

Appendixes

Appendix 1: Proxy Approach

Reference is made to this appendix in Chapter V.

Proxy Approach or Proxy Regulatory Process Concept as a Common Goal

From the perspective of AMBIF as a framework that benefits domestic bond markets, the concept of a Proxy Regulatory Process makes sense. Proxy Regulatory Process stands for the ability to have any one regulator or delegated authority (e.g., a listing place or SRO) within the participating markets to establish the regulatory process of a bond issuance for all participating markets.

Such a concept does not currently exist in ASEAN+3, although it would realize significant time and, ultimately, cost savings. However, a Proxy Regulatory Process would mean that regulators or delegated authorities would have to bring regulators or delegated authorities in another market into their own regulatory and decision-making processes.

Through significant discussions in ABMF, members recognized that this is not an easy suggestion, but would nevertheless like to position this concept as a common goal. Ultimately, one regulatory process of issuing AMBIF Instruments by AMBIF Issuers in one of the AMBIF Markets should be considered valid; hence, resulting in a Proxy Regulatory Process for all AMBIF Markets, that will move toward a single regulatory process over time.

While such a Proxy Regulatory Process is the ultimate goal, an intermediate approach is required for the implementation of AMBIF. SF1 recognizes that only some regulatory authorities, which may be defined as “light touch” regimes, would be able to accommodate a concept similar to a Proxy Regulatory Process at this point in time.

Most of the region’s regulatory authorities will need to comply with their own economies’ respective statutory requirements (e.g., demands for physical signature or filing), or establish a basis for future civil liabilities and the need for issuer representation in their jurisdictions.

Adjusted Proxy Approach may be referred to as the Expedited Regulatory Process

As a result, ABMF SF1 decided to introduce an adjusted proxy approach based on the most suitable, available public policy processes across the region’s various jurisdictions. For the purposes of AMBIF, it may be referred to as the Expedited Regulatory Process.

With this Expedited Regulatory Process, savings on regulatory processing time and, hence, offering costs should be realized in participating markets at the inception of AMBIF.

Appendix 2: Substituted Compliance

Reference is made to this appendix in Chapter V. The Expedited Review Framework preferred by ABMF SF1 includes an example that has already been implemented in the financial industry in Asia, known as Substituted Compliance, which is detailed below for reference.

Substituted Compliance

The term Substituted Compliance has appeared as recently as December 2012 in the Joint Press Statement of Leaders on Operating Principles and Areas of Exploration in the Regulation of the Cross-Border OTC Derivatives Market.²¹ Here, Leaders refers to the heads of regulatory authorities charged with the supervision of OTC derivatives. Participating from ASEAN+3 were Hong Kong, China's Securities and Futures Authority (SFA); the Financial Services Authority (FSA) of Japan; and the Monetary Authority of Singapore (MAS).

Substituted Compliance refers to the acceptance among regulatory authorities of incorporating the regulatory process of a regulator from another market for actions in one's own market.

While specific to OTC derivatives in this case, the Substituted Compliance concept is seen as potentially applicable guidance for the purpose of the AMBIF Regulatory Process, due to its key areas of understanding among the regulatory authorities.

In the referenced joint statement, the participating authorities committed to reduce regulatory uncertainty and provide markets with sufficient clarity on laws and regulations by avoiding, to the extent possible, the application of inconsistent or conflicting rules, and minimizing duplicative rules.

Regulators agreed that a complete harmonization would be difficult as it would require overcoming individual jurisdictions' differences in law, policy,

markets and implementation timing, and take into account the unique nature of the individual jurisdictions' legislative and regulatory processes.

It was clear to the participants that national authorities have the ultimate responsibility to protect against all sources of risk in their markets, and that the statutory and regulatory requirements of each jurisdiction are core components of each market. SF1 has come to a similar understanding while discussing AMBIF and its proposed processes.

Among the authorities participating in the joint statement, there is a principal agreement to attempt to ensure that relevant supervisory authorities should enter into supervisory cooperation arrangements with relevant supervisory authorities in other markets—by using the model supervisory cooperation arrangement adopted by the International Organization of Securities Commissions (IOSCO) as a guide—and to enter into bilateral enforcement cooperation arrangements based on either the IOSCO Multilateral Memorandum of Understanding (MMOU) or by entering directly into an IOSCO MMOU.

A quote from the joint statement reads: "The regulators recognize that entering into, and abiding by, supervisory and enforcement cooperation arrangements should facilitate effective coordination in implementing recognition, substituted compliance, and registration categories and exemptions approaches." This is where the term Substituted Compliance has been borrowed from for the purposes of explaining the concept for the AMBIF Regulatory Process.

Once one of the authorities decides on a certain treatment of a product (e.g., OTC derivatives), each of the other regulators would, in turn, consider the same treatment while taking into account the characteristics of each domestic market in accordance with the applicable determination processes in the respective legal regime. These are agreements that are seen as being either necessary or complementary to the planning and implementation of AMBIF.

²¹ Full statement available at <http://www.cftc.gov/PressRoom/PressReleases/pr6439-12>

Appendix 3: AMBIF Documentation Recommendation Board (ADRB) on AMBIF Disclosure Items on Information Memorandum and Program Information

Initial Recommendation for Core AMBIF Disclosure Items on Information Memorandum and Program Information

Program Information
• Notes to Investors (1-6)
• Securities Information
I. Terms and Conditions of Primary Sale or Distribution to AMBIF Investors
II. Other Matters
• Corporate Information
I. Outline of Company
II. Financial Information
• Information on Guarantor
• Events of Default
• Others
Notes on Preparation of AMBIF Disclosure

Regulator(s) and/or the designated authority in each jurisdiction should, in advance, consider whether to include the following points in the Program Information:

- Minimum disclosure in some markets may differ from (or be more than) the following initial ADRB recommendation.
- The law can or cannot accept exclusion of responsibility or liability from issuers or its officers.
- Disclosure information as specified by regulator(s) and/or the designated authority should be submitted in physical form and/or by electronic means, as may be required by applicable regulations of the relevant jurisdiction, meaning that such information may not be provided only

by way of referring to a particular filing place or website.

Program Information (*1)

- Type of Information: Program Information
- Date of Announcement (DD/MM/YY):
- Issuer Name:
- Name and Title of Representative / CEO / CFO:
- Address of Head Office:
- Contact Person in the listing / registration / filing place:
- Telephone:
- Type of Securities:
- Scheduled Issuance Period: (*2)
- Maximum Outstanding Issuance Amount: (*3)
- Address of Website for Announcement:
- Listing / Registration / Filing Place(s):
- Governing law(s):
- Others:
- Notes to Investors:

1. AMBIF Market is a market for AMBIF Investors. Bonds listed on / registered with / filed with the [AMBIF Section of each designated AMBIF bonds listing / registration / filing place in ASEAN+3] (“Listing / Registration / Filing Place” and “Listed Registered Bonds”) may involve high investment risk. AMBIF Investors should be aware of the listing registration eligibility and timely disclosure requirements that apply to issuers of Listed/Registered Bonds on the Listing Registration Place such as (Brunei Darussalam, _____; Cambodia, _____; the People’s Republic of China, _____; Hong Kong, China, The Hong Kong Stock Exchange; Indonesia, Indonesia Stock Exchange; Japan, Tokyo Pro-Bond Market AMBIF Section; the Republic of Korea, _____; Lao PDR, _____; Malaysia, Bursa Malaysia Berhad; Myanmar, _____; the Philippines, Philippine Dealing and Exchange Corp.; Singapore, Singapore Exchange Limited; Thailand/Thai Bond Market Association; and Viet Nam, Hanoi Stock Exchange) and associated risks such as the fluctuation of market prices and shall bear responsibility for their investments. Prospective AMBIF Investors should make investment decisions after having carefully considered the contents of this Program Information.

2. Where this Program Information contains (i) any false statement on important matters, or (ii) lacks information on: (a) important matters that should be stated therein or (b) a material fact that is necessary to make the information not misleading, a person who, at the time of providing this Program Information, is an officer (meaning an officer stipulated in [in case of (Brunei Darussalam; _____, Cambodia; _____, PRC; _____, Hong Kong, China; _____, Indonesia; _____, Japan: for Tokyo Pro-bond listed bonds, Article 21, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (the "Act") (meaning a director of the board (*torishimari-yaku*), accounting advisor (*kaikei-sanyo*), company auditor (*kansa-yaku*) or executive officer (*shikkou-yaku*), or a person equivalent to any of these, the Republic of Korea, _____; Lao PDR, _____; Malaysia, _____; Myanmar, _____; the Philippines, _____; Singapore, _____; Thailand, _____; and Viet Nam, _____)] of the Issuer that provided the Program Information shall be liable to compensate persons who acquired the securities for any damage or loss arising from the false statement or lack of information in accordance with the provisions of [in case of (Brunei Darussalam, _____; Cambodia, _____; the People's Republic of China, _____ Hong Kong, China, _____; Indonesia, _____; Japan, Tokyo Pro-bond listed bonds; Article 21, Paragraph 1, Item 1 of the Act applied mutatis mutandis in Article 27-33 of the Act and Article 22 of the Act applied mutatis mutandis in Article 27-34 of the Act; the Republic of Korea, _____; Lao PDR, _____; Malaysia, _____; Myanmar, _____; the Philippines, _____; Singapore, Part VII, Subdivision 3, Article 137G onward of the Securities and Futures Act (SFA), Chapter 289 of the Laws of Singapore; Thailand, Securities and Exchange Act B.E. 2535 (SEC Act), and Viet Nam, _____)].

However, this shall not apply to cases where the person who acquired the securities was aware of the existence of the false statement or the lack of information at the time of subscription for acquisition of the securities. Additionally, the officer shall not be required to assume the liability prescribed above, where he/she proves that he/she was not aware of, and was unable to obtain knowledge of, even with reasonable care, the existence of the false statement or the lack of information. Notwithstanding the above, the statutory liability of the issuer or an officer of

the issuer may not be excluded in, for example, Thailand or any other jurisdictions where the issuer or its officers shall be liable for the accuracy and completeness of disclosure documents under every circumstance without any exemption. (Note: This kind of specific issuer's liability in the related jurisdictions should be stated clearly.)

3. The regulatory framework for an AMBIF Market may potentially differ from the regulatory framework applicable to other (exchange) markets in ASEAN+3. At the same time, disclosure requirements for an AMBIF Market may be augmented by prevailing regulations, such as in the form of minimum disclosure requirements. AMBIF Investors should be aware of the rules and regulations of the AMBIF Market, which are expected to be available on, e.g., a market specific website, such as the proposed Information Platform.

4. Any Listing / Registration / Filing Place does not express opinions or issue guarantee or assurance regarding the content of the Program Information (including but not limited to, to the effect that the Program Information does not (i) include any false statement or (ii) fail to state: (a) important matters that should be stated therein or (b) a material fact that is necessary to make the information not misleading) and shall not be liable for any damage or loss arising from or in connection with the false statement or lack of information in the Program Information.

(Note: In case the above statement may not be acceptable in any jurisdiction; some may require reference to, for example, gross negligence, and those specific descriptions should be listed here one by one.)

5. Where this Program Information (in case for (Brunei Darussalam, _____; Cambodia, _____; the People's Republic of China, _____; Hong Kong, China; _____, Indonesia; _____, Japan: Tokyo Pro-Bond Market AMBIF Section; excluding Program Information concerning securities enumerated in each item of Article 3 of the Act, Republic of Korea; _____, Lao PDR; _____, Malaysia; _____, Myanmar; _____, Philippines; _____, Singapore; _____, Thailand; _____, Viet Nam; _____) comes to include information regarding matters listed in this Form pursuant to [(Brunei Darussalam; _____, Cambodia; _____, PRC; _____, Hong Kong,

China; _____, Indonesia; _____, Japan: Rule 206, Paragraph 2 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities (hereinafter referred to as the "Special Regulations") as information prescribed in Article 2, Paragraph 1, Item 1 of the Cabinet Office Ordinance on Provision and Publication of Information on Securities, etc.), Republic of Korea; _____, Lao PDR; _____, Malaysia; _____, Myanmar; _____, Philippines; _____, Singapore; _____, Thailand; _____, Viet Nam; _____)], the Program Information shall constitute (Brunei Darussalam; _____, Cambodia; _____, PRC; _____, Hong Kong, China; _____, Indonesia; _____, Japan: Specified Securities Information [stipulated in Article 27-31, Paragraph 1 of the Act], Republic of Korea; _____, Lao PDR; _____, Malaysia; _____, Myanmar; _____, Philippines; _____, Singapore; _____, Thailand; Short Registration Statement [pursuant to minimum disclosure requirement stated in Section 69-70 of the SEC Act], Viet Nam; _____).

6. The following information shall be given if the Listing / Registration / Filing Place is

Brunei Darussalam: _____
 Cambodia: _____
 People's Republic of China: _____
 Hong Kong, China: _____
 Indonesia: _____
 Japan: Status of Submission of Annual Securities Reports or Issuer Filing Information: (*J-1) _____
 Republic of Korea: _____
 Lao PDR: _____
 Malaysia: _____
 Myanmar: _____
 Philippines: _____
 Singapore: _____
 Thailand: _____
 Viet Nam: _____.

Securities Information (*4)

I. TERMS AND CONDITIONS OF PRIMARY SALE OR DISTRIBUTION TO AMBIF INVESTORS

I-1 Corporate Bonds to be Newly Issued

- (1) Conditions of Bonds
- (2) Credit ratings for the Bonds

The Issuer will / will not obtain ratings with respect to the Bonds to be listed on XXX from ("Rating Agency")

I-2 Underwriting of Corporate Bonds and Entrustment of Bond Administration (*4)

- (1) Lead underwriter/arranger
- (2) Appointment of Trustees or equivalent or Fiscal Agent

I-3 Use of Proceeds from sale of Securities

- (1) Amount of Proceeds from sale of Securities
- (2) Use of Proceeds and Timing of Disbursement

I-4 Issuing Place(s)

[Brunei Darussalam; Cambodia; the People's Republic of China; Hong Kong, China; Indonesia; Japan: Tokyo Pro-Bond Market; the Republic of Korea; Lao PDR; Malaysia; Myanmar; the Philippines; Singapore; Thailand; and Viet Nam.]

I-5 Governing Law

I-6 Others

- (1) Taxation
 - Prospective purchasers of the bonds are advised to consult their own tax advisors
 - Taxation in ASEAN+3
 - Taxation in other relevant countries or economies
- (2) Foreign exchange
- (3) Risk factors
 - General risk factors
 - Risk factors relating to the bonds
- (4) Selling restrictions
 - Bond shall not be distributed to non-AMBIF Investors in ASEAN+3 including Issuer's Home and Host Countries

II. OTHER MATTERS

(1) Credit ratings for the Program

- As of the date of filing of this document, in respect of the Program under which the Bonds are to be issued by the Issuer, a rating of [] from ("Rating Agency") has been assigned. [Description on rating methods follows, if applied]

(2).....

Corporate Information (*5)

I. OUTLINE OF COMPANY

- Documents Incorporated by Reference, or Documents for Reference but not incorporated in this documents, or Actual documents where incorporation by reference is not permitted by law
- I-1 Trends of Key Management Indicators, etc.
I-2 Contents of Business
I-3 Status of Affiliates

II. FINANCIAL INFORMATION

Consolidated Financial Statements, etc.

- (1) Consolidated Financial Statements (*J-1)
- (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) Consolidated Ancillary Statement
 - (vi) Independent Auditor's Report
- (2) (Description of Major Assets and Liabilities)
- (3) Other Matters
- Subsequent events
 - Litigations

Information on Guarantor

Events of Default

Others

The following information shall be given if the Listing / Registration / Filing Place is

- Brunei Darussalam: _____
Cambodia: _____
PRC: _____
Hong Kong, China: _____
Indonesia:- _____
Japan: MATTERS RELATED TO OTHER SECURITIES ISSUED BY THE ISSUER (*J-2) _____
Republic of Korea: _____
Lao PDR: _____
Malaysia: _____
Myanmar: _____
Philippines: _____
Singapore: _____
Thailand: _____
Viet Nam: _____.

NOTES ON PREPARATION OF AMBIF DISCLOSURE

(*1) General Matters

This Form can be used either as disclosure for the bonds issued under the Program or for discrete AMBIF bond issuance.

These matters present general standards for matters to be described and notes on preparation. If there are unavoidable circumstances which result in difficulty to comply with the standards, it is permissible to provide description in accordance with the legal systems, accounting / financial reporting standards (Brunei Darussalam; _____, Cambodia; _____, PRC; _____, Hong Kong, China; _____, Indonesia; _____, Japan: limited to the accounting standards stipulated in Rule 209, Paragraph 5 of the Special Regulations, Korea; _____, Lao PDR; _____, Malaysia; _____, Myanmar; _____, Philippines; _____, Singapore; _____, Thailand; _____, Viet Nam; _____), and business practices of the Home Country on an as-needed basis and to the extent that AMBIF Investors are not misled.

Matters that are not included in these notes on preparation shall be described in accordance with the notes on preparation for (Brunei Darussalam; _____, Cambodia; _____, PRC; _____, Hong Kong, China; _____, Indonesia; _____, Japan: Form 8 of Tokyo Pro-bond, Republic of Korea; _____, Lao PDR; _____, Malaysia; _____, Myanmar; _____, Philippines; _____, Singapore; _____, Thailand; _____, Viet Nam; _____). When the Program Information is described in Home language (Brunei Darussalam; _____, Cambodia; _____, PRC; _____, Hong Kong, China; _____, Indonesia; _____, Japan: Japanese, the Program Information shall be described in accordance with the matters to be described and these notes on preparation, Korea; _____, Lao PDR; _____, Malaysia; _____, Myanmar; _____, Philippines; _____, Singapore; _____, Thailand; _____, Viet Nam; _____).

The matters described in the Program Information in accordance with this Form and the matters described in the (Brunei Darussalam; _____, Cambodia; _____, PRC; _____, Hong Kong, China; _____, Indonesia; _____, Japan: Securities Information (Supplementary) in accordance with Form 8 will comprise the contents of Specified

Securities Information stipulated in Article 27-31, Paragraph 1 of the Act., Republic of Korea; _____, Lao PDR; _____, Malaysia; _____, Myanmar; _____, Philippines; _____, Singapore; _____, Thailand; _____, Viet Nam; _____).

(*2) Scheduled Issuance Period

The Scheduled Issuance Period shall be [number of] year(s).

(*3) Maximum Outstanding Issuance Amount

The Maximum Outstanding Issuance Amount shall mean the total issuance value of securities or total sale value of securities in solicitation for purchase/sale from AMBIF investors. under the Program (in cases where the Program is renewed, including the total issuance value or total sale value of securities regarding the Program Information before the renewal.). Renewal of a Program refers to cases where an issuer who has conducted a Program listing submits new Program Information for which the Scheduled Issuance Period starts on the day immediately following the last day of the Scheduled Issuance Period stated in the previous Program Information without changing the type of securities to be issued.

(*4) Securities Information 1-2 (1)

All or part of the matters to be described may be omitted except for the name of the Lead underwriter / arranger, which will underwrite the securities. In cases where the Lead underwriter / arranger, who concludes an underwriting agreement with the Issuer, is yet to be decided, the name of the Lead underwriter / arranger, which is scheduled to conclude a underwriting agreement with the Issuer, shall be given.

(*5) Corporate Information

An issuer can chose one of the four methods of describing as set forth below:

- i. Fully describe corporate information
- ii. Specify the documents and places where AMBIF Investors are able to access the documents and make them as Documents Incorporated by Reference
- iii. Not make such documents as Documents Incorporated by Reference, provided the Issuer discloses English Information in the Home Country.
- iv. Combination of above i), ii) and iii)

(*6) Special rules in the case of a Multi-Issuer Program

In case where more than one issuer jointly submits Program Information pursuant to the (Brunei Darussalam; _____, Cambodia; _____, PRC; _____, Hong Kong, China; _____, Indonesia; _____, Japan: provisions of Rule 206, Paragraph 5 of the Special Regulations, Republic of Korea; _____, Lao PDR; _____, Malaysia; _____, Myanmar; _____, Philippines; _____, Singapore; _____, Thailand; _____, Viet Nam; _____), matters to be described in "Issuer Name", "Name and Title of Representative", "Address of Head Office", "Telephone", and "Contact Person" shall include description on each of the multiple issuers.

Description in "Maximum Outstanding Issuance Amount" shall be the total of the maximum outstanding issuance amounts of such multiple issuers for the planned Issuance Period.

"Consolidated Financial Statements, etc." of each of such multiple issuers shall be described at the end of "Corporate Information, II. Financial Information."

(*7) Others

The following information shall be given if the Listing / Registration / Filing Place is

Brunei Darussalam: _____

Cambodia: _____

PRC: _____

Hong Kong, China: _____

Indonesia: _____

Japan: _____

(*J-1) Status of Submission of English Annual Reports or Issuer Filing Information

In case Issuer has continuously disclosed English Annual Reports which contain consolidated financial statements with independent auditor's reports, the Issuer may state such fact and how AMBIF Investors can access such Annual Reports, e.g. in the form of a web address. In this case Consolidated Financial Statements may be omitted.

(*J-2) Matters related to Other Securities

In case where Issuer submits the Program Information regarding securities enumerated in each item of (Brunei Darussalam;____, Cambodia;____, PRC;____, Hong Kong, China;____, Indonesia;____, Japan: Article 3 of the FIEA, Republic of Korea;____, Lao PDR;____, Malaysia;____, Myanmar;____, Philippines;____, Singapore;____, Thailand;____, Viet Nam;____) descriptions in Matters related to Other Securities of this Form may be omitted.]

Republic of Korea: _____

Lao PDR: _____

Malaysia: _____

Myanmar: _____

Philippines: _____

Singapore: _____

Thailand: _____

Viet Nam: _____.

Note: ADRB would like to highlight that this documentation recommendation is as of December 2013 and is expected to constantly evolve in the near future on the basis of input from market experts and the experiences from anticipated pilot issues.

Appendix 4: Financial Reporting Standards

Table 4.1: Status of IFRS Adoption across ASEAN+3 Economies

Market	Type of IFRS Adoption	Additional Comments
People's Republic of China (PRC)	PRC has adopted national accounting standards that are substantially converged with IFRS.	The Chinese Accounting Standards for Business Enterprises (ASBEs) issued in February 2006 were substantially converged with IFRS, which was recognized in the Joint Statement of CASC Secretary-General and IASB Chairman signed in November 2005. Based on the Roadmap for Continuing Convergence of Chinese Accounting Standards for Business Enterprises with International Financial Reporting Standards released by the Ministry of Finance in April 2010, the ASBEs will be revised and improved in accordance with the revision and improvement of IFRS, in order to continue convergence of the ASBEs with IFRS.
Hong Kong, China	Hong Kong Financial Reporting Standards (HKFRS) have been fully converged with IFRS for annual reporting periods commencing from 1 January 2005.	HKFRS contain wording identical to the equivalent IFRS except that the transitional provisions in a few standards that were converged initially with effect from 1 January 2005 were changed to provide the transition from the requirements in the previous HK GAAP. Since 1 January 2005, all HKFRS issued have the same IFRS effective dates and transitional provisions.
Indonesia	IFRS can be considered partially converged with Indonesian GAAP.	<p>Indonesia's stated policy is to maintain its national GAAP and converge it gradually with IFRS as much as possible. Indonesia does not have a plan or timetable for full adoption of IFRS.</p> <p>The general approach taken by Indonesia with regard to the IFRS convergence process is to gradually converge the local standards with IFRS, starting with minimizing the significant differences between the two. As of 1 January 2012, the local standards applied in Indonesia (called Indonesian Financial Accounting Standards) are based on IFRS that were effective at 1 January 2009 with some modifications. The next step would be to continue with the convergence process, in particular:</p> <ul style="list-style-type: none"> ● consideration of recent amendments; ● analysis of the relatively new standards, such as IFRS 9 to 13 and consider whether to adopt them; and ● analysis of recent IFRS exposure drafts. <p>Indonesia intends to analyze the readiness of industry and other constituents in implementing the first wave of standards resulting from the convergence process before developing the next wave of new standards. Indonesia aims to provide a sufficient transitional period of three to four years for new standards while minimizing any gaps between the effective dates of new IFRS and new Indonesian standards.</p> <p>(Indonesia partially adopt IFRS, evidence: Rule number VIII.G.7 regarding Presentation And Disclosure Of Issuer Or Public Company Financial Statement, applied on Financial Report ended on or after 31 December 2012.)</p>

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Table 4.1 continued

Market	Type of IFRS Adoption	Additional Comments
Japan	Voluntary application of IFRS for consolidated financial statements by companies that meet certain criteria has been permitted since March 2010.	<p>As of the end of May 2013, 20 companies are using IFRS or publicly announced their decision to use IFRS voluntarily, out of approximately 3,600 companies listed on the stock exchanges in Japan.</p> <p>Companies may voluntarily use IFRS if they meet all of the criteria 1 through 4 outlined below:</p> <ol style="list-style-type: none"> 1. Shares issued by the company shall be listed on a securities exchange in Japan. 2. The company shall disclose in its Annual Securities Reports information regarding specific efforts to ensure appropriateness of its consolidated financial statements. 3. The company shall allocate executives or employees with ample knowledge about Designated IFRS [defined below] and has in place a structure that enables it to properly prepare consolidated financial statements in accordance with Designated IFRS; and, 4. The company, its parent, a related company, or the parent of the related company shall either: <ol style="list-style-type: none"> (i) disclose under laws and regulations of a foreign jurisdiction periodically as required thereby, documents on its business conditions prepared in accordance with IFRS; or (ii) disclose under rules set by a foreign security exchange markets periodically as required thereby, documents on its business conditions prepared in accordance with IFRS; or (iii) own a foreign subsidiary whose capital is equal to or exceeds the equivalent of two billion Japanese yen. <p>(Source: Revised Cabinet Office Ordinances issued by the FSA on 11 December 2009.)</p> <p>'Designated IFRS' are IFRS that have been endorsed by the Commissioner of the Financial Services Agency. To date, all IFRS have been so designated prior to their effective dates.</p> <p>Reconciliations between the consolidated financial statements prepared in accordance with Designated IFRS and Japanese GAAP are not required. However, companies that apply Designated IFRS are required to disclose Japanese GAAP financial information corresponding to the current and previous year only in the first year of IFRS application. In addition, disclosure is required of the major differences between IFRS and Japan GAAP for the current and previous year; this requirement is not only in the first year of IFRS application.</p>
Republic of Korea	The Republic of Korea has already adopted IFRS for all listed companies and some unlisted companies.	<ol style="list-style-type: none"> 1. All listed companies on the Korea Exchange are required to apply IFRSs. This includes companies that intend to have their stock listed during the year or next year.

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Table 4.1 continued

Market	Type of IFRS Adoption	Additional Comments
		2. IFRS are required for financial institutions whether or not their securities are publicly traded (including banks, insurance companies, financial holding companies, credit card companies, investment traders, investment brokers, collective investment business entities, and trust business entities) and state-owned companies. However, application of IFRS to mutual savings banks has been deferred until annual periods beginning on or after 1 January 2016.
		3. All other unlisted companies are permitted to apply IFRS at their choice. If they do use IFRS, there is no requirement to reconcile to Korean GAAP.
		4. The IFRSs that the Republic of Korea has adopted are referred to as IFRS since there is no carve-out or modifications.
		Unlisted companies may opt to apply IFRS.
Malaysia	Malaysia has already adopted IFRS for all or some companies.	In August 2008, the MASB announced its plan to converge with IFRS in 2012. See: http://www.masb.org.my/index.php?option=com_content&view=article&id=1239:malaysias-convergence-with-ifrs-in-2012&catid=24:press-release-2008&Itemid=37
		In November 2011, the MASB issued the MFRS Framework which is Malaysian Financial Reporting Standards (MFRS) that are word-for-word in agreement with all IFRS in effect as of 1 January 2012. Moreover, MASB's plan is to maintain the identity of MFRS and IFRS going forward by adopting all new or amended IFRS.
		Financial statements that have been prepared in accordance with the MFRS are required to include an explicit and unreserved statement of compliance with IFRS. For the press announcement on the MFRS Framework, please see:
		http://www.masb.org.my/index.php?option=com_content&view=article&id=1659:masb-issues-internationally-compliant-accounting-framework-and-new-frss-19-november-2011&catid=66:press-release-2011&Itemid=37
Philippines	Philippine Institute of Certified Public Accountants on Philippines Financial Report Standards (PFRS)	PFRS are currently fully converged with IFRS except for the deferral of IFRIC 15 Agreements for the Construction of Real Estate..
Singapore	Singapore has adopted most, but not all, IFRSs and has made several modifications to the IFRSs that it has adopted. The standards are known as Singapore Financial Reporting Standards (SFRS).	Singapore started the process of aligning SFRS closely with IFRS in 2002. The ASC has also adopted a plan for full convergence of SFRS with IFRS. However, the timeline for this full convergence has not yet been announced.

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Table 4.1 continued

Market	Type of IFRS Adoption	Additional Comments
Thailand	Thai Financial Reporting Standards (TFRS) are substantially converged with IFRS.	<ul style="list-style-type: none"> – Thai Financial Reporting Standards (TFRS) are based on IFRS that were effective at 1 January 2009 except agriculture, insurance contract and financial instruments. Federation of Accounting Professions is in process to converge TFRS with IFRS that were effective at 1 January 2012 and TFRS will be applied in 2014-2016. – TFRS are required for public interest entities and permitted for non-public interest entities.
Viet Nam	Viet Nam currently uses Vietnamese accounting standards (VAS).	<p>Vietnamese accounting standards (VAS) diverge in important respects from IAS in particular by the use of cost, as opposed to fair value, accounting methodologies. These accounting standards (VAS) apply to all companies, including listed and unlisted public companies. For listed companies or companies that offer to foreign investors who desire to use IFRS, Viet Nam requires the disclosure of both accounting methods (VAS and IFRS) and reconciliation between them.</p> <p>Viet Nam has been proposing a roadmap and timeline for convergence to international accounting standards for the set of companies determined to be appropriate in coming years then gradually applying to the whole economy.</p>

Sources: IFRS Foundation and IASB; for the Philippines: Website of Philippine Institute of Certified Public Accountants on Philippines Financial Report Standards (PFRS); for Thailand: TH-SEC, Viet Nam: FSAP-IMF.

Appendix 5: Taxation

Table 5.1: Withholding Tax Rates on Interest from Fixed-Income Securities and Applicable Concessions in ASEAN+3 Economies

Market	Type of Bonds	Withholding Tax on Interest from Fixed Income Securities	
		Withholding Tax Rate (%)	Remarks
People's Republic of China (PRC)	Government	Exempt	Interest income from PRC government bonds issued by the Chinese Ministry of Finance is specifically exempt from the PRC income tax. However, the tax exemption would not be granted automatically. It is necessary to apply for the corporate income tax exemption for the interest income with the responsible tax bureaus.
	Corporate	10	The PRC income tax law imposes 10% withholding tax (WHT) on interest income received by non-Chinese-resident foreign investors without a Chinese permanent establishment from debt securities listed on Chinese securities exchange.
Hong Kong, China	Government	N.A.	Hong Kong, China does not impose WHT on interest payments to non-residents.
	Corporate	N.A.	
Indonesia	Government	20	The normal WHT rate on bond interest paid to non-residents is 20%. For investors domiciled in countries that have tax treaty agreements with Indonesia, tax treaty benefits may apply. Lower WHT on interest is due for (corporate and government) bonds purchased by Mutual Funds, i.e. 5% from 2014 until 2020 and 10% starting from 2021 onwards. In addition, WHT on interest is due on capital gain from the difference between the selling price and the acquisition price of the bonds. This WHT is due on a per transaction basis (i.e. on settlement date or on maturity date).
	Corporate	20	
Japan	Government	0 / (15)	The WHT rate on bond interest paid to non-residents is generally 15%. However, interest on a Japanese government bond, which adopts the book-entry system, is exempted from Japanese WHT under certain conditions (*1/2).
	Corporate	0 / (15)	The WHT rate on bond interest paid to non-residents is generally 15%. However, corporate bonds which adopts the book-entry system, is exempted from Japanese WHT under certain conditions (*1). Also, interest on bonds issued outside of Japan on which the coupon is paid outside of Japan, is exempted from Japanese WHT under certain conditions (*2).
Republic of Korea	Government	0 / 15.4	Interest payments on government bonds is subject to 15.4% WHT. The WHT on interest may be exempt if the bond is issued outside of the Republic of Korea to foreign investors without permanent establishment in the Republic of Korea.
	Corporate	0 / 15.4	Interest payments on corporate bonds is subject to 15.4% WHT. The WHT on interest may be exempt if the bond is issued outside of the Republic of Korea to foreign investors without permanent establishment in the Republic of Korea.
Malaysia	Government	Exempt	Interest is normally subject to WHT of 15%. However, WHT exemption applies if the interest is paid to a foreign investor on the following bonds: (i) securities issued by the Government; (ii) Islamic securities or debentures issued in Malaysian ringgit, other than convertible loan stock, approved by the Securities Commission; or (iii) foreign currency (non-convertible) Islamic bonds approved by the Securities Commission.
	Corporate	0 / 15	
Philippines	Government	30	Generally, interest income derived by a non-resident foreign corporation (NRFC) from government debt securities or corporate bonds is subject to final WHT (FWT) rate of 30%. However, interest income derived by NRFC from foreign loans is subject to 20% FWT.
	Corporate	30	

Continued on next page

Table 5.1 continued

Market	Type of Bonds	Withholding Tax on Interest from Fixed Income Securities	
		Withholding Tax Rate (%)	Remarks
Singapore	Government	Exempt	Exempt from tax for Singapore government securities issued during the period 28 February 1998 to 31 December 2018.
	Corporate	Exempt / 15	Exempt from tax for qualifying debt securities; otherwise 15% assuming the interest is not derived from trade or business in Singapore and not effectively connected with a Singapore permanent establishment of the non-resident bondholder.
Thailand	Government	Exempt / 15	The WHT exemption applies on interest earned by non-resident corporate entities from bonds issued by the Government or from financial institutions organized under a specific law of Thailand for the purpose of lending money to promote agriculture, commerce, or industry. Interest from bonds issued by Government enterprises will be exempt from Thailand WHT if it relates to interest from bonds issued prior to and acquired by the holder before 13 October 2010. Otherwise, WHT of 15% will apply.
	Corporate	15	
Viet Nam	Government	5	Interest payment to non-residents (for both government and corporate bonds) is subject to 5% corporate income tax rate (from 01 March 2012) and exempt from value added tax. Exceptions (i.e. exempt from WHT) are given to some exempted Government bonds (e.g. bonds issued for education and health care projects) which will be specified at the time of issuance.
	Corporate	5	

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Notes:

1. The conditions for bonds which adopt the book-entry system are (i) interest payments, principal repayments, and all redemption premiums must be transacted through the book-entry system applicable to book-entry bonds; and (ii) the application form must be submitted by the bond holder via the book-entry system to the relevant financial custodial agent prior to each payment of interest under the bonds.
2. The conditions for bonds issued outside of Japan that adopt the non-Japanese book-entry system are (i) bonds must be issued outside of Japan to a non-resident investor; (ii) interest payments, principal repayments, and redemption premiums must be paid to the bond holder by an offshore payment agent; and (iii) the application form must be submitted by the bond holder to the paying agent prior to each payment of interest under the bonds.
3. The above comments pertain to corporate tax rates applicable to interest for government and corporate bonds for the respective countries. These withholding tax rates may be reduced or eliminated under double tax agreements. Please note, however, that there could be local administrative requirements to fulfill before the lower treaty WHT rate may be available.

Source: PwC Singapore (reviewed by ADB consultants).

Appendix 6: ABMF SF1 Members and Observers in Phase 2

Table 6.1: ABMF SF1 Members

Economy	Membership Category	Organization
Brunei Darussalam	NM	Autoriti Monetari Brunei Darussalam
Cambodia	NM	National Bank of Cambodia
	NM	SEC Cambodia
People's Republic of China	NM	China Security Regulatory Commission
	NM	Hong Kong Monetary Authority
	NM	National Association of Financial Market Institutional Investors (NAFMII)
	NE	China Securities Depository and Clearing Corporation Limited Shanghai
	NE	China Central Depository and Clearing Co. Ltd.
Indonesia	NM	Ministry of Finance, Indonesia
	NM	Financial Services Authority (OJK)
	NE	Indonesian Central Securities Depository
	NE	Indonesia Stock Exchange
	NE	Indonesia Clearing and Guarantee Corporation
Japan	NM	Tokyo Stock Exchange
	NM	Japan Securities Dealers Association
	NM	Sumitomo Mitsui Banking Corporation
	NE	Nomura Securities Co. Ltd.
	NE	Daiwa Securities Co. Ltd.
Republic of Korea	NM	Korea Financial Investment Association (KOFIA)
	NM	Korea Capital Market Institute (KCMI)
	NE	Bank of Korea
	NE	Korea Exchange (KRX)
Lao PDR	NM	Ministry of Finance
	NM	Securities and Exchange Commission Office, Bank of the Lao PDR
Malaysia	NM	Financial Market Association of Malaysia
	NM	Malaysian Investment Banking Association
	NM	CIMB Investment Bank Berhad
Myanmar	NM	Central Bank of Myanmar
Philippines	NM	Bureau of Treasury
	NE	Securities and Exchange Commission
Singapore	NM	Singapore Exchange (SGX)
Thailand	NM	Securities and Exchange Commission
	NM	Thai Bond Market Association (Thai BMA)
Viet Nam	NM	Hanoi Stock Exchange (HNX)
	NM	Vietnam Bond Market Association (VBMA)
International Experts		Mori Hamada & Matsumoto
		Barclays Securities Japan Limited

NE = national expert, NM = national member.

Table 6.2: ABMF SF1 Observers

Economy	Organization
Hong Kong, China	Asia Securities Industry and Financial Markets Association (ASIFMA)
Japan	Financial Services Agency (FSA) Ministry of Finance, Japan
Republic of Korea	Chung-Ang University Jeonju University
Philippines	Credit Guarantee and Investment Facility (CGIF)
Thailand	Fiscal Policy Office, Ministry of Finance Public Debt Management Office, Ministry of Finance (PDMO)