

# VII. Conclusion

## Decision on AMBIF

**S**F1 recommends that the policy bodies and regulatory authorities that will be involved with the implementation of AMBIF continue with discussions on its implementation based on the proposed concept and components detailed in this report.

SF1 also recommends that the ASEAN+3 policy bodies and regulatory authorities represented in ABMF make a decision on AMBIF on the basis of the proposal contained in this report, or in an amended form still to be determined.

A decision can be detailed in the general concept of AMBIF as a regional bond issuance framework in support of domestic bond market development, the detailed components of AMBIF described herein, and the proposed approaches and solutions put forward for AMBIF implementation.

## Recommendation for ABMF Phase 3

In order to bring to fruition the potential benefits inherent in the AMBIF proposal, SF1 recommends the continuation of its work in a Phase 3 that would focus on the implementation of AMBIF and supporting activities, including the consideration of pilot issues in and between participating economies. The SF1 activities proposed for a Phase 3 are detailed in Chapter VIII.

The timeframe for the implementation of AMBIF will depend on the consultation results among regulatory bodies and the readiness of individual markets, issuers, and investors. Although it would be difficult to set a specific date, SF1 hopes for a final agreement on the AMBIF Components by the regulatory bodies to be achieved by the end of 2013 so that implementation could be initiated during the course of 2014, including the consideration of pilot issues.

## Stakeholder Participation

To successfully establish AMBIF, the active participation and support of stakeholders—representing the different decision-making entities and participants in fixed-income markets—is vital. Owing to the nature of individual institutions, these contributions would come in different forms as highlighted in this section.

The success of the selected professional markets under the AMBIF proposal in the region will rest on the region's policy bodies and regulatory authorities' involvement and commitment; the maturity of national securities legislation and laws to be applied to investor protection, selling and transfer restrictions, and fair price formation in the capital market; the code of conduct of market participants; and efforts toward the proper functioning of each domestic SRO.

**Policy bodies and regulatory authorities.** The policy bodies and regulatory authorities will decide on the appropriate markets (or market segments) and are expected to give additional feedback on the viability and qualities of the AMBIF Components and the proposed AMBIF Regulatory Process, given that these authorities are expected to agree on the necessary protocols proposed in this report. Key among the agreements would be the ability to utilize the proposed SCA, with a focus on an expedited regulatory process for the benefit of all participants.

Regulators are also encouraged to consider suitable concessions on selling and transfer restrictions in the primary market for institutions from other participating economies, the ability of foreign issuers to participate in a market if not already so permitted, and the possibility of issuance of bonds in one market's home currency in another host jurisdiction in the future. These considerations are further detailed in Chapter VIII.

**Self-regulatory organizations.** As delegated authorities, SROs are governing the daily activities and provide both a code of conduct and prescribed market practices in each jurisdiction; all relevant professional market participants are expected to be members of such SROs. Hence, it is important to have SROs participate in AMBIF implementation in both their market governance role, as well as their typical function as an industry association,

using this function to distribute information to the members and channel market feedback to ABMF.

During AMBIF implementation, policy bodies, regulatory authorities, and SROs should be driving potential procedural changes in their respective market, whether directly or by oversight of the respective delegated authorities and market participants. In particular, listing places, such as bond exchanges, and SROs are seen as playing a critical role in this aspect.

**Potential issuers.** The identification of potential issuers is crucial for the success of AMBIF. Candidates should be made aware of AMBIF as a concept and be invited to give feedback on its characteristics. These activities have already begun. SF1 intends to field a questionnaire by the end of 2013 to gather issuer opinions across certain jurisdictions on practical matters, including those related to documentation.

**Potential investors.** Likewise, potential investors should be made aware of AMBIF and given the opportunity to lodge feedback on AMBIF Components. In addition to holding an Investor Forum at the 13th ABMF Meeting in Tokyo in July 2013, SF1 will consider creating AMBIF marketing materials once details of the framework have been more firmly established. At the same time, members have used the opportunity of ABMF market visits to share with market participants the objectives, features, and potential benefits of AMBIF. Investors can, thus, organize their investment activities accordingly, including the opening of account relationships and the appointment of necessary intermediaries in domestic markets.

**Intermediaries.** SF1 also intends to reach out, via its members, to the industry's intermediaries since they may have to accommodate procedural changes as a result of AMBIF, such as establishing intra-regional or correspondent relationships if they are not already in place. In the meantime, the ABMF market visits were used to share with market intermediaries the objectives, features, and potential benefits of AMBIF. Clarifying their legal or regulatory status relative to AMBIF participation in domestic markets may be a task required of all issuers, investors, and intermediaries.

**ADB Secretariat and ABMF SF1.** ABMF as a member forum and the ADB Secretariat in its role as a coordinator will continue to focus on cooperation

with bond market participants including potential issuers, investors, and intermediaries to collect feedback on AMBIF Components and check the possibility of pilot issues or other mechanisms to implement and enhance AMBIF.

In addition, the ADB Secretariat will increase consultations and discussions with SROs, through the ASEAN+3 SRO Working Group, and with other groups working to support AMBIF, such as ADRB and the Information Platform group, to understand and possibly streamline market practices that can support successful AMBIF implementation.

After reaching a consensus on the AMBIF concept and a decision on the implementation approach and relevant agreements between participating economies, one of the key activities for the ADB Secretariat will be to provide continuous knowledge support to the economies that may not be able to participate in AMBIF during the initial stage. It remains the commitment of ABMF to enable all ASEAN+3 economies to consider joining AMBIF once these economies are sufficiently prepared.

## SF1 Work Plan–Remainder of Phase 2

Key among the residual activities in the remainder of ABMF Phase 2 would be the finalization of this report to be published as the *ABMF SF1 Phase 2 Report* and targeted to be released by the end of December 2013. The expected activities include continuous regulatory engagement and receiving feedback from members and experts to improve the quality of the report. This will be followed by editing and layout work prior to publication.

SF1 will continue to work on refining the AMBIF Concept and Components toward actual implementation. With respect to the discussion among regulatory bodies, SF1 will provide additional materials, information, or analysis whenever requested by the regulatory bodies.

On the proviso that policy bodies and regulatory authorities will accept the AMBIF proposal put forward in this report, SF1 should begin to consider how potential investors and issuers should be made aware of AMBIF and given the opportunity to lodge feedback on AMBIF Components. Investors could, thus, organize their investment activities accordingly, including the opening of account relationships and the appointment of necessary intermediaries in domestic markets; issuers could begin to assess proposed AMBIF Markets for funding opportunities and issuing benefits. These activities could commence during the remainder of Phase 2, but would realistically commence in full in Phase 3.