonesia
	NM	Financial Services Authority (OJK), Ministry of Finance
	NE	Indonesian Central Securities Depository (ICSD)
	NE	Indonesia Clearing and Guarantee Corporation (ICGC)
	NE	Indonesia Stock Exchange (IDX)
Japan	NM (SF1 Chair)	Tokyo Stock Exchange (TSE)
	NM	Japan Securities Dealers Association (JSDA)
	NM	Sumitomo Mitsui Banking Corporation (SMBC)
	NE	Nomura Securities Co. Ltd.
	NE	Daiwa Securities Co. Ltd.

*continued on next page*

Table A3.1 continued

Country	Membership Category	Institution
Republic of Korea	NM	Korea Capital Market Institute (KCMI)
	NM	Korea Exchange (KRX)
	NM	Korea Financial Investment Association (KOFIA)
	NE	The Bank of Korea (BOK)
	NE	Woori Bank
Lao People's Democratic Republic	NM	Ministry of Finance
	NM	Securities and Exchange Commission Office Bank of the Lao PDR
Malaysia	NM (SF1 Vice Chair)	CIMB Investment Bank Berhad
Myanmar	NM	Central Bank of Myanmar
Philippines	NM	Bureau of the Treasury
	NE	Securities and Exchange Commission (SEC)
Singapore	NM	Singapore Exchange (SGX)
Thailand	NM	Thai Bond Market Association (ThaiBMA)
	NM	The Securities and Exchange Commission, Thailand (SEC)
Viet Nam	NM	Hanoi Stock Exchange (HNX)
	NM	Vietnam Bond Market Association (VBMA)

ABMF = ASEAN+3 Bond Market Forum, NE = national expert, NM = national member, SF1 = Sub-Forum 1.  
Source: Asian Development Bank Secretariat.

Table A3.2: ABMF SF1 Observers and International Expert Institutions in Phase 3

Barclays Capital
BNP Paribas Securities Services
Citibank, N.A.
Clearstream Banking S.A.
Deutsche Bank AG, Singapore
Euroclear Bank
The Hong Kong and Shanghai Banking Corporation (HSBC)
J.P. Morgan Chase Bank, N.A.
Mori Hamada & Matsumoto
Nagashima Ohno & Tsunematsu
State Street Asia Limited
State Street Global Advisors
The Bank of New York Mellon

ABMF = ASEAN+3 Bond Market Forum, SF1 = Sub-Forum 1.  
Source: Asian Development Bank Secretariat.

# Appendix 4

## AMBIF Implementation Guidelines for Hong Kong, China

### AMBIF Elements in Hong Kong, China

This chapter describes the key features of the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), also known as AMBIF Elements, and puts into perspective the equivalent features of the domestic professional bond market in Hong Kong, China.<sup>1</sup>

#### Summary of AMBIF Elements

The bond market in Hong Kong, China is largely international in nature. While the HKD-denominated bond market is relatively small, many bonds and notes are issued internationally in Hong Kong, China.

Table A4.1 identifies the features and practices of the domestic bond market in Hong Kong, China that directly correspond with or are equivalent to the AMBIF Elements.

#### Description of AMBIF Elements and Equivalent Features in Hong Kong, China

##### Domestic Settlement

###### *AMBIF*

AMBIF is aimed at supporting the domestic bond markets of ASEAN+3. To be recognized as a domestic bond or note, an AMBIF bond or note needs to be settled at the designated central securities depository (CSD). Hence, domestic settlement needs to be a key feature of an AMBIF bond or note.

###### *In Hong Kong, China*

All domestic corporate bonds and notes traded over-the-counter (OTC) in the Hong Kong, China market are identified by the International Securities Identification Number (ISIN) prefix HK, and are admitted to and settled in the Central Moneymarkets Unit (CMU), a unit of the Hong Kong Monetary Authority (HKMA), regardless of the denomination. CMU connects directly to the domestic Clearing House Automated Transfer System (CHATS) high-value payment systems, which can accommodate the settlement of bonds and notes denominated in local currencies (Hong Kong dollars and offshore Chinese renminbi) and in foreign currencies (e.g., US dollars).

<sup>1</sup> ASEAN+3 refers to the 10 members of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China, Japan, and the Republic of Korea.



Table A4.1: AMBIF Elements and Equivalents in Hong Kong, China

AMBIF Element	Description	Equivalent in Hong Kong, China
Domestic Settlement	Bonds and notes are settled at a national CSD in ASEAN+3 markets.	Settlement of domestic bonds and notes in CMU at HKMA (ISIN prefix HK for bonds and notes depot in HKMA CMU)
Harmonized Documents for Submission (Single Submission Form)	A common approach is of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information along with ADRB recommendation needs to be included.	As long as laws are observed and it is in compliance with HKEx Listing Rules, the Single Submission Form is expected to be accepted.
Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)	Information on bonds, notes, and issuers needs to be disclosed continuously in ASEAN+3 markets. Registration or a listing authority function is required to ensure continuous and quality disclosure.	Profile listing on HKEx Professional Bonds market
Currency	The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.	CMU supports multi-currency bond and note issuance including, but not limited, to Hong Kong dollars, offshore Chinese renminbi, and United States dollars.
Scope of Issuers	Resident of ASEAN+3	Domestic and foreign issuers, no formal distinction by issuer type.
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations, or market practice, in each ASEAN+3 market	Professional investors, as defined under the SFO

ADRB = AMBIF Documentation Recommendation Board, ASEAN+3 Multi-Currency Bond Issuance Framework, ASEAN = Association of Southeast Asian Nations, CMU = Central Moneymarkets Unit, CSD = central securities depository, HKMA = Hong Kong Monetary Authority, HKEx = Hong Kong Exchanges and Clearing Limited, ISIN = International Securities Identification Number, SFO = Securities and Futures Ordinance.

Source: ABMF SF1.

### Harmonized Documents for Submission (Single Submission Form)

#### AMBIF

Based on the review of application forms for issuance approval, offering circulars, information memorandums, and program information formats in ASEAN+3, the core information was found to be similar or comparable across markets. Hence, the Single Submission Form (SSF) that can be applied to all of the relevant regulatory processes for bond and note issuance across markets was proposed. The information contained in the SSF can be submitted to all relevant regulatory authorities and market institutions for relevant approvals or consent, or used in the context of the submission (e.g., as a checklist) in anticipation of an AMBIF bond or note issuance.

#### In Hong Kong, China

Where bonds and notes are offered only to professional investors through private placements, no approval for bond and note issuance is required from the Securities and Futures Commission (SFC) or HKMA. Thus, contracting parties—such as issuers, underwriters, and investors—are free to set and agree on documentation and disclosure requirements among themselves.

To be listed on Hong Kong Exchanges and Clearing Limited (HKEx) for visibility or profiling purposes, HKEx is in favor of using harmonized documents, as long as its application procedures and all listing requirements are fulfilled.

English is one of the official languages of Hong Kong, China; hence, the SSF can be utilized, particularly in the context of a profile listing since no issuance approval is required.

### **Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)**

#### *AMBIF*

Information on issuers, bonds, and notes needs to be disclosed continuously in ASEAN+3 markets. A registration or listing authority function to facilitate continuous disclosure is required. This can ensure the quality of disclosure and help create a well-organized market for AMBIF issuances with transparency and a quality of information that differentiates AMBIF issuances from ordinary private placements for which information is often neither available nor guaranteed. Owing to this important feature, an AMBIF secondary market is expected to emerge as the number of issuances increases.

A profile listing is a listing without trading on an exchange. The objective of the listing is to make bonds and notes visible and more information available to investors via a recognized listing place, particularly those investors with more restrictive mandates, such as mutual and pension funds. A profile listing at a designated listing place can ensure the flow of continuous disclosure information and possibly even reference pricing in some markets.

#### *In Hong Kong, China*

HKEx Listing Rules provide a listing facility for bonds and notes aimed exclusively at professional investors. This facility is officially known as Debt Issues to Professional Investors Only, and typically is referred to as Professional Bonds. Professional Bonds are still traded OTC but are listed for profiling only, typically in order to reach a specific investor universe or address the need for a listing in potential investors' mandated prudential regulations.

While the listing for profiling on HKEx is available for both domestic and international bonds and notes issued in Hong Kong, China, and HKEx Listing Rules do not prescribe a particular clearing house or place of settlement, the inclusion for settlement in CMU is required to mark a bond or note as domestic. Hence, for all intents and purposes, the availability of CMU settlement, in conjunction with the listing for profiling on HKEx, satisfies the AMBIF Element of Registration or Profile Listing.

At the same time, a listing for profiling of AMBIF bonds and notes on HKEx may not preclude a simultaneous listing for profiling for the benefit of (certain) professional investors in another jurisdiction in ASEAN+3.

### **Currency**

#### *AMBIF*

In the context of AMBIF, the denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market. But this does not exclude the possibility of issuing in other currencies if market practice regularly supports these other currencies and the relevant domestic currency or cash clearing capabilities exist. At this stage, US dollars, Japanese yen, and offshore Chinese renminbi are the currencies other than domestic currencies in which bonds and notes tend to be issued in ASEAN+3 markets.

### *In Hong Kong, China*

In addition to Hong Kong dollars, bonds and notes denominated in other currencies, including but not limited to US dollars and offshore Chinese renminbi, are regularly issued and settled at CMU.

### **Scope of Issuers**

#### *AMBIF*

As AMBIF is aimed at supporting the development of domestic bond markets in the region and promoting the intraregional recycling of funds, an issuer needs to be a resident of an ASEAN+3 market.

### *In Hong Kong, China*

There is no distinction between domestic and foreign issuers or particular corporate issuer types in the Hong Kong, China bond market.

### **Scope of Investors**

#### *AMBIF*

Professional investors are defined in accordance with regulations and/or market practice in each market in ASEAN+3. Some jurisdictions have a clear definition of professional investors, while other jurisdictions may need to establish the concept through agreements.

Professional investors are institutions defined by law and licensed or otherwise registered with regulators by law in their economy of domicile and, hence, are subject to governance and inspection based on securities market and/or prudential regulations. In addition, most of them are also subject to oversight as well as professional conduct and best practice rules by a self-regulatory organization, such as an exchange or a market association.

### *In Hong Kong, China*

The Securities and Futures Ordinance (SFO), Chapter 571 of the Laws of Hong Kong, defines the concept of professional investors in Hong Kong, China; in its provisions, the SFO distinguishes between Institutional Investors and Non-Institutional Investors, as shown in the definitions below. In market practice, the term “professional investors” is used since the concept is not limited to institutions or legal entities:

The SFO defines Institutional Investors as

1. regulated securities firms, any person carrying on the business of the provision of investment services regulated under the Laws of Hong Kong or the laws of any place outside Hong Kong, China;
2. regulated banks, any bank regulated under the Laws of Hong Kong or the laws of any place outside Hong Kong, China;
3. regulated insurers, any insurer regulated under the Laws of Hong Kong or the laws of any place outside Hong Kong, China;
4. investment funds, any collective investment scheme authorized by the SFC or similarly constituted under the laws of any place outside Hong Kong, China, and, if regulated under the laws of such place, permitted to be operated under the laws of such place, or any person by whom any such scheme is operated; and
5. sovereign bodies, any government (other than a municipal authority) or any institution, which performs the functions of a central bank, or any multilateral agency.

The SFO defines Non-Institutional Investors as persons who, as a result of their financial position, qualify as professional investors, including

1. High Net Worth Individuals, any individual (either alone or with any of his or her associates on a joint account) who has a portfolio of not less than HKD8 million (or its equivalent in any foreign currency);
2. corporate professional investors, any corporation or partnership with either a portfolio of not less than HKD8 million (or its equivalent in any foreign currency) or total assets of not less than HKD40 million (or its equivalent in any foreign currency); and
3. trusts, any trust corporation entrusted under the trust or trusts of which it acts as a trustee with total assets of not less than HKD40 million (or its equivalent in any foreign currency).

The provisions of the above regulations specifically include foreign investors and foreign institutional investors.

In its dealings for the Professional Bonds market, HKEx uses the collective term “professional investors,” which includes both Institutional Investors and High Net Worth Individuals as defined in the SFO.

With regard to CMU practices, issuers shall ensure that their bond or note issuance meets all regulatory requirements, including compliance with the SFO and the definitions for Institutional Investors contained therein, before lodging the bond or note with CMU.

Institutional Investors based in Hong Kong, China may invest in overseas markets without limitation (other than certain types of investment in the Peoples’ Republic of China), unless these institutions’ own mandates, investment guidelines, or specific prudential regulations prescribe particular restrictions.

# AMBIF Bond and Note Issuance: Relevant Features in Hong Kong, China

In addition to the market features corresponding with the AMBIF Elements, a number of general market features for AMBIF bond and note issuance to professional investors in the Hong Kong, China domestic bond market will need to be considered, and are described in this chapter.

## Governing Law and Jurisdiction

Governing law and the jurisdiction for specific service provisions in relation to a bond or note issuance may have relevance in the context of AMBIF, since potential issuers may consider issuing under the laws or jurisdiction of a market other than the place of issuance. The choice of governing law or the contractual preferences of stakeholders can affect the accessibility to a specific investor universe that may otherwise not be accessible if a bond or note were issued under the laws of the place of issuance. However, it is necessary to point out that laws related to bond or note issuance and settlement must be governed by the laws and regulations of the place of issuance since an AMBIF bond or note is a domestic bond or note.

Hong Kong Basic Law, and the stated views of the regulatory authorities and market institutions, permit the use of governing law or jurisdictions other than the Laws of Hong Kong for transactions in the financial markets of Hong Kong, China. Parties involved in a bond or note issuance may select the governing law or jurisdiction(s) according to their contractual preferences, provided that such provisions do not contravene the Laws of Hong Kong.

## Language of Documentation and Disclosure Items

It is envisaged that most of the ASEAN+3 markets participating in AMBIF will be able to accept the use of a common document in English; however, some markets may require the submission of approval-related information in their prescribed format and in the local language. In such cases, concessions from these regulatory authorities for a submission of required information in English, in addition to the local language and formats, may be sought.

In Hong Kong, China, contracts, bond and note issuance documentation and disclosure items, applications to and approvals from market institutions, and correspondence with regulatory authorities and market institutions are expected to be in English.

## Credit Rating

A credit rating is not mandatory for bonds and notes to be issued to professional investors in the Hong Kong, China market. Issuers may choose to use a credit rating if it would satisfy

investor demand. As of 2014, the majority of bonds and notes listed on HKEx carried an investment grade rating.

A credit rating is also not a specific criterion for eligibility to list a bond or note aimed at professional investors in the Professional Bonds market on HKEx.

### **Selling and Transfer Restrictions**

Selling and transfer restrictions for bonds and notes intended for professional investors are well defined in Hong Kong, China in the law, supplementary regulations, and Listing Rules for the Professional Bonds market on HKEx.

All selling and transfer restrictions for bonds and notes intended for Institutional Investors are also well defined in the issuer's selling documentation in accordance with the related provisions under the SFO.

In addition, intermediaries for trades in bonds or notes listed as Professional Bonds, or in OTC-traded bonds and notes aimed at professional investors, are subject to the SFC's Code of Conduct for Persons Licensed by or Registered with the SFC (Code of Conduct) in which the duties and obligations of these intermediaries are described, including limitations to selling and transfer of such bonds and notes to investors who do not qualify as professional. Intermediaries are required to reference the SFC Code of Conduct in their know-your-customer materials and procedures. Specific language for selling and transfer restrictions exists in the Hong Kong, China market and is expected to be used.

The SFC Code of Conduct also contains a definition of professional investors, as proposed and used by the Hong Kong Association of Banks. Membership in the association requires the recognition and acceptance of the SFC Code of Conduct and the definitions contained therein.

A recent court ruling determined that exemptions claimed for bond and note issuance to professional investors via private placements, in contrast with public offers, will only apply if the issuance documentation and offering materials carry explicit statements that said bonds and notes are only to be sold to professional investors. This court ruling is presently under appeal.

In this context, the SFC has started public consultations on the need to strengthen the manner in which market participants treat professional and nonprofessional investors. Concluded changes to the present SFO provisions are expected to take effect by March 2016.

### **Note Issuance Programs**

AMBIF promotes the use of note issuance programs, such as the medium-term note (MTN) format, because they not only give funding flexibility to issuers but also represent the most common format of bond and note issuance in the international bond market. This means that potential issuers, as well as investors and intermediaries, are likely to be familiar with note issuance programs and related practices. Hence, this would make AMBIF comparable to the relevant practices in the international bond market. At the same time, it is expected that potential issuers may benefit from reusing or adopting existing documentation or information on disclosure items.

Note issuance programs are well established and widely accepted in the Hong Kong, China market, and are the most preferred issuance option for issuance to professional investors, both in the domestic and international segments. Issuers include domestic corporates and government-linked organizations. Note issuance programs are subsumed under bonds and notes in the definition of securities in the SFO Schedule 1.

### **Bond Trustee and Trust Deed**

Issuers or their agents in the issuance of a bond or note to professional investors may appoint a bond trustee. Having a bond trustee is optional for bonds and notes issued to professional investors and/or profile listing on HKEx.

# AMBIF Bond and Note Issuance Process in Hong Kong, China

## Overview of Regulatory Processes

Bond or note issuances by corporate issuers aimed at professional investors in the Hong Kong, China bond market do not require any approval from or notice to regulatory authorities. In consequence, there is no significance attached to the type of corporate issuer.

At the same time, in order to make the issuance processes by issuer type more comparable across ASEAN+3 markets, Table A4.2 features common issuer type distinctions that are evident in regional markets. Not all markets will distinguish all such issuer types. Sovereign issuers may be subject to different regulatory processes.

In the absence of regulatory processes mandated by authorities, the overview and descriptions of the bonds and notes issuance process in Hong Kong, China focus on the admission of bonds and notes aimed at Institutional Investors into the CMU platform for OTC-traded bonds and notes, in conjunction with the listing for profiling aimed at professional investors on the Professional Bonds market at HKEx (Debt Issues to Professional Investors Only).

**Table A4.2: Regulatory Processes by Corporate Issuer Type**

Type of Corporate Issuer	CMU	HKEx
Resident issuer	No specific admission criteria is required by CMU	Listing for profiling eligibility follows criteria in HKEx Listing Rules
Resident nonfinancial institution		
Resident financial institution		
Resident issuing FCY-denominated bonds and notes		
Nonresident issuer		
Nonresident nonfinancial institution		
Nonresident financial institution		
Nonresident issuing FCY-denominated bonds and notes		

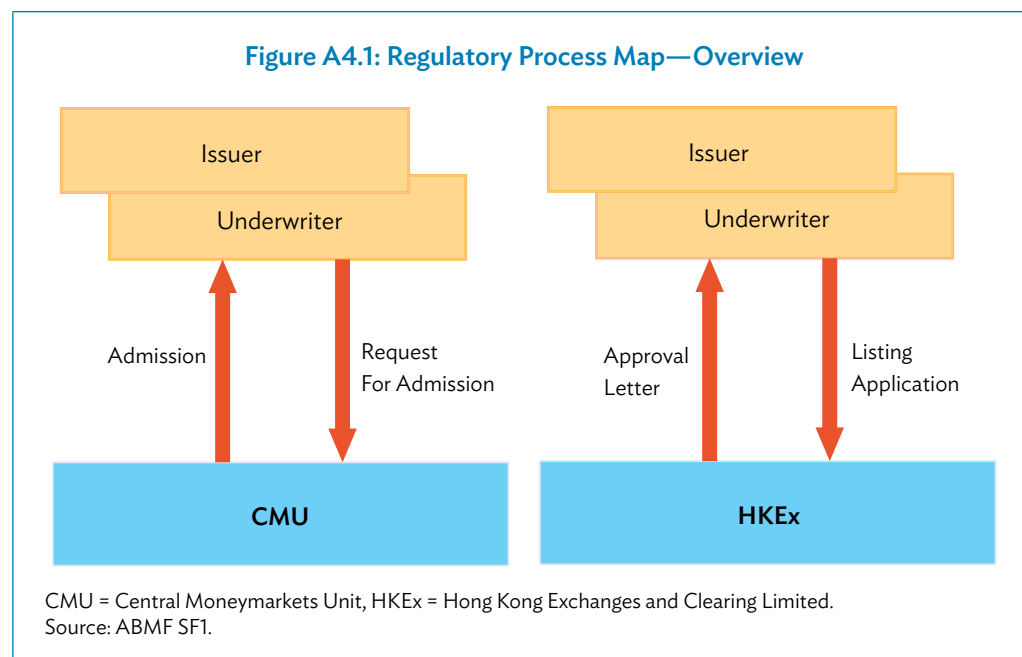
CMU = Central Moneymarkets Unit, FCY = foreign currency, HKEx = Hong Kong Exchanges and Clearing Limited.  
Source: ABMF SF1.



### Regulatory Process Map: Overview

In the absence of specific regulatory process requirements on the issuance of bonds and notes to professional investors in the Hong Kong, China bond market, the regulatory process map in Figure A4.1 is limited to the admission of bonds and notes in CMU and the listing for profiling on HKEx.

Both issuance-related processes are further explained below.



Domestic bonds and notes, the focus of AMBIF, are distinguished by the ISIN prefix HK when issued. In contrast, bonds and notes with the ISIN prefix XS are aimed at the international market. About 80% of bonds and notes issued in the Hong Kong, China market remain unlisted.

The technical terms used for the principal agent of an issuer in the Hong Kong, China market may range from underwriter and arranger to listing agent. For reasons of compatibility with the Implementation Guidelines for other ASEAN+3 markets, the term underwriter is used in this document.

### Issuance Process in Local Currency or Foreign Currency

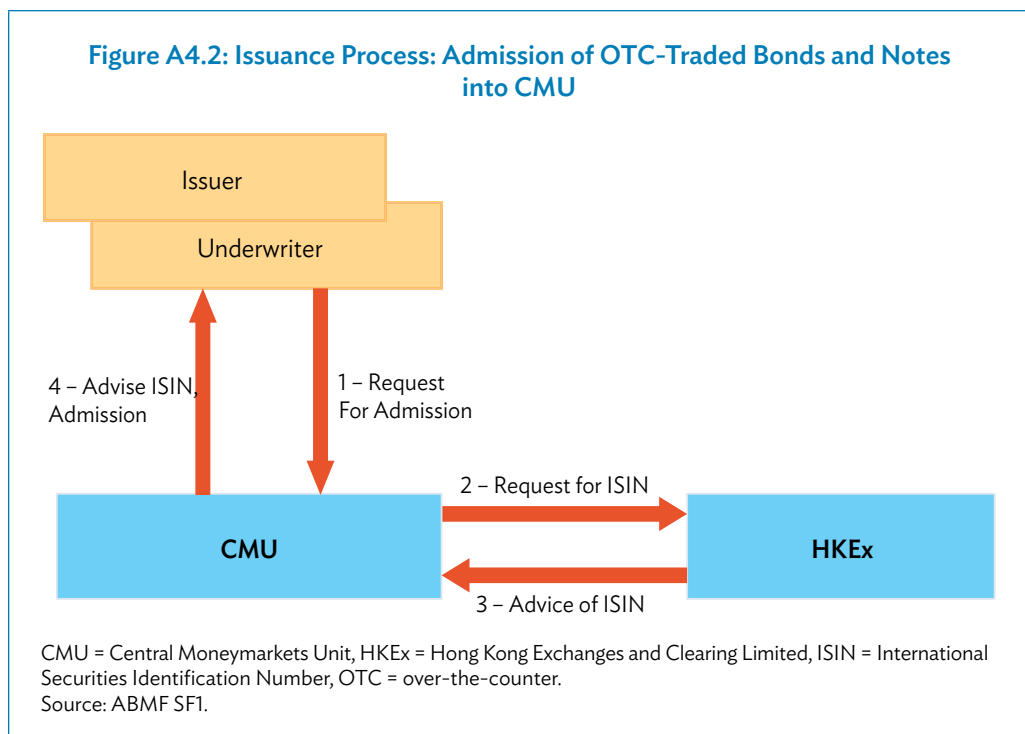
There is no distinction in Hong Kong, China between the issuance and listing process for bonds and notes denominated in Hong Kong dollars, offshore Chinese renminbi, or foreign currencies.

CMU can also clear and settle euros and US dollars via CHATS in Hong Kong, China.

Typically, the issuer is represented by an underwriter who will file or submit the necessary application for admission into CMU and required documentation for the profile listing to HKEx as the listing authority.

### Admission of OTC-Traded Bonds and Notes into CMU

Bonds and notes aimed at Institutional Investors are typically admitted into CMU, which serves as the issuing, clearing, and settlement platform for all OTC-traded bonds and notes in the domestic market in Hong Kong, China (Figure A4.2).



In order to admit bonds and notes aimed at Institutional Investors into CMU, an issuer or underwriter will need to apply for a CMU Instrument Number and an ISIN for a bond or note issuance.

#### Step 1: Apply for ISIN and Admission into CMU

The issuer (or their agent) is required to submit the request for a CMU Instrument Number and an ISIN to CMU at least 2 business days before the planned issue date. Upon receipt of the request, CMU will submit a form to HKEx—which is the issuing authority (national numbering agency) of ISIN in Hong Kong, China—to obtain the ISIN.

#### Step 2: HKEx Allocates ISIN and Advises ISIN to CMU

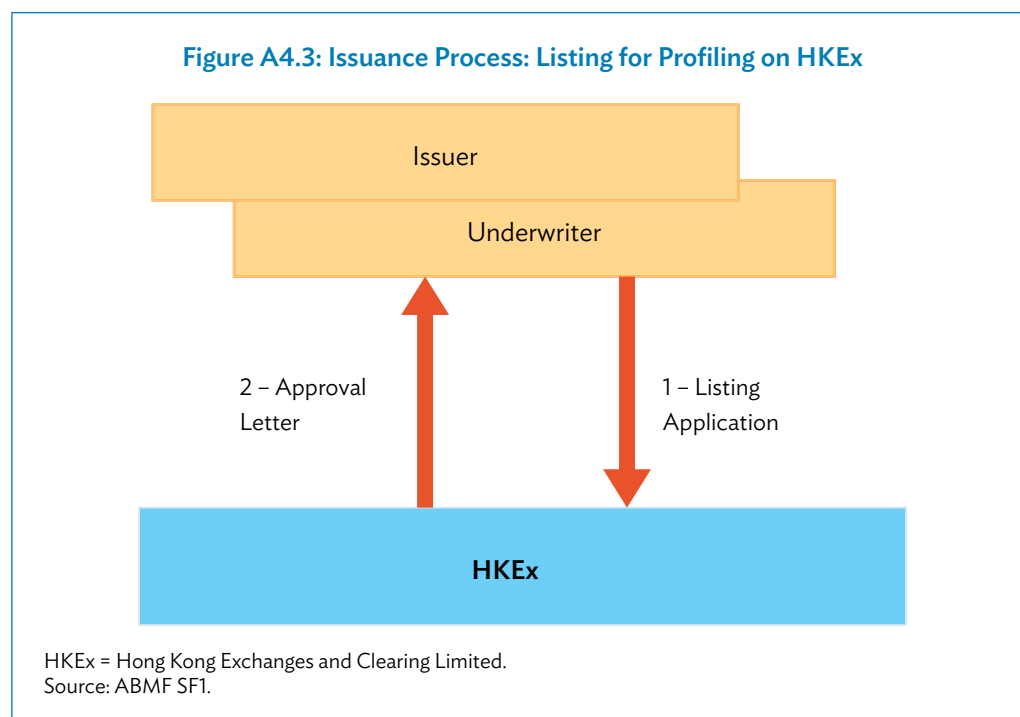
Typically within 24 hours, while also following local business hours, HKEx will allocate an ISIN for the respective bond or note, and advise the ISIN to CMU for further communication to the issuer and set-up in CMU.

**Step 3: CMU Advises ISIN to Issuer**

Upon receipt of the ISIN, CMU will advise the issuer of the bond or note, or its agent.

**Listing for Profiling on HKEx**

To be listed under Debt Issues to Professional Investors Only or the Professional Bonds market on HKEx, the steps outlined in Figure A4.3 need to be taken by either the issuer or the issuer’s agent.



**Step 1: Submit Application for Listing to HKEx or Application for Confirmation of Eligibility**

Any issuer (or their agent) intending to list on HKEx will need to submit an Application for Listing, accompanied by the required documentation and disclosure items for the type of listing selected.

At the same time, issuers may choose to first obtain confirmation on the eligibility of their bonds or notes to be listed for profiling prior to applying for a formal listing. For such determination of eligibility, an issuer needs to submit the supporting documents in draft form, as specified in Listing Rule 37.35.

For full listing approval, an issuer or their agent needs to submit the complete set of supporting documents including the final Offering Circular, as stipulated in Listing Rule 37.29.

The listing criteria for issuers on the Professional Bonds market have been determined as follows:

1. An issuer needs to be incorporated (an issuer must be a state, supranational, body corporate, or trust; if the issuer is a body corporate it must be validly incorporated or established in its place of incorporation or establishment).
2. An issuer (entity) needs to have a net asset value of at least HKD100 million.<sup>2</sup>
3. An issuer needs to be able to provide a minimum of 2 years of audited accounts.<sup>3</sup>

In addition, the following listing criteria for debt securities have to be met:

1. The bonds and notes must have been authorized through the issuer's governing bodies.
2. The minimum denomination of bonds and notes must be HKD500,000 or the equivalent amount in foreign currency.

Chapter 37 of the HKEx Listing Rules allows issuers to tailor their documentation to professional investors who are sufficiently sophisticated to make their own judgment on whether the listing document provides them with the necessary information. In consequence, Rule 37.29 prescribes for the listing application to contain documents and simplified disclosure items that professional investors would customarily expect.

As part of the listing application process, the issuer will have to specify their intended listing date for the bonds and notes in the listing application.

#### Step 2: HKEx Checks Application for Listing and Issues Letter of Eligibility or Approval

HKEx will review the request for eligibility or the application, as the case may be, following the submission of the relevant and complete information in documentation and disclosure items, as required under the respective Listing Rules (Step 1). At the same time, HKEx may, at its discretion under the Listing Rules, request supplementary information from the issuer, or arranger or underwriter, if so required for the review process.

In cases of an issuer seeking a confirmation of eligibility to list a bond or note for profiling, HKEx will advise an issuer whether the issuer and its bonds and notes are eligible for listing within 5 business days after receipt of the issuer's application, as per Listing Rule 37.36; HKEx will issue a Letter of Eligibility for this.

Provided that an Application for Listing is in order and the necessary information has been provided, HKEx will issue an approval letter to the issuer or underwriter.

In practice, for applications that do not involve unusual features, HKEx will, under normal circumstances, issue the listing approval letter or eligibility letter within 1 business day for issuers that are already listed in Hong Kong, China, or within 2 business days for other issuers.

The listing for profiling of professional bonds and notes on the HKEx Professional Bonds market carries a one-off listing fee of between HKD7,000 and HKD90,000, depending on issue size and tenor. There is no recurring listing fee.

<sup>2</sup> This criterion does not apply for issuers already listed on HKEx or another exchange, state corporations, or supranational issuers.

<sup>3</sup> This criterion does not apply for issuers already listed on HKEx, state corporations, or supranational issuers.

### Step 3: Actual (Effective) Listing for Profiling

The issuance process for a profile listing is completed with the actual listing on the HKEx Professional Bonds market. The listing of a bond or note is effective upon the listing date stipulated in the listing approval letter, based on the original request by the issuer. There is no defined cooling-off period between listing approval and actual listing.

Should an issuer not fulfill any of the conditions set in the listing approval letter by the expected (stated) listing date, the issuer or their agent would have to submit a new listing application.

# Attachment 1

## Resource Information

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For easy reference and access to further information about the topics discussed in this AMBIF Implementation Guidelines for Hong Kong, China—including the regulatory authorities; securities market-related institutions; or the Hong Kong, China bond market at large—interested parties are encouraged to utilize the following links (all websites are available in English, as well as in simplified and traditional Chinese):

ASEAN+3 Bond Market Guide (BMG)—Hong Kong, China  
[https://wpqr4.adb.org/LotusQuickr/asean3abmf/Main.nsf/h\\_Index/4CC53EFBD63D7BA3482579D4001B5CED/\\$file/abmf%20vol1%20sec2%20hk.pdf](https://wpqr4.adb.org/LotusQuickr/asean3abmf/Main.nsf/h_Index/4CC53EFBD63D7BA3482579D4001B5CED/$file/abmf%20vol1%20sec2%20hk.pdf)

Bank of China (Hong Kong)—RMB Clearing Bank  
[http://www.bochk.com/web/common/multi\\_section.xml?section=rmb&level\\_2=rmb\\_clearing&fldr\\_id=31806](http://www.bochk.com/web/common/multi_section.xml?section=rmb&level_2=rmb_clearing&fldr_id=31806)

Hong Kong Exchanges and Clearing Limited  
<http://www.hkex.com.hk/eng/index.htm>

Hong Kong Exchanges and Clearing Limited—Central Clearing and Settlement System  
<https://www.hkex.com.hk/eng/market/clr/secclr/ccass3/ccass3.htm>

Hong Kong Exchanges and Clearing Limited—Professional Bonds  
<https://www.hkex.com.hk/eng/newsconsul/newsltr/2012/Documents/2012-07-10-E.pdf>

Hong Kong Monetary Authority  
<http://www.hkma.gov.hk/eng/index.shtml>

Hong Kong Monetary Authority—Central Moneymarkets Unit  
[https://www.cmu.org.hk/cmupbb\\_ws/eng/page/wmp0100/wmp010001.aspx](https://www.cmu.org.hk/cmupbb_ws/eng/page/wmp0100/wmp010001.aspx)

Securities and Futures Commission  
<http://www.sfc.hk/web/EN/index.html>

# Attachment 2

## Glossary of Technical Terms

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CMU Instrument Number	Proprietary securities code for CMU eligible instruments
Institutional Investors	Definition of professional investors in Hong Kong, China, according to the SFO
Letter of Eligibility	Issued by HKEx to indicate an issuer is able to list bonds or notes on the HKEx Professional Bonds market
listing	Typically, the action of submitting a bond or note issue or other securities to an exchange for the purpose of price finding, disclosure, or profiling
Professional Bonds	Dedicated market segment on HKEx for the profile listing of bonds and notes aimed at professional investors
Professional Investor	Professional investor concept used by HKEx, which includes Institutional Investors and High Net Worth Individuals, per the SFO definitions
registration	The action of registering a bond or note issue, for reference pricing or disclosure purposes

# Appendix 5

## AMBIF Implementation Guidelines for Japan

### AMBIF Elements in Japan

This chapter describes the key features of the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), also known as AMBIF Elements, and puts into perspective the equivalent features of the domestic professional bond market in Japan.<sup>1</sup>

#### Summary of AMBIF Elements in Japan

Bonds and notes issued domestically through the TOKYO PRO-BOND Market (TPBM) qualify as AMBIF bonds and notes since TPBM satisfies the eligibility requirements of the AMBIF Elements as stated below. Table A5.1 identifies the features and practices of the domestic bond market in Japan that directly correspond with or are equivalent to the AMBIF Elements.

#### Description of AMBIF Elements and Equivalent Features in Japan

##### Domestic Settlement

###### *AMBIF*

AMBIF is aimed at supporting the domestic bond markets in ASEAN+3. To be recognized as a domestic bond or note, an AMBIF bond or note needs to be settled at the designated central securities depository. Hence, domestic settlement needs to be a key feature of an AMBIF bond or note.

###### *In Japan*

JPY-denominated corporate bonds and notes issued in the domestic market are predominately cleared and settled at the Japan Securities Depository Center (JASDEC), regardless whether these bonds and notes are traded over-the-counter (OTC) or on an exchange.

##### Harmonized Documents for Submission (Single Submission Form)

###### *AMBIF*

Based on the review of application forms for issuance approval, offering circulars, information memorandum, and program information formats in ASEAN+3, the essential core information was similar or comparable across markets. Hence, the Single Submission Form (SSF) that can be applied to all of the relevant regulatory processes for bond and note issuance across markets was proposed. The information contained in the SSF can be submitted to all relevant regulatory authorities and market institutions for relevant approvals

<sup>1</sup> ASEAN+3 refers to the 10 members of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China, Japan, and the Republic of Korea.



Table A5.1: AMBIF Elements and Equivalents in Japan

AMBIF Elements	Brief Description	Equivalent in Japan
Domestic Settlement	Bonds and notes are settled at a national CSD in ASEAN+3 markets.	Settlement of corporate bonds and notes by Japan Securities Depository Center (JASDEC)
Harmonized Documents for Submission (Single Submission Form)	A common approach is of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information along with ADRB recommendation needs to be included.	FSA approval is not required for the issuance of bonds and notes to Professional Investors in Japan; TSE is receptive to exploring a single-submission-document process that adheres to TPBM's current professional bond listing requirements and processes. TSE is the TPBM listing authority.
Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)	Information on bonds, notes, and issuers needs to be disclosed continuously in ASEAN+3 markets. Registration or a listing authority function is required to ensure continuous and quality disclosure.	TPBM on TSE in cases of profile listing; in order to access a wide range of AMBIF investors in Japan, TPBM listing is required.  When the issuer provides ongoing disclosure, there is no need for additional disclosure. When the issuer has securities listed overseas, disclosure information for those listings may be used as is.
Currency	The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.	Japanese yen and any currency available, including US dollars and offshore Chinese renminbi
Scope of Issuers	Resident of ASEAN+3	No limitation on issuers
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations, or market practice, in each market in ASEAN+3	Professional Investors, including Qualified Institutional Investors, as defined in the Financial Instruments and Exchange Act (FIEA) and Cabinet Office Ordinance on Definitions under Article 2 of the FIEA

ADRB = AMBIF Documentation Recommendation Board; AMBIF = Asian Multi-Currency Bond Issuance Framework; ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China, Japan, and the Republic of Korea; CSD = central securities depository; FSA = Financial Services Agency; TPBM = TOKYO PRO-BOND Market; TSE = Tokyo Stock Exchange.

Source: ABMF SF1.

or consent, or used in the context of the submission (e.g., as a checklist) in anticipation of AMBIF bond or note issuance.

### *In Japan*

Financial Services Agency (FSA) approval is not required for the issuance of bonds and notes to Professional Investors in Japan; the Tokyo Stock Exchange (TSE) is the listing authority of TPBM and provides the TPBM-related rules and regulations, including governing disclosure document requirements. Disclosure requirements under the Financial Instruments and Exchange Act (FIEA), such as the Securities Registration Statement for public offering, do not apply to the securities listed on TPBM. Instead, disclosure requirements are stipulated in the rules and regulations of TSE, such as the Specified Securities Information (SSI) and Issuer Filing Information.

To be listed on TPBM for profiling purposes, TSE is receptive to exploring a single-submission-document process, as long as its application procedures and all listing

requirements are fulfilled. The SSF can be treated as the SSI by mentioning clearly on the SSF that it is the SSI. Then, the SSF can be applied for the listing process on TPBM. The use of English in documentation for TPBM is accepted in TSE rules.

### **Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)**

#### *AMBIF*

Information on issuers, bonds, and notes needs to be disclosed continuously in ASEAN+3 markets. A registration or listing authority function to facilitate continuous disclosure is required. This can ensure the quality of disclosure and facilitate a well-organized market for AMBIF issuances with transparency and a quality of information that differentiates AMBIF issuances from ordinary private placements for which information is often neither available nor guaranteed. Owing to this important feature, an AMBIF secondary market is expected to emerge as the number of issuances increases.

A profile listing is a listing without trading on an exchange. The objective of the listing is to make bonds and notes visible with more information available to investors via a recognized listing place, particularly those investors with more restrictive mandates, such as mutual and pension funds. A profile listing at a designated listing place can ensure the flow of continuous disclosure information and possibly even reference pricing in some markets.

#### *In Japan*

TPBM on TSE is the single market in Japan for listed programs or listed bonds and notes aimed at Professional Investors, and acts as a Specified Financial Instruments Exchange Market pursuant to Article 2, Paragraph 32 of the FIEA.

Issuers need to list a note issuance program and/or bonds and notes on TPBM in order to issue bonds and notes through TPBM. To apply for a new listing, the SSF (as the SSI) and other prescribed information, including written assurance for listing, are to be submitted to TSE. There is no need to submit any documents to regulators such as a local finance bureau or the FSA. In principle, information on listed bonds and notes, and information on their issuers shall be disclosed pursuant to TSE's Listing Regulations and Enforcement Rules for TPBM. At the time of a new listing (time of issuance) of a corporate bond or other instrument, applicants (issuers) need to provide the SSI.

Efforts have been made to reduce the cost and time required to prepare additional documentation at TPBM. Overseas issuers can use English disclosure information documents submitted to the authorities or exchanges in the economies where their bonds and notes are already listed, or the company is registered.

Bonds and notes listed on TPBM or issued based on the program information submitted to TSE are included within the Japan Securities Dealers Association's (JSDA) Reference Statistical Prices (Yields) for OTC Transactions.

### **Currency**

#### *AMBIF*

In the context of AMBIF, the denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market. But this does not exclude the possibility of issuing in other currencies if market practice regularly supports these other currencies and the relevant domestic currency or cash clearing capabilities exist. At this stage, US dollars,

Japanese yen, and offshore Chinese renminbi are the currencies other than domestic currencies in which bonds and notes tend to be issued in ASEAN+3 markets.

#### *In Japan*

TPBM on TSE does not have any limitations on the choice of currencies. Domestic bonds and notes in the Japanese market are typically issued in yen. In addition to settlement for bonds and notes issued in yen, JASDEC is able to transfer (on a free-of-payment basis) foreign-currency-denominated bonds and notes issued by governments or companies, such as those denominated in US dollars or other currencies.

### **Scope of Issuers**

#### *AMBIF*

As AMBIF is aimed at supporting the development of domestic bond markets in the region and promoting the intraregional recycling of funds, an issuer needs to be a resident of an ASEAN+3 market.

#### *In Japan*

The regulations and practices on TPBM do not distinguish between resident and nonresident issuers. The scope of issuers on TPBM include

1. foreign corporations,
2. foreign financial institutions,
3. sovereign and government-sponsored issuers,
4. Japanese corporations, and
5. Japanese public entities (e.g., local governments).

All issuers may utilize note issuance programs as a form of bond or note issuance.

### **Scope of Investors**

#### *AMBIF*

Professional investors are defined in accordance with regulations and/or market practice in each market in ASEAN+3. Some jurisdictions have a clear definition of professional investors, while other jurisdictions may need to establish the concept through agreements.

Professional investors are institutions defined by law and licensed or otherwise registered with regulators by law in their economy of domicile and, hence, are subject to governance and inspection based on securities market and/or prudential regulations. In addition, most of them are also subject to oversight as well as professional conduct and best practice rules by a self-regulatory organization, such as an exchange or a market association.

#### *In Japan*

Japan features one of the most comprehensive definitions of professional investors in ASEAN+3, which includes institutional and high net worth investors with specific qualifying criteria, and also foreign institutional investors.



In Japan, the definition of Professional Investor is stipulated in Article 2, Paragraph 31 of the FIEA and in the Cabinet Office Ordinance related to the definition stipulated in Article 2 of the FIEA. The term “Professional Investor” as used in the FIEA comprises (i) Qualified Institutional Investors; (ii) the state (the Government of Japan); (iii) the Bank of Japan; and (iv) Investor Protection Funds prescribed by Article 79–21 and other juridical persons

specified by Article 23 of the Cabinet Office Ordinance related to the definition stipulated in Article 2 of the FIEA.

Professional Investors include pension funds, life insurance companies and other accredited institutional investors, listed companies, joint-stock corporations with at least JPY500 million in capital, government agencies, the Bank of Japan, and other approved corporations and local governments, together with approved individuals with net financial assets of at least JPY300 million and at least 1 year of trading experience. (Here, approved means that the entity must first seek and obtain approval from a securities company.)

In effect, only (i) Professional Investors and (ii) nonresident (foreign) investors are able to participate in TPBM.

**Table A5.2: Classification of Investors in Japan**

Professional Investor	1. Cannot request nonprofessional treatment a. Qualified Institutional Investor b. Government of Japan c. Bank of Japan	Always treated as a professional investor
	2. Can request nonprofessional treatment (designated companies and organizations) a. local governments b. public companies c. joint-stock companies whose capital is reasonably believed to be JPY 500 million or more d. foreign corporations (foreign juridical persons) others	Option to be nonprofessional <sup>a</sup> 
General Investor	3. Can request professional treatment (designated individuals) a. individuals (i) with trading experience of 1 year or more, and (ii) whose net assets and invested assets are reasonably believed to each be worth JPY300 million or more b. others	 Option to be professional <sup>a</sup>
	Cannot request professional treatment (individuals other than those included in 3.)	Always treated as a general investor

<sup>a</sup> Opt-in-opt-out treatment  
Source: Financial Services Agency, ABMF SF1.

As shown in Table A5.2, a change of status from that of a professional investor to a general investor, or vice versa, is carried out within the relationship with each securities company by the investor making a request to such a securities company. In consequence, a securities company may from time to time assure itself of the status of the investor based on the investor's intentions.

Resident Professional Investors in Japan can invest in overseas bonds and notes without any legislative restrictions.

# AMBIF Bond and Note Issuance: Relevant Features in Japan

In addition to the market features corresponding to the AMBIF Elements, a number of general market features for AMBIF bond and note issuance to Professional Investors in the Japanese domestic bond market need to be considered, and are described in this chapter.

## Governing Law and Jurisdiction

Governing law and the jurisdiction for specific service provisions in relation to a bond or note issuance may have relevance in the context of AMBIF since potential issuers may consider issuing under the laws or jurisdiction of an economy or market other than the place of issuance. The choice of governing law or the contractual preferences of stakeholders can affect the accessibility to a specific investor universe that may otherwise not be accessible if bonds or notes were issued under the laws of the place of issuance. However, it is necessary to point out that laws related to bond and note issuance and settlement must be governed by the laws and regulations of the place of issuance since AMBIF bonds and notes are domestic bonds and notes.

Governing law and jurisdiction, with respect to the Terms and Conditions of the Notes, may be agreed among the contract parties, subject to relevant provisions in applicable laws and regulations. For bonds and notes settled in Japan, at present, JASDEC requires that the Terms and Conditions of the Notes shall be governed by Japanese law.

## Language of Documentation and Disclosure Items

It is envisaged that most of the ASEAN+3 markets participating in AMBIF will be able to accept the use of a common document in English; however, some markets may require the submission of approval-related information in their prescribed format and in the local language. In such cases, concessions from these regulatory authorities for a submission of required information in English, in addition to the local language and formats, may be sought.

Documentation in English language is accepted by TPBM.

## Credit Rating

Note issuance programs or corporate bonds and notes listed on TPBM must obtain a rating from a credit rating agency recognized internationally and/or by Japanese investors. The rating needs to be disclosed, but the level of the rating is not an eligibility criterion for TPBM.

With regard to the bonds and notes issued by a foreign government or local government (both domestic and foreign), or guaranteed by a national or local government (domestic or foreign), or by certain financial institutions recognized by TSE, a credit rating is not required.

Currently, credit rating agencies recognized by TPBM include

1. Standard & Poor's,
2. Moody's,
3. Fitch Ratings,
4. Rating and Investment Information,
5. Japan Credit Rating Agency, and
6. RAM Rating Services.

### Lead Managing Underwriter List

In Japan, an issuer needs to choose a lead managing underwriter for a note issuance program or bonds and notes to be listed on TPBM from among the Lead Managing Underwriter List prepared by TSE. The Lead Managing Underwriter List is simply a list of securities companies that could potentially serve as a lead managing underwriter when listing bonds or notes on TPBM or when disclosing program information. The current list can be found at <http://www.jpx.co.jp/english/equities/products/tpbm/listing/O4.html>

This list will be updated by TSE according to the applications from securities companies.

A securities company wishing to register on the list is to file an application with TSE. TSE, which will then examine the application while considering such factors as that party's appropriate domestic and overseas experience as a lead managing underwriter. Conversely, if TSE deems the continued inclusion on the list of a party to be inappropriate (as would be the case, for instance, if that party decides to withdraw from the bond underwriting business), TSE, at its discretion, may remove that party from the list.

A securities company is not required to pay a fee for inclusion on the Lead Managing Underwriter List.

One exception exists for the need to select an underwriter from the Lead Managing Underwriter List in case a financial institution deemed suitable by TSE were to purchase the whole amount of a bond issue. Here, the financial institution would confirm the quality of the bonds or notes.

### Appointment of Entrustment of Bond Manager

The appointment of a bond trustee or commissioned company or person (bond manager) for bonds or notes to be listed on TPBM is optional. The majority of bonds and notes listed on TPBM instead feature a fiscal agent as an agent of the issuer.

### Note Issuance Programs

AMBIF promotes the use of note issuance programs, such as the medium-term note format, because they not only give funding flexibility to issuers but also represent the most

common format of bond and note issuance in the international bond market. This means that potential issuers, as well as investors and intermediaries, are likely to be familiar with note issuance programs and related practices. Hence, this would make AMBIF comparable to the relevant practices in the international bond market. At the same time, it is expected that potential issuers may benefit from reusing or adopting existing documentation or information on disclosure items.

Note issuance programs are well established and widely accepted on TPBM. Program information is equivalent to the euro medium-term note program and indicates the maximum limit for the value of bonds that can be issued within a set period together with basic financial and other information. Program information is basically to be rated, and a candidate for lead managing underwriter is to be listed. Once this is done, one can flexibly issue and list the bonds on TPBM at the time of issuance. Program information is basically treated as SSI, as prescribed in Article 27-31 of the FIEA. Therefore, by submitting program information to the exchange for public announcement, one can start solicitation for the investment in bonds that are newly issued based on said program information.

## Selling and Transfer Restrictions in TPBM

Selling and transfer restrictions in the Japanese market are comprehensive and specific. Bonds and notes issued through TPBM shall not be sold or transferred to any person other than Professional Investors or nonresident (foreign) investors, as mentioned in Chapter I.

The FIEA requires that a contract on restriction on transfer (transfer restriction agreements) should be entered into between the issuer and the person (Professional Investor) seeking to purchase the bonds or notes, and between the solicitor or offeror (securities company) and the purchaser or acquirer. The FIEA also requires notification to the purchaser to the effect that if the bonds or notes are not notified to the authority, the securities registration statement or the shelf-registration statement is not registered with the FSA, and the bonds or notes may be sold only to Professional Investors.

In addition, a restriction on transfer contract and notification with a Professional Investor for all TPBM-related bonds and notes transactions in a comprehensive way may be allowed in current market practice. For further details, please refer to Questions 55 and 56, and the answers thereto, in the Q&A section on the TPBM website.<sup>2</sup>

In July 2015, the FSA opened a public consultation on the potential relaxation of the defined measures for selling and transfer restrictions laid out in Article 12 (i) (b) of the related Cabinet Office Ordinance.<sup>3</sup> According to the FSA proposal, in addition to the current entering into contracts between issuer and acquirer and between intermediary and professional investor, the current method could be replaced by other methods, including a description of the selling and transfer restrictions in the Terms and Conditions of the Notes,

<sup>2</sup> Japan Exchange Group. Q&A about the TOKYO PRO-BOND Market. <http://www.jpx.co.jp/english/equities/products/tpbm/outline/tvdivq00000006xw-att/201503Q&AinEnglish.pdf>

<sup>3</sup> Article 12, (i) (b) of the Cabinet Office Ordinance on Definitions under Article 2 of the FIEA (Current description): that the Solicitation of Offers to Acquire includes, as a condition of the acquisition, the conclusion of a contract on transfer specifying the matters provided in paragraph (1) of the preceding Article between the Issuer of the relevant Securities and the person who wishes to acquire said Securities in response to the Solicitation of Offers to Acquire them (hereinafter referred to as the "Acquirer" in this item), and between the person who is carrying out the Solicitation of Offers to Acquire said Securities and the relevant Acquirer.

or in the SSI, in combination with other measures that will relate this information to the Professional Investor by the intermediary; in turn, the Professional Investor would have to acknowledge the contents, including the observance of these selling and transfer restrictions.

One possible such combination would be the description of selling and transfer restrictions and the aforementioned acknowledgement process in the Terms and Conditions of the Notes, or in the SSI, and the sending of the information to the Professional Investor by the intermediary, as long as a record of sending the document to the registered e-mail address on the investor's trading account with the intermediary is retained. The forms of the acknowledgment could be expected to develop in line with market practices following the public consultation and resulting changes to the aforementioned Article 12.

Inclusion of selling and transfer restrictions in the Term and Conditions of the Notes is one way to fulfill a part of the requirements of the FIEA. The sample wording is shown in the text box for reference.

### **Financial Reporting Standards**

TSE recognizes Japanese Generally Accepted Accounting Principles (J-GAAP), United States Generally Accepted Accounting Principles (US-GAAP), and International Financial Reporting Standards as financial reporting standards for an issuer. The TSE rules prescribe that any alternative accounting standard may be recognized if TSE deems it to be equivalent to J-GAAP, US-GAAP, or International Financial Reporting Standards.



## Sample Wording of the Selling Restriction in the Terms and Conditions of the Notes

**Restriction on Transfer of Notes****(1) Japanese Transfer Restriction**

The Notes shall not be sold, transferred or otherwise disposed to any person other than Professional Investors, Etc. (*Tokutei Touseika tou*) (“Professional Investors, Etc.”), as defined in Article 2, paragraph (3), Item 2 (b) 2. of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (“FIEA”), except for the transfer of the Notes to the following:

- (a) the Issuer, or the Officer (meaning directors, company auditors, executive officers or persons equivalent thereto) thereof who holds shares or equity pertaining to voting rights exceeding 50% of all the voting rights in the Issuer which is calculated by excluding treasury shares or any nonvoting rights shares (the “Voting Rights Held by All the Shareholders, Etc.” (*Sou Kabunushi Tou no Giketsuken*)) (as prescribed in Article 29-4, paragraph (2) of the FIEA, the same shall apply hereinafter) of the Issuer under his/her own name or another person’s name (hereinafter such Officer shall be referred to as the “Specified Officer” (*Tokutei Yakuin*) in this Paragraph), or a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. are held by the Specified Officer (the “Controlled Juridical Person, Etc.” (*Hi-Shihai Houjin Tou*) including a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. are jointly held by the Specified Officer and the Controlled Juridical Person, Etc. (as prescribed in Article 11-2, paragraph 1, Item 2 (c) of the Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act (MOF Ordinance No. 14 of 1993, as amended)); or
- (b) a company that holds shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. of the Issuer in its own name or another person’s name.

**(2) Matters Notified to the Noteholders and Other Offerees**

When (i) a solicitation of an offer to acquire the Notes or (ii) an offer to sell or a solicitation of an offer to purchase the Notes (collectively, “Solicitation of the Notes Trade”) is made, the following matters shall be notified from the person who makes such Solicitation of the Notes Trade to the person to whom such Solicitation of the Notes Trade is made:

- (a) no securities registration statement (pursuant to Article 4, paragraphs 1 through 3 of the FIEA) has been filed with respect to the Solicitation of the Notes Trade;
- (b) the Notes fall, or will fall, under the Securities for Professional Investors (*Tokutei Touseika Muke Yukashoken*) (as defined in Article 4, paragraph 3 of the FIEA);
- (c) any acquisition or purchase of the Notes by such person pursuant to any Solicitation of the Notes Trade is conditional upon such person entering into an agreement providing for the restriction on transfer of the Notes as set forth in (1) above, (i) with each of the Issuer and the person making such Solicitation of the Notes Trade (in the case of a solicitation of an offer to acquire the Notes to be newly issued), or (ii) with the person making such Solicitation of the Notes Trade (in the case of an offer to sell or a solicitation of an offer to purchase the Notes already issued);
- (d) Article 4, paragraphs 3, 5 and 6 of the FIEA will be applicable to such certain solicitation, offers and other activities with respect to the Notes as provided in Article 4, paragraph 2 of the FIEA;
- (e) the Specified Securities Information, Etc. (*Tokutei Shouken Tou Jouhou*) (as defined in Article 27-33 of the FIEA) with respect to the Notes and the Issuer Information, Etc. (*Hakkosha Tou Jouhou*) (as defined in Article 27-34 of the FIEA) with respect to the Issuer have been or will be made available for the Professional Investors, Etc. by way of such information being posted on (i) the web-site maintained by the TOKYO PRO-BOND Market (<http://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html> / <http://www.jpx.co.jp/english/equities/products/tpbm/issues/index.html>), or (ii) the Issuer’s web-site that discloses the information concerning the respective Issuers (the URL of which will be made available on the web-site maintained by the Tokyo PRO-BOND Market above), in accordance with Articles 210 and 217 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities of the Tokyo Stock Exchange; and
- (f) the Issuer Information, Etc. will be provided to the Noteholders or made public pursuant to Article 27-32 of the FIEA.

# AMBIF Bond and Note Issuance Process in Japan

## Overview of Regulatory Processes in Japan

To issue AMBIF bonds and notes in Japan, no statutory regulatory processes needs to be observed, except for submitting a listing application (the SSF and other forms) to TSE.

In order to make the issuance processes by issuer type more comparable across ASEAN+3 markets, Table 3 features common issuer type distinctions that are evident in regional markets. Not all markets will distinguish all such issuer types. Sovereign issuers may be subject to different regulatory processes.

**Table A5.3: Regulatory Processes by Corporate Issuer Type**

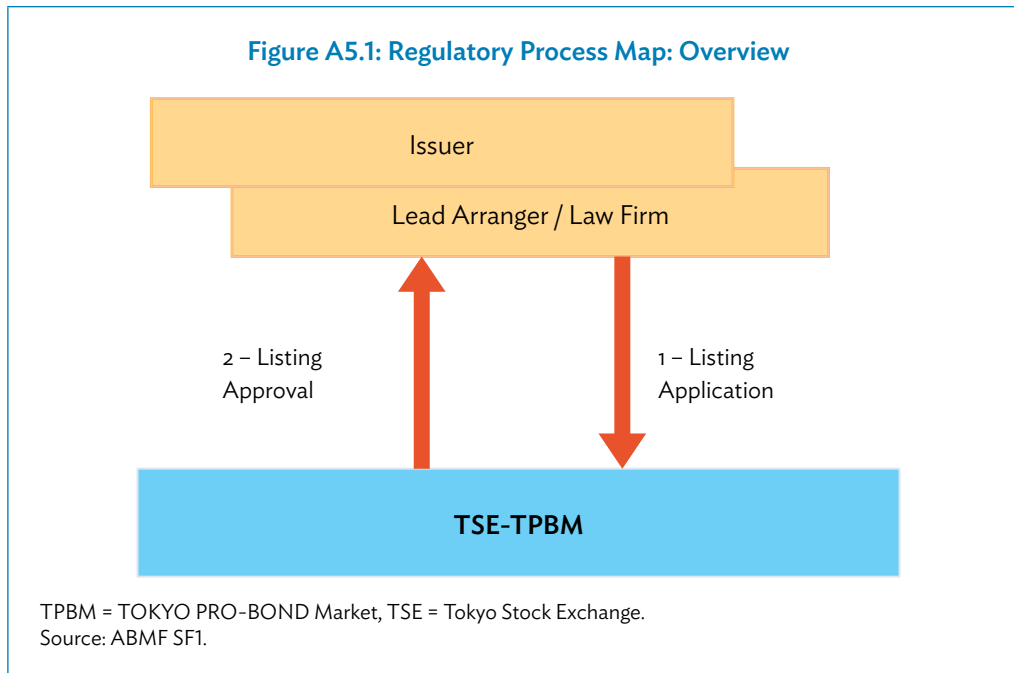
Type of Corporate Issuer	TSE -TPBM
Resident issuer	Submitting the listing application (SSF and other forms) to TSE as the listing authority
Resident nonfinancial institution issuer	
Resident financial institution	
Resident issuer issuing FCY-denominated bonds and notes	
Nonresident issuer	
Nonresident nonfinancial institution issuer	
Nonresident financial institution issuer	
Nonresident issuer issuing FCY-denominated bonds and notes	

FCY = foreign currency, SSF = Single Submission Form, TPBM = TOKYO PRO-BOND Market, TSE = Tokyo Stock Exchange.

Source: TSE, ABMF SF1.

## Regulatory Process Map: Overview

In Japan, the regulatory process map is very simple, as illustrated in the figure Figure A5.1; the necessary process is only the listing on TSE's TPBM.



## Market Issuance Procedure in Local Currency or Foreign Currency

There is no distinction between the issuance and listing process for local currency and foreign currencies.

There are two methods for issuing bonds and notes on TPBM: (i) a Note Issuance Program listing and drawdown issuance from the Note Issuance Program, and (ii) an individual bond or note listing with stand-alone issuance. Method (i) will be explained in this section.

### Listing for Profiling on TSE's TPBM

Typically, the issuer is represented by a lead arranger, underwriter, or law firm that will file or submit the necessary application for listing and required documentation to TSE as the listing authority.

The following steps will need to be undertaken by the issuer of bonds or notes (or agent of the issuer) in the domestic bond market in Japan.

#### Step 1: Submit Application for Listing to TSE's TPBM

Any issuer (or its agent) intending to list on TSE's TPBM will need to submit a Listing Application, accompanied by the required documentation and disclosure items for the type of listing selected.

In the case of a planned listing for profiling targeted at Professional Investors, the issuer (or agent) needs to select TSE's TPBM when applying. As a result, the specific documentation and disclosure requirements for TPBM, which differ significantly from the requirements for public offerings on the TSE main board, need to be observed when submitting the application.

Listing eligibility criteria—how the note issuance program or bonds or notes qualify for a listing on TSE’s TPBM—include the following:

1. A Note Issuance Program for a corporate issuer must have a rating from a rating agency.
2. In cases of a stand-alone issuance, corporate bonds or notes to be listed must have a rating from a rating agency.
3. The securities companies acting as principal underwriters for the issuance must be registered on the TPBM’s Lead Managing Underwriter List.

The listing criteria for the general investors (retail) market differ significantly.

As for the key documentation and disclosure items, TSE offers standard forms for program information, SSI, and issuer information, but TSE’s TPBM typically accepts an information memorandum or offering circular prepared for the relevant bonds and notes, together with additional documents as may be necessary. (The SSF for AMBIF will be treated as a new TSE-approved form.)

In principle, TSE requires an issuer to disclose basic information as follows:

1. securities information (Terms and Conditions of the Notes to be listed),
2. corporate information (outline of company and financial statements),
3. matters related to other securities (if any), and
4. information on guarantor of the company (if any).

The SSF will cover all of the necessary information listed above.

### Step 2: TSE Checks Application for Listing and Issues a Listing Approval

TSE will check the application for listing, following the submission of the relevant information in documentation and disclosure items. TSE will confirm that the bonds or notes satisfy the necessary conditions for listing eligibility in accordance with TSE rules. TSE will simply confirm that certain formal requirements have been met and, therefore, TSE’s examinations will not require much time.

In principle, under the standard schedule, the administrative review for the acceptance of program information (Type-P of the SSF) submitted to the TSE may be completed by the acceptance date. TSE may, at its discretion, request from the issuer supplementary information.

When individual bonds or notes are to be issued and listed based on the program information, if the listing application (Type-D of the SSF) is submitted simultaneously with the determination of the Terms and Conditions of the Notes as in the model case, TSE may approve the listing—normally within the same day but no later than the following business day—after promptly confirming that the listing eligibility requirements are satisfied.

When an issuer intends to issue and list bonds or notes under note issuance program information (Type-P of the SSF) after its submission, the issuer is required to submit a supplemental SSI (Type-D of the SSF) to TSE. A supplemental SSI contains disclosure information describing the final terms and conditions of the bonds or notes to be issued, and referencing the program information for other disclosure items.

### Step 3: Actual (Effective) Note Issuance Program Listing or Notes Listing

Under the standard schedule, the submission date of the program information (or SSF) will be the disclosure date of the Program Information, which will also be the Note Issuance Program listing date.

The listing date of book-entry transfer bonds or notes is usually 1 business day after the settlement date. In the case of book-entry transfer bonds or notes, the Terms and Conditions of the Notes are generally determined within 4 business days before the settlement date in order for the paying agent to complete the necessary procedure.

## Issuance Procedures and Subjects Specific to Japan

### Additional Procedures Related to Settlement

An issuer using the services of JASDEC must submit an application for participation in the JASDEC system.

An issuer that does not have an Issuer Identification Code—a five digit code that constitutes part of the International Securities Identification Number (ISIN)—must obtain one from the Securities Identification Code Committee in advance. The Issuer Identification Code is not a requirement for program listing, but it is encouraged to expedite the application process. In order to obtain an ISIN, an issuing entity must provide the Securities Identification Code Committee with the necessary information by the settlement date, after the determination of the Terms and Conditions of the Notes.

### Disclosure-Related Matters

Issuers are required to update their issuer information once a year. Companies that continually file Annual Securities Reports with the FSA (or issuer information) do not need to state corporate information such as financial statements in the respective forms. Overseas issuers may simply refer to the reporting documents, including the SSF, they provide to their domestic financial authorities or foreign listing places. Referring existing disclosure information by noting the URL of the relevant website may also be allowed. (For this purpose, the SSF can be utilized.)

### Listing Fees

Listing fees to be paid by the issuer of bonds or notes to be listed on TSE are charged at the time of registration of the program information and the listing of the bonds or notes. In the TSE Enforcement Rules, listing fees are divided into two categories: (i) the fee for program listing (program fee) and (ii) the fee for listing bonds and notes (bond etc. listing fee).<sup>4</sup>

The program fee is JPY1 million. Any drawdown issuance of notes under the program will not incur an additional listing fee. The bond etc. listing fee (in the case where program information is not used) is JPY1 million for any new listing.

<sup>4</sup> Tokyo Stock Exchange. Enforcement Rules for Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities, Rule 220. [http://www.jpx.co.jp/english/rules-participants/rules/regulations/tvdivq0000001vyt-att/specified\\_securities\\_special\\_regulations\\_20141201.pdf](http://www.jpx.co.jp/english/rules-participants/rules/regulations/tvdivq0000001vyt-att/specified_securities_special_regulations_20141201.pdf)

No fees would normally be incurred at the annual renewal of the program, but an additional procedural fee of JPY1 million would be incurred if the issuer intends to raise the maximum outstanding amount under the program (program amount).

The fees are subject to applicable consumption taxes.

#### **Minimum Trading Unit**

For a JPY-denominated bond, the minimum trading unit would be JPY100 million (face value). For a bond denominated in a foreign currency, it would be the face value of that series.

#### **OTC Trading of Bonds and Notes**

In Japan, it is assumed that the main secondary trading market will be the OTC market; investors typically choose to trade on the OTC market.

TSE's trading regulations do not apply to bonds and notes traded OTC or off the TSE markets. At the same time, JSDA's self-regulatory rules apply to secondary market transactions across market segments.

# Attachment 1

## Resource Information

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For easy reference and access to further information about the topics discussed in the AMBIF Implementation Guideline for Japan—including the relevant regulatory authorities, securities market-related institutions, and the Japanese bond market at large—interested parties are encouraged to utilize the following links (most of the websites are in English):

ASEAN+3 Multi-Currency Bond Issuance Framework—Single Submission Form  
(as accepted by the Tokyo Stock Exchange)  
<http://tinyurl.com/AMBIF-Single-Submission-Form>

ASEAN+3 Bond Market Guide—Japan  
[https://wpqr4.adb.org/LotusQuickr/asean3abmf/Main.nsf/h\\_Index/4CC53EFBD63D7BA3482579D4001B5CED/\\$file/abmf%20vol1%20sec4%20jpn.pdf](https://wpqr4.adb.org/LotusQuickr/asean3abmf/Main.nsf/h_Index/4CC53EFBD63D7BA3482579D4001B5CED/$file/abmf%20vol1%20sec4%20jpn.pdf)

Ministry of Finance  
[http://www.mof.go.jp/english/jgbs/publication/debt\\_management\\_report/](http://www.mof.go.jp/english/jgbs/publication/debt_management_report/)

Japan Securities Research Institute—Securities Market in Japan  
<http://www.jsri.or.jp/web/publish/market/index.html>

Japan Securities Dealers Association  
<http://www.jsda.or.jp/en/index.html>  
<http://www.jsda.or.jp/index.html>

Tokyo Stock Exchange  
<http://www.jpx.co.jp/english/>

TOKYO PRO-BOND Market  
<http://www.jpx.co.jp/english/equities/products/tpbm/outline/index.html>

Japan Securities Depository Center  
<http://www.jasdec.com/en/>  
<http://www.jasdec.com/>

Financial Services Agency  
<http://www.fsa.go.jp/en/index.html>  
<http://www.fsa.go.jp/>

# Attachment 2

## Glossary of Technical Terms

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filing	Proposed term for action of submitting documentation
listing	Typically, action of submitting a bond issue or other securities to an exchange for the purpose of price finding, disclosure, or profiling
registration	Action of registering a bond issue, for reference pricing or disclosure purposes
Type-D	Selection of issuance type (single issuance) in the Single Submission Form
Type-P	Selection of issuance type (program issuance) in the Single Submission Form



# Appendix 6

## AMBIF Implementation Guidelines for Malaysia

### AMBIF Elements in Malaysia

This chapter describes the key features of the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), also known as AMBIF Elements, and puts into perspective the equivalent features of the domestic professional bond market in Malaysia.<sup>1</sup>

#### Summary of AMBIF Elements

The Malaysian bond market is well established and the largest local currency bond market in the Association of Southeast Asian Nations (ASEAN); the *sukuk* (Islamic bond) market in Malaysia is the largest in the world. Table A6.1 identifies the features and practices of the domestic bond and *sukuk* markets in Malaysia that directly correspond with or are equivalent to the AMBIF Elements.

#### Description of AMBIF Elements and Equivalent Features in Malaysia

##### Domestic Settlement

###### *AMBIF*

AMBIF is aimed at supporting the domestic bond markets of ASEAN+3. To be recognized as a domestic bond or note, an AMBIF bond or note needs to be settled at the designated central securities depository (CSD). Hence, domestic settlement needs to be a key feature of an AMBIF bond or note.

###### *In Malaysia*

According to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, 2015, Part 3, Chapter 2, Section 2.22, all MYR-denominated private debt securities (PDS) or *sukuk* must be issued and/or tendered on the Fully Automated System for Issuing/Tendering (FAST), and settled in the Real-time Electronic Transfer of Funds and Securities System (RENTAS) unless an admission for listing and trading is sought on an exchange. PDS must be issued on a scripless basis and deposited into RENTAS, which is operated by MyClear—the CSD for bonds, notes, and *sukuk* traded over-the-counter (OTC), and a wholly-owned subsidiary of Bank Negara Malaysia (BNM).

In the context of AMBIF, RENTAS provides the following services:

- multi-currency funds and debt securities (government and corporate) settlement,
- CSD and paying agent for scripless debt securities, and
- MYR–USD Payment-versus-Payment and Delivery-versus-Payment settlement via USD Clearing House Automated Transfer System (CHATS).

<sup>1</sup> ASEAN+3 refers to the 10 members of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China, Japan, and the Republic of Korea.

Table A6.1: AMBIF Elements and Equivalents in Malaysia

AMBIF Elements	Brief Description	Equivalent in Malaysia
Domestic Settlement	Bonds and notes are settled at a national CSD in ASEAN+3 markets.	Settlement of OTC bonds, notes, and <i>sukuk</i> in the Real-time Electronic Transfer of Funds and Securities System (RENTAS)
Harmonized Documents for Submission (Single Submission Form)	A common approach is of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information along with ADRB recommendation needs to be included.	Since June 2015, the Lodge and Launch Framework no longer requires pre-issuance approval; SSF can serve as checklist and support submission of listing application for BMS Exempt Regime.
Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)	Information on bonds, notes, and issuers needs to be disclosed continuously in ASEAN+3 markets. Registration or a listing authority function is required to ensure continuous and quality disclosure.	Continuous disclosure obligations as per regulations, via FAST and/or trustee; Exempt Regime disclosure requirements under BMS listing rules
Currency	The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.	Malaysian ringgit and US dollars; bonds, notes, and <i>sukuk</i> denominated in other currencies also issued in Malaysia
Scope of Issuers	Resident of ASEAN+3	Domestic and foreign issuers are treated the same under the Lodge and Launch Framework; BNM approves LCY issuances by foreign issuers; certain exemptions apply for FCY issuances.
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations, or market practice, in each market in ASEAN+3.	Sophisticated Investors concept as per CMSA

ADRB = AMBIF Documentation Recommendation Board; AMBIF = ASEAN+3 Multi-Currency Bond Issuance Framework; ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China, Japan, and the Republic of Korea; BMS = Bursa Malaysia Securities; BNM = Bank Negara Malaysia; CMSA = Capital Market and Services Act; CSD = central securities depository; FAST = Fully Automated System for Issuing/Tendering; FCY = foreign currency; LCY = local currency; OTC = over-the-counter; SC = Securities Commission Malaysia; SSF = Single Submission Form.

Source: ABMF SF1.

### Harmonized Documents for Submission (Single Submission Form)

#### AMBIF

Based on the review of application forms for issuance approval, offering circulars, information memoranda, and program information formats in ASEAN+3, the core information was similar or comparable across markets. Hence, the Single Submission Form (SSF) that can be applied to all of the relevant regulatory processes for bond and note issuance across markets was proposed. The information contained in the SSF can be submitted to all relevant regulatory authorities and market institutions for relevant approvals or consent, or used in the context of the submission (e.g., as a checklist) in anticipation of an AMBIF bond or note issuance.

#### In Malaysia

The introduction of the Lodge and Launch Framework in June 2015 removed the need for pre-issuance approval by the Securities Commission Malaysia (SC), toward which the purpose of and information in the SSF has been geared.

Under the Lodge and Launch Framework, an issuer needs to lodge specific information and disclosure items, such as the principal terms and conditions (PTC), to the SC via the Principal Adviser prior to launching a bond, note, or *sukuk* issuance. (For more details on the Principal Adviser, please refer to the next chapter.) The information required is defined in the Lodgement Kit, which is a supplement to the Lodge and Launch Guidelines; the lodgement is to be done electronically via the SC's dedicated Online Submission System. (For more details, see the third chapter in this document.) Some parts of the lodgement require the execution and scanning of specific forms, such as a prescribed Declaration by the Issuer.

From a practical perspective, in the context of the Lodge and Launch Framework, the SSF may be used as guidance or a checklist for the information stipulated in the Lodgement Kit and required for lodgement to the SC. This may be of particular practical value for those issuers intending to access a number of AMBIF markets at the same time, and thereby using the SSF for the submission to a number of other regulatory authorities to obtain issuance approval. It is the intention of ABMF to maintain the SSF as a living document, and to work toward a convergence of common issuance information requirements with the applicable regulatory processes in ASEAN+3.

In Malaysia, the SSF may also help to facilitate the submission of a Listing Application to Bursa Malaysia Securities (BMS) if a bond, note, or *sukuk* were intended to be listed for profiling under the Exempt Regime feature on BMS, which is described in more detail below.

Documents, application forms, and correspondence in English are accepted for official submissions.

### Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)

#### AMBIF

Information on issuers, bonds, and notes needs to be disclosed continuously in ASEAN+3 markets. A registration or listing authority function to facilitate the continuous disclosure is required. This can ensure the quality of disclosure and help create a well-organized market for AMBIF issuances with transparency and a quality of information that would differentiate AMBIF issuances from ordinary private placements for which information is often neither available nor guaranteed. Owing to this important feature, an AMBIF secondary market is expected to emerge as the number of issuances increases.

A profile listing is a listing without trading on an exchange. The objective of the listing is to make bonds and notes visible and more information available to investors via a recognized listing place, particularly those investors with more restrictive mandates, such as mutual and pension funds. A profile listing at a designated listing place can ensure the flow of continuous disclosure information and possibly even reference pricing in some markets.

#### In Malaysia

Lodgement of the issuance documentation and initial disclosure items with the SC, and the regulatory requirement for an issuer to provide regular updates on financial information to an appointed trustee and via FAST, together with the added feature of regular price determination by the Bond Pricing Agency Malaysia (BPAM), form the basis of the available disclosure for offers aimed at Sophisticated Investors. In addition, the PTC are available on the SC website, as well as via BPAM, and issuers must provide a pricing supplement for each drawdown (new issuance) under a debt or *sukuk* program.

To complement these requirements with a mandated continuous disclosure regime, BMS provides the option for both listed and nonlisted issuers to list PDS and *sukuk* for profiling under its Exempt Regime. PDS or *sukuk* to be listed under the Exempt Regime will not be quoted or traded on BMS. The Exempt Regime, provided for under Chapter 4B of the BMS Listing Rules, has been available since December 2008 under a government initiative that targets the listing of PDS and *sukuk* in conjunction with the development of the Malaysian bond market and the Malaysian International Islamic Finance Centre.

The Exempt Regime is specifically for issuers intending to list PDS or *sukuk* to obtain listing status and for profiling purposes, and where the targeted investor group comprises Sophisticated Investors, as defined under the Capital Market and Services Act, 2007 (CMSA). PDS or *sukuk* that are profile listed on the BMS Exempt Regime may be denominated in a foreign currency (FCY) but must have an original maturity of more than 1 year. The trading of PDS and *sukuk* under the Exempt Regime takes place in the OTC market and is inaccessible to retail investors.

In case of a profile listing under the BMS Exempt Regime, the issuer must observe the continuous disclosure requirements for material information specified in the BMS Listing Rules, in addition to regulatory disclosure requirements. BMS acts as listing authority for all its listings and will take enforcement action in case of a breach.

At the same time, the issuer may choose to opt for a profile listing in another regional market in order to achieve listing status closer to the intended investor universe. This may be a consideration, particularly if bonds, notes, or *sukuk* issued in Malaysia are to be marketed and offered to professional investors in other ASEAN+3 markets. In such cases, the professional investors would be able to obtain continuous disclosure information via the listing place and/or that market's mechanisms for information dissemination.

## Currency

### AMBIF

In the context of AMBIF, the denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market. But this does not exclude the possibility of issuing in other currencies if market practice regularly supports these other currencies, and the relevant domestic currency or cash clearing capabilities exist. At this stage, US dollars, Japanese yen, and offshore Chinese renminbi are the currencies other than domestic currencies in which bonds and notes tend to be issued in ASEAN+3 markets.

### In Malaysia

In addition to settlement for bonds, notes, and *sukuk* issued in Malaysian ringgit and offshore Chinese renminbi, RENTAS is also able to settle bonds, notes, and *sukuk* denominated in US dollars through USD CHATS. A number of FCY-denominated bonds, notes, and *sukuk* have been issued in the Malaysian market.

## Scope of Issuers

### AMBIF

As AMBIF is aimed at supporting the development of domestic bond markets in the region and promoting the intraregional recycling of funds, an issuer needs to be a resident of an ASEAN+3 market.

### *In Malaysia*

The SC does not distinguish between resident and nonresident issuers of private debt securities in the applicable Lodge and Launch Guidelines, or between different types of corporate issuers. All issuers are principally subject to the same requirements and obligations under the Lodge and Launch Guidelines, and other applicable regulations. At the same time, some concessions exist for FCY-denominated issuances, and exemptions are provided for multilateral financial institutions and multilateral development banks.

Nonresident issuers issuing MYR-denominated bonds, notes, or *sukuk*, and resident issuers issuing FCY-denominated bonds, notes, or *sukuk* are subject to the Foreign Exchange Administration (FEA) rules administered by BNM.

Details of the related approvals are provided in a later chapter.

## Scope of Investors

### *AMBIF*

Professional investors are defined in accordance with regulations and/or market practice in each market in ASEAN+3. Some jurisdictions have a clear definition of professional investors while other jurisdictions may need to establish the concept through agreements.

Professional investors are institutions defined by law and licensed or otherwise registered with regulators by law in their economy of domicile and, hence, are subject to governance and inspection based on securities market and/or prudential regulations. In addition, most of them are also subject to oversight as well as professional conduct and best practice rules by a self-regulatory organization, such as an exchange or a market association.

### *In Malaysia*

The issuance of bonds, notes, and *sukuk* to Sophisticated Investors—under Schedules 6, 7, and 9 of the CMSA—constitutes the professional bond market in Malaysia. The descriptions of the regulatory processes in this document are for the issuance of bonds, notes, and *sukuk* offered to Sophisticated Investors only.

As promulgated in the Lodge and Launch Guidelines issued in March 2015, Sophisticated Investors refer to any person specified under Schedule 1 of the Guidelines on Sales Practices of Unlisted Capital Market Products, 2013. “Sophisticated Investors” is a collective term and includes

1. High Net Worth Individuals,
2. High Net Worth Entities, and
3. Accredited Investors.

Accredited Investors are further defined as

1. Bank Negara Malaysia;
2. a holder of a Capital Markets Services License;
3. an executive director or chief executive officer of a holder of a Capital Markets Services License;
4. a unit trust scheme or a prescribed investment scheme;
5. a closed-end fund approved by the SC;
6. a licensed institution as defined in the Financial Services Act, 2013 or an Islamic bank as defined in the Islamic Financial Services Act, 2013;

7. a Labuan bank as defined under the Labuan Financial Services and Securities Act, 2010;
8. an insurance company registered under the Insurance Act, 1996;
9. an insurance licensee licensed under the Labuan Financial Services and Securities Act, 2010;
10. a *takaful* (Islamic insurance) licensee licensed under the Labuan Islamic Financial Services and Securities Act, 2010;
11. a *takaful* operator registered under the Takaful Act, 1984; and
12. a private retirement scheme as defined in the CMSA.

There is no distinction in the CMSA or the Lodge and Launch Guidelines between domestic and foreign investors. At the same time, foreign investors who wish to invest in the Malaysian market tend to fall under the definitions and provisions for High Net Worth Entities and High Net Worth Individuals. There are many foreign institutional investors already investing in Malaysia and holding their assets with domestic custodian banks.

Professional investors who are residents in Malaysia may invest in overseas markets. But investments in FCY-denominated assets abroad by residents are subject to the prevailing FEA rules, and subject to review and approval by BNM.

# AMBIF Bond, Note, and *Sukuk* Issuance: Relevant Features in Malaysia

In addition to the market features corresponding to the AMBIF Elements, a number of general market features of AMBIF bond, note, and *sukuk* issuance to Sophisticated Investors in the Malaysian domestic bond market need to be considered, and are described in this chapter.

## Governing Law and Jurisdiction

Governing law and the jurisdiction for specific service provisions in relation to a bond or note issuance may have relevance in the context of AMBIF, since potential issuers may consider issuing under the laws or jurisdiction of a country or market other than the place of issuance. The choice of governing law or the contractual preferences of stakeholders can affect the accessibility to a specific investor universe that may otherwise not be accessible if a bond or note were issued under the laws of the place of issuance. However, it is necessary to point out that laws related to bond and note issuance and settlement must be governed by the laws and regulations of the place of issuance since AMBIF bonds and notes are domestic bonds and notes.

Malaysian law permits the use of governing laws or jurisdictions other than Malaysian law in contracts, provided that such provisions do not contravene any existing laws of Malaysia. The decision on the governing law and jurisdiction for bonds, notes, or *sukuk* issued to Sophisticated Investors in Malaysia tends to be investor driven. The key question in the setting of the underlying law is the enforcement in case of a dispute arising. For example, in the case of a secured bond or note, regulations prescribe that the governing law must follow the jurisdiction in which the underlying assets are located. In this manner, governing law and jurisdiction provisions in bond, note, and *sukuk* issuance documentation follow the standard practices in common loan documents.

In the case of issuance of MYR-denominated bonds, notes, or *sukuk* in Malaysia, even in cases when the contracting parties choose a governing law other than Malaysian law for the contract, it is expected that Malaysian law would prevail with respect to issuance- and settlement-related matters.

In any case, the actual use of governing laws or jurisdictions other than those of Malaysia may be subject to clarification or legal advice from a qualified law firm, as may be necessary.

## Language of Documentation and Disclosure Items

It is envisaged that most of the ASEAN+3 markets participating in AMBIF will be able to accept the use of a common document in English; however, some markets may require

the submission of approval-related information in their prescribed format and in the local language. In such cases, concessions from these regulatory authorities for a submission of required information in English, in addition to the local language and formats, may be sought.

Contracts; bond, note, and *sukuk* issuance documentation and disclosure items; and all applications, approvals, and correspondence with regulatory authorities and market institutions can be in English in Malaysia.

### Credit Rating

In principle, all bonds, notes, and *sukuk* issued in Malaysia and denominated in Malaysian ringgit require a credit rating from a credit rating agency approved by the SC.

Under the Lodge and Launch Guidelines (Chapter 2), FCY-denominated issuances do not require a credit rating. Since August 2014, the SC has given issuers the flexibility not to have MYR-denominated issuances aimed at Sophisticated Investors rated, but this concession comes with the limitation that such PDS and *sukuk* cannot be traded for at least 2 years.

The complete removal of the mandatory credit rating requirements for bonds, notes, and *sukuk* issued in the Malaysian market will take effect in 2017.

Although international ratings are accepted, domestic investors seem to favor a domestic credit rating for MYR-denominated bonds, notes, and *sukuk*. The credit rating of a bond, note, or *sukuk* issue must be made available to the SC upon an application to issue, offer, or invite to subscribe or purchase PDS or *sukuk*.

At present, domestic credit ratings are available from Malaysian Rating Corporation (MARC) and RAM Holdings (RAM), formerly Rating Agency Malaysia. Both MARC and RAM are registered with the SC, pursuant to the Guidelines on Registration of Credit Rating Agencies, 2011.

### Selling and Transfer Restrictions

Selling and transfer restrictions for bonds, notes, and *sukuk* intended for professional investors (Sophisticated Investors) only are well defined in Malaysia, and are expressed and observed through a number of regulations and practices in the market.

Prior to issuance, the issuer or its agents are required to make explicit reference to Schedules 6, 7, and 9 of the CMSA in all offer documents and related correspondence to Sophisticated Investors, including the PTC of a proposed bond, note, or *sukuk* issuance to Sophisticated Investors. A similar reference, to Schedules 6 and 9 of the CMSA only, will have to be present in all documentation and disclosure items after the bond, note, or *sukuk* issuance.

At the same time, the marketing or offers for sale and distribution of bonds, notes, and *sukuk* aimed at Sophisticated Investors may only be undertaken by Malaysian legal entities with a Capital Market Services License, or holders of a Capital Market Services Representative's License, regardless of (i) whether the bonds, notes, or *sukuk* were issued by domestic or foreign issuers; and (ii) where the bonds, notes, or *sukuk* were originally issued. This license is awarded by the SC to eligible institutions and individual dealers. Licensing requirements



include the commitment of the institution and individual holders to observe any applicable selling restrictions.

A bond, note, or *sukuk* listed for profiling under the BMS Exempt Regime, by its nature, would be limited to Sophisticated Investors at issuance or in secondary market transactions. These limitations would also need to be observed by transaction intermediaries or Capital Market Services License holders, as per the prevailing regulations.

## Note Issuance Programs

AMBIF promotes the use of note issuance programs, such as the medium-term note (MTN) format, because they not only give funding flexibility to issuers but also represent the most common format of bond and note issuance in the international bond market. This means that potential issuers, as well as investors and intermediaries, are likely to be familiar with note issuance programs and related practices. Hence, this would make AMBIF comparable to the relevant practices in the international bond market. At the same time, it is expected that potential issuers may benefit from reusing or adopting existing documentation or information on disclosure items.

Note issuance programs are well established and widely accepted in the Malaysian market. In addition to MTN programs for bonds and notes, the market also features Islamic MTN programs for the issuance of *sukuk*.

In the Lodge and Launch Guidelines published in March 2015, note issuance programs are referred to as “debt programmes,” with the same meaning as described above.<sup>2</sup>

## Issuance and Trading Platforms for Bonds, Notes, and Sukuk

The Fully Automated System for Issuing/Tendering (FAST) is a system designed to facilitate the primary issuance of all debt securities, including *sukuk*, and money market instruments approved by BNM and/or relevant authorities that are either issued via tender or on a private placement basis.

FAST also provides the following information via terminal access for its members:

1. daily indicative yield to maturity for government and BNM papers,
2. weekly indicative yield to maturity for PDS, and
3. Malaysian Government Securities indicative prices.

The Electronic Trading Platform (ETP) is an electronic trade reporting and trading platform for the domestic bond market, and operated by Bursa Malaysia Bonds (Bursa Bonds). Among other features, the ETP provides the following facilities:

1. mandatory reporting of all secondary bond market transactions;
2. an electronic order matching platform for the matching of bid and ask quotes for Malaysian Government Securities, Government Investment Issues, and corporate issues; and

<sup>2</sup> Securities Commission Malaysia. Lodge and Launch Framework. <http://www.sc.com.my/legislation-guidelines/lodge-and-launch-framework/>

3. an advertisement and a negotiation platform where dealers can advertise and negotiate for one-to-one deals for all debt securities and *sukuk*.

Any person may apply to Bursa Bonds to access information on the ETP. Membership to deal securities on the ETP is open only to money brokers and applicants registered for the purpose of dealing in debt securities. The ETP interfaces with FAST.

### Information Dissemination and Reference Pricing via BPAM

At the same time, BPAM captures, calculates, and makes available reference pricing for all bonds, notes, and *sukuk* issued and traded in the Malaysian market, regardless whether OTC or on exchange. This includes pricing to maturity and information on these bonds, notes, and *sukuk*, often including issuance documentation and disclosure items. BPAM pricing data are available to the public via its website and are disseminated to securities data vendors and subscribers in customized formats. Non-market participants, such as foreign investors, typically obtain Malaysian bond, note, and *sukuk* information via BPAM.

### Bond Trustee and Trust Deed

The SC prescribes the use of a trust deed—and appointment of a bond trustee—for a bond, note, or *sukuk* issuance, in accordance with underlying provisions in the CMSA, Sections 258ff. Certain exceptions to this requirement exist, such as when the bond, note, or *sukuk* issuance is offered exclusively to foreign investors or other entities specifically mentioned in Schedule 8 of the CMSA.

The bond trustee is to be appointed by the Principal Adviser.

The need for a trust deed is prescribed by the SC in Chapter 2 (Trust Deed and Trustee) of the Lodge and Launch Guidelines. At the same time, the minimum content requirements of the trust deed are detailed separately in the Guidelines on Trust Deeds, 2011.

Bond trustees must be registered with the SC, and are licensed trust companies or public companies. Bond trustees are expected to be involved in the bond, note, or *sukuk* issuance documentation process.

### Principal Adviser

Principal Adviser is the term used in the Malaysian market—in the Lodge and Launch Guidelines and other relevant regulations, in particular the Principal Adviser Guidelines, 2009 issued by the SC—for the lead underwriter or arranger of a bond, note, or *sukuk*. Only institutions registered with the SC and listed in the Principal Adviser Guidelines (available on the SC website) can act as Principal Adviser.

# AMBIF Bond, Note, and *Sukuk* Issuance Process in Malaysia

This chapter describes the regulatory processes and necessary steps to be observed for the issuance of PDS and *sukuk* to Sophisticated Investors in Malaysia.<sup>3</sup>

## Overview of Regulatory Processes

### Regulatory Processes by Corporate Issuer Type

Since 15 June 2015, the Lodge and Launch Framework promulgated by the SC has allowed potential issuers of bonds, notes, and *sukuk* aimed at Sophisticated Investors (professional investors) to simply lodge with the SC the stipulated issuance documentation and disclosure items, and then launch the bond, note, or *sukuk* issuance. There are no distinctions in the process under the Lodge and Launch Framework for particular corporate issuer types. The only notable distinction is that issuers qualifying as multilateral development banks are required to lodge the required information directly with the SC, without the involvement of a Principal Adviser.

Foreign issuers intending to issue MYR-denominated bonds, notes, or *sukuk* aimed at Sophisticated Investors require prior approval from BNM under the FEA rules. BNM also needs to approve the issuances by resident issuers of FCY-denominated bonds, notes, or *sukuk*.

Details of the individual regulatory processes are further explained in this section.

Table A6.2 provides an overview of these regulatory processes by corporate issuer type. In order to make the issuance processes by issuer type more comparable across ASEAN+3 markets, the table features common issuer type distinctions that are evident in regional markets. Not all markets will distinguish all such issuer types.

### Regulatory Process Map: Overview

The regulatory process map may help with the navigation of the applicable regulatory processes to be applied to a given proposed bond, note, or *sukuk* issuance (Figure A6.1).

In the Malaysian market, issuers of proposed bonds, notes, or *sukuk* are required to appoint an underwriter, officially referred to as a Principal Adviser, in applicable regulations. A Principal Adviser needs to be registered with the SC.

<sup>3</sup> The official term for PDS in the CMSA is debentures.



An issuer of bonds, notes, or *sukuk* is expected to lodge or submit, respectively, all approval-relevant information and necessary documents to the regulatory authorities via the Principal Adviser. Only multilateral development banks are expected to lodge or submit their information directly.

## Issuance Processes in Local Currency

This section describes the issuance processes for MYR-denominated bonds, notes, and *sukuk* aimed at Sophisticated Investors only under the SC's Lodge and Launch Framework. There are no distinctions by individual corporate issuer type, only between domestic and foreign issuers. Sovereign issuers are not covered in this section.

### Issuance Process for Resident Issuer (Nonfinancial and Financial Institutions)

Since 15 June 2015, issuers have been able to issue bonds, notes, or *sukuk* aimed at Sophisticated Investors once they have lodged the required documents and information with the SC. A formal approval from the SC is not required, provided all documentation and disclosure requirements (specified in the Lodgement Kit, a supplement to the Lodge and Launch Guidelines) have been observed. The lodgement of necessary documents and information is to be done electronically, via the SC's dedicated Online Submission System.

The provisions of the Lodge and Launch Framework are also applicable for PDS and *sukuk* issued in Malaysia and offered only to investors outside Malaysia.

Figure A6.2 illustrates the straightforward process for bond, note, or *sukuk* issuance for a resident issuer under the Lodge and Launch Framework in Malaysia.

If a resident issuer intends to issue nontradable PDS or *sukuk* to nonresident investors only, then additional, prior approval from BNM would need to be obtained. The process of issuance approval from BNM is comparable to the corresponding approval described below.

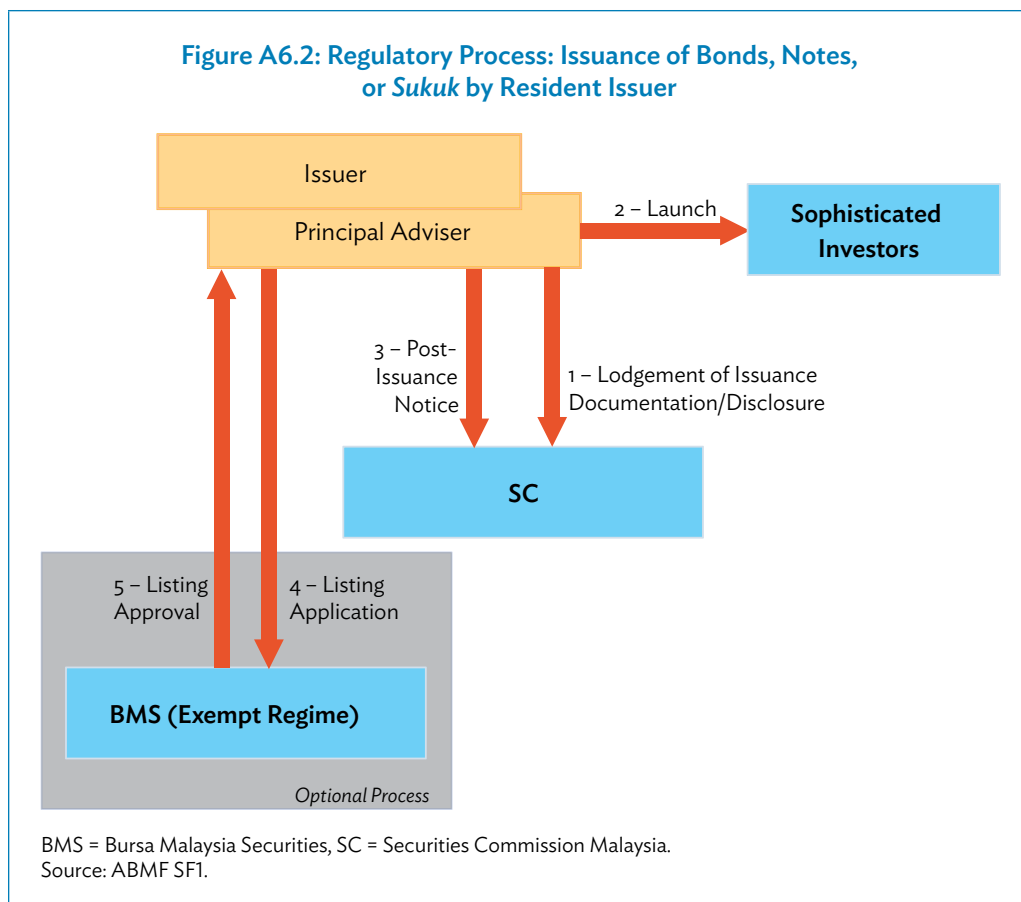
The following steps will need to be observed when a resident issuer wants to issue bonds, notes, or *sukuk* to Sophisticated Investors under the Lodge and Launch Framework.

#### Step 1: Online Submission to SC (Lodgement)

In the case of *sukuk* intended to be issued under the Lodge and Launch Framework, prior approval from the SC's Islamic Capital Market Department is required, on the Shariah aspects of the *sukuk*, before a lodgement may be done.

The lodgement is to be completed by the issuer (in the case of a multilateral development bank) or the Principal Adviser. This role is designated as the Lodgement Party. There must be a Lodgement Party at all times during the lifecycle of PDS or *sukuk* issued under this framework.

The Lodgement Party is required to identify other Responsible Parties, which are the parties involved in the issuance, and their roles and responsibilities in the context of the product issuance.



Part 3, Section 1 of the Lodgement Kit lays out the detailed information requirements to be lodged, as listed for easy reference below.<sup>4</sup> Depending on the nature of an instrument, not all requirements may be applicable for all lodgements:

1. name;
2. date of incorporation;
3. place of incorporation;
4. business registration number;
5. residence status;
6. place of listing, if applicable;
7. date of listing, if applicable;
8. state if the issuer is a Malaysian government-linked company;
9. industry sector of the issuer;
10. principal activities;
11. principal activities of issuer's subsidiaries, where applicable;
12. if the issuer is a special purpose vehicle company (SPV), state the name of the entity that established it;

<sup>4</sup> Information provided is current at the time of publication. Since the SC regularly reviews and updates its guidelines, interested parties are asked to access the latest version of the Lodgement Kit to ensure they are aware of the effective information and disclosure requirements in force. The Lodgement Kit is available on the SC website at the following link: [http://www.sc.com.my/wp-content/uploads/eng/html/resources/guidelines/lola/lodgementKit\\_lola\\_150615.pdf](http://www.sc.com.my/wp-content/uploads/eng/html/resources/guidelines/lola/lodgementKit_lola_150615.pdf)

13. authorized, issued, and paid-up capital;
14. structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders;
15. ultimate shareholder(s);
16. state if issuer is a related corporation of any Malaysian public listed company;
17. board of directors, including
  - a. National Registration Identity Card numbers for Malaysian directors and
  - b. passport numbers for non-Malaysian directors;
18. name, designation, and contact details of the contact person of the issuer;
19. name, designation, and contact details of the contact person of the key management personnel of the issuer;
20. disclosure of the following:
  - a. if the issuer or its board members have been convicted or charged with any offense under any securities law, corporation law, or other law involving fraud or dishonesty in a court of law, or if any action has been initiated against the issuer or its board members for breaches of the same for the past 10 years prior to the lodgement (or since incorporation for issuers incorporated less than 10 years); and
  - b. if the issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past 5 years prior to the lodgement; and
21. any other material information.

Where the PDS or *sukuk* involve originator(s), obligor(s), or corporate guarantor(s), the relevant information must also be provided on the said entities:

1. name of facility;
2. one-time issue or program;
3. Shariah principles (for *sukuk*);
4. facility description (for MYR-denominated *sukuk*, to provide description as cleared by SC);
5. currency;
6. expected facility or program size (for program, to state the option to upsize);
7. tenure of facility or program;
8. availability period for debt and *sukuk* program;
9. clearing and settlement platform;
10. mode of issue;
11. selling restrictions;
12. tradability and transferability;
13. details of security or collateral pledged, if applicable;
14. details of guarantee, if applicable;
15. convertibility of issuance;
16. exchangeability of issuance and details of the exchangeability;
17. call option and details, if applicable;
18. put option and details, if applicable;
19. details of covenants;
20. details of designated account(s), if applicable, including
  - a. names of account;
  - b. parties responsible for opening the account;
  - c. parties responsible for maintaining and operating the account;
  - d. signatories to the account;
  - e. sources and utilization of funds; and
  - f. diagram illustrating the flow of monies and conditions for disbursements;

21. name of credit rating agency, credit rating (state whether final or indicative), and amount rated, if applicable;
22. conditions precedent;
23. representations and warranties;
24. events of default or enforcement events, where applicable, including recourse available to investors;
25. governing laws;
26. provisions on buy-back, if applicable;
27. provisions on early redemption, if applicable;
28. voting;
29. permitted investments, if applicable; and
30. other terms and conditions.

Other information in relation to the lodgement includes

1. primary and secondary sources of repayment;
2. detailed breakdown of all upfront and recurring fees and expenses for the facility or program;
3. waivers from complying with the Lodge and Launch Guidelines and other relevant guidelines of the SC obtained for the facility or program, if any;
4. conflict-of-interest situations and appropriate mitigating measures, if any;
5. detailed information of the existing PDS or *sukuk* issue or loans or financing to be refinanced by the facility or program, if applicable;
6. details of approval from other relevant regulatory authorities, if any; and
7. any other material information.

Documents to be attached together with the lodgement, where applicable:

1. trust deed;
2. disclosure documents;
3. Shariah pronouncement;
4. latest audited financial statements;
5. copies of approval from other relevant regulatory authorities;
6. compliance checklist with guidelines;
7. Declaration by the Issuer
8. Declaration by the Trustee (where the appointment of trustee falls under subsection 260(2) of the CMSA);
9. Rating Letter;
10. confirmation by Principal Adviser(s);
11. diagram illustrating the *sukuk* structure with explanatory notes (for MYR-denominated *sukuk*, to provide description as cleared by SC);
12. copy of letter issued by SC in relation to the endorsement by the Shariah Advisory Council; and
13. any other documents.

The Lodgement Kit contains a template for the Declaration by the Issuer in the format prescribed by the SC.

Since the actual lodgement is done via the SC Online Submission System, the prescribed documents need to be scanned and uploaded via the system.



The lodgement may be done at any time prior to the launch of the product. For *sukuk*, the initial lodgement is prescribed to be done at least 10 business days prior to the targeted launch date, since it involves the approval of the Shariah aspects of the *sukuk* prior to the acceptance of the lodgement by the SC.

Each lodgement must be accompanied by the relevant fees prescribed by the SC.

Any revision to the documents or disclosure information after an initial lodgement but prior to the launch would result in the need to resubmit the full set of documentation and disclosure information, and the timeline would reset.

### Step 2: Launch of Product under the Lodge and Launch Framework

Under the Lodge and Launch Framework, no formal approval for the issuance of debt instruments or *sukuk* is required from the SC. Instead, provided that all documents and disclosure items required for a lodgement have been submitted online and were accepted by the system, the issuer and its Principal Adviser may launch the product(s), here debt securities or *sukuk*, for which the documents and information have been lodged with the SC.

In this context, the launch refers to (i) making available, (ii) offering for subscription or purchase of, or (iii) issuing an invitation to subscribe for or purchase PDS or *sukuk*. This includes any issuance, publication or release of any information, notice, or advertisement with respect to any of the activities specified above.

The debt securities and *sukuk* must be launched within 60 business days from lodgement date; otherwise, the launch authorization will be null and void, and another lodgement would have to be made. In the case of a debt or *sukuk* program, the first issuance under the program must be launched within 60 business days.

The ability to launch PDS and *sukuk* commences after the fee payment to the SC has cleared.

### Step 3: Submission of Post-Issuance Notice to the SC

Under the Lodge and Launch Framework, the Lodgement Party (issuer) must submit a post-issuance notice, as prescribed in the Lodgement Kit, to the SC within 7 business days from the date of issuance. In the case of a debt or *sukuk* program, the submission of a post-issuance notice would apply to each issuance under the program.

The contents requirements for the post-issuance notice are prescribed in the Lodgement Kit, Part 3, Section 2, and include

1. FAST facility code;
2. issue date;
3. details of PDS or *sukuk* issue(s):
  - a. FAST primary stock code;
  - b. maturity date;
  - c. currency;
  - d. Shariah principles (for *sukuk*);
  - e. identified and trust assets;
  - f. issue amount (nominal value);
  - g. issue price (cash raised);
  - h. details on interest, coupon, and profit or rental:

- i. interest, coupon, and profit or rental rate;
    - ii. payment frequency; and
    - iii. basis of calculation;
  - i. yield-to-maturity;
  - j. purchase price, where applicable;
  - k. selling price, where applicable;
  - l. mode of issue;
  - m. list of subscribers and tender panel members, and amount subscribed;
  - n. utilization of proceeds by the issuer:
    - i. purpose;
    - ii. amount utilized;
    - iii. details of conditions imposed on the utilization, including conditions imposed by the Shariah Advisory Council, if any; and
    - iv. confirmation from the Shariah Adviser that the conditions imposed on the utilization are or will be met;
  - o. name of credit rating agency, credit rating (final) and amount rated, if applicable; and
  - p. clearing and settlement platform;
4. designated account(s):
  - a. confirmation by the Principal Adviser that the account(s) has been opened,
  - b. confirmation by the Principal Adviser that the authorized signatories are signatories of the respective account(s), and
  - c. confirmation that account(s) is administered according to the terms;
5. confirmation from the Principal Adviser that
  - a. prospective investors and relevant parties have been informed of any instance where a conflict of interest may arise, together with the relevant mitigating measures, including the agreement from the board of directors of the issuer to proceed with such arrangements; and
  - b. with respect to PDS, *sukuk* issues, or debt programs issued by a private company, the PDS, *sukuk* issue, or debt program shall not constitute an offer to the public within the meaning of sub-section 4(6) of the Companies Act 1965, and are not offered or sold, directly or indirectly, other than to a person falling under Schedule 6 or paragraph 229(1)(b) and Schedule 7 or paragraph 230(1)(b), read together with Schedule 9 or sub-section 257(3) of the CMSA; and
6. confirmation from the Shariah Adviser dated no later than 3 business days from the issue date of the *sukuk* or the first issue under a *sukuk* program that
  - a. all documentation for the *sukuk* issuance has been vetted,
  - b. all documentation for the *sukuk* issuance has been executed in proper sequence, and
  - c. all documentation comply with Shariah requirements.

The Lodgement Party also needs to advise the SC of all parties involved in the transaction and through the lifecycle of the PDS or *sukuk*, and their roles and responsibilities. In the case of a *sukuk*, the Lodgement Party will also need to attach any necessary confirmation by the Shariah Adviser under the regulations.

The issuer must also update the SC of any revision to the principal terms and conditions after issuance through the Lodgement Party within 14 business days of the proposed revision coming into effect. Such update must follow specific information and format requirements stipulated in Appendix 4 of the Lodge and Launch Guidelines.

In addition, the issuer must ensure that the actual utilization of proceeds is consistent with the proposed use of proceeds advised at the time of lodgement.

#### Step 4: Listing Application to Bursa Malaysia Securities (Optional)

In the event an issuer wishes to list its bonds, notes, or *sukuk* for profiling in Malaysia, BMS offers the Exempt Regime listing feature.

Issuers already listed as entities on BMS, as well as nonlisted entities, may list bonds, notes, or *sukuk* under the BMS Exempt Regime. An issuer may submit an application before or after the issuance of the bonds, notes, or *sukuk*. For a pre-issuance submission, an issuer may submit its listing application to BMS at the same time it lodges its documentation with the SC under the requirements of the Lodge and Launch Framework. However, BMS approval for listing, if granted, will be conditional upon the ability to actually launch products under the framework.

Any issuer intending to list under the BMS Exempt Regime will need to submit, through their Principal Adviser, a Listing Application, accompanied by the prescribed documentation and disclosure items.

The Exempt Regime market-specific documentation and initial disclosure requirements, which differ significantly from the requirements for retail offers on the BMS main board, need to be observed when submitting the application. These requirements are defined in Chapter 4B of the BMS Listing Rules, as well as in Part B of BMS Practice Note 26-A.

BMS charges initial and annual listing fees, as per the prevailing tariff in the Listing Rules and related conditions, which are accessible via its website. (For a link, please refer to Attachment 1.)

#### Step 5: Listing Approval from BMS

BMS will check the listing application, following the submission of the relevant information in documentation and disclosure items. BMS may, at its discretion, request from the issuer or Principal Adviser supplementary information, if so required. BMS is committed to provide a response to a listing application to the issuer or Principal Adviser within 5 business days or less.

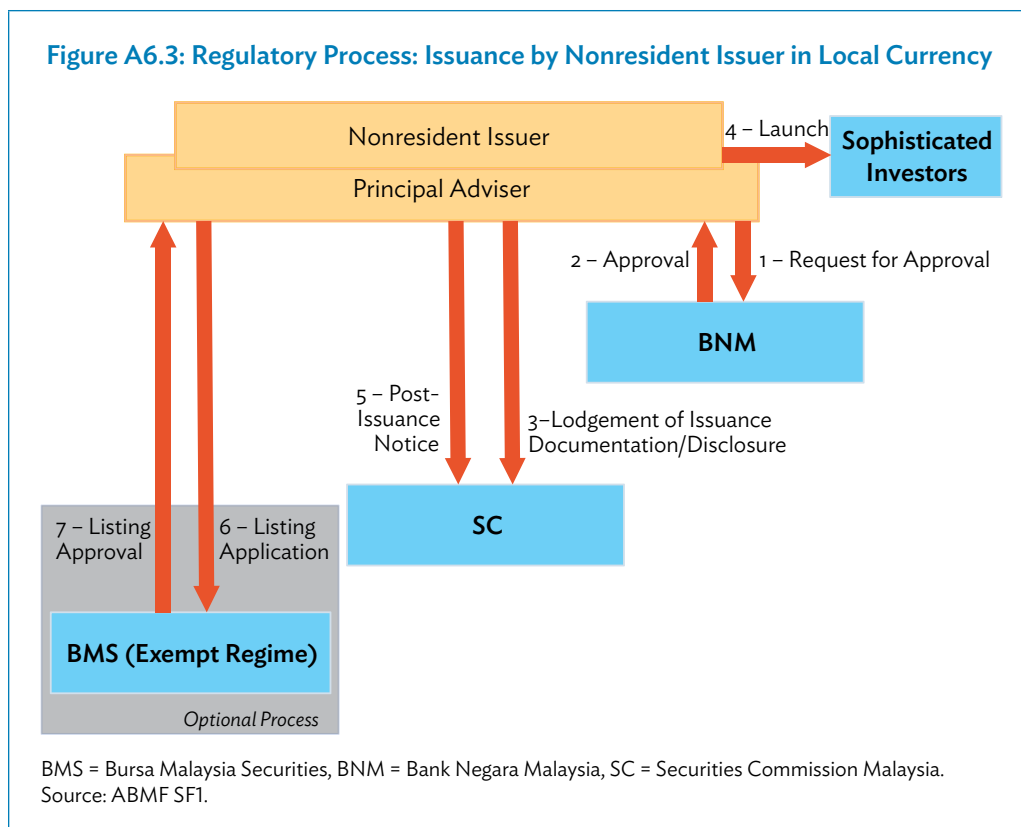
Provided that the information in the listing application and enclosed documents is in order and the review is satisfactory, BMS will issue an approval letter to the issuer or Principal Adviser, indicating that the listing has been approved, or state any conditions that may apply.

The listing approval from BMS does not have an expiry date, since the listing becomes effective once approved.

#### Issuance Process for Nonresident Issuer

A nonresident issuer must obtain approval from BNM before issuing MYR-denominated bonds, notes, or *sukuk* in Malaysia. There are no quotas or allocation of issuance amounts for nonresident issuers.

The following steps need to be observed when a nonresident issuer wants to issue bonds, notes, or *sukuk* to Sophisticated Investors under the Lodge and Launch Framework (Figure A6.3).



### Step 1: Submission of Application for Approval to BNM

The nonresident issuer or the Principal Adviser to the nonresident issuer of a MYR-denominated bond, note, or *sukuk* to be issued in Malaysia will need to submit an application for approval to the Foreign Exchange Administration Department at BNM.

The detailed information requirements for the application are laid out in the Appendix of the Joint Information Note on the Issuance and Subscription of Ringgit and Foreign Currency-Denominated *Sukuk* and Bonds in Malaysia, issued in July 2013 by both BNM and the SC, and are listed here for reference:<sup>5</sup>

1. profile of the issuer (e.g., business activities, country of incorporation, shareholders, board of directors, financial report);
2. credit rating of issuer and name of credit rating agency (credit rating report);
3. type of *sukuk* or bonds;
4. size of issuance;
5. currency of issuance;
6. tenure;
7. benchmark or interest rate (e.g., fixed or floating) and frequency;
8. utilization of proceeds;

<sup>5</sup> Information provided is current at time of publication. Since BNM regularly reviews and updates the regulations relevant for the bond market, interested parties are asked to access and review the latest versions of these and other detailed information requirements prior to any submission to BNM.

9. additional information to be provided if proceeds of issuance are to be on-lent wholly or partly:
  - a. name of borrower;
  - b. relationship of issuer with borrower, if any;
  - c. purpose of financing or loan utilization; and
  - d. terms of financing and loan, including amount, tenure, benchmark or interest rate, repayment period, and prepayment or callable option;
10. lead manager, lead arranger, or adviser;
11. other manager, if any;
12. guarantor or underwriter, if any;
13. listing details, if any;
14. method of issuance (e.g., open tender, book-building, or private placement);
15. past *sukuk* or bonds issuances, if any;
16. proposed hedging counterparty, if any; and
17. details of contact person in Malaysia or abroad.

The relevant transaction or offering documents accompanying the application for approval must clearly state the applicable governing law.

BNM does not levy a fee for this approval process.

#### Step 2: Approval from BNM

The Foreign Exchange Administration Department will review the application and applicable documents and may, at its discretion, require further clarification or additional information. Upon receipt of full information, BNM will respond to the application within 15 working days.

BNM will review the application and issue a formal approval or rejection letter in regard to the bond, note, or *sukuk* issuance. The approval letter contains a number of standard conditions referencing applicable laws and regulations.

The issuer is required to obtain approval from the SC for the issuance of PDS or *sukuk* within 2 years of the BNM approval. SC approval in the context of the issuance of PDS and *sukuk* to Sophisticated Investors refers to the issuer having successfully lodged the required information and disclosure items with the SC, and being able to launch the underlying product as a result.

The issuer may use the local currency proceeds from the bond, note, or *sukuk* issuance in Malaysia, or swap the proceeds into foreign currency. The swap arrangement must be undertaken with a licensed onshore bank, or back-to-back with a licensed onshore bank in Malaysia. There is no restriction on the tenure of the swap transaction.

#### Step 3: Online Submission to SC (Lodgement)

#### Step 4: Launch of Product under the Lodge and Launch Framework

#### Step 5: Submission of Post-Issuance Notice to the SC

Approval from BNM is a prerequisite for a MYR-denominated issuance by a nonresident issuer (Step 2).

The process of the lodgement with the SC of information on an intended issuance under the Lodge and Launch Framework, and the corresponding launch of a product follow the descriptions detailed above.

#### Step 6: Listing Application to BMS (Optional)

#### Step 7: Listing Approval from BMS

Completion of the lodgement with the SC (Section 1) and the corresponding launch of a product under the Lodge and Launch Framework is a prerequisite for a listing under the Exempt Regime to become effective.

The process of applying for a listing under the Exempt Regime on BMS, and the granting of such an approval by BMS follow the description above.

### Issuance Process for FCY Bonds, Notes, and Sukuk

In principle, the regulatory process for FCY-denominated PDS approval is similar to the one for a MYR-denominated issuance by a resident issuer. There is no requirement for approval from BNM.

#### Issuance Process for Resident Issuer of FCY Bonds, Notes, or Sukuk

In principle, the regulatory process for the issuance of FCY-denominated bonds, notes, or *sukuk* by a resident issuer is similar to the one for a MYR-denominated issuance by a resident issuer; in most cases, there is no requirement for approval from BNM.

As such, the regulatory process follows the description above. The profile listing under the BMS Exempt Regime is optional. See Figure A6.4 for reference.

However, should the resident issuer wish to issue FCY-denominated bonds, notes, or *sukuk* to nonresident (professional) investors exceeding the prudential limit on FCY borrowing from nonresidents, the issuer will need to seek approval from BNM.

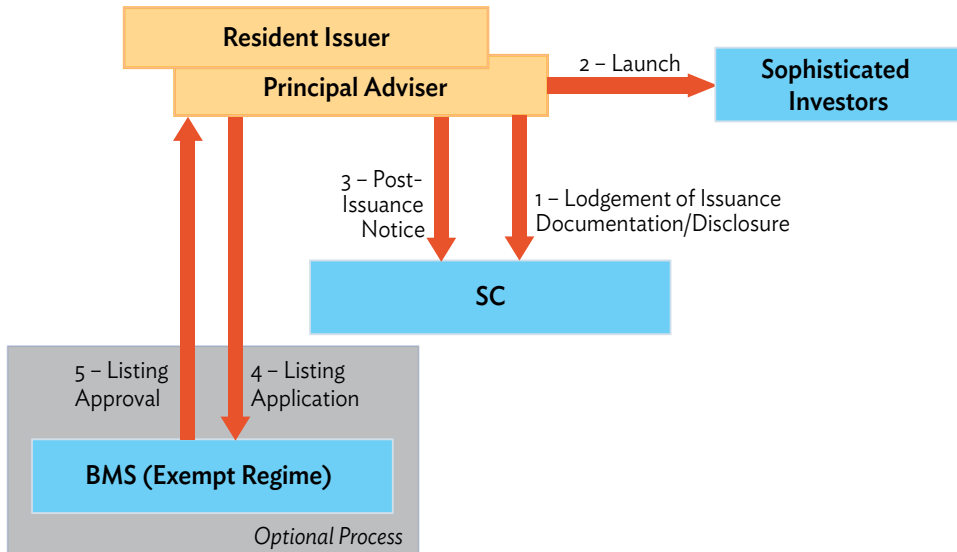
In such cases, the regulatory process follows the description of the issuance approval described above and in Figure A6.5. The profile listing under the BMS Exempt Regime is optional and may depend on specific issuer and investor needs.

#### Offer for Sale Process for Nonresident Issuer of FCY Bonds, Notes, and Sukuk Not Issued in Malaysia (Offer for Sale through a Roadshow)

In case a nonresident issuer plans to offer for sale FCY-denominated PDS or *sukuk* issued in another jurisdiction (and offered to investors in at least one economy other than Malaysia), the issuance of FCY-denominated PDS or *sukuk* has to follow a specific process prescribed by the SC in the Lodge and Launch Guidelines and in other regulations relating to “foreign currency-denominated private debt securities or *sukuk* through a roadshow.”

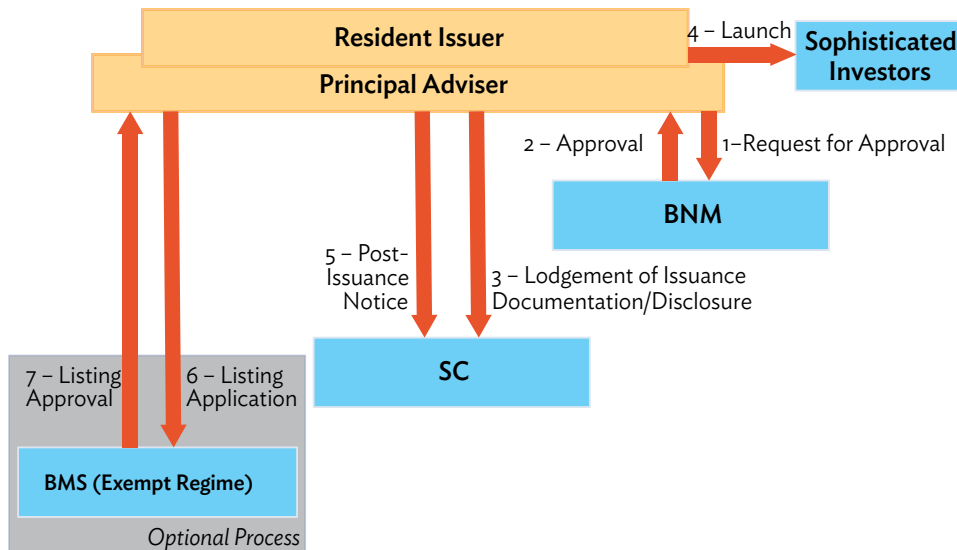
The Lodge and Launch Guidelines (Part 3) and the Lodgement Kit (Part 3, Section 3) contain distinct prescriptions for these offers through a roadshow. The regulatory process itself follows the approval process outlined above; that is, a lodgement to the SC has to be

**Figure A6.4: Regulatory Process: Issuance to Sophisticated Investors in Foreign Currency**



BMS = Bursa Malaysia Securities, SC = Securities Commission Malaysia.  
Source: ABMF SF1.

**Figure A6.5: Regulatory Process: Issuance to Sophisticated Investors in Foreign Currency if BNM Approval is Required <sup>a</sup>**

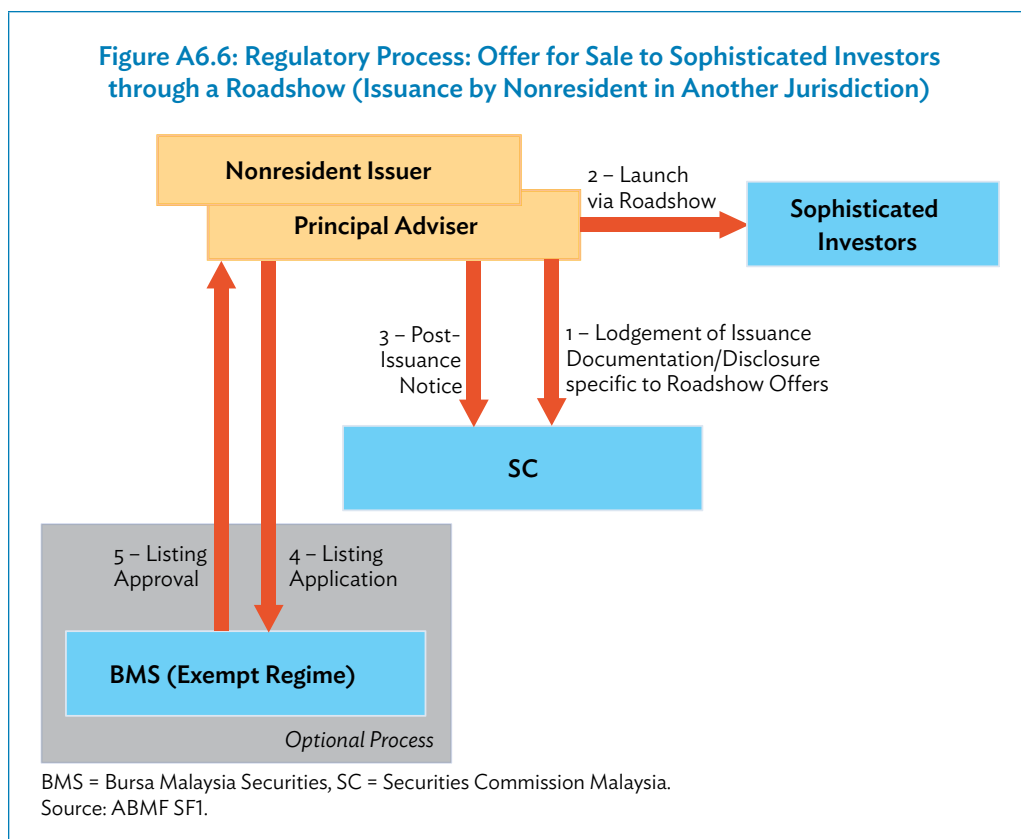


BMS = Bursa Malaysia Securities, BNM = Bank Negara Malaysia, SC = Securities Commission Malaysia.

<sup>a</sup> The regulatory process described is applicable if the FCY-denominated bond, note, or *sukuk* is issued to nonresident investors and exceeds prudential limits on FCY borrowing by nonresidents.

Source: ABMF SF1.

done prior to commencing the launch—or offer—of the FCY-denominated PDS or *sukuk* (Figure A6.6). A profile listing under the BMS Exempt Regime is optional.



While the steps outlined below are the same as for the lodgement of a MYR-denominated bond, note, or *sukuk*, the amount and level of detail of the information and disclosure items prescribed for a roadshow offer differ. Hence, the lodgement process is detailed for easy reference.

#### Step 1: Online Submission to SC (Lodgement)

The lodgement process for FCY-denominated PDS or *sukuk* by a nonresident issuer through a roadshow principally follows the one described above.

At the same time, the issuance information and disclosure requirements laid out in the Lodgement Kit for this type of offer represent a concession from those described earlier. Part 3, Section 3 prescribes a smaller number of information and disclosure items:<sup>6</sup>

<sup>6</sup> Information provided is current at time of publication. Since the SC regularly reviews and updates its guidelines, interested parties are asked to access the latest version of the Lodgement Kit to ensure they are aware of the effective information and disclosure requirements in force. The Lodgement Kit is available on the SC website at the following link: [http://www.sc.com.my/wp-content/uploads/eng/html/resources/guidelines/lola/lodgementKit\\_lola\\_150615.pdf](http://www.sc.com.my/wp-content/uploads/eng/html/resources/guidelines/lola/lodgementKit_lola_150615.pdf)



1. name;
2. date of incorporation;
3. place of incorporation;
4. business registration number;
5. principal activities of the issuer;
6. board of directors of the issuer as well as their passport numbers;
7. structure of shareholdings and names of shareholders of issuer;
8. if the issuer is an SPV, state the name of the entity that established it;
9. authorized, issued, and paid-up share capital;
10. rating of the issuer, if any; and
11. name, designation, and contact details of the contact person of the issuer.

Where the issuer is an SPV, relevant information must also be provided on the ultimate entity that receives the proceeds from the issue:

1. name of facility;
2. facility description;
3. one-time issue or program;
4. Shariah principles;
5. currency;
6. selling restrictions to persons in Malaysia;
7. governing laws;
8. name, designation, and contact details of the contact person of the Malaysian adviser; and
9. other terms and conditions.

The Lodgement Party needs to also list all Responsible Parties in the roadshow and their respective roles. Disclosure documents used at the time of issuance, if any, should be enclosed in the lodgement as well. In addition, the Principal Adviser is expected to confirm the following information items at the time of lodgement:

1. the issuance satisfies the roadshow requirements as follows:
  - a. issued by a foreign issuer, and the issuer is either a corporation within the meaning of sub-section 2(1) of the CMSA or a foreign government eligible to issue, offer, or make an invitation to subscribe or purchase *sukuk*;
  - b. not originated in Malaysia; and
  - c. issued or offered to investors in Malaysia and at least one other economy; or
  - d. an invitation to subscribe or purchase made to investors in Malaysia and at least one other economy;
2. after having made all reasonable inquiries and to the best of their knowledge and belief, there is no false or misleading statement contained in the lodgement, or material information from the information that is lodged with the SC;
3. the proposal does not fall under the existing Schedule 5 of the CMSA;
4. the proposal is in full compliance with the requirements for issuance of PDS or *sukuk* under the Lodge and Launch Guidelines;
5. the issuance is in full compliance with the relevant requirements under the CMSA;
6. the issue is in full compliance with the requirements of BNM, including the Controller of Foreign Exchange (where applicable);
7. the Principal Adviser is to undertake to disclose to the SC all such information and documents as the SC may require in relation to the proposal;
8. the disclosure document that is lodged with the SC is similar to the one given to investors; and

9. the documents and information that have been submitted for purposes of lodgement are true, accurate, and complete.

#### Step 2: Launch of Product via a Roadshow

#### Step 3: Submission of Post-Issuance Notice to the SC

The launch of the product for which information was lodged under the Lodge and Launch Framework may be undertaken by the issuer and its Principal Adviser once the lodgement has been completed and the prescribed fees have been paid.

In the case of FCY-denominated issuances of PDS or *sukuk* through a roadshow, the Post-Issuance Notice must be submitted only when the PDS or *sukuk* have been issued to bond- or *sukuk*-holders in Malaysia.

At the same time, since this type of offer represents bonds, notes, or *sukuk* issued and settled in another jurisdiction, the Post-Issuance Notice need not include the FAST facility code that is otherwise required.

#### Step 4: Listing Application to BMS (Optional)

#### Step 5: Listing Approval from BMS

Completion of the lodgement with the SC (Step 1) and corresponding launch of a product under the Lodge and Launch Framework via a roadshow is a prerequisite for a listing under the Exempt Regime to become effective.

The process of applying for a listing under the Exempt Regime on BMS, and the granting of such an approval by BMS follow the description above.

# Attachment 1

## Resource Information

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For easy reference and access to further information about the topics discussed in the AMBIF Implementation Guidelines for Malaysia—including the relevant policy bodies, regulatory authorities, and securities market-related institutions, and the Malaysian bond market at large—interested parties are encouraged to utilize the following links (all websites in English):

ASEAN+3 Bond Market Guide—Malaysia

[http://www.waseda.jp/win-cls/CA\\_BMGS/ABMF%20Vol1%20Part%202%20Sec%20\\_MAL.pdf](http://www.waseda.jp/win-cls/CA_BMGS/ABMF%20Vol1%20Part%202%20Sec%20_MAL.pdf)

ASEAN+3 Multi-Currency Bond Issuance Framework—Single Submission Form

<http://tinyurl.com/AMBIF-Single-Submission-Form>

Bank Negara Malaysia

<http://www.bnm.gov.my>

Bank Negara Malaysia—RENTAS

[http://www.bnm.gov.my/index.php?ch=ps\\_mps&pg=ps\\_mps\\_type&lang=en&z=1#rentas](http://www.bnm.gov.my/index.php?ch=ps_mps&pg=ps_mps_type&lang=en&z=1#rentas)

Bond Pricing Agency Malaysia Sdn. Bhd.

<http://www.bpam.com.my>

Bursa Malaysia Bhd.—Exempt Regime

<http://www.bursamalaysia.com/market/securities/bonds/products/listed-under-exempt-regime-copy/overview/>

Fully Automated System for Issuing/Tendering (FAST)

<https://fast.bnm.gov.my/fastweb/public/MainPage.do>

Malaysian Rating Corporation Bhd.

<http://www.marc.com.my/>

Malaysian Electronic Clearing Corporation Sdn. Bhd. (MyClear)

<http://www.myclear.org.my>

RAM Holdings Bhd. (formerly Rating Agency Malaysia Bhd.)

<http://www.ram.com.my>

Securities Commission Malaysia

<http://www.sc.com.my>

Securities Commission Malaysia—Lodge and Launch Guidelines

<http://www.sc.com.my/legislation-guidelines/lodge-and-launch-framework/>

# Attachment 2

## Glossary of Technical Terms

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launch	Action of making available or offering wholesale bonds for sale
listing	Typically, action of submitting a bond issue or other securities to an exchange for the purpose of price finding, disclosure, or profiling
lodgement	Action of submitting issuance documentation and disclosure items to the Securities Commission Malaysia
Lodgement Party	Party who is carrying out the lodgement under the Lodge and Launch Framework, typically the Principal Adviser
Principal Adviser	Specific term for underwriter in regulations (Malaysia only)
registration	Action of registering a bond issue for reference pricing or disclosure purposes
Responsible Party	Party to a debt instrument and <i>sukuk</i> issuance under the Lodge and Launch Framework
Sophisticated Investors	Capital Market and Services Act definition of professional investor types using specific eligibility criteria
<i>sukuk</i>	Islamic finance securities
<i>takaful</i>	Islamic insurance

# Appendix 7

## AMBIF Implementation Guidelines for the Philippines

### AMBIF Elements in the Philippines

This chapter describes the key features of the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), also known as AMBIF Elements, and puts into perspective the equivalent features of the domestic professional bond market in the Philippines.<sup>1</sup>

#### Summary of AMBIF Elements

The bond market in the Philippines features many of the attributes of a professional market in the context of AMBIF, such as the well-defined Qualified Buyers (QB) and Qualified Securities exemptions from full disclosure and related regulatory processes, and existing registration and listing processes. QB bond issuance, together with enrollment on Philippine Dealing and Exchange (PDEX), is presently deemed to best represent the intentions of the AMBIF Elements.

Table A7.1 identifies the features or practices of the domestic bond market in the Philippines that directly correspond or are equivalent to the key elements of AMBIF.

#### Description of AMBIF Elements and Equivalent Features in the Philippines

##### Domestic Settlement

###### *AMBIF*

AMBIF is aimed at supporting the domestic bond markets in ASEAN+3. To be recognized as a domestic bond or note, an AMBIF bond or note needs to be settled at the designated central securities depository. Hence, domestic settlement needs to be a key feature of an AMBIF bond or note.

###### *In the Philippines*

The Philippine Depository & Trust Corp. (PDTC) is the designated central depository for equities and corporate bonds and notes. With the exception of a number of corporate notes that are not listed on PDEX, PDTC settles and provides safekeeping for all fixed-income instruments traded on PDEX. Both entities are subsidiaries of Philippine Dealing System Holdings (PDS).

<sup>1</sup> ASEAN+3 refers to the 10 members of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China, Japan, and the Republic of Korea.

Table A7.1: AMBIF Elements and Equivalent Features in the Philippines

AMBIF Elements	Brief Description	Equivalent in the Philippines
Domestic Settlement	Bonds and notes are settled at a national CSD in ASEAN+3 markets.	PDTC as depository and place of settlement for all eligible bonds and notes
Harmonized Documents for Submission (Single Submission Form)	A common approach of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information along with ADRB recommendation needs to be included.	Single Submission Form is acceptable but additional information and document(s) may be requested during the evaluation process, as necessary.
Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)	Information on bonds, notes, and issuers needs to be disclosed continuously in ASEAN+3 markets. Registration or a listing authority function is required to ensure continuous and quality disclosure.	Enrollment of bonds or notes on PDEX required; includes continuous disclosure obligation by sponsor under Listing Rules; reference pricing for traded instruments available; Qualified Board (on PDEX) a possibility
Currency	The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.	Philippine pesos and US dollars
Scope of Issuers	Resident of ASEAN+3	Philippine and nonresident regional issuers, with BSP regulatory process dependent on type of issuer, residency, and currency of denomination
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations or market practice in each market in ASEAN+3.	QB concept, as per Securities Regulation Code and provisions in the Manual of Regulations on Foreign Exchange Transactions, as may be applicable; includes foreign institutional investors

ADRB = AMBIF Documentation Recommendation Board; AMBIF = ASEAN+3 Multi-Currency Bond Issuance Framework; ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China, Japan, and the Republic of Korea; BSP = Bangko Sentral ng Pilipinas; CSD = central securities depository; PDEX = Philippine Dealing and Exchange; PDTC = Philippine Depository & Trust Corp.; QB = Qualified Buyer; SEC = Securities and Exchange Commission; US = United States.  
Source: ABMF SF1.

### Harmonized Documents for Submission (Single Submission Form)

#### AMBIF

Based on the review of application forms for issuance approval, offering circulars, information memorandums, and program information formats in ASEAN+3, the core information was similar or comparable across markets. Hence, the Single Submission Form (SSF) that can be applied to all of the relevant regulatory processes for bond and note issuance across markets was proposed. The information contained in the SSF can be submitted to all relevant regulatory authorities and market institutions for relevant approvals or consent, or used in the context of the submission (e.g., as a checklist), in anticipation of an AMBIF bond or note issuance.

#### In the Philippines

In the Philippines, the regulatory authorities and market institutions are expected to accept the SSF, though this would not preclude the possibility for additional information to be submitted to the authorities, if so deemed necessary.

The use of English is prescribed in Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC) regulations, including the provisions related to PDEX.

### Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)

#### *AMBIF*

Information on issuers, bonds, and notes needs to be disclosed continuously in ASEAN+3 markets. A registration or listing authority function to facilitate the continuous disclosure is required. This can ensure the quality of disclosure and help create a well-organized market for AMBIF issuances with transparency and a quality of information that would differentiate AMBIF issuances from ordinary private placements for which information is often neither available nor guaranteed. Owing to this important feature, an AMBIF secondary market is expected to emerge as the number of issuances increases.

A profile listing is a listing without trading on an exchange. The objective of the listing is to make bonds and notes visible and more information available to investors via a recognized listing place, particularly those investors with more restrictive mandates, such as mutual and pension funds. A profile listing at a designated listing place can ensure the flow of continuous disclosure information and possibly even reference pricing in some markets.

#### *In the Philippines*

In the Philippines, the listing or enrollment of a bond or note on PDEX covers the listing or enrollment as well as trading processes and practices for debt instruments. According to PDEX Listing Rules (7.2.1), a listing or enrollment is possible for debt instruments issued by resident and nonresident issuers. A listing or enrollment of a note issuance program, such as a medium-term note (MTN) program, is principally possible but has not yet been requested in applications to PDEX.

A listing of a bond or note is for instruments open to all investors, and needs to be initiated by the issuer. In contrast, an enrollment is for bonds and notes aimed at Qualified Buyers (professional investors) only and may be initiated by the issuer or a trading participant; the party who enrolls a bond or note on PDEX, also referred to as the sponsor, is responsible for the disclosure of material information as stipulated in the PDEX Listing Rules.

A listing or enrollment of a bond or note on PDEX does not automatically require trading. However, should the issuer or sponsor of a bond or note enrolled on PDEX wish to trade the instrument, all trades must be done on PDEX. According to the Rules Governing the Over-the-Counter Market (OTC Rules) issued by the SEC in 2006, all OTC trading of debt instruments issued in the Philippines needs to occur in an SEC-authorized marketplace. PDEX is such an authorized marketplace. Hence, the listing or enrollment is a necessary step to ultimately trade a bond or note in the OTC market in the Philippines.

At the same time, PDEX also principally offers the feature of profile listing in the form of the so-called Qualified Board, which takes its name from its designation to enroll (by the issuer) only bonds or notes issued to professional investors.

Under the OTC Rules, the SEC conferred listing authority functions on PDEX. The PDEX Listing Rules compel the continuous disclosure of material information from issuers or sponsors of a bond or note listed or enrolled on PDEX. PDEX also publishes bond pricing information based on actual traded prices that have to be captured by deal parties within 1 minute of deal closure and reported in the Central Trade Reporting System within 15 minutes, as provided under Section 16 of the OTC Rules.

In addition, or as an alternative, the issuer may opt for a profile listing in another regional market in order to achieve listing status closer to an intended investor universe. This may be a consideration particularly if bonds or notes issued in the Philippines will be marketed and offered to professional investors in other ASEAN+3 markets. In such cases, the professional investor would be able to obtain continuous disclosure information via the listing place and/or that market's mechanisms for information dissemination.

### Currency

#### *AMBIF*

In the context of AMBIF, the denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market. But this does not exclude the possibility of issuing in other currencies if market practice regularly supports the other currencies and the relevant domestic currency or cash clearing capabilities exist. At this stage, US dollars, Japanese yen, and offshore Chinese renminbi are the currencies other than domestic currencies in which bonds and notes tend to be issued in ASEAN+3 markets.

#### *In the Philippines*

In addition to settlement for bonds and notes issued in Philippine pesos, PDTC is also able to settle bonds and notes denominated in US dollars that are registered in the Philippines and listed on PDEX, as the Philippines features a domestic US dollar clearing system. In the past few years, PDEX has listed a number of USD-denominated bonds issued by the Philippine government.

### Scope of Issuers

#### *AMBIF*

As AMBIF is aimed at supporting the development of domestic bond markets in the region and promoting the intraregional recycling of funds, an issuer needs to be a resident of an ASEAN+3 market.

#### *In the Philippines*

The SEC does not differentiate between resident and nonresident issuers. All potential issuers need to file a Notice of Exempt Transaction with the SEC for the planned issuance of bonds or notes aimed at Qualified Buyers.

Nonresident issuers wishing to use the proceeds from a PHP-denominated bond or note in a foreign currency may require a policy decision by the SEC prior to filing a Notice of Exempt Transaction, which is described in more detail later in this document..

As for the purview of the BSP, rules applied on the issuance of bonds or notes may vary depending on whether the issuer is a resident or nonresident, and whether the bonds or notes are denominated in Philippine pesos or a foreign currency. In addition, if the issuer is a financial institution, other prudential considerations may apply.

For resident nonfinancial institution issuers, no prior BSP approval is required if bonds or notes and other similar instruments are denominated in pesos. For resident financial institution issuers, the issuance of bonds and notes denominated in pesos is allowed, subject to regulations governing the borrowing of banks under the provisions of the Manual of Regulations for Banks (MORB). However, if bonds or notes are denominated



in a foreign currency, prior approval is required for resident issuers (both financial and nonfinancial institutions).

**Table A7.2: Overview of BSP Approvals for the Issuance of Bonds and Notes by Issuer Type**

Issuer	Currency of Bond or Note Issuance	
	Philippine Peso	Foreign Currency
Resident nonfinancial institution	No prior BSP approval required	Subject to BSP approval prior to execution of transaction
Resident financial institution	Subject to regulations on the borrowing of banks under the Manual of Regulations for Banks	
Nonresident nonfinancial institution	Subject to BSP approval prior to execution of transaction	
Nonresident financial institution		

Source: Bangko Sentral ng Pilipinas (BSP).

For nonresident issuers, the issuance of bonds and notes or similar instruments (regardless of currency of denomination) requires BSP approval before execution of the transaction. Table A7.2 gives an overview of these approval criteria for easy reference.

Both resident and nonresident issuers may list or enroll their debt instruments aimed at Qualified Buyers on PDEX, depending on the SEC framework. For more details on PDEX and the regulatory processes of the BSP and SEC, please refer to the other chapters in this document.

### Scope of Investors

#### AMBIF

Professional investors are defined in accordance with regulations and/or market practice in each market in ASEAN+3. Some jurisdictions have a clear definition of professional investors, while other jurisdictions may need to establish the concept through agreements.

Professional investors are institutions defined by law and licensed or otherwise registered with regulators by law in their economy of domicile and, hence, are subject to governance and inspection based on securities market and/or prudential regulations. In addition, most of them are also subject to oversight as well as professional conduct and best practice rules by a self-regulatory organization, such as an exchange or a market association.

#### In the Philippines

In the Philippines, the Securities Regulation Code (SRC), Section 10.1 describes professional investors as Qualified Buyers. Concessions on disclosure and obligations under the Qualified Buyer concept are prescribed in this section. At this point in time, the issuance of bonds or notes to Qualified Buyers, generally referred to as QB bonds, constitutes the professional bond market in the Philippines. The descriptions of regulatory processes included in this document are for QB bond issuance only.

The SRC deals with so-called Exempt Transactions—circumstances under which concessions from the full disclosure and approval processes of the SEC are available. Section 10.1 (I) prescribes exemptions from full disclosure and the related approval process when issuing bonds or notes to the following institutions, thereby decreeing them as professional investors:

1. banks;
2. registered investment houses;
3. insurance companies;
4. pension funds, retirement schemes, and BSP authorized trusts;
5. investment companies; and
6. other institutions as determined by the SEC.

There is no distinction in the SRC, or in the SEC's Implementing Rules and Regulations (IRR), between domestic and foreign professional investors.

For investments in bonds or notes issued domestically, the following BSP rules shall apply:

1. In cases of investments in PHP-denominated bonds and notes issued by residents:
  - a. investments by residents may be done without BSP approval; and
  - b. investments by nonresidents may, likewise, be done without prior BSP approval, subject to registration only if the foreign exchange (FX) to service repatriation of capital and related earnings will be sourced from the authorized agent banks and/or the banks' FX corps.
2. In cases of investments in PHP-denominated bonds and notes issued by non-residents:
  - a. investments by residents may be done without BSP approval; and
  - b. investments by nonresidents are not expressly allowed under existing rules; thus, prior BSP approval is required.
3. In cases of investments in FCY-denominated bonds and notes issued domestically by residents:
  - a. investments by residents are not allowed under existing rules since transactions in FX between nonfinancial institutions are prohibited if FX comes from the banking system; and
  - b. investments by nonresidents may be done without BSP approval.
4. In cases of investments in FCY-denominated bonds and notes issued onshore by nonresidents, investments (by both residents and nonresidents) may be done but FX to service redemption and coupon payments cannot be sourced from the Philippine banking system.

Table A7.3 gives an overview of the abovementioned approval criteria for investment in bonds and notes issued in the Philippines.

**Table A7.3: Overview of BSP Approvals for Investors in Bonds and Notes**

Investor	Issuer	
	Resident	Nonresident
PHP-denominated bonds and notes		
Resident	Allowed	Allowed
Nonresident	Allowed, subject to registration	Prior BSP approval is required
FCY-denominated bonds and notes		
Resident	Not allowed if FX is sourced from the Philippine banking system	Allowed, but FX to service redemption and coupon payments cannot be sourced from the Philippine banking system
Nonresident	Allowed, but FX to service redemption and coupon payments cannot be sourced from the Philippine banking system	

FCY = foreign currency, FX = foreign exchange, PHP = Philippine peso.

Source: Bangko Sentral ng Pilipinas (BSP).

# AMBIF Bond and Note Issuance: Relevant Features in the Philippines

In addition to the market features corresponding to the AMBIF Elements, a number of general Philippine market features for AMBIF bond and note issuance to professional investors (Qualified Buyer) need to be considered, and are described in this chapter.

## Governing Law and Jurisdiction

Governing law and the jurisdiction for specific service provisions in relation to a bond or note issuance may have some relevance in the context of AMBIF, since potential issuers may consider issuing under the laws or jurisdiction of a country or market other than the place of issuance. The choice of governing law or contractual preferences of stakeholders can affect the accessibility to a specific investor universe that may otherwise not be accessible if a bond or note was issued under the laws of the place of issuance. However, it is necessary to point out that provisions related to bond and note issuance and settlement must be governed by the laws and regulations of the place of issuance since AMBIF bonds and notes are domestic bonds and notes.

The civil code of the Philippines permits the use of governing laws or jurisdictions other than those in the Philippines in contracts, provided that such provisions do not contravene any existing Philippine laws.

Should the parties involved in a bond or note issuance choose to use Philippine law, the jurisdiction of the issuance would fall to Philippine courts by default. If, in contrast, issuance parties agree on another governing law, the parties would also have to specifically determine the jurisdiction of a court in which provisions of the bond or note issuance (e.g., settlement agency) could be enforced and any disputes would be heard and decided.

In the case of issuance of PHP-denominated bonds or notes in the Philippines, even in cases when contract parties choose a governing law other than Philippine law for the contract, it is expected that Philippine law would prevail as the law specific to issuance- and settlement-related matters.

In any case, the actual use of governing laws or jurisdictions other than those of the Philippines may be subject to clarification or legal advice from a qualified law firm, as may be necessary.

## Language of Documentation and Disclosure Items

It is envisaged that most of the ASEAN+3 markets participating in AMBIF will be able to accept the use of a common document in English; however, some markets may require

the submission of approval-related information in their prescribed format and in the local language. In such cases, concessions from these regulatory authorities for a submission of required information in English, in addition to local language and formats, may be sought.

In the Philippines, English translation shall be used in all documentation with regard to the issuance of bonds or notes.

## Credit Rating

Bonds and notes to be listed or enrolled on PDEX require a credit rating in line with the credit rating requirements stipulated by the SEC and BSP.

In its Memorandum Circular No. 7 released in March 2014, the SEC announced the Guidelines on the Accreditation, Operations and Reporting of Credit Rating Agencies, which govern the two domestic credit rating agencies, Philippine Rating Services (PhilRatings) and Credit Rating and Investors Services Philippines, in addition to an acceptance of international credit rating agencies.

Under BSP regulations, unsubordinated debt requires a rating of at least AA on the Philippine domestic credit rating scale. PhilRatings is the first domestic credit rating agency to be recognized by the BSP, based on minimum eligibility criteria for bank supervisory purposes. The BSP also accepts credit ratings from Fitch Ratings, Moody's, and Standard & Poor's, as well as Fitch Singapore. PDEX accepts credit ratings from a credit rating agency duly recognized by the applicable regulatory authorities.

Unrated bonds and notes are possible under present regulations and may be listed on the PDEX Qualified Board; however, it has been observed that potential AMBIF investors may prefer for bonds and notes to have a credit rating.

## Selling and Transfer Restrictions

Selling and transfer restrictions for the issuance of bonds or notes to professional investors are well defined in the identified professional market segment in the Philippines (Qualified Buyers and Qualified Securities).

Pursuant to SRC Sections 9 and 10, the IRR published by the SEC prescribe a template and specific provisions on the use of that template, and define the selling and/or transfer restrictions when issuing bonds or notes to Qualified Buyers.

To further ensure that an exemption claimed by an issuer under Section 10.1 of the SRC when issuing bonds or notes aimed at Qualified Buyers, the SEC also looks to the underwriter—licensed by the SEC—to observe the applicable provisions and selling and transfer restrictions under the law.

In all offer documents and related correspondence to Qualified Buyers, including the term sheet of a proposed bond or note issue, an issuer must make explicit reference to SRC Section 10.1 (L) and give their commitment that said offer is limited to Qualified Buyers, thereby constituting an Exempt Transaction under the law. The IRR related to SRC Section 10.1 (1.c) prescribe the following statement in bold face and prominent type:

The securities being offered or sold have not been registered with the Securities and Exchange Commission under the Securities Regulation Code, any future offer or sale thereof is subject to registration requirements under the Code unless such offer or sale qualifies as an Exempt Transaction.

In addition, appropriate selling or transfer restrictions will need to be printed on the actual issued instrument, typically global or jumbo certificate(s) in bold font if certificates are to be issued. However, Philippine company law does not require the physical issuance of certificates.

If a bond or note is listed or enrolled on PDEX, as discussed in Chapter I, the observance of applicable selling and transfer restrictions is part of the explicit warranties that issuers and participants give to PDEX when signing up. PDEX also requires all its listing or enrollments to be dematerialized; hence, no certificates means that no explicit selling restrictions will need to be printed.

There are no distinctions between domestic issuers and nonresident issuers with regard to selling or transfer restrictions and their observance.

### Note Issuance Program

AMBIF promotes the use of note issuance programs, such as the medium-term note (MTN) format, because they not only give funding flexibility to issuers but also represent the most common format of bond and note issuance in the international bond market. This means that potential issuers, as well as investors and intermediaries, are likely to be familiar with note issuance programs and related practices. Hence, this would make AMBIF comparable to the relevant practices of the international bond market. At the same time, it is expected that potential issuers may benefit from reusing or adopting existing documentation or information on disclosure items.

At this stage, the issuance of PHP-denominated domestic bonds and notes to professional investors via an MTN program is not evident in the Philippine market. However, a listing or enrollment on PDEX, for example, would be possible as USD-denominated note issuance programs have been evident in the Philippines for some time. In addition, a shelf-registration concept exists, though this is not directly comparable to shelf-registration concepts typically practiced in other markets.

### Private Placement

A typical definition of a private placement is the issuance of bonds or notes to professional investors under exemptions or concessions from full disclosure or defined regulatory processes. In this context, bonds or notes aimed at Qualified Buyers (QB bonds), or those classified as Exempt Transactions, typically fulfill the traditional expectations of a private placement concept in which the target group is professional investors and the issue is subject to exemption from full disclosure under applicable regulations and, in the case of the Philippines, registration with the SEC. Hence, QB bonds can be considered as being private

placements. The previous definition for private placement in regulations and market practice is no longer in use in the Philippines.<sup>2</sup>

Information and disclosure requirements for QB bonds and Exempt Transactions are defined in line with expectations from market participants on private placements. The IRR related to SRC Section 10.1(k), Subsection 4.d prescribe the Restrictions for Exempt Transactions—such as QB bonds—and require that the following information be provided to potential investors:

1. the exact name of the issuer and its predecessor, if any;
2. address of its principal executive offices;
3. place of incorporation;
4. exact title and class of the security;
5. par or stated value of the security;
6. number of shares or total amount of securities outstanding at the end of the issuer's most recent fiscal year;
7. name and address of the transfer agent;
8. nature of the issuer's business;
9. nature of products or services offered;
10. nature and extent of the issuer's facilities;
11. name of the chief executive officers and members of the board of directors;
12. issuer's most recent balance sheet and profit and loss and retained earnings statement for each of the preceding 2 fiscal years or such shorter period as the issuer (including its predecessor) has been in existence;
13. whether the person offering or selling the securities is affiliated, directly or indirectly, with the issuer;
14. whether the offering is being made directly or indirectly on behalf of the issuer, or any director, officer, or person who owns directly or indirectly more than 10% of the outstanding shares of any equity security of the issuer and, if so, the name of such person; and
15. information required under paragraph 1 of the relevant IRR.

In cases where the issuer is a reporting company under Section 17 of the SRC, a copy of its most recent annual report (SEC Form 17-A) may be used to provide any of the required information.

## Facility Agent

Under the PDEX Listing Rules (7.3.8), debt securities to be listed or enrolled on PDEX must have a Facility Agent, or trustee. The issuer needs to appoint the Facility Agent. The duties of a Facility Agent follow for the most part the tasks normally associated with a bond trustee or

<sup>2</sup> Originally, the term “private placement” was only used in regulations and market practice in case of an issuance to a maximum number of 19 investors, regardless whether professional or not, owing to specific concessions existing for distributions to no more than this number of investors in the relevant tax regulations. Subsequently, market practice adopted the term “corporate notes” for such private placements. A 2012 Bureau of Internal Revenue ruling provided that issues with 19 investors or less are subject to a 20% creditable withholding tax. The SEC, in its revised IRR for the SRC introduced in early 2015, stopped using the term private placement.

bondholder representative. Key functions of the Facility Agent under the PDEX Listing Rules are as follows:

1. monitor the compliance by the issuer of all covenants of the issue;
2. act on behalf of the holders of securities in the event of any default of the issuer on any of the covenants; and
3. regularly report to the holders of the securities and to PDEX any of the following:
  - a. any change, impairment, or removal of deposited collateral;
  - b. acceleration of maturity of the issue;
  - c. any call for redemption;
  - d. noncompliance with sinking fund requirements, if any;
  - e. noncompliance with any covenant or condition of the issuer;
  - f. any event that will affect the obligations of the issuer under the issue; and
  - g. any other action of the issuer or other event that comes to the knowledge of the Facility Agent that may impair or affect the value of the security or instrument.

### **Incentive for Longer-Tenured Issuances**

Present tax regulations encourage the issuance of debt instruments with a tenure in excess of 5 years in order to achieve a favorable tax consideration for distributions from such debt instruments. In consequence, the market has adopted a practice of issuing bonds with a maturity of 5 years and at least 1 day to provide investors with this concession.



# AMBIF Bond and Note Issuance Process in the Philippines

This chapter describes the regulatory processes and necessary steps to be observed for the issuance of bonds and notes to Qualified Buyers in the Philippines.

## Overview of Regulatory Processes

### Regulatory Processes by Corporate Issuer Type

To issue bonds and notes to professional investors in the Philippines, typically referred to as QB bonds or Exempt Transactions, a number of regulatory processes need to be observed. A Notice of Exempt Transaction has to be filed with the SEC, regardless of the type of issuer. No approvals need to be obtained but the SEC reserves the right to request a confirmation of the eligibility of an Exempt Transaction at any time.

With respect to the BSP, the applicable rules and regulations on the issuance of bonds or notes in the domestic market depend on the (i) residency and type of issuer (whether financial or nonfinancial institution), and (ii) denomination of the bonds or notes.

In addition, the listing or enrollment of issued bonds and notes on PDEX is required to allow visibility and/or trading, and continuous disclosure and pricing. For more details, please refer to the earlier chapters in this document.

Table A7.4 provides an overview of these regulatory processes by corporate issuer type. In order to make the issuance processes by issuer type more comparable across ASEAN+3 markets, the table features common issuer type distinctions that are evident in regional markets. Not all markets will distinguish all such issuer types. Sovereign issuers may be subject to different regulatory processes.

### Regulatory Process Map: Overview

The regulatory process map shown in Figure A7.1 may help with the navigation of the applicable regulatory processes in the Philippines to be applied to a given proposed bond or note issuance. Individual processes are explained in detail below.

There is no requirement on the use of an underwriter for a bond or note offering to Qualified Buyers. However, if an issuer wants to appoint an underwriter, such underwriter must be licensed by the SEC.

At the same time, typically, the issuer is represented by an underwriter who will file or submit the necessary application for approval or relevant documentation to the respective regulatory authority and market institution on the issuer's behalf.

**Table A7.4: Regulatory Processes by Corporate Issuer Type**

Type of Corporate Issuer	SEC	BSP	PDEx
<b>Resident issuer</b>			
Resident nonfinancial institution	O		X
Resident financial institution <sup>a,b</sup>	O	X	X
Resident issuing FCY-denominated bonds and notes	O	X	X
<b>Nonresident issuer</b>			
Nonresident nonfinancial institution	O	X	X <sup>c</sup>
Nonresident financial institution	O	X	X <sup>c</sup>
Nonresident issuing FCY-denominated bonds and notes	O	X	X <sup>c</sup>

BSP = Bangko Sentral ng Pilipinas, FCY = foreign currency, PDEx = Philippine Dealing and Exchange, SEC = Securities and Exchange Commission.

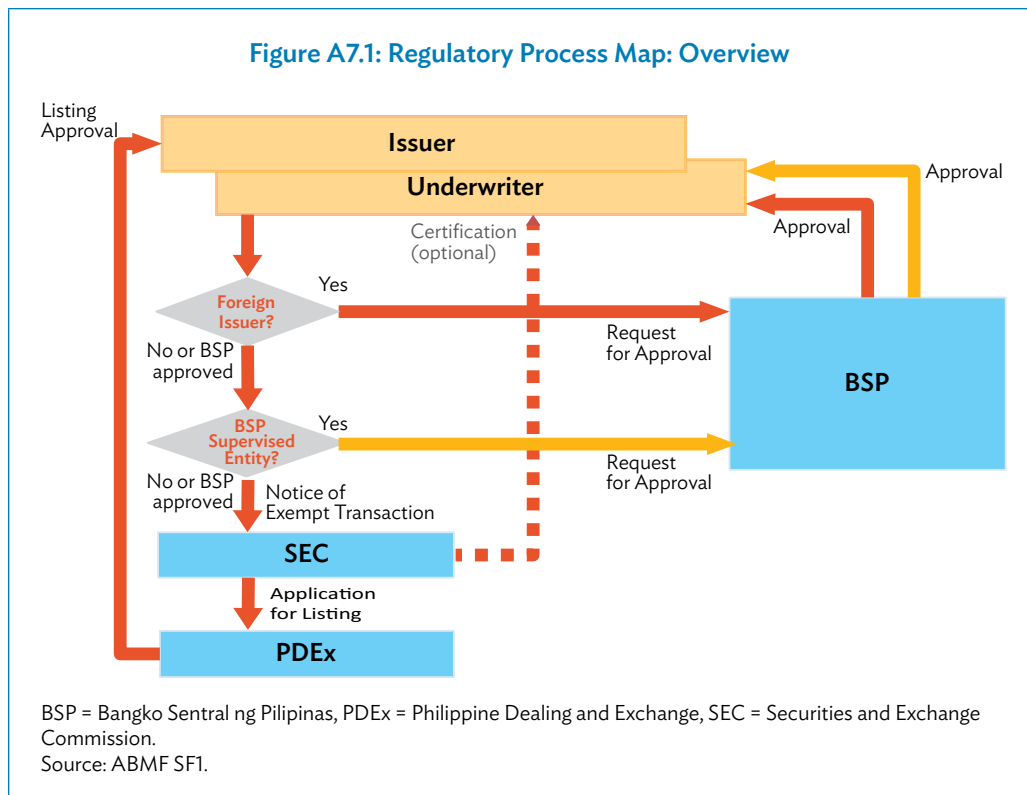
Notes: O indicates the need to file Notice of Exempt Transaction only; X indicates approval required.

<sup>a</sup> Financial institutions may issue bonds and notes, subject to regulations governing the borrowing of banks under the provisions of the Manual of Regulations for Banks.

<sup>b</sup> Resident financial institutions in the Philippines include branches of nonresident financial institutions that fall under the supervision of the BSP.

<sup>c</sup> All matters related to nonresidents should abide by the BSP- and SEC-prescribed framework for nonresidents prior to PDEx approval.

Source: ABMF SF1.



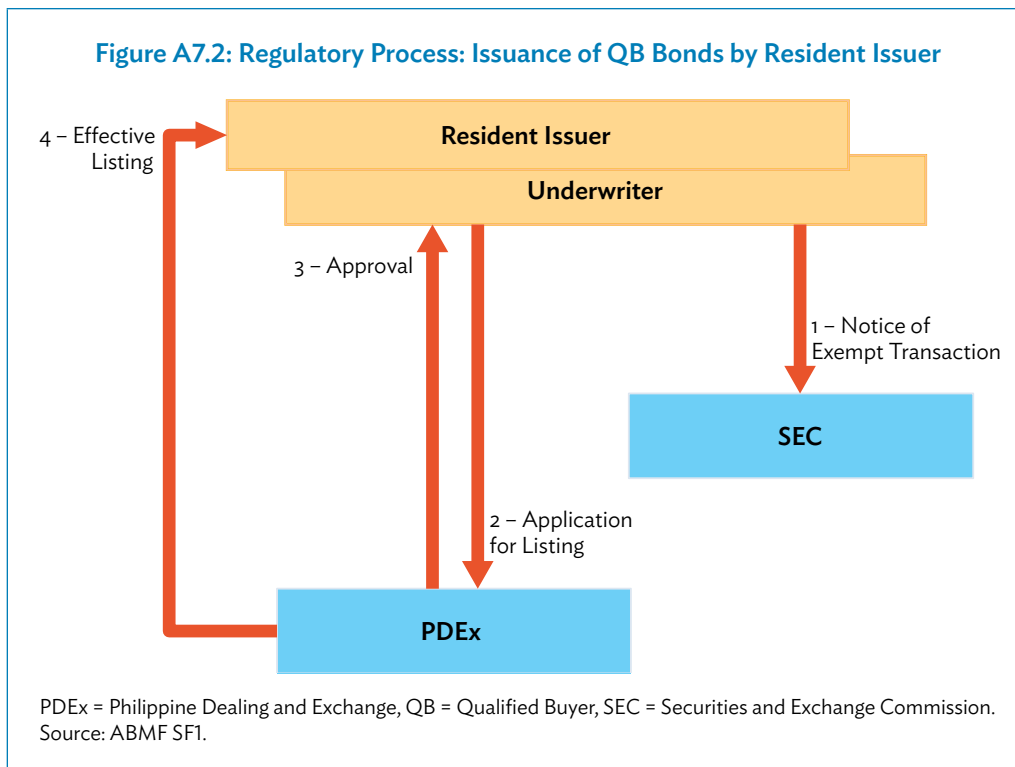
### Issuance Processes in Local Currency

This section describes the issuance processes for PHP-denominated bonds and notes aimed at Qualified Buyers (QB bonds) in the Philippines. In contrast to the requirements for a public offering, the regulatory processes for QB bond issuances are fairly streamlined.

Distinctions are made according to the prescribed issuance processes for individual corporate issuer types in the Philippines. Sovereign issuers are not covered in this section.

#### Issuance Process for Resident Issuer (Other Than Financial Institution)

A resident issuer is defined as a corporate legal entity under the laws of the Philippines. The regulatory process for issuance of QB bonds by a resident is presented in Figure A7.2.



The following steps will need to be observed when a resident issuer wants to issue bonds or notes to professional investors (QB issuances) in the Philippines.

#### Step 1: Filing of a Notice of Exempt Transaction with the SEC

The issuer or underwriter of a bond or note aimed at professional investors (Qualified Buyers) in the Philippines will need to file a Notice of Exempt Transaction with the SEC.

If the issuance of a bond or note is considered a repeat issue under a shelf-registration or other bond or note issuance program, a separate Notice of Exempt Transaction would not need to be filed.

The SRC, Section 10.3 prescribes that, in order for an issuer to secure an exemption from the official registration of debt instruments with the SEC (public offer and full disclosure), an issuer must file a notice on which exemption under Section 10 is relied upon to qualify as an Exempt Transaction. This process is called Filing of a Notice of Exempt Transaction.

The cover letter for the Filing of a Notice of Exempt Transaction is SEC Form 10.1. Further details are contained in the IRR of the SRC, the latest version of which came into effect in February 2015. Since Form 10.1 is a physical format, a copy is included as Attachment 1 of the AMBIF Implementation Guidelines for the Philippines for easy reference. However, not all fields in Form 10.1 relate to a Notice of Exempt Transaction.

The issuer or its underwriter needs to file five copies of SEC Form 10.1 with the SEC, one of which needs to be manually signed by a duly authorized person who, in case of a juridical person, shall be the president or equivalent in the jurisdiction of a nonresident issuer.

There is a fee charged for the Filing of a Notice of Exempt Transaction to the SEC.

A cooling-off period of 2 business days from the Filing of a Notice of Exempt Transaction will need to be observed before the issuer or their agent(s) may offer the bonds or notes for sale and commence to procure the listing of the bonds or notes simultaneously.

If a Notice of Exempt Transaction is filed with the SEC, the issuer has the burden of proof that the bond or note issuance qualifies as an Exempt Transaction under Section 10 of the SRC throughout the lifecycle of the bond or note. Under SRC Section 10 and its related IRR (6.1.), the SEC has the right to challenge such exemption at any time. The SEC also has the right to demand a certification, if necessary.

To further ensure compliance with the exemption claimed by an issuer under Section 10.1 of the SRC, the SEC looks to the underwriter—licensed by the SEC—to observe the applicable provisions and selling and transfer restrictions under the law.

The SEC has confirmed that the SSF may be used for the filing of the Notice of Exempt Transaction with the SEC, since the SSF was reviewed by the SEC and contains all relevant information required for the Filing of a Notice of Exempt Transaction, as detailed above.

The SEC will not issue a confirmation of the Notice of Exempt Transaction or an approval letter unless a certification is specifically requested by the issuer. Instead, the issuer and/or underwriter may proceed with the bond or note issuance or offer for sale to Qualified Buyers following a cooling-off period of 2 business days.

#### Step 2: Application for Listing (or Enrollment) on PDEX

Filing a Notice of Exempt Transaction with the SEC (Step 1) is a prerequisite for the application for listing (or enrollment).

For a bond or note to be eligible to be traded in the Philippines, even in the OTC market, the issuer or underwriter of a bond or note aimed at professional investors (Qualified Buyers) will need to list or enroll the bond or note on PDEX. The practice of listing or enrollment is

stipulated in the OTC rules by the SEC and regulated in the PDEX Listing Rules. (For more details, please refer to Chapter I.) At the same time, trading is not compulsory (e.g., in cases when professional investors buy and hold only specific bond or notes).

A bond or note aimed at professional investors (Qualified Buyers) will need to be enrolled on PDEX. Enrollment is done by a sponsor, either the issuer or a trading participant. The sponsor is compelled to comply with the obligations to continuously disclose material information as may be specified in applicable SEC rules and regulations and the PDEX Listing Rules.

Both listing and enrollment result in the same downstream clearing and settlement processes and practices in the Philippines.

PDEX prescribes that an issuer or trading participant (for enrollment) needs to send to PDEX the application for listing or enrollment as well as the duly executed listing agreement, together with documents and disclosure items stipulated in the applicable PDEX listing checklist.

PDEX may, at any time, request for additional information or disclosure items from the issuer.

A fee is payable with the application; the PDEX schedule of fees for admitting securities applies to both listing and enrollment.

### Step 3: Approval from PDEX

Upon a complete submission of the documentary requirements, and assuming that there are no identified issues, PDEX has a target time frame of responding to the application for listing (enrollment) within 5 business days. The actual review process commences when an issuer or listing applicant starts the submission of the documentary requirements. For resident issuers, this process typically begins as early as 3 weeks before a targeted listing date.

If all documents and disclosure items are in order, and the applicable (listing) fees have been paid, PDEX will issue an approval letter to the issuer. PDEX may state specific conditions attached to the approval, if necessary.

### Step 4: Effective Listing (Listing Exercise)

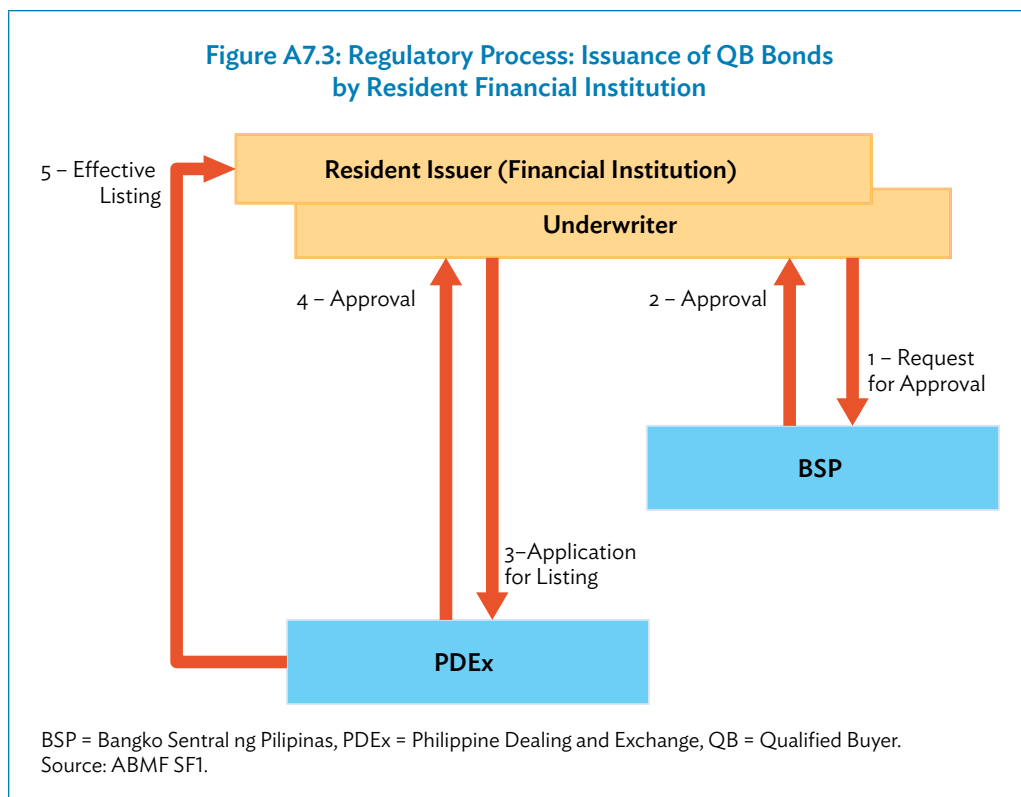
For the listing of the debt securities to take effect, PDEX has a target time frame of 3 business days after an approval is issued, on the assumption that no concerns have been identified and the required securities' details are complete and in order. PDEX Listing Rule 7.6.6 stipulates that PDEX shall announce the admission of new debt securities to its trading participants and the SEC, and publish the announcement on its website. A listing exercise shall likewise be held to formally and publicly announce the admission for secondary trading on the PDEX Trading Platform and to commence the trading of such debt securities.

The listing exercise is a brief ceremony held prior to the start of trading, highlighted by the ringing of a ceremonial bell at 9 a.m. (the start of the trading day) by the issuer of the debt securities, to mark the start of trading of its newly listed debt securities on the trading platform.

### Issuance Process for Resident Financial Institution

While the SEC is the principal regulatory authority for the securities market, the SRC, Section 9.1. (e) exempts debt securities issued by banks from the need to file a registration statement (or a Notice of Exempt Transaction from such registration statement) with the SEC.

If the issuer is a resident financial institution in the Philippines (a BSP-supervised entity), the issuance of bonds or notes, including to professional investors (Qualified Buyers) is permitted without approval (Figure A7.3). However, the BSP will need to approve such an issuance if the bonds or notes relate to Tier 2 capital, pursuant to MORB Section 39.2.2, regardless whether the issuer is a domestic institution or the branch of a nonresident institution. The BSP approval process for such cases is detailed below.



#### Step 1: Filing for Approval with the BSP

The issuer will have to file for approval with the Supervision and Examination Sector of the BSP, and include all necessary information and documents, as specified in the MORB provisions.

#### Step 2: Approval from the BSP

The BSP Financial Supervision Department will review the application and applicable documents and may, at its discretion, ask for clarification or additional information.

Provided that documents are in order, the necessary information has been provided, and the review is satisfactory, the BSP Financial Supervision Department will issue the approval (letter) for the bond or note issuance within 3 days from receipt of a complete application.

There is no fee charged for this BSP approval process.

**Step 3 Onward: Application for Listing (or Enrollment) on PDEx**

PDEx has a checklist for the listing or enrollment of exempt securities for resident issuers. The authority to issue and the compliance with regulatory requirements (BSP) for such issuance would be, among others, that which will be requested from the prospective issuer.

The steps for the listing (or enrollment) of a bond or note on PDEx follow the process as described under Steps 2, 3, and 4 in Issuance Process for Resident Issuer (Other Than Financial Institution).

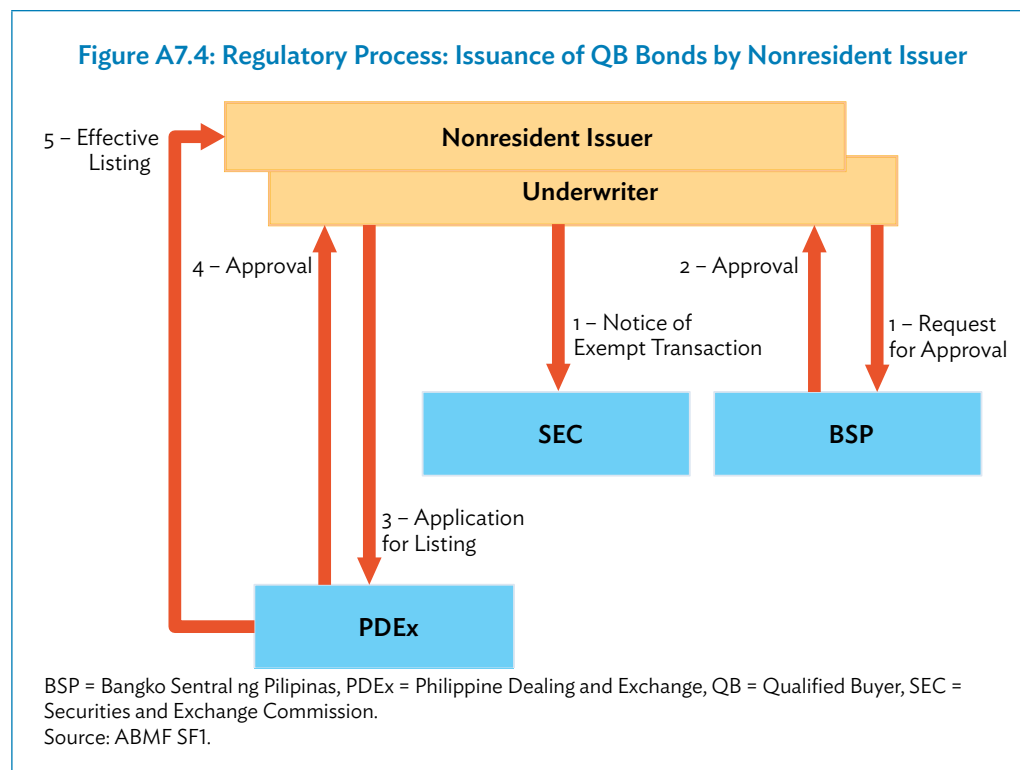
Subordinated debt issued by banks is required to be listed on PDEx in order to obtain regular pricing for said instruments.

**Issuance Process for Nonresident Issuer (Other Than Financial Institution)**

The process of issuing bonds or notes to professional investors (Qualified Buyers) involves multiple regulatory authorities if the issuer is a nonresident corporate issuer (Figure A7.4). The regulatory process for nonresident sovereign issuers may differ, and is not explained here.

The following steps need to be observed when a nonresident issuer wants to issue bonds or notes to professional investors (Qualified Buyers) in the Philippines.

As agreed among the regulatory authorities, the filing for approval with BSP and the filing of the Notice of Exempt Transaction with the SEC may be undertaken at the same time using



the SSF. The nonresident issuer will, however, need to obtain the necessary approval from BSP before proceeding with the issuance.

The listing or enrollment on PDEX completes this regulatory process.

#### Step 1 (BSP): Filing for Approval with the BSP

A nonresident issuer must obtain prior approval from the BSP before issuing bonds or notes in the Philippines. There is no quota or allocation of issuance amounts in Philippine pesos for nonresident issuers.

According to Section 31.3 of the BSP Manual of Regulations on Foreign Exchange Transactions, a bond or note issuance by a nonresident issuer requires the authorization of the BSP for the nonresident issuer to access the domestic banking system in the Philippines (e.g., in the form of collection of issuance proceeds through underwriters, and activities in the foreign exchange or swap market). Annex D.2 of the manual contains the actual form and data requirements for submission to the BSP.

The nonresident issuer or their underwriter must apply to the BSP International Operations Department using the prescribed forms specified in Annex D.2 of the manual and providing other relevant documents as may be required, including a

1. term sheet;
2. process flow;
3. flow chart of fund raising process, including parties involved; and
4. plan for funding repayments.

The SSF may be used to submit relevant issuance documentation and other information to the BSP. The filing for approval from the BSP is presently conducted by submitting physical forms and documents.

#### Step 1 (SEC): Filing of a Notice of Exempt Transaction with the SEC

At the same time of the filing for BSP approval, the nonresident issuer or their underwriter of a bond or note aimed at professional investors (Qualified Buyers) in the Philippines will need to file a Notice of Exempt Transaction with the SEC.

The Filing of a Notice of Exempt Transaction with the SEC follows the regulatory process described above.

If the issuance of a bond or note is considered to be a repeat issue under a shelf-registration or other bond or note issuance program, a separate Notice of Exempt Transaction would not need to be filed.

Nonresident issuers wishing to use the proceeds from a PHP-denominated bond or a note in foreign currency may require a policy decision by the SEC prior to filing a Notice of Exempt Transaction.

#### Step 2: Approval from the BSP

The BSP International Operations Department will review the application and relevant documents and may, at its discretion, ask for clarification or additional information.



In its review, the BSP will focus on the purpose of the issuance and use of proceeds, any applicable prohibitions, and planned activities in the foreign exchange or swap market resulting from the proceeds or funding of interest and redemption payments. The BSP is also reviewing whether the issuance complies with the rules and regulations of other regulatory agencies.

In the event of an inquiry from an issuer or underwriter on the status of a review, or the regulatory process and other matters in general, the BSP is committed to respond within 15 business days.

Provided that documents are in order and the necessary information has been provided and the review is satisfactory, the BSP International Operations Department will issue the approval (letter) for the bond or note issuance.

There is no fee charged for this BSP approval process.

### Step 3 (Next Step) Onward: Application for Listing (or Enrollment) on PDEX

PDEX has a checklist for the listing or enrollment of exempt securities for resident issuers. The authority to issue and the compliance with regulatory requirements (BSP and SEC) for such issuance would be, among others, that which will be requested from the prospective issuer. For nonresident issuers, the requirements shall rely on and be amended accordingly based on the framework of the Philippine regulators (SEC and BSP) for domestic PHP-denominated issuances of nonresident issuers of securities.

The steps for the listing (or enrollment) of a bond or note on PDEX follow the process as described under Steps 2, 3, and 4 in Issuance Process for Resident Issuer (Other Than Financial Institution). There is no distinction made between resident and nonresident issuer types at PDEX. Foreign governments and multilateral organizations are also eligible.

### Issuance Process for Nonresident Financial Institution

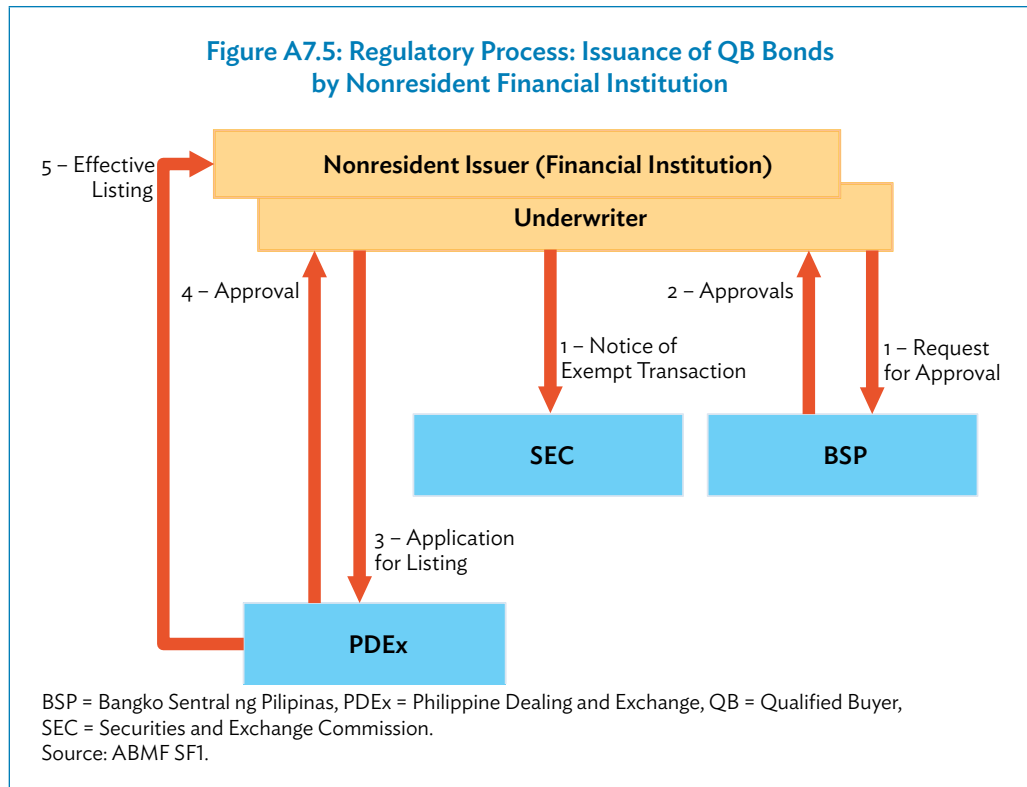
The process of issuance of bonds or notes to professional investors (Qualified Buyers) for nonresident financial institutions is much the same as for other nonresident issuers described above. However, part of the process of approval for a nonresident financial institution are the added requirements of the BSP's Financial Supervision Department under the BSP's remit of governance of the activities of banks and other financial institutions in the Philippines (Figure A7.5).

The steps described below need to be observed when a nonresident financial institution wants to issue bonds or notes to professional investors (Qualified Buyers) in the Philippines.

Again, the nonresident financial institution may file the request for approval with the BSP and the Notice of Exempt Transaction with the SEC at the same time. The SSF may be used for the submission of relevant issuance information in both cases. Since approval from the SEC is not required, the nonresident issuer will have to await BSP approval before proceeding with the intended issuance.

### Step 1 (BSP): Filing for Approval with the BSP

In principle, the same regulatory process described under Issuance Process for Nonresident Issuer (Other Than Financial Institution) applies; at the same time, BSP may apply additional



prudence in the review of this filing for approval, in particular with regard to the proposed use of proceeds raised from the bond or note issue.

As an additional input into the regulatory process for nonresident financial institutions, the BSP Financial Supervision Department may have specific requirements of the issuer.

#### Step 1 (SEC): Filing of a Notice of Exempt Transaction with the SEC

Like all issuers intending to issue bonds or notes aimed at professional investors (Qualified Buyers) in the Philippines, a nonresident financial institution or their underwriter will need to file a Notice of Exempt Transaction with the SEC. The process principally follows the regulatory process described above. At the same time, the SEC would typically want to receive specific information from the nonresident financial institution on the use of proceeds, in particular if the proceeds are intended for on-lending in the financial market in the Philippines.

#### Step 2: Approval from the BSP

Please refer to the regulatory process described under Issuance Process for Nonresident Issuer (Other Than Financial Institution). The BSP Financial Supervision Department coordinates with other departments to satisfy its requirements and state its approval before the BSP advises the issuer accordingly.

### Step 3 (Next Step) Onward: Application for Listing (or Enrollment) on PDEX

PDEX has a checklist for the listing or enrollment of exempt securities for resident issuers. The authority to issue and the compliance with regulatory requirements (BSP and SEC) for such issuance would be, among others, that which will be requested from the prospective issuer. For nonresident issuers, the requirements shall rely on and be amended accordingly based on the framework of the Philippine regulators (SEC and BSP) for domestic PHP-denominated issuances of nonresident issuers of securities.

The steps for the listing (or enrollment) of a bond or note on PDEX follow the process as described under Steps 2, 3, and 4 in Issuance Process for Resident Issuer (Other Than Financial Institution). PDEX does not distinguish between nonresident general corporate and nonresident financial institution issuers. Foreign governments and multilateral organizations are also eligible.

## Issuance Process for FCY Bonds

The issuance of bonds and notes in currencies other than Philippine pesos is possible in the Philippines; for example, a number of USD-denominated bonds and notes have previously been issued by the Philippine government. FCY bonds and notes require prior approval by the BSP.

### Issuance Process for Resident Issuing FCY Bonds and Notes

The following steps will need to be observed when a resident issuer wants to issue bonds or notes to professional investors (Qualified Buyers) in foreign currency in the Philippines.

#### Step 1: Filing for Approval with the BSP

Please refer to regulatory process under Issuance Process for Nonresident Issuer (Other Than Financial Institution). The governing BSP department is the International Operations Department.

#### Step 2: Approval from the BSP

Please refer to the regulatory process under Issuance Process for Nonresident Issuer (Other Than Financial Institution). The review and issuance of the approval is handled by the BSP International Operations Department.

#### Step 3: Filing of a Notice of Exempt Transaction to the SEC

The Filing of a Notice of Exempt Transaction to the SEC follows the regulatory process described above.

#### Step 4 (Next Step) Onward: Application for Listing (or Enrollment) on PDEX

The steps for the listing (or enrollment) of a bond or note on PDEX follow the process as described under Steps 2, 3, and 4 in Issuance Process for Resident Issuer (Other Than Financial Institution). PDEX, and its settlement and depository agent PDTC, are able to clear and settle USD-denominated bonds only at this point.

## Issuance Process for Nonresident Issuing FCY Bonds and Notes

The regulatory process for nonresident issuers issuing bonds or notes in foreign currency is principally the same as for resident issuers, since all relevant regulatory authorities and PDEX (as the market institution) are already involved. For more details, please refer to Issuance Process for Nonresident Issuer (Other Than Financial Institution).

## Issuance Process Specific to the Philippines

### Possible Additional Process: Certification of QB Bond Eligibility by the SEC

Although in principle this potential process would be a direct continuation of the Filing of Notice of Exempt Transaction described above, it should be seen as a distinctly separate step in the overall regulatory process for the issuance of bonds or notes since it is an optional regulatory process and it carries a significant fee.

The function of the certification process is to confirm to the issuer and underwriter, and potential Qualified Buyers, intermediaries, and the market at large, the eligibility of the bonds or notes as an Exempt Transaction under the SEC, Section 10, and the reduced obligations on the issuer and underwriter in terms of initial and continuous disclosure. In such cases, the issuer and/or underwriter no longer carry the burden of proof to stakeholders that the QB bond or note qualifies as such.

The process of certification by the SEC carries a fee, stipulated in the SRC, Section 10.3, presently calculated as "...one-tenth (1/10) of one percent (1%) of the maximum aggregate price or issued value of the securities."<sup>3</sup> This formula could amount to a substantial expense for the issuer. However, the recent Financial Sector Neutrality Act may result in the fee being converted to a flat amount, as is common in most other ASEAN+3 markets. The SEC is now looking at applying the provisions in this act for its purposes.

The decision to obtain a certification of the QB bond status lies with the issuer and/or underwriter, and is not mandatory for an enrollment for listing and trading on PDEX. The individual regulatory processes for QB bond issuance have been described in the earlier sections, according to issuer type and other considerations.

At the same time, the SEC may challenge a claimed exemption at any time, and may also insist on a certification of said exemption, if necessary.

### Step 1: Request for Certification of Eligibility of QB Bond by the SEC

Any resident or nonresident issuer, regardless of issuer type, may opt to request certification of the eligibility of a bond or note issue as a QB bond, or as an Exempt Transaction.

The issuer or underwriter will need to file SEC Form 10.1 (Notice of Exempt Transaction) with the SEC, indicating on the form the claimed exemption, as well as request for the certification of the stated exemption.

The SEC charges a significant fee charged for a request of certification equivalent to 10 basis points on the face value of the bond or note.

<sup>3</sup> Securities and Exchange Commission. Securities Regulation Code. [www.sec.gov.ph/laws/srcode.html](http://www.sec.gov.ph/laws/srcode.html)

### Step 2: The SEC Provides Certification of Eligibility of QB Bond

The SEC reviews the Notice of Exempt Transaction, corresponding certification request, and any relevant documents and may, at its discretion, ask for clarification or additional information.

Provided that the Notice of Exempt Transaction and corresponding request are in order, the necessary information has been provided, and the review is satisfactory, the SEC will issue a Certification of Exemption for the bond or note issuance to the issuer and/or underwriter.

# Attachment 1

## SEC Form 10.1: Sample Format

-----  
Name of issuer whose securities are being offered for sale or sold

-----  
Date

### SECURITIES AND EXCHANGE COMMISSION

### SEC FORM 10.1

### NOTICE OF/APPLICATION FOR CONFIRMATION EXEMPT TRANSACTION

Check Applicable Box:

- Application for Commission's confirmation of availability of exemption
- Notice of Exempt Transaction

**1. State the provision of Section 10.1 of the Code under which exemption is based:**

-----

**2. Information about the securities for which this Notice/Application has been filed:**

(a) Title of class of securities being offered for sale/sold	
(b) Form of payment	
(c) Number and price/value of the securities being offered for sale/sold	
(d) Are any of the issuer's securities listed on the Philippine Stock Exchange and, if so, describe which class is listed and latest trading price.	
(e) Are the securities traded on any other trading market and, if so, disclose latest trading price	
(f) Capital structure as of the date prior to this issuance: 1) Authorized capital stock, par value, number of shares and amount	
2) Subscribed capital stock, number of shares and amount	
3) Unissued shares	

SEC Form 10.1

Date -----

**3. Additional information about the securities where this Notice/Application is filed by the issuer thereof:**

(a) Exact name of issuer as specified in its charter	
(b) Place (province, country or other jurisdiction of incorporation) and date thereof	
(c) SEC Identification Number	
(d) BIR Tax Identification Number	
(e) Address of principal office	
(f) Issuer's telephone number, including area code	
(g) Former name or former address, if any, since filing of last report with the SEC	
(h) Are any of the issuer's securities listed on the Philippine Stock Exchange and, if so, describe which class is listed and latest trading price.	
(i) Other securities registered with the Commission under the Revised Securities Act or the Securities Regulation Code (title of each class, number of shares)	
(j) Describe any other offer for sale/sale of securities by the issuer for the last 12 months for which exemptive relief from registration was claimed under RSA or Section 10.1 of the Code. This should include the basis of exemption, class of securities, amount and number of investors.	
(k) Name of underwriter or selling agent involved in the sale	

**4. If securities are being sold by the owner thereof, please disclose:**

(a) Name of Selling Owner or Owner's Representative	
(b) Date of acquisition and from whom (issuer, another person)	
(c) Price of securities when acquired	

**5. Terms and Conditions of the Sale:**

(a) Date and place of initiation of selling efforts (or proposed date and place of sale if prior confirmation is requested)	
(b) Unless being sold by the issuer or the owner, please disclose name of person selling the securities and his authority	
(c) Lock-Up Period	
(d) Summary of other terms and conditions of the sale.	

**6. Information about purchasers**

For Applications for Confirmation:

- Check if purchasers are **existing** stockholders and indicate the **number** of existing stockholder/s \_\_\_\_\_.
- Check if purchasers are **new** investors not exceeding 19 and indicate the **number** of new investor/s \_\_\_\_\_.

(Note: A list containing the information required under this item shall be filed within 30 days from receipt of confirmation of exemption.)

For Notice of Exemption (Provide the following information:)

(a) Name, address and legal residence of each purchaser, and indicate whether each purchaser is a “qualified buyer” under Section 10.1(1) of the Code.	
(b) Number of shares which shall be purchased/ purchased by each purchaser	
(c) For each purchaser, indicate whether such person is an officer, director or holder of at least 5% of any class of equity shares of the issuer	
(d) Indicate the class, number, and percentage of all shares of the issuer already owned by each purchaser	

**7. Exhibits**

In addition to the above information, the applicant hereby submits with this Notice/Application the following documents:

- (a) Written Disclosure to Investors containing the required information under Paragraphs (1) and (iii)(d) (in case of private placements only) of SRC Rule 10.1; and
- (b) Copy of other materials to be used/used in connection with the offering for sale or sale.
- (c) If the consideration is other than cash, documents supporting the proper valuation of the payment to be received in exchange of the securities to be issued.

**8. Filing Fees**

This notice with an application for confirmation of availability of an exemption under SRC Rule 10.1 of the Code has been submitted along with the payment of the prescribed fee in the amount of \_\_\_\_\_ under O.R. No. \_\_\_\_\_. (Fill this up if applicable only)



### Signatures

The undersigned hereby certifies that the exemption applied for hereunder is available and all requirements set forth in SRC Rule 10.1 have been complied with.

Pursuant to the requirements of the Code and SRC Rule 10.1 thereunder \_\_\_\_\_  
(Name of Seller)

has caused this certification to be signed on its behalf by a duly authorized person who, in case of a juridical person, shall be the President thereof.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
President

### Instruction

*The applicant shall file with the Commission five (5) copies of this SEC Form 10.1, one of which shall be manually signed by a duly authorized person who, in case of a juridical person, shall be the President.*

# Attachment 2

## Resource Information

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For easy reference and access to further information about the topics discussed in the AMBIF Implementation Guidelines for the Philippines—including the relevant policy bodies, regulatory authorities, securities market-related institutions, and the Philippine bond market at large—interested parties are encouraged to utilize the following links (all websites are in English):

ASEAN+3 Multi-Currency Bond Issuance Framework—Single Submission Form  
<http://tinyurl.com/AMBIF-Single-Submission-Form>

ASEAN+3 Bond Market Guide—Philippines  
[https://wpqr4.adb.org/LotusQuickr/asean3abmf/Main.nsf/h\\_Index/4CC53EFBD63D7BA3482579D4001B5CED/\\$file/abmf%20vol1%20sec%208%20phi.pdf](https://wpqr4.adb.org/LotusQuickr/asean3abmf/Main.nsf/h_Index/4CC53EFBD63D7BA3482579D4001B5CED/$file/abmf%20vol1%20sec%208%20phi.pdf)

Bangko Sentral ng Pilipinas  
<http://www.bsp.gov.ph>

Bangko Sentral ng Pilipinas—Manual of Regulations on Foreign Exchange Transactions  
<http://www.bsp.gov.ph/downloads/regulations/morfxt/morfxt.pdf>

Bureau of the Treasury  
<http://www.treasury.gov.ph>

Philippine Dealing System Holdings Corp.  
<http://www.pds.com.ph>

Philippine Dealing System Holdings Corp.—PDEX Bond Market Rules  
<http://www.pds.com.ph/wp-content/uploads/2014/05/PDEX-Rules-for-the-Fixed-Income-Securities-Market-as-Amended-Revised-09-June-20141.pdf>

Securities and Exchange Commission of the Philippines  
<http://www.sec.gov.ph>

Securities and Exchange Commission of the Philippines—CRA Guidelines (March 2014)  
<http://www.sec.gov.ph/laws/.../sec%20memo%20no.%207,%20s2014.pdf>

# Attachment 3

## Glossary of Technical Terms

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Annex D.2	Annex containing bond and note issuance approval application in Manual of Regulations on Foreign Exchange Transactions
corporate notes	Market term for previous private placements in Philippine market
enrollment	Process of listing bonds on PDEX for professional issuances, a prerequisite under Philippine regulations
Exempt Transactions	Debt securities issuance that are not subject to the full disclosure and public offer regulatory framework
filing	Action of submitting documentation
listing	Typically, action of submitting a bond issue or other securities to an exchange for the purpose of trading, price finding, disclosure or profiling
registration	Action of registering a bond issue, for reference pricing or disclosure purposes
sponsor	Party who enrolls a bond or note in PDEX

# Appendix 8

## AMBIF Implementation Guidelines for Singapore

### AMBIF Elements in Singapore

This chapter describes the key features of the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), also known as AMBIF Elements, and puts into perspective the equivalent features of the domestic professional bond market in Singapore.<sup>1</sup>

#### Summary of AMBIF Elements

The bond market in Singapore is more international in nature than most others in the region. While the SGD-denominated bond market is relatively small, many bonds and notes are issued internationally in the Singapore market. Table A8.1 identifies the features and practices of the domestic bond market in Singapore that directly correspond with or are equivalent to the AMBIF Elements.

#### Description of AMBIF Elements and Equivalent Features in Singapore

##### Domestic Settlement

###### *AMBIF*

AMBIF is aimed at supporting the domestic bond markets of ASEAN+3. To be recognized as a domestic bond or note, an AMBIF bond or note needs to be settled at the designated central securities depository (CSD). Hence, domestic settlement needs to be a key feature of an AMBIF bond or note.

###### *In Singapore*

SGD-denominated corporate bonds and notes issued in the domestic market in Singapore are predominately cleared and settled at the Central Depository, a subsidiary of Singapore Exchange (SGX), regardless whether these bonds and notes are traded over-the-counter (OTC) or on an exchange.

##### Harmonized Documents for Submission (Single Submission Form)

###### *AMBIF*

Based on the review of application forms for issuance approval, offering circulars, information memorandums, and program information formats in ASEAN+3, the core information was similar or comparable across markets. Hence, the Single Submission Form (SSF) that can be applied to all of the relevant regulatory processes for bond and note issuance across markets was proposed. The information contained in the SSF can be submitted to all relevant regulatory authorities and market institutions for relevant

<sup>1</sup> ASEAN+3 refers to the 10 members of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China, Japan, and the Republic of Korea.

Table A8.1: AMBIF Elements and Equivalents in Singapore

AMBIF Element	Description	Equivalent in Singapore
Domestic Settlement	Bonds and notes are settled at a national CSD in ASEAN+3 markets	Settlement of corporate bonds and notes by the Central Depository
Harmonized Documents for Submission (Single Submission Form)	A common approach is of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information along with ADRB recommendation needs to be included.	MAS approval is not required for the issuance of bonds and notes to professional investors in Singapore; SGX is receptive to exploring a single-submission-document process that adheres to SGX's current bond listing requirements and processes.
Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)	Information on bonds, notes, and issuers needs to be disclosed continuously in ASEAN+3 markets. Registration or a listing authority function is required to ensure continuous and quality disclosure.	Wholesale bonds market on SGX in cases of profile listing; continuous obligations in the form of corporate announcements on SGXNet are required.
Currency	The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.	All currencies
Scope of Issuers	Resident of ASEAN+3	No limitation on issuers
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations, or market practice, in each ASEAN+3 market	Institutional Investors and Accredited Investors, as defined under the Securities and Futures Act

ADRB = AMBIF Documentation Recommendation Board, AMBIF = ASEAN+3 Multi-Currency Bond Issuance Framework, ASEAN = Association of Southeast Asian Nations, ASEAN+3 = ASEAN plus the People's Republic of China, Japan, and the Republic of Korea, CSD = central securities depository, MAS = Monetary Authority of Singapore, SGX = Singapore Exchange.

Source: ABMF SFI.

approvals or consent, or used in the context of the submission (e.g., as a checklist) in anticipation of an AMBIF bond or note issuance.

### *In Singapore*

No approval by the Monetary Authority of Singapore (MAS) is required for bond and note issuance to professional investors; thus, contracting parties—such as issuers, underwriters, and investors—are free to set and agree on documentation and disclosure requirements among themselves.

To be listed on SGX for profiling purposes, SGX is receptive to exploring a single-submission-documents process, as long as its application procedures and all listing requirements are fulfilled.

English is one of the official languages of Singapore; hence, the SSF can be utilized, particularly in the context of a profile listing since no issuance approval is required.

### **Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)**

Information on issuers, bonds, and notes needs to be disclosed continuously in ASEAN+3 markets. A registration or listing authority function to facilitate continuous disclosure is required. This can ensure the quality of disclosure and help create a well-organized market

for AMBIF issuances with transparency and a quality of information that would differentiate AMBIF issuances from ordinary private placements for which information is often neither available nor guaranteed. Owing to this important feature, an AMBIF secondary market is expected to emerge as the number of issuances increases.

A profile listing is a listing without trading on an exchange. The objective of the listing is to make bonds and notes visible and more information available to investors via a recognized listing place, particularly those investors with more restrictive mandates, such as mutual and pension funds. A profile listing at a designated listing place can ensure the flow of continuous disclosure information and possibly even reference pricing in some markets.

#### *In Singapore*

SGX offers a profile listing feature on its Wholesale Bonds market for bonds and notes aimed at Institutional Investors and Accredited Investors under the provisions of the Securities and Futures Act (SFA). These bonds and notes are traded OTC and listed for profiling only, typically in order to reach a specific investor universe or address the need for a listing in potential investors' mandated prudential regulations.

Prices for OTC-traded bonds and notes are only available to the market through trading platforms and data vendors. At present, there is no pricing agency in Singapore, and the registration of a bond or note is not applicable in Singapore.

SGX prescribes applicable documentation and disclosure items for listing on the Wholesale Bonds market in its listing rules. Being the listing authority, SGX prescribes the continuous disclosure of material information by an issuer listed on the Wholesale Bonds market via its SGXNet platform, in addition to the initial disclosure at time of listing.

For all intents and purposes, the listing of a bond or note on the SGX Wholesale Bonds market fulfills the AMBIF Element of Registration or Profile Listing.

### **Currency**

#### *AMBIF*

In the context of AMBIF, the denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market. But this does not exclude the possibility of issuing in other currencies if market practice regularly supports these other currencies and the relevant domestic currency or cash clearing capabilities exist. At this stage, United States dollars, Japanese yen, and offshore Chinese renminbi are the currencies other than domestic currencies in which bonds and notes tend to be issued in ASEAN+3 markets.

#### *In Singapore*

Domestic bonds and notes in the Singapore market are typically issued in Singapore dollars, but can also be issued in a variety of other currencies. In addition to the local currency, clearing and settlement capabilities in Australian dollars, offshore renminbi, Hong Kong dollars, and US dollars exist in the Singapore market. Given the significance of the Singapore market, and the SGX Wholesale Bonds market in particular, bonds and notes issued in other ASEAN+3 currencies, with the exception of Singapore dollars and offshore Chinese renminbi, would only be listed for profiling but effectively settled and safekept in their respective home markets.

The SGX Wholesale Bonds market features listings for profiling in more than 20 currencies, including those from ASEAN+3 markets.

## Scope of Issuers

### AMBIF

As AMBIF is aimed at supporting the development of domestic bond markets in the region and promoting the intraregional recycling of funds, an issuer needs to be a resident of an ASEAN+3 market.

### In Singapore

In Singapore, regulations do not distinguish between domestic or foreign issuers for the purpose of issuing bonds or notes to professional investors. However, in cases of a non-resident financial institution issuing SGD-denominated bonds and notes, the issuer must swap or convert the proceeds to foreign currency, rather than remit the Singapore dollars outside of Singapore.<sup>2</sup>

For the purpose of profile listing on the SGX Wholesale Bonds market, the distinction between domestic or foreign issuers is not significant; the guiding principles are that issuers must qualify according to the listing eligibility criteria set out in the SGX Listing Rules, in particular for the issuance of bonds and notes to professional investors.

## Scope of Investors

### AMBIF

Professional investors are defined in accordance with regulations and/or market practice in each market in ASEAN+3. Some jurisdictions have a clear definition of professional investors, while other jurisdictions may need to establish the concept through agreements.

Professional investors are institutions defined by law and licensed or otherwise registered with regulators by law in their economy of domicile and, hence, are subject to governance and inspection based on securities market and/or prudential regulations. In addition, most of them are also subject to oversight as well as professional conduct and best practice rules by a self-regulatory organization, such as an exchange or a market association.

### In Singapore

Professional investors, interpreted as nonretail investors, are referred to as Accredited Investors and Institutional Investors as defined in Section 4A of the SFA (Chapter 289 of the Laws of Singapore). In addition, Sections 274 and 275 of the SFA provide the exemption from the prospectus requirement for offers to Institutional Investors (274) and Accredited Investors (275).

Accredited Investors is a collective term defined in Section 4A of the SFA as

1. an individual
  - a. whose net personal assets exceed in value SGD2 million (or its equivalent in a foreign currency) or such other amount as MAS may prescribe in place of the first amount; or

<sup>2</sup> MAS. Notice 757 (Lending of Singapore Dollar to Non-Resident Financial Institutions). <http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/commercial-banks/notices/2004/notice-757--lending-of-singapore-dollar-to-non-resident-financial-institutions.aspx>

- b. whose income in the preceding 12 months is not less than SGD300,000 (or its equivalent in a foreign currency) or such other amount as MAS may prescribe in place of the first amount;
2. a corporation with net assets exceeding SGD10 million in value (or its equivalent in a foreign currency) or such other amount as MAS may prescribe, in place of the first amount, as determined by
  - a. the most recent audited balance sheet of the corporation; or
  - b. where the corporation is not required to prepare audited accounts regularly, a balance sheet of the corporation certified by the corporation as giving a true and fair view of the state of affairs of the corporation as of the date of the balance sheet, which date shall be within the preceding 12 months;
3. the trustee of such trust as MAS may prescribe, when acting in that capacity; or
4. such other person as MAS may prescribe.<sup>3</sup>

The definition of Institutional Investors in Section 4A of the SFA contains a detailed list of which institutions are considered professional. The SFA defines Institutional Investors as

1. a bank that is licensed under the Banking Act (Cap. 19);
2. a merchant bank that is approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
3. a finance company that is licensed under the Finance Companies Act (Cap. 108);
4. a company or cooperative society that is licensed under the Insurance Act (Cap. 142) to carry on insurance business in Singapore;
5. a company licensed under the Trust Companies Act 2005 (Act 11 of 2005);
6. the Government of Singapore;
7. a statutory body established under any act;
8. a pension fund or collective investment scheme;
9. the holder of a capital markets services license for
  - a. dealing in securities;
  - b. fund management;
  - c. providing custodial services for securities;
  - d. real estate investment trust management;
  - e. securities financing; or
  - f. trading in futures contracts;
10. a person (other than an individual) who carries on the business of dealing in bonds with Institutional Investors or expert investors;

<sup>3</sup> MAS has prescribed the following persons as Accredited Investors for the purposes of the SFA: (i) the trustee of a trust of which all property and rights of any kind whatsoever held on trust for the beneficiaries of the trust exceed SGD10 million in value (or its equivalent in a foreign currency); (ii) an entity (other than a corporation) with net assets exceeding SGD10 million in value (or its equivalent in a foreign currency); (iii) a partnership (other than a limited liability partnership within the meaning of the Limited Liability Partnerships Act, 2005 (Act 5 of 2005) in which each partner is an Accredited Investor; and (iv) a corporation, the sole business of which is to hold investments and the entire share capital of which is owned by one or more persons, each of whom is an Accredited Investor.



11. the trustee of such trust as MAS may prescribe, when acting in that capacity; or
12. such other person as MAS may prescribe.<sup>4</sup>

The SFA's definition of Institutional Investors corresponds most closely with the AMBIF scope of professional investors. The definition also applies to foreign Institutional Investors fulfilling one of the conditions set out above.

Institutional Investors based in Singapore may invest in overseas markets without limitation, unless these institutions' own mandates, investment guidelines, or specific prudential regulations prescribe particular restrictions.

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<sup>4</sup> MAS has prescribed the following persons as Institutional Investors for the purposes of the SFA: (i) a designated market-maker; (ii) a headquarters company or Finance and Treasury Centre which carries on a class of business involving fund management, where such business has been approved as a qualifying service in relation to that headquarters company or Finance and Treasury Centre under section 43E (2) (a) or 43G (2) (a) of the Income Tax Act (Cap. 134), as the case may be; (iii) a person resident in Singapore who undertakes fund management activity in Singapore on behalf of not more than 30 qualified investors; and (iv) a Service Company which carries on business as an agent of a member of Lloyd's. Where "agent," "member of Lloyd's," and "Service Company" have the same meanings as in regulation 2 of the Insurance (Lloyd's Asia Scheme) Regulations (Cap. 142, Rg. 9); "designated market-maker," "Finance and Treasury Centre," and "headquarters company" have the same meanings as in paragraph 1 of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10); and "qualified investor" has the same meaning as in paragraph 5 (3) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations.

# AMBIF Bond and Note Issuance: Relevant Features in Singapore

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In addition to the market features corresponding to the AMBIF Elements, a number of general market features for AMBIF bond and note issuance to Institutional Investors in the Singapore domestic bond market need to be considered, and are described in this chapter.

## Governing Law and Jurisdiction

Governing law and the jurisdiction for specific service provisions in relation to a bond or note issuance may have relevance in the context of AMBIF since potential issuers may consider issuing under the laws or jurisdiction of a country or market other than the place of issuance. The choice of governing law or the contractual preferences of stakeholders can affect the accessibility to a specific investor universe that may otherwise not be accessible if a bond or note were issued under the laws of the place of issuance. However, it is necessary to point out that laws related to bond and note issuance and settlement must be governed by the laws and regulations of the place of issuance since AMBIF bonds and notes are domestic bonds and notes.

In Singapore, it is generally accepted that contracting parties can determine the jurisdiction of the governing law, which is not restricted to Singapore law. Also, in the case of a profile listing on the SGX Wholesale Bonds market, the governing law and jurisdiction for the bond or note issuance is left to the parties involved. Only the listing agreement is required to be executed under Singapore law.

## Language of Documentation and Disclosure Items

It is envisaged that most of the ASEAN+3 markets participating in AMBIF will be able to accept the use of a common document in English; however, some markets may require the submission of approval-related information in their prescribed format and in the local language. In such cases, concessions from these regulatory authorities for a submission of required information in English, in addition to the local language and formats, may be sought.

English is one of the four official languages of Singapore, along with Chinese, Malay, and Tamil. All contracts, bond and note issuance documentation and disclosure items, applications, approvals, and correspondence with regulatory authorities and market institutions—if so required—must be in English.

## Credit Rating

Bonds and notes issued to Institutional Investors in the Singapore domestic bond market do not require a credit rating.

At the same time, a credit rating is one of three possible alternative criteria for eligibility to list a bond or note aimed at Institutional Investors on the Wholesale Bonds market on SGX. Most issuers do not choose to use the credit rating criterion when considering listing on SGX.

The majority of bonds and notes issued in the Singapore domestic bond market, typically denominated in Singapore dollars, are unrated.

## Selling and Transfer Restrictions

Selling and transfer restrictions for bonds and notes intended for professional investors are well defined in Singapore, in both regulations and listing rules for the professional Wholesale Bonds market on SGX.

For ease of reference, the term “Institutional Investors” is used when referring to professional investors in Singapore, since this SFA-defined investor type corresponds most closely with the AMBIF Element of Scope of Investors.

Intermediaries for trades in bonds and notes listed on the Wholesale Bonds market will have to establish in their know-your-customer procedures whether or not an investor would qualify as an Institutional Investor.

On SGX, Wholesale Bonds market listings offer no access to retail investors. Listing rules include the adherence of all issuers and underwriters to these restrictions. In addition, SGX participant institutions must confirm that they will observe all applicable rules and regulations.

As a matter of market practice, documentation for bonds and notes aimed at Institutional Investors would typically carry references to the applicable sections of the SFA and SGX Listing Rules and other relevant regulations. While no specific wording is prescribed in the law or rules, the market tends to follow a standard format for professional bond issuance documentation.

## Note Issuance Programs

AMBIF promotes the use of note issuance programs, such as the medium-term note (MTN) format, because they not only give funding flexibility to issuers but also represent the most common format of bond and note issuance in the international bond market. This means that potential issuers, as well as investors and intermediaries, are likely to be familiar with note issuance programs and related practices. Hence, this would make AMBIF comparable to the relevant practices in the international bond market. At the same time, it is expected that potential issuers may benefit from reusing or adopting existing documentation or information on disclosure items.

Note issuance programs are well established and widely accepted in the Singapore market. The legal basis for the use of note issuance programs can be found in Section 240A of the SFA, which provides for a debenture issuance program.

### Bond Trustee

The appointment of a bond trustee for professional bonds and notes issuances is optional, but the majority of bonds and notes listed for profiling on the SGX Wholesale Bonds market features a bond trustee. This is driven by market practice and conventions with regard to targeted Institutional Investors who are subject to prudential regulations, such as insurance companies and mutual and pension funds.

Trustees for bonds and notes may be trustee companies as well as financial institutions.

# AMBIF Bond and Note Issuance Process in Singapore

## Overview of Regulatory Processes

Minimal regulatory processes are required for bond and note issuance to Institutional Investors in the Singapore market. There are no specific distinctions by corporate issuer type, as shown in Table A8.2.

In order to make the issuance processes by issuer type more comparable across ASEAN+3 markets, Table A8.2 features common issuer type distinctions that are evident in regional markets. Not all markets will distinguish all such issuer types. Sovereign issuers may be subject to different regulatory processes.

At the same time, since the SGX Wholesale Bonds market is the target professional market conducive to AMBIF, it is necessary to include the application to SGX for profile listing on the Wholesale Bonds market in this chapter.

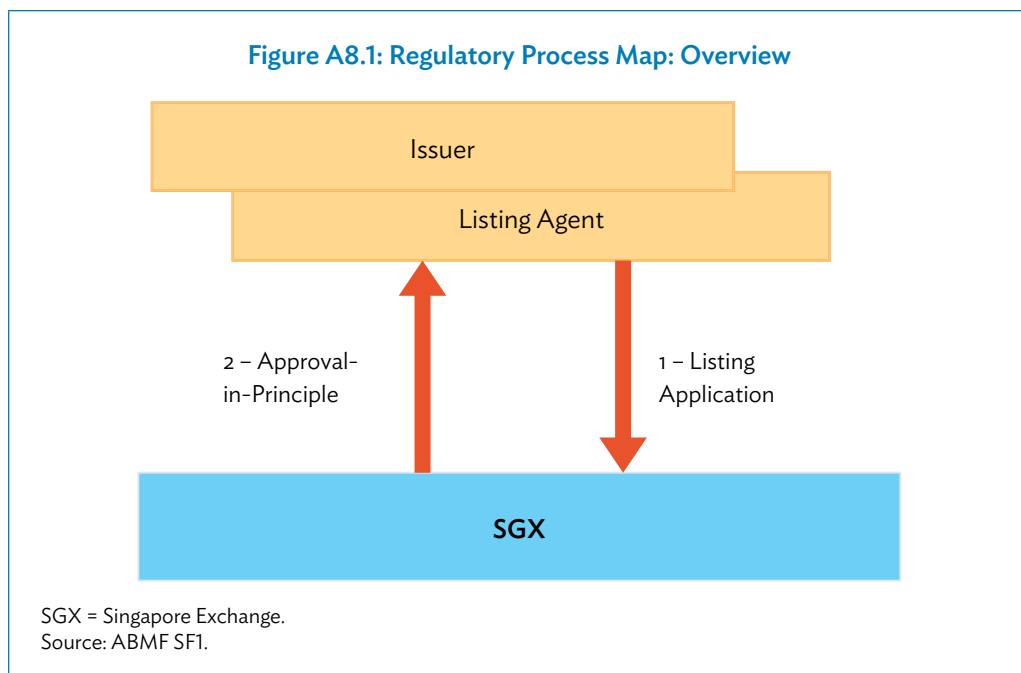
## Regulatory Process Map: Overview

In the absence of specific regulatory process requirements imposed by MAS on the issuance of bonds and notes to Institutional Investors in the domestic Singapore bond market, the process map is limited to the well-established listing for profiling option on the SGX Wholesale Bonds market. The regulatory process map (Figure 8.1) may help with the navigation of the applicable regulatory processes in Singapore for a proposed bond or note issuance.

**Table A8.2: Regulatory Processes by Corporate Issuer Type**

Type of Corporate Issuer	SGX
Resident issuer	Listing for profiling eligibility follows criteria in SGX Listing Rules
Resident nonfinancial institution	
Resident financial institution	
Resident issuing FCY-denominated bonds and notes	
Nonresident issuer	
Nonresident nonfinancial institution	
Nonresident financial institution	
Nonresident issuing FCY-denominated bonds and notes	

FCY = foreign currency, SGX = Singapore Exchange.  
Source: ABMF SF1.



### Issuance Process in Local Currency or Foreign Currency

There is no distinction between the issuance and listing processes for local currency (Singapore dollar) and foreign currencies. At present, the SGX Wholesale Bonds market features listings for profiling in more than 20 currencies, including those from other ASEAN+3 markets.

#### Listing for Profiling on SGX

Typically, the issuer is represented by a listing agent who will file or submit the necessary application for listing and required documentation to SGX as the listing authority.

The following steps will need to be undertaken by the issuer of a bond or note (or listing agent of the issuer) in the Singapore domestic bond market.

#### Step 1: Submit Application for Listing to SGX

Any issuer (or listing agent) intending to list on SGX will need to submit a listing application, accompanied by the required documentation and disclosure items for the type of listing selected.

In the case of a planned listing for profiling targeted at Institutional Investors, the issuer (or listing agent) needs to select the Wholesale Bonds market option when applying. As a result, the Wholesale Bonds market's specific documentation and disclosure requirements, which differ significantly from the requirements for public offers on the SGX main board, will need to be observed when submitting the application.

An issuer of debt securities is required to satisfy one of the following requirements:

1. The issuer must be
  - a. a supranational body;
  - b. a government, or a government agency whose obligations are guaranteed by a government;
  - c. an entity whose equity securities are listed on SGX; or
  - d. a corporation which meets the following requirements:
    - i. Rule 210(2), (3), (4), and (5) for the listing of equity securities (please refer to Chapter 2 of SGX Listing Rules);
    - ii. a cumulative consolidated pre-tax profit of at least SGD50 million for the last 3 years, or a minimum pre-tax profit of SGD20 million for any one of the 3 years; and consolidated net tangible assets of at least SGD50 million; or
    - iii. a corporation whose obligations under the issue of the debt securities is guaranteed by any of 1. a, b, c, or d.
2. The issue of debt securities must be at least 80% subscribed by either sophisticated investors or Institutional Investors.
3. The issue of debt securities must have a credit rating of investment grade and above.

It should be noted that most issuers do not opt to use credit rating as an eligibility criterion for a listing on the Wholesale Bonds market. Instead, issuers tend to choose the offer to sophisticated investors and Institutional Investors criterion.

As for the key documentation and disclosure items, SGX typically accepts an Information Memorandum of a bond or note, together with additional documents, as may be necessary. The actual document(s) used are driven by the parties involved and may be decided by current market practice.

Issuers or their listing agents must apply for the listing online via the SGX e-Submission web portal.

### Step 2: SGX Checks Application for Listing and Issues an Approval-in-Principle

SGX will check the application for listing, following the online submission of the relevant information in documentation and disclosure items. SGX may, at its discretion, request from the issuer or listing agent supplementary information, if so required.

SGX commits to review the listing application and, if all components are in order, to issue an Approval-in-Principle for listing within 1 business day. The approval is communicated via an e-mail alert feature.

The listing for profiling process typically attracts a fee of SGD25,000 for every successful stand-alone application.

### Step 3: Actual (Effective) Listing

The regulatory process for a profile listing is completed with the actual listing on the SGX Wholesale Bonds market. The issuer may list within 3 months from the issuance of the Approval-in-Principle, subject to the issuer satisfying the conditions set out in the Approval-in-Principle.

The issuer or listing agent may stipulate the preferred actual listing date in their listing application. Since the operational process for a listing on the SGX Wholesale Bonds market requires 3 days lead time, the issuer or listing agent will need to submit the required debt creation form to SGX at least 3 working days prior to their preferred date, once the Approval-in-Principle has been issued.

If these process steps have been observed, the listing is effective on the stipulated date.



# Attachment 1

## Resource Information

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For easy reference and access to further information about the topics discussed in the AMBIF Implementation Guideline for Singapore—including the relevant regulatory authorities, securities market-related institutions, and the Singapore bond market at large—interested parties are encouraged to utilize the following links (all websites in English):

ASEAN+3 Bond Market Guide—Singapore

[https://wpqr4.adb.org/LotusQuickr/asean3abmf/Main.nsf/h\\_Index/4CC53EFBD63D7BA3482579D4001B5CED/\\$file/abmf%20vol1%20sec%209%20sin.pdf](https://wpqr4.adb.org/LotusQuickr/asean3abmf/Main.nsf/h_Index/4CC53EFBD63D7BA3482579D4001B5CED/$file/abmf%20vol1%20sec%209%20sin.pdf)

Monetary Authority of Singapore

<http://www.mas.gov.sg>

Monetary Authority of Singapore—Notice 757 (Lending of Singapore Dollar to Non-Resident Financial Institutions)

[http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/commercial-banks/notices/2004/notice-757--lending-of-singapore-dollar-to-non\\_resident-financial-institutions.aspx](http://www.mas.gov.sg/regulations-and-financial-stability/regulations-guidance-and-licensing/commercial-banks/notices/2004/notice-757--lending-of-singapore-dollar-to-non_resident-financial-institutions.aspx)

Singapore Exchange Limited (website is also available in Chinese)

<http://www.sgx.com>

SGX Listing Overview

[http://www.sgx.com/wps/portal/sgxweb/home/listings/getting\\_started/listing\\_boards](http://www.sgx.com/wps/portal/sgxweb/home/listings/getting_started/listing_boards)

# Attachment 2

## Glossary of Technical Terms

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Accredited Investors	SFA definition of professional investors types using specific eligibility criteria
Approval-in-Principle	Form of approval letter issued by SGX
Institutional Investors	SFA definition of professional investors by investor types
listing	Typically, the action of submitting a bond issue or other securities to an exchange for the purpose of price finding, disclosure, or profiling
registration	The action of registering a bond issue, for reference pricing or disclosure purposes
Wholesale Bonds	Profile listing feature on SGX; also used as summary term for bonds and notes aimed at professional investors

# Appendix 9

## AMBIF Implementation Guidelines for Thailand

### AMBIF Elements in Thailand

This chapter describes the key features of the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), also known as AMBIF Elements, and puts into perspective the equivalent features of the domestic professional bond market in Thailand.<sup>1</sup>

#### Summary of AMBIF Elements

The Thai professional domestic bond market, comprising Private Placement to Accredited Investors (PP-AI) issuances, fulfills all the prerequisites for AMBIF as defined in the ASEAN+3 Bond Market Forum (ABMF) (Sub-Forum 1) Phase 2 Report. PP-AI brings together private placement and professional investor concepts with an underlying clear regulatory and approval process.

Table A9.1 identifies the features and practices of the Thai domestic bond market that directly correspond with or are equivalent to the key elements of AMBIF.

#### Description of AMBIF Elements and Equivalent Features in Thailand

##### Domestic Settlement

###### *AMBIF*

AMBIF is aimed at supporting the domestic bond markets in ASEAN+3. To be recognized as a domestic bond or note, an AMBIF bond or note needs to be settled at the designated central securities depository (CSD). Hence, domestic settlement needs to be a key feature of an AMBIF bond or note.

###### *In Thailand*

While there is no regulatory requirement that bonds and notes traded over-the-counter (OTC) need to be settled at the Thai Securities Depository (TSD), most debt securities, in particular those aimed at international professional investors, are settled by TSD. Bonds and notes traded on the Stock Exchange of Thailand (SET) are required to be settled by TSD.

Private placement issuances may be settled at an appointed custodian bank acting as depository. However, these bonds and notes are not considered eligible for the purposes of AMBIF.

<sup>1</sup> ASEAN+3 refers to the 10 members of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China, Japan, and the Republic of Korea.

Table A9.1: AMBIF Elements and Equivalent Features in Thailand

AMBIF Elements	Description	Equivalent in Thailand
Domestic Settlement	Bonds and notes are settled at a national CSD in ASEAN+3 markets	Thai Securities Depository (TSD)
Harmonized Documents for Submission (Single Submission Form)	A common approach is of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information along with ADRB recommendation needs to be included.	Minimum requirements specified in SEC Act (Sections 69 and 70); Financial Reporting Standard in Thailand may be treated separately in relation to listing in other jurisdiction.
Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)	Information on bonds, notes, and issuers needs to be disclosed continuously in ASEAN+3 markets. Registration or a listing authority function is required to ensure continuous and quality disclosure.	Registration at ThaiBMA with transaction capture and reference pricing (mandatory)
Currency	The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.	Thai baht; FCY issuance (e.g., US dollars) possible with BOT approval
Scope of Issuers	Resident of ASEAN+3	All issuers need to obtain approval from SEC; foreign issuers need to follow Baht Bond process prescribed by PDMO
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations, or market practice, in each ASEAN+3 market	Accredited Investors concept, as per SEC regulations; includes foreign institutional investors

ADRB = AMBIF Documentation Recommendation Board; AMBIF = ASEAN+3 Multi-Currency Bond Issuance Framework; ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China, Japan, and the Republic of Korea; BOT = Bank of Thailand; CSD = central securities depository; FCY = foreign currency; PDMO = Public Debt Management Office; SEC = The Securities and Exchange Commission, Thailand; ThaiBMA = Thai Bond Market Association; US = United States.

Source: ABMF SF1.

### Harmonized Documents for Submission (Single Submission Form)

#### AMBIF

Based on the review of application forms for issuance approval, offering circulars, information memorandums, and program information formats in ASEAN+3, the core information was similar or comparable across markets. Hence, the Single Submission Form (SSF) that can be applied to all of the relevant regulatory processes for bond and note issuance across markets was proposed. The information contained in the SSF can be submitted to all relevant regulatory authorities and market institutions for relevant approvals or consent, or used in the context of the submission (e.g., as a checklist) in anticipation of an AMBIF bond or note issuance.

#### In Thailand

The Securities and Exchange Commission, Thailand (SEC) will recognize the SSF format as long as the requirements of Thai regulations continue to be observed. The SEC does not prescribe a particular form or format for PP-AI documentation and disclosure items, but specifies the minimum content of such disclosure in Sections 69 and 70 of the Securities and Exchange Act B.E. 2535, 1992 (SEC Act), as amended. For details on these minimum requirements, please refer to the description of the regulatory processes in this document.

The validity of an English document as the single official submission for filings with the SEC and official correspondence with Thai regulatory authorities is still under consideration, but the content of the SSF is recognized by the SEC.

### Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)

#### AMBIF

Information on issuers, bonds, and notes needs to be disclosed continuously in ASEAN+3 markets. A registration or listing authority function to facilitate continuous disclosure is required. This can ensure the quality of disclosure and help create a well-organized market for AMBIF issuances with transparency and a quality of information that would differentiate AMBIF issuances from ordinary private placements for which information is often neither available nor guaranteed. Owing to this important feature, an AMBIF secondary market is expected to emerge as the number of issuances increases.

A profile listing is a listing without trading on an exchange. The objective of the listing is to make bonds and notes visible and more information available to investors via a recognized listing place, particularly those investors with more restrictive mandates, such as mutual and pension funds. A profile listing at a designated listing place can ensure the flow of continuous disclosure information and possibly even reference pricing in some markets.

#### In Thailand

In the Thai market, registration is defined as the process of providing bond or note information to the Thai Bond Market Association (ThaiBMA) by issuers or their agents, which is a condition set by the SEC for the offering of bonds and notes in the primary market, as well as reporting trade data by OTC counterparties in the secondary market. All bond dealers and traders in Thailand are required to be members of ThaiBMA.

All debt securities issued and offered for sale in Thailand,<sup>2</sup> regardless of issuer domicile or currency, have to be registered with ThaiBMA.<sup>3</sup> In addition, Thai law mandates that ThaiBMA members capture their OTC bond transactions within 15 minutes of deal closure. ThaiBMA calculates and publishes reference prices on the basis of trade prices submitted, and collects material disclosure information. ThaiBMA also provides significant transaction, volume, and general statistics on the bond market to interested parties.

The registration with ThaiBMA fulfills the intention of the Registration or Profile Listing feature under AMBIF. However, professional bonds and notes in Thailand are typically traded in the OTC market. In any case, the supervision and enforcement of continuous disclosure obligations by the issuers of bonds and notes in Thailand remains with the SEC.

### Currency

#### AMBIF

In the context of AMBIF, the denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market. But this does not exclude the possibility of issuing in other currencies if market practice regularly supports these other currencies and the relevant domestic currency or cash clearing capabilities exist. At this stage, US dollars,

<sup>2</sup> This includes all debt securities issued and offered for sale in Thailand with the exception of Limited Number Private Placements (fewer than 10 investors) and short-term notes.

<sup>3</sup> In contrast, bonds and notes issued in Thailand but offered for sale outside Thailand need not be registered with ThaiBMA.

Japanese yen, and offshore Chinese renminbi are the currencies other than domestic currencies in which bonds and notes tend to be issued in ASEAN+3 markets.

#### *In Thailand*

Debt securities in Thailand are predominantly issued in Thai baht, but can also be issued in a foreign currency if the issuer and investors so agree; this requires the approval of the Bank of Thailand (BOT). In the case of a foreign issuer issuing THB-denominated bonds or notes, the approval of the Public Debt Management Office (PDMO) is required as well. In the past few years, only a few USD-denominated bonds and notes have been issued in Thailand. The issuance of bonds denominated in offshore Chinese renminbi was first observed in June 2015.

#### **Scope of Issuers**

##### *AMBIF*

As AMBIF is aimed at supporting the development of domestic bond markets in the region and promoting the intraregional recycling of funds, an issuer needs to be a resident of an ASEAN+3 market.

#### *In Thailand*

In addition to Thai residents, nonresident legal entities may issue THB-denominated bonds and notes under the Baht Bond concept, as well as bonds and notes denominated in a foreign currency.

Nonresident issuers are defined in the SEC Act (in the description of foreign issuers) as “a unit or organization of foreign government, international organization and juristic person under the law of a foreign jurisdiction.” More specifically, nonresident issuers are defined under a Ministry of Finance Notification for PDMO as

1. international financial institutions (e.g., Asian Development Bank, International Finance Corporation, and International Monetary Fund),
2. foreign governments,
3. financial institutions of foreign governments,
4. juridical entities that have been established under foreign laws, and
5. special purpose vehicles.<sup>4</sup>

A bond or note issued by a special purpose vehicle may not be regarded as an AMBIF bond or note at this point.

#### **Scope of Investors**

##### *AMBIF*

Professional investors are defined in accordance with regulations and/or market practice in each market in ASEAN+3. Some jurisdictions have a clear definition of professional investors, while other jurisdictions may need to establish the concept through agreements.

Professional investors are institutions defined by law and licensed or otherwise registered with regulators by law in their economy of domicile and, hence, are subject to governance and inspection based on securities market and/or prudential regulations. In addition, most of

<sup>4</sup> A special purpose vehicle is established for the purpose of a securitization in which the originator is a foreign government agency or organization and/or foreign juridical person.

them are also subject to oversight as well as professional conduct and best practice rules by a self-regulatory organization, such as an exchange or a market association.

### *In Thailand*

In 2009, the SEC defined—in its Notification of the Securities and Exchange Commission No. KorChor. 5/2552 Re: Determination of Definitions in Notifications Relating to Issuance and Offer for Sale of Debt Securities—a number of professional investor types across the Institutional Investor and High Net Worth Investor categories. The number and level of detail of these definitions were expanded through the Accredited Investor concept, a comprehensive professional investor scheme in the context of private placements of debt securities.

In 2012, the SEC's Notification of the Securities and Exchange Commission No. KorChor. 9/2555 Re: Determination of Definitions of Institutional Investors and High Net Worth Investors provided a clear and comprehensive definition for Accredited Investors, comprising both Institutional Investors and High Net Worth Investors, and summarized as follows:

1. Institutional Investors refer to
  - a. BOT;
  - b. commercial banks;
  - c. banks established under specific law;
  - d. finance companies;
  - e. credit foncier;
  - f. securities companies;
  - g. non-life insurance companies;
  - h. life insurance companies;
  - i. mutual funds;
  - j. private fund managed by a securities company for investment of investor under (a) to (i), (k) to (z), or a High Net Worth Investor;
  - k. provident funds;
  - l. government pension fund;
  - m. Social Security Fund;
  - n. National Saving Fund;
  - o. Financial Institutions Development Fund;
  - p. derivatives business operator under the Derivatives Act;
  - q. future business operator under the law concerning agricultural futures trading;
  - r. international financial institutions;
  - s. Deposit Protection Agency;
  - t. SET;
  - u. juristic person in the category of statutory corporation;
  - v. juristic person whose shares are held by person under (a) to (u), in aggregate, exceed 75% of all shares with voting rights;
  - w. foreign investors with the same characteristics as investors under (a) to (v);
  - x. fund manager whose name is registered as a qualified fund manager under the Notification of the Office of the Securities and Exchange Commission Concerning Rules, Conditions, and Procedures for Appointing and Performing of Duty of Fund Manager;
  - y. derivatives fund manager whose name is registered as qualified derivatives fund manager under the Notification of the Office of the Securities and Exchange Commission Concerning Rules, Conditions, and Procedures for Appointing and Performing of Duty of Fund Manager; and
  - z. any other investors as specified by the SEC.

2. High Net Worth Investors refer to
  - a. juristic persons having any of the following characteristics:
    - i. having shareholder equity, in accordance with latest audited financial statements, not less than THB100 million; or
    - ii. having direct investment in securities or derivatives, in accordance with latest audited financial statement, not less than THB20 million; and
  - b. an individual, when combined with spouse, having any of the following characteristics:
    - i. having net asset value not less than THB50 million, providing that value of property which is a permanent residence of such individual shall not be included;
    - ii. having annual income not less than THB4 million; or
    - iii. having direct investment in securities or derivatives not less than THB10 million.

Accredited Investors also include foreign institutional investors as long as they fall into any of the regular investor types specified under the Accredited Investors concept. There are many foreign institutional investors already investing in Thailand.

Institutional Investors in Thailand may invest in overseas markets subject to limits or regulations set by their regulators or boards. For example, mutual funds may invest up to 15% of their net asset value, subject to a single entity limit, according to prudential regulations.



# AMBIF Bond and Note Issuance: Relevant Features in Thailand

In addition to the market features corresponding to the AMBIF Elements, a number of general Thai market features for bond and note issuance to professional investors (PP-AI issuances) will need to be considered, and are described in this chapter.

## Governing Law and Jurisdiction

Governing law and the jurisdiction for specific service provisions in relation to a bond or note issuance may have relevance in the context of AMBIF, since potential issuers may consider issuing under the laws or jurisdiction of a country or market other than the place of issuance. The choice of governing law or the contractual preferences of stakeholders can affect the accessibility to a specific investor universe that may otherwise not be accessible if a bond or note were issued under the laws of the place of issuance. However, it is necessary to point out that laws related to bond and note issuance and settlement must be governed by the laws and regulations of the place of issuance since AMBIF bonds and notes are domestic bonds and notes.

Thai law accepts the contracting parties' right to agree on the governing law or jurisdiction for contractual arrangements. The legal basis is contained in the Conflict of Laws Act B.E. 2481, 1938.

In 2006, the Ministry of Finance (MOF) issued the Notification: Permission to Issue Baht-denominated Bonds or Debentures by Foreign Entities in Thailand, which stipulates rules for foreign entities to issue THB-denominated bonds or debentures. Clause 8 of the notification (Applicable Laws and Applicable Jurisdiction) states that “[the] Grantee shall include in the terms and conditions of the bond or debenture approved pursuant to this Notification a stipulation that such terms and conditions are subject to the laws of the Kingdom of Thailand, and that any legal proceedings related to such bond or debenture be subject to Thai court unless the Minister has approved otherwise.”<sup>5</sup>

There is no specific requirement of the description of an event of default, which will depend on the terms and conditions defined for the bond or note offering.

Should the parties involved in a bond or note issuance choose to use Thai law, the jurisdiction of the issuance would fall to Thai courts by default. If, in contrast, issuance parties agree on another governing law, the parties would also have to specifically determine the jurisdiction of a court in which provisions of the bond or note issuance (e.g., settlement agency) could be enforced and any disputes would be heard and decided.

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<sup>5</sup> Ministry of Finance of Thailand. [http://www2.mof.go.th/webmanage/ps\\_releases/3/42-2006.pdf](http://www2.mof.go.th/webmanage/ps_releases/3/42-2006.pdf)

In the case of issuance of THB-denominated bonds and notes in Thailand, including when contracting parties choose a governing law other than Thai law for the contract, it would still be natural to elect Thai law as the law specific to issuance- and settlement-related matters.

In any case, the actual use of governing laws or jurisdictions other than those of Thailand may be subject to clarification or legal advice from a qualified law firm, as may be necessary.

### Language of Documentation and Disclosure Items

It is envisaged that most of the ASEAN+3 markets participating in AMBIF will be able to accept the use of a common document in English; however, some markets may require the submission of approval-related information in their prescribed format and in the local language. In such cases, concessions from these regulatory authorities for a submission of required information in English, in addition to the local language and formats, may be sought.

Under Thai law, it is expected that a language other than Thai would be accepted for the purpose of contractual documents and official submissions. At this stage, foreign issuers are allowed to use official submissions or the filing of applications and disclosure items in English. To offer this feature (English version) to Thai issuers offering bonds and notes to PP-AI in multiple jurisdictions, the SEC is aiming to revise related regulations in 2015.

### Credit Rating

Under SEC regulations, a credit rating for PP-AI issuances is not mandatory. However, in cases of a foreign issuer offering THB-denominated debt securities under the Baht Bond concept to Accredited Investors, PDMO requires a credit rating in every case, except when the bonds or notes are issued by a government or with a government guarantee.

However, market participants may still prefer to have a credit rating in place since many market participants designated as professional investors may not be able to replicate in-house the credit assessment process undertaken by the credit rating agencies.

If a rating for an issuer and/or a PP-AI issuance is required between the parties involved, only the rating of a credit rating agency approved by the SEC will be acceptable in the Thai market.

According to the Notification of the Office of the Securities and Exchange Commission No. SorChor. 7/2555 Re: Credit Rating Agencies Approved to Issue Credit Rating for Instruments Subject to Rules Concerning Issuance and Offer for Sale and Investment of Funds, SEC-approved credit rating agencies include

1. those established under Thai law with approval from the SEC; and
2. the following credit rating agencies established under foreign law:
  - a. Standard & Poor's;
  - b. Moody's;
  - c. Fitch Ratings; and
  - d. Rating and Investment Information, Inc.

No regional credit rating agencies, other than those mentioned above, have been approved by the SEC. Rating and Investment Information, Inc. is not accepted by PDMO.

## Selling and Transfer Restrictions

Selling and transfer restrictions for the issuance of bonds and notes to professional investors are well defined for PP-AI issuance in the Thai market.

Pursuant to the 2012 Notification of the Securities and Exchange Commission No. KorChor. 9/2555 Re: Determination of Definitions of Institutional Investors and High Net Worth Investors, any issuance to professional investors using the concessions for PP-AI issuance on disclosure and regulatory processes must indicate that a bond or note issuance is a PP-AI issuance (including foreign institutional investors) in all offer documents, including the term sheet of a proposed bond or note issue, and related correspondence.

## Note Issuance Programs

AMBIF promotes the use of note issuance programs, such as the medium-term note (MTN) format, because they not only give funding flexibility to issuers but also represent the most common format of bond and note issuance in the international bond market. This means that potential issuers, as well as investors and intermediaries, are likely to be familiar with note issuance programs and related practices. Hence, this would make AMBIF comparable to the relevant practices in the international bond market. At the same time, it is expected that potential issuers may benefit from reusing or adopting existing documentation or information on disclosure items.

At this stage, the issuance of domestic bonds and notes to professional investors via an MTN program is not evident in the Thai market. However, Thailand has an MTN-like program in which the issuer who has updated publicly available information (e.g., a Thai listed company or a foreign company that has submitted updated information to the SEC) can refer to such information in the offering circular, instead of submitting the whole document. In addition, the cooling-off period for the issuance under PP-AI is only 1 business day.

However, PDMO cannot grant a blanket approval to a foreign issuer for the maximum issuance amount in any given period under this MTN-like note issuance program, due to the limited quota available. Therefore, approval will be given on an issuance-by-issuance basis.

The SEC is in the process of evaluating the benefits of bond and note issuance via an MTN-like program similar to international markets.

## Bondholder Representative

SEC regulations require the appointment of a bondholder representative only if a bond or note is offered through a public offer. This is not mandatory for PP-AI issuances. However, PDMO requires the appointment of a bondholder representative for bonds and notes issued by a foreign issuer under the Baht Bond program in every case.

The SEC does not require the issuer to appoint a bondholder representative when a bond or note issued in another jurisdiction is offered for sale in the PP-AI market.

According to the SEC Act, the issuer shall appoint the bond or debenture holder representative in Thailand during the tenure of the bond for the benefits to the holders. The

bondholder representative calls for bondholder meetings or undertakes all such activities as may be required on behalf of the bondholders, including in the case of a default.

Bondholder representatives typically are banks or financial institutions, and have specific fiduciary and fiscal responsibilities under Thai law.

# AMBIF Bond and Note Issuance Process in Thailand

This chapter describes the regulatory processes and necessary steps for the issuance of bonds and notes to Accredited Investors in the Thai market.

## Overview of Regulatory Processes

### Regulatory Processes by Corporate Issuer Type

Thai regulations distinguish between domestic and foreign issuers, but there is generally no distinction between general corporate issuers and financial institutions, unless a financial institution intends to issue a bond or note to satisfy capital requirements. Additional approvals are needed for issuers planning to issue bonds or notes in a foreign currency.

In order to make the issuance processes by issuer type more comparable across ASEAN+3 markets, Table A9.2 features common issuer type distinctions that are evident in regional markets. Not all markets will distinguish all such issuer types. Sovereign issuers may be subject to different regulatory processes.

### Regulatory Process Map: Overview

The regulatory process map shown in Figure A9.1 may help with the navigation of the applicable regulatory processes in Thailand for proposed bond or note issuance. Individual processes are explained in detail below.

There is no requirement for the use of an underwriter for a bond or note offering under PP-AI. However, in cases when an issuer wants to appoint an underwriter, such an underwriter must be licensed by the SEC.

In addition to appointing an underwriter, an issuer may appoint another person to help in preparing and submitting the offering circular to the SEC; this party is called a Financial Adviser.<sup>6</sup> However, in practice, most underwriters also hold a Financial Adviser license; in such cases, the underwriter and the Financial Adviser will be the same party.

At the same time, even if an issuer of bonds or notes appoints an underwriter, or a Financial Adviser, the issuer may file the necessary documents directly with the SEC.

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<sup>6</sup> The Financial Adviser is a legal entity licensed by the SEC; the Financial Adviser license is different from that of an underwriter. The duties of a Financial Adviser include the preparation and submission of an offering circular to the SEC. Under PP-AI, the SEC does not require issuers to appoint a Financial Adviser. However, if an issuer appoints one, it must be licensed by the SEC.

Table A9.2: Regulatory Processes by Corporate Issuer Type

Type of Corporate Issuer	SEC	BOT	PDMO	ThaiBMA
<b>Resident issuer</b>				
Resident nonfinancial institution issuer	X			X
Resident financial institution issuer <sup>1,2</sup>	X	X		X
Resident issuer issuing FCY-denominated bonds and notes	X	X		X
<b>Nonresident issuer</b>				
Nonresident nonfinancial institution issuer	X	X <sup>3</sup>	X	X
Nonresident financial institution issuer	X	X <sup>3</sup>	X	X
Nonresident issuer issuing FCY-denominated bonds and notes	X	X		X

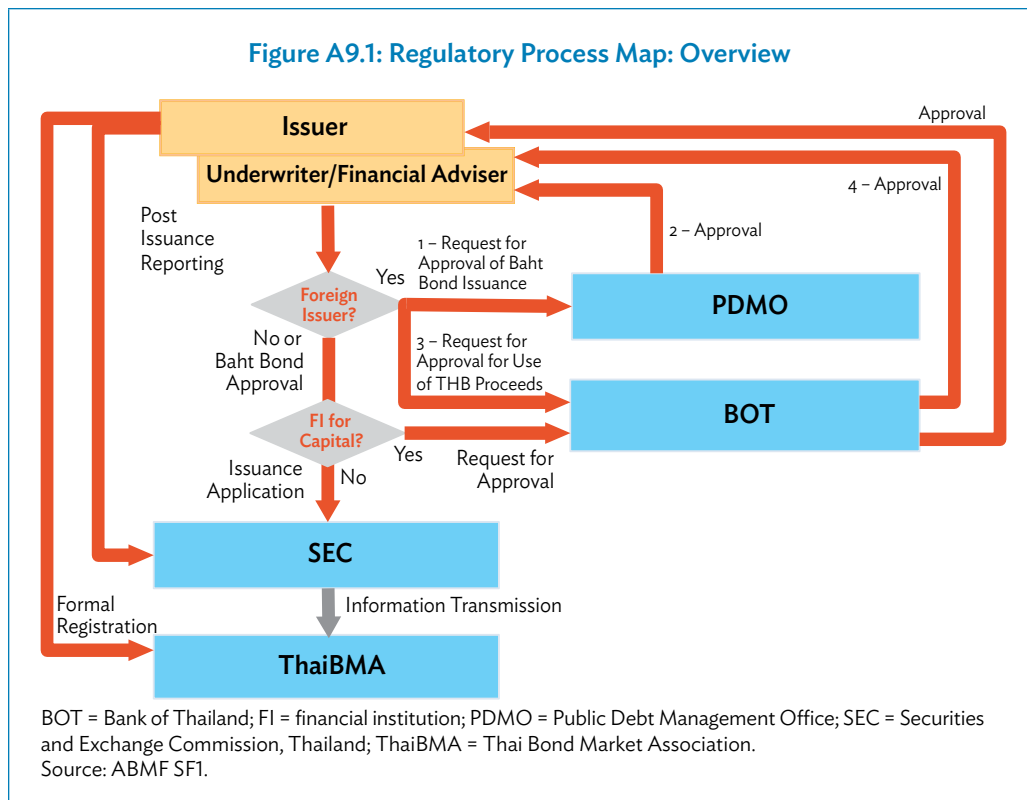
BOT = Bank of Thailand; FCY = foreign currency; PDMO = Public Debt Management Office; SEC = Securities and Exchange Commission, Thailand; ThaiBMA = Thai Bond Market Association.

<sup>1</sup> Financial institutions only require approval from the BOT if a bond is issued for capital requirements.

<sup>2</sup> Resident financial institutions in Thailand include branches of foreign financial institutions that fall under the supervision of the BOT.

<sup>3</sup> The BOT does not approve issuance as such, but instead the use of THB-denominated issuance proceeds from a Special Nonresident Baht Account.

Source: ABMF SF1 with inputs from the BOT, PDMO, SEC, and ThaiBMA.



## Issuance Processes in Local Currency

This section describes the issuance processes for private placement bonds and notes aimed at Accredited Investors (PP-AI issuances) in Thai baht, the dominant issuance currency in the Thai market.

Distinctions are made according to specific issuance processes for particular corporate issuer types, as may be practical. In some cases, bonds and notes issued by a foreign government or a government-linked agency also require SEC approval and may be subject to additional approvals that are not detailed in the AMBIF Implementation Guidelines for Thailand.

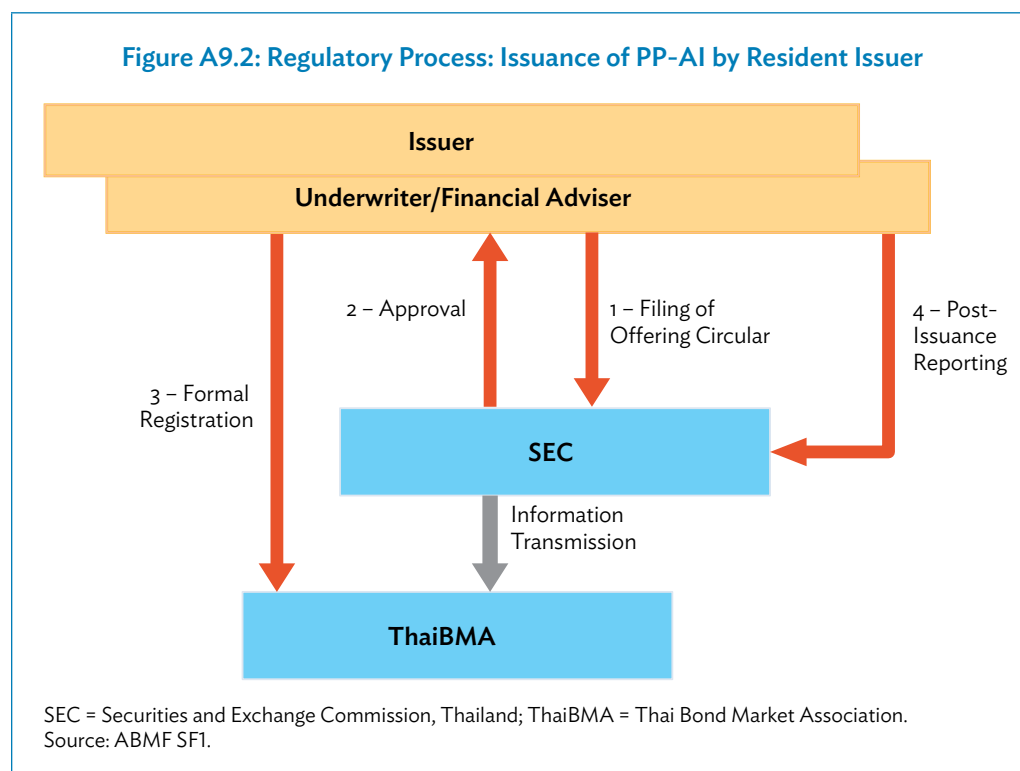
### Issuance Process for Resident Issuer

A resident issuer is defined as a corporate legal entity under Thai law; this includes the branches of foreign financial institutions under the banking services supervision of the BOT or other corporate issuers falling under Thai regulatory governance.

The regulatory process map shown in Figure A9.2 may help with the navigation of the applicable regulatory processes in Thailand for issuance of PP-AI by a resident issuer. The following steps need to be observed when a resident corporate issuer wants to issue under PP-AI in Thailand.

#### Step 1: Filing of (Draft) Offering Circular with the SEC

All applications for the issuance of bonds and notes, including proposed issuance to professional investors under PP-AI, need to be filed with the SEC. For PP-AI issuance, the issuer or underwriter only need to file a draft offering circular. Requirements for the filing of a



draft offering circular are laid out in the SEC Act. Sections 69 and 70 stipulate the minimum disclosure requirements for issuers, without prescribing a particular format for submission. This allows issuers or their agents to utilize typical documentation for issuance of bonds and notes to professional investors, such as an information memorandum or an offering circular, as long as all required information is contained therein. In the Thai market, a short prospectus refers to typical documentation in order to distinguish documentation specific to PP-AI issuances from public offers. A short prospectus is equivalent to an information memorandum or an offering circular in style and content.

The offering circular itself, known as Form 69-DEBT-II&HNW, was introduced in the Notification of the Capital Market Supervisory Board No. TorChor. 10/2556 Re: Submission of an Offering Circular for Offer for Sale of Debt Securities dated 11 March 2013, and replaces the previous format known as Form 69-S.

According to Section 69 of the SEC Act, an offering circular (for PP-AI) must contain the following details:

1. objective of the offer for sale of the securities to the public or any person;
2. name of the issuing company that issues securities;
3. capital of the company;
4. amount and type of the securities offered for sale;
5. expected selling price per unit of securities;
6. nature of the business;
7. financial condition, business operations, and material information of the business;
8. management and major shareholders of the issuing company;
9. auditor regularly contacted financial institutions, and legal advisor of the issuing company;
10. procedures for the subscription, underwriting, and allocation of securities; and
11. other information as specified in the notification of the Capital Market Supervisory Board.

In addition, Section 70 of the SEC Act prescribes that the offering circular for the sale of bonds and notes under PP-AI shall also contain the following information:

1. rights and restrictions related to the transfer of bills or debentures;
2. return on debentures and bills;
3. property or other collateral used as security of repayment, if any;
4. debenture holder representative, if any;
5. encumbrances on property of the company that issues securities in the case of unsecured securities;
6. outstanding debt from previous issues of bills or debentures;
7. procedure, time, and place of repayment;
8. procedures for conversion of rights, if any; and
9. other information as specified in the notification of Capital Market Supervisory Board.

To avoid the resale of PP-AI debt securities to other types of investors, the SEC requires the issuer to register the transfer restrictions to ensure that the sale and resale of these debt securities will only occur among Accredited Investors.

From 1 July 2015, the filing of an offering circular with the SEC should be done online through the Initial Product Offering System (IPOS), which will initially be available only in Thai, with an English version available at a later stage.



At present, the SEC does not approve note issuance through an MTN program. As mentioned earlier, Thailand has an MTN-like program for THB-denominated bond and note issuance.

The SEC charges a fee, which is payable on the submission date, for the filing of an offering circular.

The SEC has confirmed that the SSF may be used for this filing since the SSF was reviewed by the SEC and contains all relevant information required of an offering circular and the provisions of Sections 69 and 70 of the SEC Act, as detailed above.

### Step 2: Approval of Offering Circular by the SEC

The SEC reviews the (draft) offering circular, and may provide feedback as necessary. The SEC may instruct the promoters of a public limited company, a company, or owner of securities to attach any documents other than those specified in the offering circular.

The issuer or underwriter may revise or, possibly, resubmit the offering circular, as may be necessary. When this is the case, a cooling-off period of 1 day will have to be observed.

The offering circular becomes effective upon expiry of the cooling-off period after submission of completed documents and if no further amendments to the offering circular are submitted. The SEC will issue a formal letter to inform the issuer that the offering circular becomes effective. After the effective date, the issuer may proceed with offers of sale to investors.

The issuance approval by the SEC does not carry an expiry date. However, if an issuer has not issued bonds and notes under an approval within a certain period of time (e.g., 6 months from approval date) the issuer is required to update information in the offering circular with the SEC.

Once the SEC approves the offering circular, the bond and note information required for the registration with ThaiBMA will be transmitted automatically from IPOS to ThaiBMA's Bond Registration Information System. The issuer or its agent may also print this information from IPOS for use in the formal registration (Step 3).

### Step 3: Registration with ThaiBMA

The registration of a bond or note issue with ThaiBMA is required by SEC regulations as a condition for the offering of bonds and notes in the primary market in Thailand.

Starting from 1 July 2015, however, the ThaiBMA registration process has been integrated with the SEC approval process. When bond and note issuers submit their filing to the SEC through IPOS (Step 1) and the issuance is subsequently approved by the SEC (Step 2), the bond and note information will be electronically submitted to the ThaiBMA registration database. The issuer can then print the official registration form already containing all required information from IPOS and submit it to ThaiBMA as the formal registration request.

The registration process is normally completed within 24 hours. It includes a one-time registration fee and an annual fee for the first 6 years of the tenure of the bond or note, which are charged by ThaiBMA to the issuer.

Upon ThaiBMA registering the bond and note information (completion of the registration process), the information is available on the ThaiBMA website for general viewing.

#### Step 4: Post-Issuance Reporting to the SEC

Notification of the Securities and Commission No.SorChor.21/2541 RE: Reporting of Securities for Sales to the Public prescribes that issuers or their underwriter (or Financial Adviser) need to submit to the SEC a post-issuance report upon the completion of the bond or note offering, in this case to accredited investors. The post-issuance reporting is expected to be submitted to the SEC within 15 days after the end of the month in which the sales were made (e.g., an issuance or sale in February would require reporting by 15 March).

#### Issuance Process for Resident Nonfinancial Institution Issuer

In Thailand, the issuance process for resident issuers that are nonfinancial institutions is the same as described above.

#### Issuance Process for Resident Financial Institution Issuer

In Thailand, the issuance process for resident financial institutions is the same as described above. The regulatory process map shown in Figure A9.3 may help with the navigation of the applicable regulatory processes in Thailand for issuance of PP-AI by a resident financial institution.

However, in such cases where a bond or note issuance by a resident financial institution is intended to support capital requirements, a resident financial institution might file an application for issuance approval from the BOT in parallel with an application for issuance approval from the SEC. The additional process is described in this section.

The following steps need to be observed when a resident financial institution wants to issue under PP-AI in Thailand and use the proceeds to support capital requirements.

#### Step 1a: Filing of (Draft) Offering Circular with the SEC

Please refer to Issuance Process for Resident Issuer, Step 1.

#### Step 1b: Request for Approval from the BOT

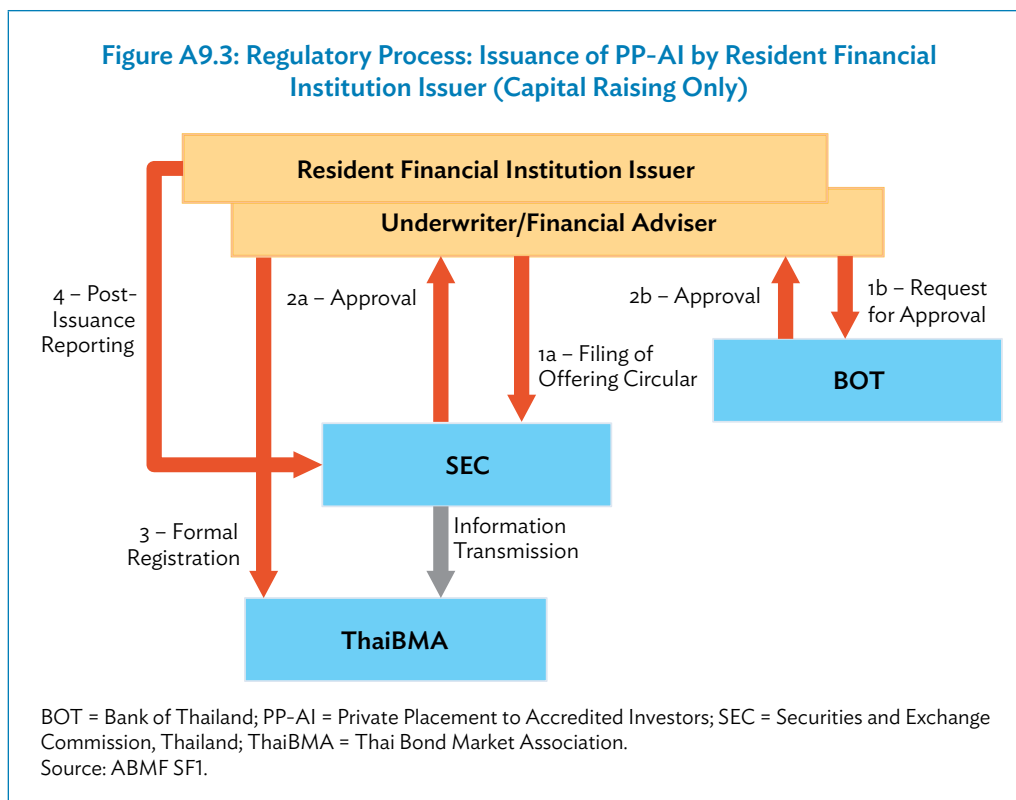
The issuer will need to file a request for approval with the BOT's Financial Institution Applications Department. All capital instruments must meet the criteria as prescribed in the BOT's regulations on capital requirements, which comprise two main features: (i) no incentives to redeem and (ii) loss absorbency.

#### Step 2a: Approval of Offering Circular by the SEC

Please refer to Issuance Process for Resident Issuer, Step 2.

#### Step 2b: Approval from the BOT

The BOT's Financial Institution Applications Department will review the application and supplementary documents and may, at its discretion, ask for clarification or additional information.



Provided that the application and documents are in order, the necessary information has been provided, and the review is satisfactory, the Financial Institution Applications Department will issue a letter of approval for the bond or note issuance.

There is no fee charged by the BOT for this approval process.

### Step 3 Onward: Formal Registration and Post-Issuance Reporting

Once SEC and BOT approvals have been obtained, the resident financial institution has to follow the remaining regulatory process steps outlined above.

### Issuance Process for Nonresident (Foreign) Issuer

In the event that the issuer is a nonresident (foreign) entity, THB-denominated bond or note issuance may only be undertaken utilizing the so-called Baht Bond process, which is administered by PDMO and subject to periodic application and approval. The regulatory process map shown in Figure A9.4 may help with the navigation of the applicable regulatory processes in Thailand for issuance under PP-AI by a nonresident (foreign) entity.

Nonresident issuers are defined in the SEC Act (in the description of foreign issuers) as “a unit or organization of foreign government, international organization and juristic person under the law of a foreign jurisdiction.” More specifically, nonresident issuers are defined under a Ministry of Finance Notification for PDMO as

1. international financial institutions (e.g., Asian Development Bank, International Finance Corporation, and International Monetary Fund),
2. foreign governments,
3. financial institutions of foreign governments,
4. juridical entities that have been established under foreign laws, and
5. special purpose vehicles.

The objective of the Baht Bond process is to control the maximum amount of THB-denominated bond or note issuances by nonresidents, who often swap the proceeds into a foreign currency. In line with this objective, the SSF (IV: Information on the Notes, 2. Other Information of the Notes, item 16) requires describing the name of the cross-currency swap intermediaries in the case of THB-denominated bonds and notes issued by non-Thai residents.

PDMO presently invites issuers to submit an application during three periods in a calendar year. Currently, submission dates can be any working day in March, July, and November. An approval is preceded by consultations with the BOT and SEC.

Following PDMO approval, the issuer may issue the authorized amount within a 9-month time frame, counted from the date of submission of the Baht Bond issuance application. If a foreign issuer is granted an approval but does not issue any bonds or notes in the authorized period, PDMO may penalize the issuer. As such, the SSF (IV: Information on the Notes, 2. Other Information of the Notes, item 17) requires describing the timing of a bond issuance within the period authorized by PDMO in the case of THB-denominated bonds and notes issued by non-Thai residents.

PDMO's regulatory process for Baht Bonds is described in more detail in an official document available on the website of the MOF: [http://www.pdmo.go.th/upload/ebook\\_img/Baht\\_Denominated\\_Bond\\_%20in\\_Thailand\\_Version\\_2014.pdf](http://www.pdmo.go.th/upload/ebook_img/Baht_Denominated_Bond_%20in_Thailand_Version_2014.pdf)

Successful PDMO approval is followed by the regulatory process of PP-AI approval from the SEC.

Under current SEC regulations, a nonresident (foreign) issuer needs to appoint a contact person in Thailand. The purpose of the contact person is to field questions or requests directed at the issuer, and to disseminate information provided by the issuer to bondholders in Thailand.

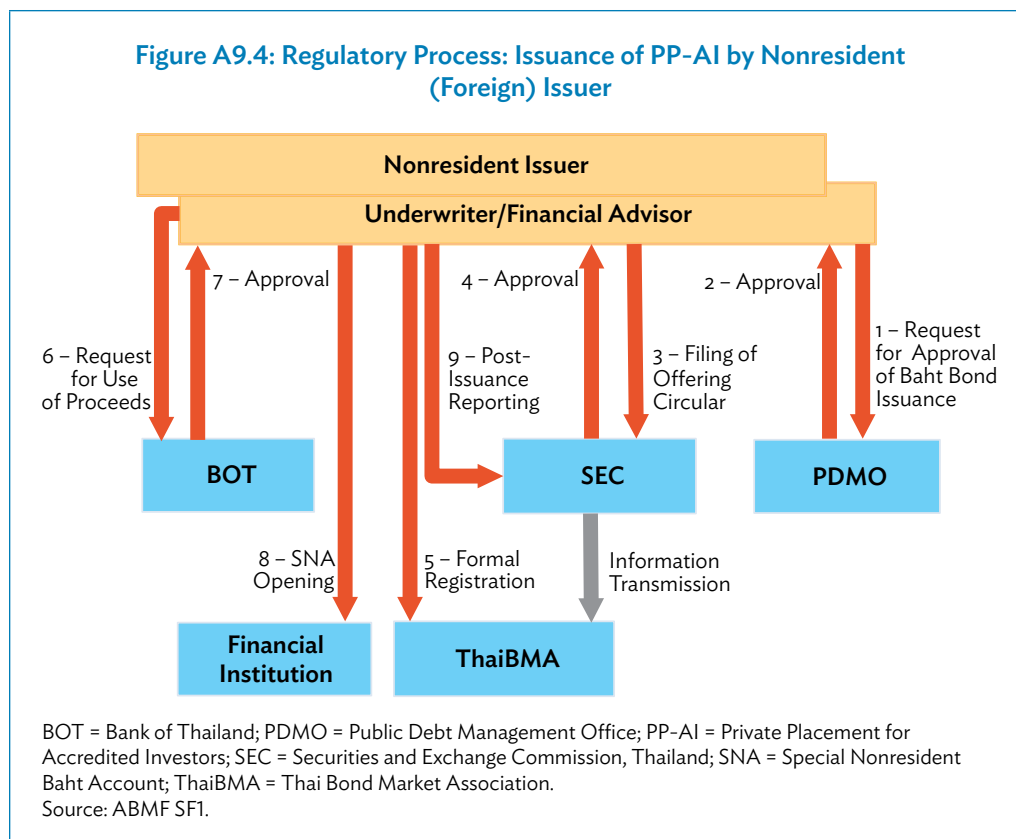
The SEC Act states that “[the issuer] shall appoint a representative in Thailand to act as a person during the tenure of the bond or note in order to receive letters, orders, notices, and documents, or to contact the relevant authorities.”<sup>7</sup> Contact persons do not have fiduciary or fiscal responsibilities under the law.

The duties of a contact person have traditionally been carried out by law firms, but could also be performed by other professional firms, banks, or financial institutions.

The following steps need to be observed by a nonresident (foreign) issuer when applying for a THB-denominated bond issuance (PP-AI) under the Baht Bond process.

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<sup>7</sup> Securities and Exchange Commission, Thailand. <http://www.sec.or.th/EN/SECInfo/LawsRegulation/Documents/actandroyal/1Securities.pdf>



### Step 1: Letter of Application of Baht Bond Issuance to PDMO

The issuer or underwriter submits an application letter, together with relevant documents, to the Finance Minister (to the attention of PDMO); this letter of application should contain information on the

1. objective of fundraising,
2. type of bond,
3. maturity,
4. issue size,
5. offering method (private placement),
6. timing of issuance,
7. use of proceeds,
8. cross-currency swap intermediaries, if applicable,
9. credit rating requirement(s), and
10. collateral guarantee, if applicable.

The applicant issuer must provide sufficient evidence to show that it has the legal capacity to issue securities under its governing laws.

Since the issuer also needs to file an offering circular with the SEC, the applicable minimum disclosure requirements set out in Sections 69 and 70 of the SEC Act will need to be observed.

### Step 2: Approval from PDMO

PDMO, in conjunction with representatives from the BOT and SEC, will review the letter of application and supplementary documents. PDMO may request additional documents from the foreign issuer during its consideration process.

PDMO will return an approval (or rejection if so warranted) within 1 month of the submission deadline. At the same time, if an issuer or their agent submits an application much earlier than one of the filing deadlines, this would result in additional waiting time since the 1-month approval timeline is only calculated from one of the given submission deadlines.

At present, PDMO should not be expected to approve note issuance through an MTN program. However, Thailand has an MTN-like program for THB-denominated bonds and notes; the challenge is that PDMO would not be able to approve the maximum issuance amount under such a note issuance program within any given period (e.g., 9 months). For more details, please refer to the previous chapter.

There is no fee for PDMO's Baht Bond approval process.

### Steps 3 and 4: Filing of (Draft) Offering Circular with the SEC and Approval

Once PDMO approval is obtained, the nonresident (foreign) issuer would have to follow the PP-AI issuance approval process prescribed by the SEC. For more details, please refer to the regulatory process described above.

### Step 5: Formal Registration with ThaiBMA

Once PDMO and SEC approvals have been obtained, the nonresident issuer or its agent has to formally register the bond or note with ThaiBMA, as outlined above.

### Steps 6 and 7: Request for Use of Thai Baht Proceeds from BOT and Approval

Approval from PDMO is a prerequisite (Step 2).

The issuer or its agent is required to obtain BOT approval for the use and remittance of Thai baht funds originating from a Baht Bond issuance. This approval is required prior to the opening of a Special Nonresident Baht Account (SNA).

### Step 8: Opening of an SNA with a Financial Institution

Approval from the BOT for the use of Thai baht proceeds from Baht Bond issuance is a prerequisite (Steps 6 and 7).

Following approval from the BOT, the nonresident issuer or its underwriter (Financial Adviser) is required to open a designated SNA with a financial institution in Thailand, which will act as custodian of the issuance proceeds.

Issue proceeds may only be withdrawn for specific purposes, including defined investment or swap transactions. Reporting on the SNA to the BOT is to be provided by the domestic financial institution under separate regulations.

## Step 9: Issuance Reporting to the SEC

As per the PP-AI issuance approval process described above, the nonresident issuer, or its agent, will need to submit a report to the SEC upon completion of the bond or note offering to Accredited Investors.

### Issuance Process for Nonresident (Foreign) Nonfinancial Institution Issuer

In Thailand, the issuance process for all nonresident issuers is the same. Hence, the issuance process for a nonresident nonfinancial institution follows the process as outlined in Issuance Process for Nonresident (Foreign) Issuer.

### Issuance Process for Nonresident (Foreign) Financial Institution Issuer

In Thailand, the issuance process for all nonresident issuers is the same. Hence, the issuance process for a nonresident financial institution follows the process as outlined in Issuance Process for Nonresident (Foreign) Issuer.

## Issuance Process for FCY-Denominated Bonds and Notes

The issuance of bonds and notes in currencies other than Thai baht, such as US dollars, is possible but not common in the Thai market. In market terminology, bonds and notes issued in foreign currency are generally referred to as FCY bonds. Only a few FCY bonds have been observed in the Thai market in recent years. FCY bonds issued in Thailand are subject to issuance approval from the SEC and BOT, and are required to be registered with ThaiBMA (unless offered outside Thailand only).

This section describes the process for PP-AI issuances in foreign currencies as a matter of reference only.

FCY bonds from noncorporate issuers, such as foreign governments or government-linked entities, may also be subject to SEC approval and additional approvals. However, this document is focused on the regulatory process for corporate issuances only.

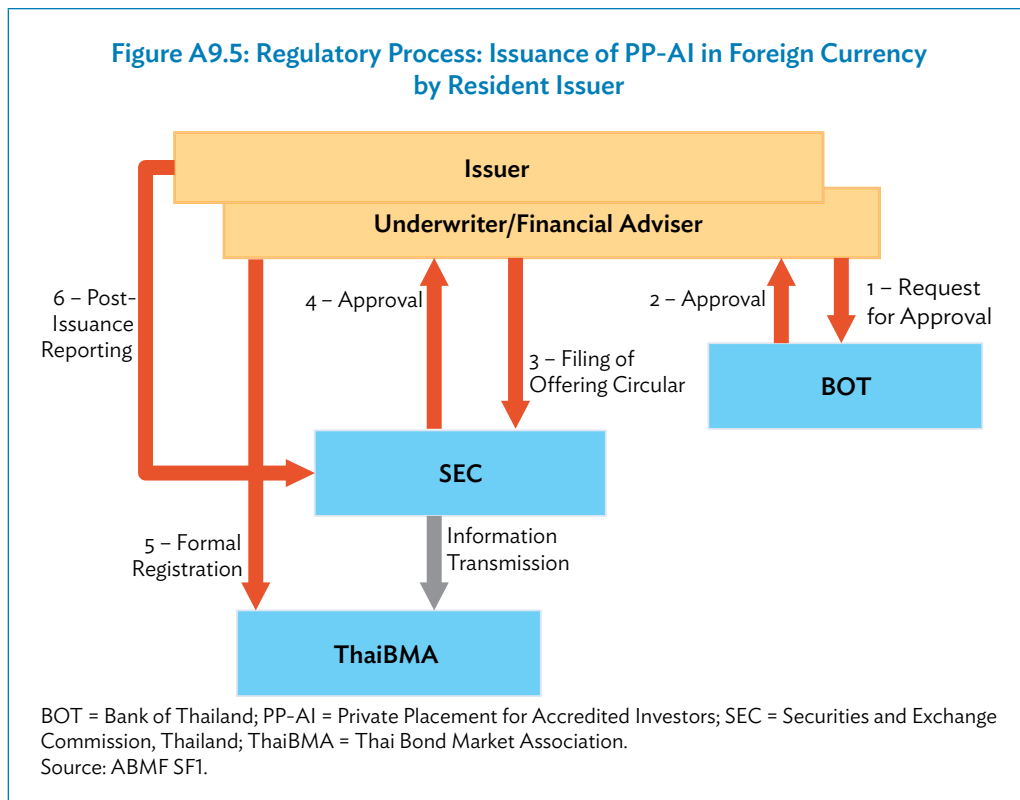
### Issuance Process for Resident Issuer of FCY Bonds and Notes

FCY-denominated bonds and notes require the prior approval of the BOT, in addition to the approval process for PP-AI issuances prescribed by the SEC. There are no distinctions by issuer type in the approval process for FCY bonds.

The regulatory process map shown in Figure A9.5 may help with the navigation of the applicable regulatory processes in Thailand for issuance of PP-AI in foreign currency by a resident issuer. The following steps will need to be observed when a resident issuer wants to issue PP-AI in Thailand in a foreign currency.

## Step 1: Request for Approval from the BOT

The issuer or underwriter (Financial Adviser) will need to file a request for approval with the BOT's Foreign Exchange Administration and Policy Department.



The application needs to contain detailed information on intended remittances of FCY proceeds or cross-currency swaps relating to the proceeds.

#### Step 2: Approval from the BOT

The BOT's Foreign Exchange Administration and Policy Department will review the application and supplementary documents, and may, at its discretion, ask for clarification or additional information.

Provided that the application and documents are in order, the necessary information has been provided, and the review is satisfactory, the BOT's Foreign Exchange Administration and Policy Department will issue a letter of approval for the bond or note issuance.

There is no fee charged for this BOT approval process.

#### Step 3 Onward: Filing of (Draft) Offering Circular with the SEC

Once the BOT approval is obtained, the resident issuer would have to follow the issuance approval process prescribed by the SEC. For more detail, please refer to the regulatory process described above.

#### Issuance Process for Nonresident (Foreign) Issuer of FCY Bonds and Notes

The issuance process for nonresident issuers is the same as described above.



# Attachment 1

## Resource Information

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For easy reference and access to further information about the topics discussed in the AMBIF Implementation Guidelines for Thailand—including the relevant policy bodies, regulatory authorities, and securities market-related institutions, and the Thai bond market at large—interested parties are encouraged to utilize the following links (all websites available in English):

ASEAN+3 Multi-Currency Bond Issuance Framework—Single Submission Form  
<http://tinyurl.com/AMBIF-Single-Submission-Form>

ASEAN+3 Bond Market Guide—Thailand  
[https://wpqr4.adb.org/LotusQuickr/asean3abmf/Main.nsf/h\\_Index/4CC53EFBD63D7BA3482579D4001B5CED/\\$file/abmf%20vol1%20sec%2010%20tha.pdf](https://wpqr4.adb.org/LotusQuickr/asean3abmf/Main.nsf/h_Index/4CC53EFBD63D7BA3482579D4001B5CED/$file/abmf%20vol1%20sec%2010%20tha.pdf)

Bank of Thailand  
<https://www.bot.or.th/English/Pages/default.aspx>

Ministry of Finance of Thailand  
<http://www2.mof.go.th>

Public Debt Management Office of the Ministry of Finance of Thailand  
[http://www.pdmo.go.th/upload/ebook\\_img/Baht\\_Denominated\\_Bond\\_%20in\\_Thailand\\_Version\\_2014.pdf](http://www.pdmo.go.th/upload/ebook_img/Baht_Denominated_Bond_%20in_Thailand_Version_2014.pdf)

Securities and Exchange Commission, Thailand  
<http://www.sec.or.th/EN/Pages/Home.aspx>

Stock Exchange of Thailand  
<http://www.set.or.th/en/index.html>  
(This website is also available in Chinese and Japanese.)

Thai Bond Market Association  
<http://www.thaibma.or.th/main.html>  
(Visitors may be required to accept a disclaimer statement before entering the website.)

## Attachment 2

# Glossary of Technical Terms

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Accredited Investors	Professional investors concept in Thailand
Baht Bond	Defined by the Ministry of Finance to describe a scheme under which foreign issuers may issue THB-denominated bonds or debt securities
conflict of law	Concept under Thai law that permits the use of law other than Thai law in contracts or agreements if both (all) parties so agree
filing	Action of submitting documentation for a PP-AI to the SEC
information memorandum	Typically used for key documentation for a private placement to professional investors
listing	Typically, action of submitting a bond issue or other securities to an exchange for the purpose of price finding, disclosure or profiling; in Thailand, presently often used instead of registration with ThaiBMA
offering circular	Typically used for key documentation for a private placement to professional investors in Thailand
prospectus	Key documentation of public offers of securities
registration	Action of registering a bond issue with ThaiBMA; required under present regulations
short prospectus	Key documentation of private placements (only for Thailand)