

Implementation of AMBIF

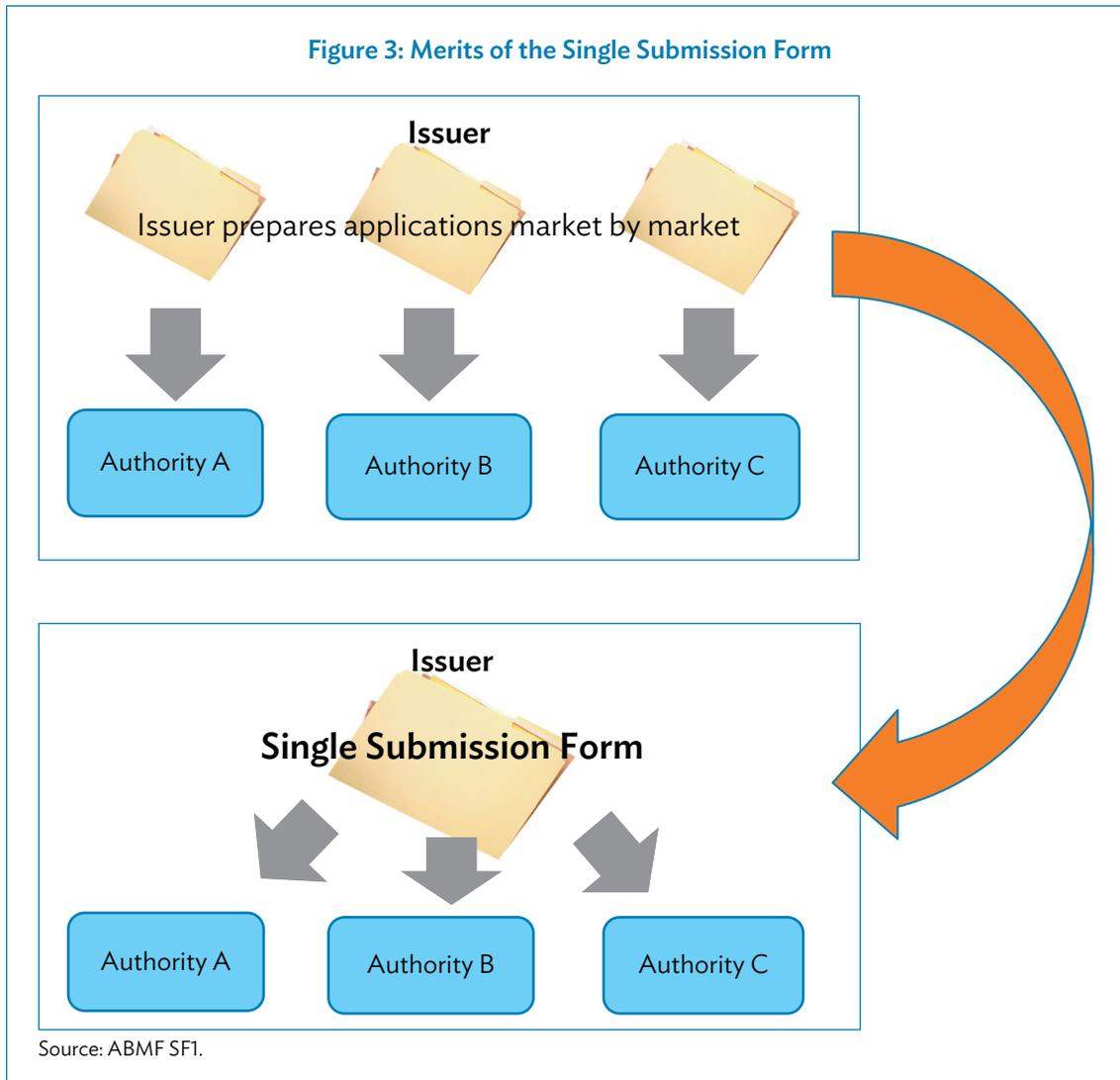
Although the ABMF SF1 Phase 1 Report recognized that ASEAN+3 bond markets are heterogeneous in many ways, it also recognized that the elements needed to establish common ground existed in domestic bond markets across the region because key legal and operational frameworks were already in place in many markets. The SF1 Phase 2 Report included a recommendation to focus on professional markets or market segments where policies and practices are comparable due to the international nature of participants. Based on these findings, SF1 Phase 3 focused on the practical implementation of AMBIF across as many ASEAN+3 professional bond markets as possible. For that purpose, a number of market visits were conducted to those economies that had signaled an interest in participating from the outset, and whose market features were considered conducive to AMBIF implementation without significant legislative or regulatory adjustments. The findings from these market visits and subsequent discussions among ABMF members and experts led to the definition of the AMBIF Elements, which effectively refined the AMBIF Core Components that had been proposed in Phase 2. In addition, the market environment required for the implementation of AMBIF was identified. Subsequently, this led to the development of the SSF and the identification of required market features and regulatory processes in the AMBIF Implementation Guidelines.

The Single Submission Form and AMBIF Implementation Guidelines

ABMF SF1 Phase 3 initially focused on how these common market elements could be normalized in an attempt to provide a single form of input into the required regulatory processes across all participating markets.

To identify a common set of information for the required regulatory processes across all participating markets, a review of application forms for issuance approval, offering circulars, information memorandums, and program information formats in ASEAN+3 was conducted. It was recognized that the core information to be provided to regulatory authorities was similar or comparable across markets. As a result, the SSF, which can be applied to all the relevant regulatory processes for bond and note issuance across markets, was proposed.

By utilizing the SSF, an issuer can apply for bond and note issuance(s), or offer(s) for the sale of bonds and notes in multiple jurisdictions, as the SSF is already recognized by the market authorities participating in AMBIF. This reduces the costs and time of preparing individual submission documents for each market of interest. A submission to multiple jurisdictions can be done at the same time, or in sequence, depending on the needs of the issuer. The merits of the SSF are illustrated in Figure 3.



The SSF combines information used in a number of markets. In effect, it represents the maximum set of common information to be submitted to the regulatory authorities and market institutions for bond and note issuance, and profile listing or registration application(s). However, it was also recognized that the actual application and use of the SSF in the approval process might not be the same among all participating markets. This led to the creation of the AMBIF Implementation Guidelines for each participating AMBIF market, which is a manual for (i) issuing AMBIF bonds, notes, and *sukuk* (Islamic bonds); (ii) navigating the regulatory process in each market; and (iii) applying the information and disclosure requirements through the use of the SSF and other means as may be applicable in each market. The SSF and the AMBIF Implementation Guidelines can together reduce uncertainty associated with bond and note issuance in unfamiliar markets, which would otherwise often result in higher costs of documentation and disclosure.

Since the SSF contains a standardized set of regulatory required information, which is subsequently published or disseminated by the relevant market mechanisms, the same level of information will be made available to interested parties across markets. Hence, an

investor can easily access information on the issuer and the features of bonds and notes in a comparable manner across markets, even if the investor may not be familiar with individual markets. By utilizing the SSF, issuers may be able to attract more investors from outside the normal investor universe of a particular issue. This recognizable quality of the SSF is expected to aid in the expansion of the investor base for AMBIF issuances, particularly long-term institutional investors such as pension funds and mutual funds.

The objectives of the SSF, with respect to implementation of AMBIF across the participating markets, can be summarized as follows:

- The SSF is a standard submission document (template) for AMBIF bond and note issuance(s) that is readily available for the Targeted Professional Investor Markets (issuance markets) in ASEAN+3 economies.
- The SSF aims to facilitate an AMBIF bond and note issuance application to regulatory, listing, and registration authorities in each participating market. As such, the SSF is prepared for the benefit of issuer(s) aiming to issue bonds and notes to professional investors in ASEAN+3 economies.
- The SSF contains a common set of information and disclosure items to be submitted when applying for an AMBIF bond or note issuance in each participating market; however, this does not impact the ability of the regulatory, listing, and registration authorities to request additional information or separate documents, if deemed necessary, for their review and approval.
- Within this common set of information and disclosure items in the SSF, the typical requirements for each individual market's regulatory processes have been included and validated by the respective regulatory, listing, and registration authorities. This makes the SSF easily recognizable for authorities and serves as a source of reference for authorities on information requirements. This will be crucial in furthering efforts toward the harmonization of regulatory processes and practices in the region's bond markets.
- In turn, the SSF is acknowledged or recognized by all regulatory, listing, and registration authorities in each participating market, even if the use or application of the SSF may differ by market. At the same time, 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.

The AMBIF Elements

To be recognized as a bond or note issued under AMBIF (AMBIF Bond), certain requirements called AMBIF Elements need to be satisfied. Table 2 gives a brief description of AMBIF Elements, with each element explained in detail thereafter.

Domestic Settlement

AMBIF is aimed at supporting 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. Table 3 provides a comparative view of domestic settlement in ASEAN+3 markets.

From a practical perspective, potential issuers did not voice objections to this focus on domestic settlement, since their focus on fundraising is in their domestic market and existing settlement arrangements are accepted. At the same time, investors who hold their portfolio

Table 2: Definition of AMBIF Elements

AMBIF Elements	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 ADRB recommendation, needs to be included.
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.
Currency	The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.
Scope of Issuers	Resident of ASEAN+3
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations, or market practice, in each in ASEAN+3 market

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.
Source: ABMF SF1.

of bonds and notes with an international central securities depository may continue to do so. While international central securities depositories will not be able to offer issuer services in the context of AMBIF as they do in the international bond market, their ability to access domestic bond markets in ASEAN+3 for the settlement and safekeeping of domestic bonds and notes on behalf of their clients remains unaffected.

Harmonized Documents for Submission (Single Submission Form)

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 SSF, which can be applied to all of the relevant regulatory processes for bond and note issuances 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.

Potential issuer feedback collected in Phase 3 indicated this AMBIF Element as one of the key considerations. Since the interest of these potential issuers encompasses a number of markets in ASEAN+3, the ability to raise common documentation and disclosure items in a single instance and utilize them across all markets of interest was found to be compelling, even if circumstances for the application of the SSF may differ by market (Table 4).

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 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.

Continuous disclosure requirements may be specified in laws or regulations and impose obligations on an issuer or its principal agent(s) to provide regular financial or material updates to regulators and registration and/or listing authorities, or via a trustee or bondholder

Table 3: Comparative View of Domestic Settlement across Markets

Market	Domestic Settlement
Hong Kong, China	All domestic corporate bonds and notes traded OTC in the Hong Kong, China market are identified by the International Securities Identification Number prefix HK, and are admitted to and settled in the CMU, a unit of HKMA, regardless of whether they are denominated in Hong Kong dollars or a foreign currency. CMU connects directly to the domestic CHATS, which is a high-value payment system that can accommodate bonds and notes denominated in Hong Kong dollars and foreign currencies such as euros, offshore Chinese renminbi, and US dollars.
Japan	JPY-denominated corporate bonds and notes issued in the domestic market in Japan are predominately settled at JASDEC, regardless of whether the bonds and notes are traded OTC or on an exchange.
Malaysia	According to Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, 2015: Part 3, Chapter 2, Section 2.22, all MYR-denominated PDS or <i>sukuk</i> (Islamic bonds) must be issued and/or tendered on FAST and settled in 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 central securities depository for OTC-traded bonds, notes, and <i>sukuk</i> , and a wholly owned subsidiary of Bank Negara Malaysia.
Philippines	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 the Philippine Dealing System Holdings Corp.
Singapore	SGD-denominated corporate bonds and notes issued in the domestic market in Singapore are predominately cleared and settled at CDP, a subsidiary of SGX, regardless of whether these bonds and notes are traded OTC or on an exchange.
Thailand	While there is no regulatory requirement that bonds and notes traded OTC need to be settled at TSD, most debt securities, in particular those aimed at international professional investors, are settled by TSD. Bonds and notes traded on the 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.

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; CDP = Central Depository Private Limited; CHATS = Clearing House Automated Transfer System; CMU = Central Moneymarkets Unit; FAST = Fully Automated System for Issuing/Tendering; HKMA = Hong Kong Monetary Authority; JASDEC = Japan Securities Depository Center; JPY = Japanese yen; MYR = Malaysian ringgit; OTC = over-the-counter; PDEX = Philippine Dealing & Exchange Corp.; PDS = private debt securities; PDTC = Philippine Depository & Trust Corp.; RENTAS = Real-time Electronic Transfer of Funds and Securities System; SET = Stock Exchange of Thailand; SGD = Singapore dollar; SGX = Singapore Exchange Limited; TSD = Thai Securities Depository.

Source: ABMF SF1.

Table 4: Comparative View of AMBIF Element Harmonized Documents for Submission (Single Submission Form) across Markets

Market	Harmonized Documents for Submission (Single Submission Form)
Hong Kong, China	<p>Where bonds and notes are offered only to professional investors through private placements, no approval for bond and note issuance is required from the 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.</p> <p>To be listed on 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.</p>
Japan	<p>FSA approval is not required for the issuance of bonds and notes to professional investors in Japan. TSE is the listing authority of TPBM and provides the TPBM-related rules and regulations, including the governing disclosure documents requirements. Disclosure requirements under the Financial Instruments and Exchange Act, such as 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 SSI and the Issuer Filing Information.</p> <p>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, an SSF can be applied for the listing process on TPBM.</p>
Malaysia	<p>The introduction of the Lodge and Launch Framework in June 2015 removed the requirement for pre-issuance approval by the Securities Commission, toward which the purpose of and information in the SSF has been geared.</p> <p>Under the Lodge and Launch Framework, an issuer needs to lodge specific information and disclosure items, such as the principal terms and conditions to the SC via the Principal Adviser prior to launching a bond, note, or <i>sukuk</i> (Islamic bond) issuance. The information required is defined in the Lodgement Kit, a supplement to the Lodge and Launch Guidelines, and the lodgement is to be done electronically via the SC's dedicated Online Submission System. Some parts of the lodgement require the execution and scanning of specific forms, such as a prescribed Declaration by the Issuer.</p> <p>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 using the SSF for the submission to a number of other regulatory authorities to obtain issuance approval(s).</p> <p>In Malaysia, the SSF may also help to facilitate the submission of a Listing Application to BMS if a bond, note, or <i>sukuk</i> were intended to be listed for profiling under the Exempt Regime feature on BMS.</p>
Philippines	<p>In the Philippines, the regulatory authorities and market institutions are expected to accept the SSF, though this would not preclude the possibility of additional information being submitted to the authorities, if deemed necessary.</p> <p>The use of English is prescribed in BSP and SEC regulations, including the provisions related to PDEX.</p>
Singapore	<p>No approval by the Monetary Authority of Singapore 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.</p> <p>To be listed on SGX for profiling purposes, SGX is receptive to exploring a single-submission-document process, as long as its application procedures and all listing requirements are fulfilled.</p>

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Table 4 continued

Market	Harmonized Documents for Submission (Single Submission Form)
Thailand	The Securities and Exchange Commission, Thailand will recognize the SSF format, as long as the requirements of Thai regulations continue to be observed. The Securities and Exchange Commission, Thailand does not prescribe a particular form or format for Private Placement to Accredited Investor 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).

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; BSP = Bangko Sentral ng Pilipinas; FSA = Financial Services Agency, Japan; HKEx = Hong Kong Exchanges and Clearing Limited; HKMA = Hong Kong Monetary Authority; PDEx = Philippine Dealing & Exchange Corp.; SC = Securities Commission Malaysia; SEC = Securities and Exchange Commission; SFC = Securities and Futures Commission; SGX = Singapore Exchange; SSI = Specified Securities Information; SSF = Single Submission Form; TPBM = TOKYO PRO-BOND Market; TSE = Tokyo Stock Exchange.

Source: ABMF SF1.

representative, if so appointed. These obligations may also be discharged by making available to the authorities or trustee links to existing disclosure information, such as the websites of corporate issuers already listed, thereby incorporating such disclosure by reference into the issuance of bonds and notes under AMBIF.

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. The features in each participating market that fulfill the AMBIF Element of Registration or Profile Listing are briefly summarized in Table 5.

Research conducted by ABMF in Phase 3 also indicated a preference by institutional investors, particularly those with a mandate governed by prudential regulations, to be able to obtain reference data and pricing from an authoritative source. In any case, the lack of readily available information on bonds and notes issued in regional markets may be one factor hindering an increase in cross-border investments in ASEAN+3 markets, and would be comprehensively addressed through the specification of this AMBIF Element.

Currency

The mismatch in currencies and maturities was seen as a key cause of the 1997/98 Asian financial crisis. In order to alleviate the risks stemming from this double mismatch, ABMI advocated the strengthening of the region's domestic bond markets. This necessitated a focus on bond and note issuance in local currency, particularly the market infrastructure and clearing and settlement systems needed for local currency issuances.

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. Table 6 provides an overview of the currencies in which bonds and notes are typically issued in each market.

Table 5: Comparative View of Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure) across Markets

Market	Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)
Hong Kong, China	<p>Under its listing rules, HKEx provides 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 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.</p> <p>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.</p>
Japan	<p>TPBM on TSE is the single market in Japan for listed programs or listed bonds and notes aimed at Professional Investors, as a Specified Financial Instruments Exchange Market pursuant to Article 2, Paragraph 32 of the Financial Instruments and Exchange Act.</p> <p>Issuers need to list a note issuance program and/or bonds and notes on TSE in order to issue bonds and notes through TPBM. To apply for a new listing, the SSF, serving as Specified Securities Information, 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 Financial Services Agency. In principle, information on listed bonds and notes and information on their issuers shall be disclosed pursuant to the 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 Specified Securities Information.</p> <p>Bonds and notes listed on TPBM or issued based on the Program Information submitted to TSE are included within JSDA's Reference Statistical Prices (Yields) for OTC transactions.</p>
Malaysia	<p>Lodgement of the issuance documentation and initial disclosure items with the SC, the regulatory requirement for an issuer to provide regular updates on financial information to an appointed trustee and via FAST, and the price determination by the Bond Pricing Agency Malaysia for all PDS and <i>sukuk</i> (Islamic bonds) issued in the Malaysian market form the basis of available disclosure for offers aimed at Sophisticated Investors. In addition, the principal terms and conditions are available on the SC website, as well as via the Bond Pricing Agency Malaysia, and issuers must provide a pricing supplement for each drawdown (new issuance) under a debt or <i>sukuk</i> program.</p> <p>To complement these requirements with a mandated continuous disclosure regime, BMS provides the option for both listed and nonlisted issuers to list PDS and <i>sukuk</i> for profiling under its Exempt Regime. PDS or <i>sukuk</i> to be listed under the Exempt Regime will not be quoted or traded on BMS. The Exempt Regime is provided for under Chapter 4B of the BMS Listing Rules and has been available since December 2008 under a government initiative that targeted the listing of PDS and <i>sukuk</i> in conjunction with the development of the Malaysian bond market and the Malaysian International Islamic Finance Centre.</p> <p>The Exempt Regime is specifically for issuers intending to list PDS or <i>sukuk</i> to obtain listing status and for profiling purposes, and where the targeted group of investors comprises Sophisticated Investors as defined under the Capital Market and Services Act, 2007. PDS or <i>sukuk</i> profile listed under the BMS Exempt Regime may be denominated in foreign currencies but must have an original maturity of more than 1 year. The trading of PDS and <i>sukuk</i> under the Exempt Regime takes place in the OTC market and is inaccessible to retail investors.</p>

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Table 5 continued

Market	Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)
	<p>In case of a profile listing under the BMS Exempt Regime, the issuer will need to 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.</p>
Philippines	<p>In the Philippines, the enrollment of a bond or note with PDEX covers the listing as well as trading processes and practices for debt instruments. In contrast to an outright listing, 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 into PDEX, also referred to as the sponsor, is responsible for the disclosure of material information as stipulated in the PDEX Listing Rules.</p> <p>According to PDEX Listing Rules (7.2.1), an enrollment is possible for debt instruments issued by resident and nonresident issuers. An enrollment of a note issuance program (e.g., medium-term note program) is principally possible, but has not yet been requested in applications to PDEX.</p> <p>The 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 OTC Rules issued by the SEC in 2006, all OTC trading of debt instruments issued in the Philippines needs to occur on an SEC-authorized marketplace. PDEX is such an authorized marketplace. Hence, the listing or enrollment is a necessary step toward ultimately trading a bond or note in the OTC market in the Philippines.</p> <p>At the same time, PDEX also principally offers the feature of profile listing in the form of the Qualified Board, which accepts enrollment (from the issuer) only for bonds or notes issued to professional investors.</p> <p>Under the OTC Rules, the SEC has 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 traded prices that have to be captured by deal parties within 1 minute of deal closure, as provided under Section 16 of the OTC Rules and reported in the Central Trade Reporting System within 15 minutes as provided under Section 16 of the OTC Rules.</p>
Singapore	<p>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. 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.</p> <p>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 and note is not applicable in Singapore.</p> <p>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 the time of listing.</p> <p>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.</p>

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Market	Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)
Thailand	<p>In the Thai market, registration is defined as the process of providing bond or note information to ThaiBMA by issuers or their agents, which is a condition set by the Securities and Exchange Commission, Thailand for the offering of bonds and notes in the primary market, as well as reporting trade data by counterparties in the secondary (OTC) market. All bond dealers and traders in Thailand are required to be members of ThaiBMA.</p> <p>All debt securities issued and offered for sale in Thailand, regardless of issuer domicile or currency, must be registered with ThaiBMA. 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 AMBIF Element of Registration or Profile Listing. The supervision and enforcement of continuous disclosure obligations by the issuers of bonds and notes in Thailand remains with the SEC.</p>

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Source: ABMF SF1.

In the course of Phase 3, ABMF research indicated strong interest from potential issuers in local currency issuances across participating markets. As ASEAN+3 economies grow and are integrated economically through cross-border business activities, companies want to finance themselves with the same currency as their revenue streams. In addition, financial institutions are facing regulatory requirements to match their assets and liabilities. As a result, they also need to expand their funding sources to reduce risks and capital requirements to provide loans in different currencies.

Scope of Issuers

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. This was seen as a prerequisite to help fulfill the ABMI mandate and further affirmed through the work of ABMF in Phase 3.

Discussions and consultations in the course of Phase 3 suggest that potential issuers are large corporates domiciled in ASEAN+3 markets with existing or planned commercial operations in participating markets. These operations range from manufacturing and sales and marketing to financial services such as leasing. Potential issuers may wish to access AMBIF participating markets through a domestic entity, a regional treasury center, the parent company, or through a combination of the above, often depending on the most practical and cost-effective practice of raising issuance documentation and disclosure items.

Some markets may distinguish between resident and nonresident issuers and prescribe specific regulatory processes and documentation or disclosure requirements for each type. Other markets do not distinguish by issuer type but instead specify distinct regulatory processes depending on the currency of denomination. Table 7 shows some notable distinctions and related conditions.

Table 6: Comparative View of Currency across Markets

Market	Currency
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 the CMU.
Japan	TPBM on TSE does not have any limitation or restriction on the choice of currencies. 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) FCY-denominated bonds and notes, such as USD-denominated bonds and notes, issued by governments or companies.
Malaysia	In addition to settlement for bonds, notes, and <i>sukuk</i> (Islamic bonds) issued in Malaysian ringgit and offshore Chinese renminbi, RENTAS is also able to settle bonds, notes, and <i>sukuk</i> denominated in US dollars through USD CHATS. A number of FCY-currency denominated bonds, notes, and <i>sukuk</i> have been issued in the Malaysian market.
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, since the Philippines feature a domestic USD clearing system. In the past few years, PDEX has listed a number of USD-denominated bonds issued by the Philippine government.
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, Australian dollar, offshore Chinese renminbi, Hong Kong dollar, and US dollar clearing and settlement capabilities 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 ASEAN+3 currencies other than 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.
Thailand	Debt securities in Thailand are predominantly issued in Thai baht, without any specific approval for currency required. They can also be issued in foreign currency if the issuer and investors so agree; this requires the approval of the Bank of Thailand. In the case of a foreign issuer issuing THB-denominated bonds or notes, the approval of the Public Debt Management Office 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.

ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China, Japan, and the Republic of Korea; CMU = Central Moneymarkets Unit; FCY = foreign currency; JASDEC = Japan Securities Depository Center; PDEX = Philippine Dealing & Exchange Corp.; PDTC = Philippine Depository & Trust Corp.; RENTAS = Real-time Electronic Transfer of Funds and Securities System; SGX = Singapore Exchange; THB = Thai baht; TPBM = TOKYO PRO-BOND Market; TSE = Tokyo Stock Exchange; USD = US dollar; USD CHATS = US Dollar Clearing House Automated Transfer System.

Source: ABMF SFI.

Scope of Investors

In its Phase 2 Report, ABMF advocated a focus on professional bond markets and market segments for AMBIF. (For more details, please refer to Chapter I.) Central to this proposition is the participation of professional investors, even if the definition of professional investors differed across markets. The focus on professional investors has been affirmed in Phase 3, leading to the descriptions in the AMBIF Implementation Guidelines of only those regulatory processes for bond or note issuance aimed at professional investors in each of the participating markets.

Table 7: Comparative View of Scope of Issuers across Markets

Market	Scope of Issuers
Hong Kong, China	There is no distinction between domestic and foreign issuers, or between particular corporate issuer types, in the Hong Kong, China bond market.
Japan	<p>The regulations and practices on TPBM do not distinguish between resident and nonresident issuers. The scope of issuers on TPBM includes foreign corporations, foreign financial institutions, sovereigns and governments, sponsored issuers, Japanese corporations, and Japanese public entities (e.g., local governments).</p> <p>All issuers may utilize note issuance programs as a form of bond or note issuance.</p>
Malaysia	<p>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. Some concessions exist for FCY issuances, and exemptions are provided for multilateral financial institutions and multilateral development banks.</p> <p>Nonresident issuers issuing MYR-denominated bonds, notes, or <i>sukuk</i> (Islamic bonds) and resident issuers issuing FCY-denominated bonds, notes, or <i>sukuk</i> are subject to the Foreign Exchange Administration rules administered by BNM.</p>
Philippines	<p>The SEC does not differentiate between resident and nonresident issuers, since 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.</p> <p>As for the purview of the BSP, rules applied on the issuance of bonds and notes may vary depending on whether the issuer is a resident or nonresident, and whether the bonds or notes are denominated in pesos or a foreign currency. In addition, if the issuer is a financial institution, other prudential considerations may apply.</p> <p>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. However, if bonds or notes are to be denominated in a foreign currency, prior approval is required for resident issuers (both financial and nonfinancial institution).</p> <p>For nonresident issuers, the issuance of bonds, notes, or similar instruments (regardless of the currency of denomination) requires BSP approval before execution of the transaction.</p> <p>Both resident and nonresident issuers may list or enroll their debt instruments aimed at Qualified Buyers on PDEX, depending on the SEC framework.</p>
Singapore	<p>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 nonresident financial institution issuing SGD-denominated bonds and notes, the issuer must swap or convert the proceeds into a foreign currency rather than remit the Singapore dollars outside of Singapore.</p> <p>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.</p>

continued on next page

Table 7 continued

Market	Scope of Issuers
Thailand	<p>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.</p> <p>Nonresident issuers are defined in the Securities and Exchange Act of Thailand (in the description of foreign issuers) as “a unit or organization of [a] foreign government, international organization and juristic person under the law of a foreign jurisdiction.”^a More specifically, nonresident issuers are defined under a Ministry of Finance Notification for the PDMO as (i) international financial institutions (e.g., Asian Development Bank, International Finance Corporation, and International Monetary Fund), (ii) foreign governments, (iii) financial institutions of foreign governments, (iv) juridical entities that have been established under foreign laws, and (v) special purpose vehicles.</p>

BNM = Bank Negara Malaysia, BSP = Bangko Sentral ng Pilipinas, FCY = foreign currency, MYR = Malaysian ringgit, PDEX = Philippine Dealing & Exchange Corp., PDMO = Public Debt Management Office, PHP = Philippine peso, SC = Securities Commission Malaysia, SEC = Securities and Exchange Commission, SGD = Singapore dollar, SGX = Singapore Exchange, THB = Thai baht, TPBM = TOKYO PRO-BOND Market.

^a The Securities and Exchange Commission, Thailand. Securities and Exchange Act. <http://www.sec.or.th/EN/SECInfo/LawsRegulation/Documents/actandroyal/1Securities.pdf>

Source: ABMF SF1.

Characteristics of the AMBIF Investors are described as follows:

- Investors targeted under AMBIF are professional investors in ASEAN+3 markets, as they are defined in accordance with applicable laws and regulations in each jurisdiction or market. Some jurisdictions have a clear definition of professional investors, while other jurisdictions may need to establish the concept through agreements.
- There is no intention to normalize the professional investor concept across markets at this stage, since it is ABMF’s 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 investor investment activities.

Table 8 gives an overview of the applicable definitions. Professional investors are institutions defined by law and licensed or otherwise registered with regulators in their economy of domicile and. Hence, they 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.

Table 8: Comparative View of Scope of Investors across Markets

Market	Scope of Investors
Hong Kong, China	<p>Chapter 571 of the Laws of Hong Kong comprises the SFO, which defines the concept of professional investors in Hong Kong, China. The SFO distinguishes between Institutional Investors and Non-Institutional Investors. 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 regulated securities firms, regulated banks, regulated insurers, investment funds, and sovereign bodies. The SFO defines Non-Institutional Investors as persons who, as a result of their financial position, qualify as professional investors, including high net worth individuals, corporate professional investors, and trusts. The provisions of these regulations specifically include foreign investors and foreign institutional investors.</p> <p>In its dealings for the Professional Bonds market, HKEx uses the collective term “professional investors,” which includes both Institutional Investors and High Net Worth Investors as defined in the SFO.</p> <p>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 the CMU.</p>
Japan	<p>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 includes foreign institutional investors.</p> <p>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 the FIEA. Professional Investors, as used in the FIEA, comprise (i) Qualified Institutional Investors, (ii) 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.</p> <p>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.)</p> <p>In effect, only Professional Investors and nonresident (foreign) investors are able to participate in TPBM.</p>
Malaysia	<p>The issuance of bonds, notes, and <i>sukuk</i> (Islamic bonds) to Sophisticated Investors (under Schedules 6, 7, and 9 of the CMSA) constitutes the professional bond market in Malaysia.</p> <p>As promulgated in the Lodge and Launch Guidelines issued in March 2015, the term “Sophisticated Investors” refers to any person specified under Schedule 1 of the Guidelines on Sales Practices of Unlisted Capital Market Products, 2013. Sophisticated Investors includes the following types of investors: (i) High Net Worth Individuals, (ii) High Net Worth Entity, and (iii) Accredited Investors. (Accredited Investors are further defined in the guidelines.)</p> <p>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 or High Net Worth Individuals. There are many foreign institutional investors investing in Malaysia and holding their assets with domestic custodian banks.</p>

continued on next page

Table 8 continued

Market	Scope of Investors
Philippines	<p>In the Philippines, Section 10.1 of the SRC describes professional investors as Qualified Buyers. Concessions on disclosure and obligations under the Qualified Buyers concept are prescribed in this section. At this point in time, the issuance of bonds or notes to Qualified Buyers, which are generally referred to as QB bonds, constitutes the professional bond market in the Philippines.</p> <p>Section 10.1 of the SRC also deals with Exempt Transactions, which are circumstances under which concessions from full disclosure and full approval process by the SEC are available. The SRC prescribes exemptions from full disclosure and the related approval process when issuing bonds or notes to the following institutions, thereby decreeing them professional investors: (i) banks; (ii) registered investment houses; (iii) insurance companies; (iv) pension funds, retirement schemes, or BSP-authorized trusts; (v) investment companies; and (vi) other institutions as determined by the SEC.</p> <p>There is no distinction in the SRC, or in the SEC's IRR, between domestic and foreign professional investors.</p> <p>For investments in bonds or notes issued domestically, the following BSP rules shall apply:</p> <p>a. For investments in PHP-denominated bonds or notes issued by residents:</p> <ol style="list-style-type: none"> i. investments by residents may be done without BSP approval; and ii. investments by nonresidents may, likewise, be done without prior BSP approval, subject to registration only if the foreign exchange to service repatriation of capital and related earnings will be sourced from authorized agent banks. <p>b. For investments in PHP-denominated bonds or notes issued by nonresidents:</p> <ol style="list-style-type: none"> i. investments by residents may be done without BSP approval; and ii. investments by nonresidents are not expressly allowed under existing rules; thus, prior BSP approval is required. <p>c. For investments in FCY-denominated bonds or notes issued domestically by residents:</p> <ol style="list-style-type: none"> i. investments by residents are not allowed under existing rules since transactions in a foreign currency between nonfinancial institutions are prohibited if the foreign currency will come from the banking system; ii. investments by nonresidents may be done without BSP approval. <p>d. For investments in FCY-denominated bonds or notes issued onshore by nonresidents, investments (by both residents and nonresidents) may be made, but the foreign currency needed to service redemption and coupon payments cannot be sourced from the Philippine banking system.</p>
Singapore	<p>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 and Accredited Investors, respectively.</p> <p>Accredited Investors is a collective term defined in Section 4A of the SFA.</p> <p>The definition of Institutional Investors in Section 4A of the SFA contains a detailed list of which institutions are considered to be professional.</p>

continued on next page

Table 8 continued

Market	Scope of Investors
Thailand	<p>In 2009, the Securities and Exchange Commission, Thailand 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 Investors concept, a comprehensive professional investor scheme in the context of private placements of debt securities.</p> <p>In 2012, 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 of Accredited Investors, which comprise both Institutional Investors and High Net Worth Individuals.</p> <p>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.</p>

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; CMSA = Capital Market and Services Act; CMU = Central Moneymarkets Unit; FCY = foreign currency; FIEA = Financial Instruments and Exchange Act; HKEx = Hong Kong Exchanges and Clearing Limited; IRR = Implementing Rules and Regulations; JPY = Japanese yen; PHP = Philippine peso; SEC = Securities and Exchange Commission; SFA = Securities and Futures Act; SFO = Securities and Futures Ordinance; SRC = Securities Regulation Code; TPBM = TOKYO PRO-BOND Market.

Source: ABMF SF1.