

6th ASEAN+3 Bond Market Forum (ABMF) Meeting
Garden Wing Ballroom, Shangri-La Hotel
Beijing, People's Republic of China
8 -9 December 2011

TIME	PROGRAM
7 Dec 2011 18:00 – 20:00	Welcome Dinner (Jade Room, Shangri-La Hotel)
8 Dec 2011	DAY 1: Public Conference and ABMF SF1
08:30 – 09:00	Registration & Morning Coffee
Public Conference on Recent Global Financial Crisis and Asian Bond Market Development	
09:00 – 09:15	Opening Remarks (Mr. Seung Jae Lee, ADB)
09:15 – 09:30	Leader Speech by Mr. GUO Ligen, Vice Chairman, China Banking Regulatory Commission (CBRC)
09:30 – 09:40	Speech by Mr. LIU Chengxiang, Chairman, China Central Depository & Clearing Co. Ltd. (CCDC)
09:40 – 10:25	Session 1: Challenges and Issues in Opening Up Bond Markets after The Recent Global Financial Crisis Speeches from Japan, Korea and Malaysia -Prof. Shigehito Inukai, ADB consultant, Prof. of Waseda University -Prof. Inseok Shin, Prof. of Chung-Ang University -Mr. K. Kwan Lee, Deputy CEO, CIMB Group
10:25 – 10:50	Panel Discussion: Q&A -Moderator: Mr. Seung Jae Lee -Panelists: Mr. XIE Duo, Director of Financial Market Department, PBC; Prof. Shigehito Inukai; Prof. Inseok Shin; Mr. K. Kwan Lee
10:50 – 11:05	<i>Coffee Break</i>
11:05 – 11:50	Session 2: Enhancing Liquidity & Transparency of Bond Market -Moderator: Dr. WU Fangwei, Chief Business Officer, CCDC -Speeches from: Mr. Nicholas de Boursac, CEO, ASIFMA Mr. Olivier Grimonpont, General Manager of Asia-Pacific, Euroclear Bank Mr. LIU Fan, Chief Business Officer, CCDC
12:00 – 13:30	<i>Lunch Break</i>
ABMF Sub-Forum 1	
13:30 – 13:40	Opening Remarks by SF1 Chair (Mr. Tetsutaro Muraki)
Part 1: Discussion on the Draft Market Guide	
13:40 – 14:30	Progress Report in SF1 Report (Prof. Shigehito Inukai, ADB consultant) - Final acknowledgement and comments by members
14:30 – 15:20	Other issues relating to SF1 Report - Dissemination of the Phase 1 Reports (Mr. Matthias Schmidt) - Updates on Phase 1 Reports (Prof. Shigehito Inukai & Mr. Seung Jae Lee) - Q&A
15:20 – 15:30	Closing Remarks by SF1 Chair (Mr. Tetsutaro Muraki)
15:45 – 21:00	<i>Gala Dinner (The Summer Palace, including day tour)</i>

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TIME	PROGRAM
9 Dec 2011	DAY 2: ABMF SF1 and SF2
08:30 – 09:00	Registration
ABMF Sub-Forum 1 (Continued)	
Part 2: Discussion on the Phase 2 work plan	
09:00 – 09:10	Opening Remarks by SF1 Chair (Mr. Tetsutaro Muraki)
09:10 – 10:30	Issues on establishing the regional forum of SROs (Presentation : KOFIA and Others(TBC)) - Q&A
10:30 – 10:50	<i>Coffee break</i>
10:50 – 12:00	Issues on common bond issuance program (Prof. Shigehito Inukai, ADB consultant) - Q&A with market professional observer's comments
12:00 – 12:10	Wrap up by ADB Secretariat (Mr. Seung Jae Lee)
12:10 – 12:20	Closing Remarks by SF1 Chair (Mr. Tetsutaro Muraki)
12:20 – 13:30	<i>Lunch Break</i>
ABMF Sub-Forum 2	
13:30 – 13:40	Opening Remarks by SF2 Chair (Mr. Jong Hyung Lee)
Part 1: Discussion on the draft report	
13:40 – 15:00	Progress in SF2 Report (Dr. Taiji Inui, ADB consultant) - Final acknowledgement and comments by members
15:00 – 15:20	Other Issues relating to SF2 report - Function of CCP in Japan(Dr. Taiji Inui, ADB consultant) - Q&A
15:20 – 15:40	<i>Coffee Break</i>
Part 2: Discussion on the phase 2 work plan	
15:40 – 16:40	Issues in the preparation of Phase 2 Report (Dr. Taiji Inui. ADB consultant) - Q&A
Wrap up session	
16:40 – 17:10	Future work plan (Mr. Seung Jae Lee) - Q&A
17:10 – 17:30	Report of other matters - Progress report on RSI (Mr. Shinji Kawai) - Progress report on LEI (TBC) (Mr. Shinji Kawai)
17:30 – 17:45	Wrap up by Mr. Seung Jae Lee
17:45 – 17:55	Closing remarks by SF2 Chair (Mr. Jong Hyung Lee)
19:00 – 21:00	Dinner (Shangri-La Hotel)

6th ABMF Meeting
Sub Forum 1: Part 2

Issues on Common Bond Issuance Program 《“Phase 2 Work Plan” for the ABMF SF1》

Prof. Shigehito Inukai

ADB Consultant for ABMF SF1

Faculty of Law, Waseda University



A. Background Information



ABMF:

A Common platform to foster;

- (1) Standardization of market practices, and
- (2) Harmonization of regulations, relating to Cross-border bond transactions in the region.



The ABMF aims to:

- I. Assess existing regulatory frameworks and identify recommendations on how to foster harmonization of regulations and market practices that facilitate cross-border bond transactions in the region;
- II. Enhance dialogue between the private sector and ASEAN+3 officials to develop bond markets in the region and promote harmonization, standardization, and integration; and
- III. Provide opportunities to exchange knowledge, expertise, and experience between the private and public sectors in the region.



The ABMF will:

- I. Provide in-depth analysis of bond markets in the region and **make intra-regional comparisons** to **identify** national **differences**, and **target market characteristics** required for harmonization and standardization;
- II. Explore issues to promote harmonization of bond standards to **facilitate cross-border issuance and investment**;
- III. **Prepare** a **strategy** and **road map** for the harmonization of regulations and market practices; and integration of bond markets across the region.



Sub-Forum 1 (SF1)

- Sub-Forum 1 (SF1) aims to propose harmonization and standardization of regulations **wherever possible**.
- Sub-Forum 1 (SF1) researched, collated, and compared regulations and market practices in the region in 2010-2011.
- Members and experts participated in the ABMF SF1 conducted a survey on regional bond markets and the legal and regulatory infrastructures in ASEAN+3 with support from the Asian Development Bank (ADB) secretariat and consultants.
- The participants have engaged in fruitful discussions and produced the report in December 2011.



B. Bottom-up approach and Top down approach



Two theoretical approaches

- Theoretically, there are two approaches to harmonize regulations and market practices in the region: one is the **bottom-up approach** and the other is the **top down approach**.
- The **bottom-up approach** is to harmonize regulations one by one, step by step, or mutually recognize regulations among member countries.
 - The ASEAN Capital Market Forum (ACMF) has been working to establish the ASEAN and Plus Standards, which aim to establish harmonized standards in the ASEAN. They are also working to agree on mutual recognition on certain areas of securities market regulations. Once they can create harmonized standards and mutually recognize certain rules, these can be extended to the Plus Three countries under the ASEAN+3 framework.
- The **top-down approach** is to create commonly applicable rules based on the region's common values and vision.
 - For example, the Eurobond market is self-regulated by the common rule set by the International Capital Market Association (ICMA), not by regulators, because Eurobond market is an offshore market; hence, it is not under any jurisdictions.



Top-down approach

- As the next step of SF1, a **common bond issuance program** will be discussed as an example of the **top-down approach**.
 - More issuers will need harmonized bond issuance rules to facilitate timely and easier access to LCY funding. However, it would be very time consuming to fully harmonize domestic regulations.
 - Allowing the LCY Eurobond issue is another approach, but there is legitimate regulatory concern not to allow offshore issue in Asia.
- To satisfy market needs and regulatory requirements, it is necessary to consider an **Asian version of the Eurobond market** to meet the region's financial environment.
- To address the issue, the discussion can **start from a narrowly focused area** such as **private placement** or **exempted market from full-disclosure requirement**.



C. Key objectives for ABMF SF1 Phase 2




Key objectives for ABMF SF1 Phase 2

- The key objectives for ABMF SF1 Phase 2 will be to facilitate cross-border or inter-regional initiatives of issuance and investment of bonds.
- The preferred approach might focus on private placements or exempted market from full-disclosure requirement for ordinary public offerings across jurisdictions.
- This might create a professional marketplace populated only by qualified investors.



Key outcome – new inter-regional professional market

- The key outcome would be an organized, well-documented common regional private placement market or exempted market from full-disclosure requirement — this is where the SRO concept would come in as part of discussions on effective governance.
 - Creating an offshore market remains a consideration as it will attract a set of regulatory concerns. Hence, the emphasis should clearly be on efforts to allow cross-border transactions within the domestic bond markets, with a target to arrive at a common or commonly accepted framework for these transactions.
 - With qualified issuers and investors currently restricted to access to many domestic bond markets in the region, it will be possible to establish common rules with reasonable efforts (in comparison to the bottom-up approach).



Key outcome – common issuing program

- ☐ This could possibly lead to a **common regional medium-term note (MTN) program** within jurisdictions that are committed to open up their markets to qualified issuers and investors in the region.
- For this proposal to be accepted, it is important to **achieve a common understanding and recognition** among **regulatory authorities** on the viewpoints expressed above.
- Meanwhile, activities for the next phase 2 of ABMF SF1, where possible, should take into account the **relevant experience** from the International Capital Markets Association (ICMA) and SROs from Europe and other regions.
- In this regard, it will be relevant for members and experts to reach out to **investment banks**, **institutional investors**, and **lawyers** in their respective markets since their input will be important to gauge the actual demand and supply situation in the 2nd phase of ABMF SF1.



C. Activities for the Next Phase 2 of ABMF SF1



1. Improvement of information asymmetry

- Through these market guides and comparative analysis,
- it is highly expected that the **information asymmetry** evident in many places will be **improved**
with the intention to attract more attention from investors outside and within the region.



2. Long-term Strategy – Asian version of the Eurobond market

- In the future, ASEAN+3 may consider establishing a common framework similar to Eurobond market, possibly modeled on the experiences from the Eurobond market's professionals.
- To satisfy market needs and regulatory requirements, it is necessary to consider an **Asian version of the Eurobond market** to meet the region's financial environment.



3. The area of discussion to be started in 2012

To address the issue, the discussion can start from a **narrowly focused area** such as;

1. **Private placement or exempted market from full-disclosure requirement** by the qualified issuers, qualified investors, and qualified bond traders in each jurisdiction,
2. **Definition of the professional investors** in each jurisdiction and **possibility of harmonization of the concept of professionals.**



3. The area of discussion to be started in 2012

And it would require and forecast;

3. **Standardizing the inter-regional self-regulation**

- (3-1) Standardizing the disclosure level of information,
- (3-2) Standardizing the related documentation,
- (3-3) Standardized new issue underwriting procedures,
- (3-4) Rules and practice for secondary market making.

By doing so, we would like to expect governments may be able to consider some flexibility.



New forum-A / forum-B

- To discuss the common issuance program and make a proposal to governments, establishing a new **forum-A** which consists of SROs, Government regulators / policy makers and market professionals in the region will be discussed under SF1.
- And it would require discussion related to self-regulations and codes of conduct to create a common issuance scheme.



New forum-B

- The new forum-A under SF1 is also expected to discuss (4) self-regulations and codes of conduct to create a common issuance scheme at later stage with the help of **another group-discussion (study/research) forum-B for self-regulation** by the voluntary initiative of the regional market participants nominated by them to be the non-government professional-market participants.
- (This **forum-B** is expected to be created outside the ABMF SF1. But it is expected to report to ABMF SF1 (**forum-A**) continuously or periodically.)



Start wherever possible

- We would like to expect non-government professional-market participants in Korea, Malaysia, Japan and Singapore / Hong Kong will contribute to the new **forum-B** discussion.

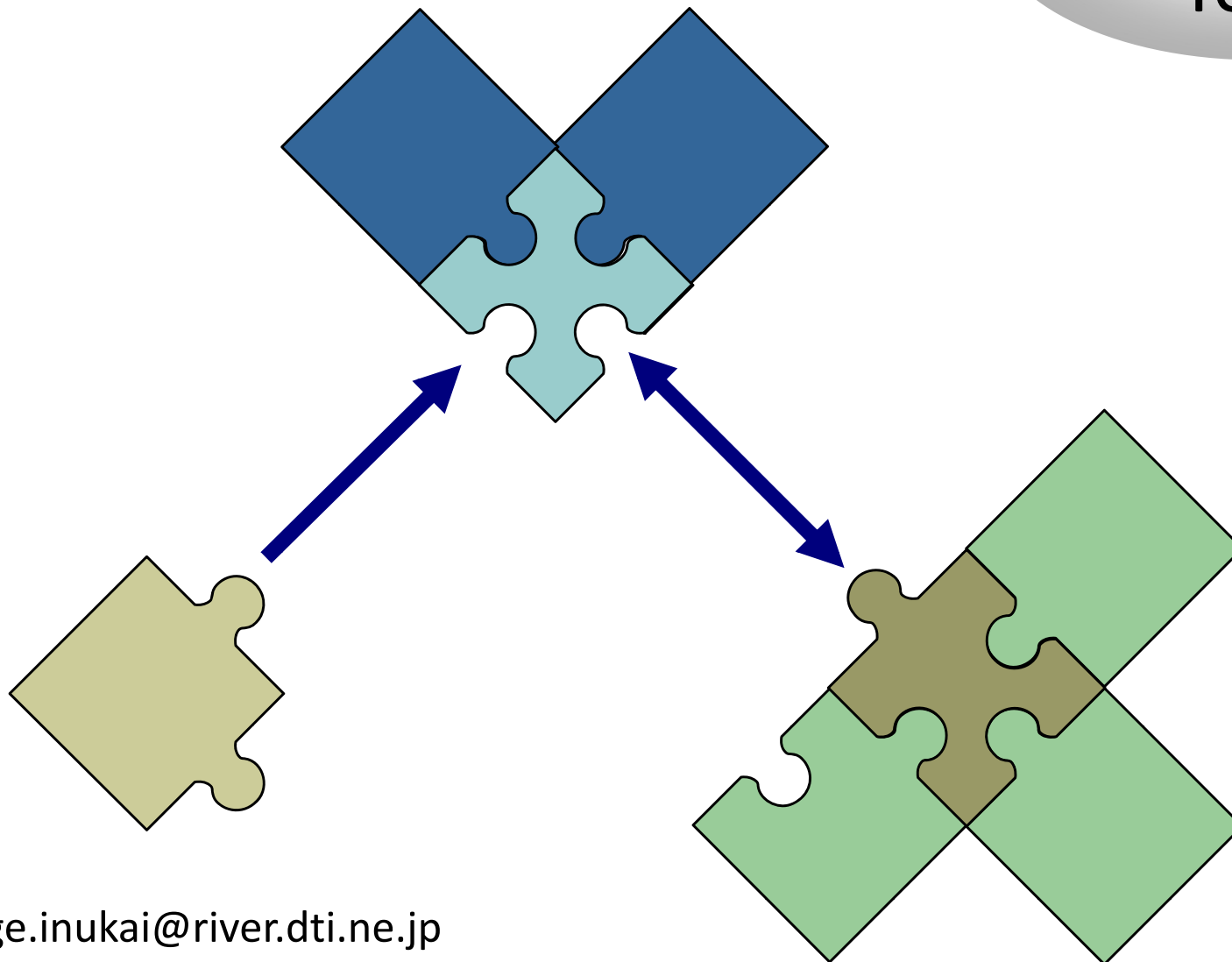


<SF1>

Proposed Activities of phase 2

- Organize a forum-A mainly composed of regional SROs and regulators
- Conduct a study to examine market needs for common bond issue
- Create a common bond issue program
- Consider a pilot issue
- Launch a pilot issue based on the common issue Program

Thank
You!



shige.inukai@river.dti.ne.jp



Confidential (participants only)

6th ABMF SF2

Progress in SF2 Report

9 December 2011 in Beijing

Taiji Inui
NTT DATA Corporation
ADB Consultant - Financial Information Technology Specialist

ABMF Sub-Forum 2	
13:30 – 13:40	Opening Remarks by SF2 Chair (Mr. Jong Hyung Lee)
Part 1: Discussion on the draft report	
13:40 – 15:10	Progress Report on SF2 Report (Dr. Taiji Inui, ADB consultant) - Final acknowledgement and comments by members
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17:30 – 17:40	Closing remarks by SF2 Chair (Mr. Jong Hyung Lee)



ASEAN+3 Market Information on Transaction Flows and Settlement Infrastructures

ASEAN+3 Bond Market Forum Sub-Forum 2 (ABMF SF2)

Report to Task Force 3 of Asian Bond Markets Initiative (ABMI)

December 2011

Asian Development Bank

Executive Summary

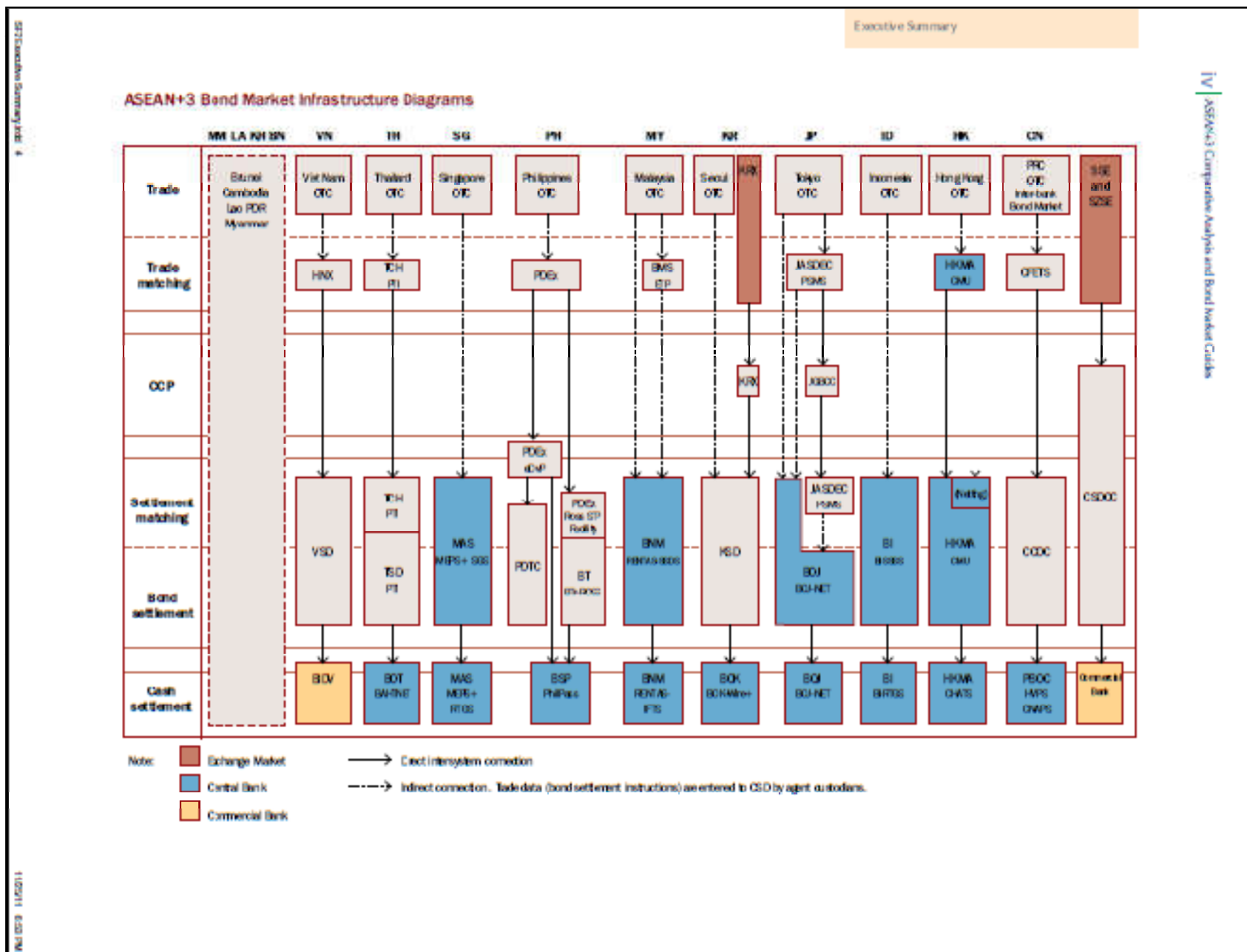
The Joint Ministerial Statement of the 13th Association of Southeast Asian Nations, the People's Republic of China, Japan, and the Republic of Korea (ASEAN+3) Finance Ministers' Meeting, which was held on 2 May 2010 in Tashkent, Uzbekistan, endorsed the establishment of the ASEAN+3 Bond Market Forum (ABMF) as a common platform to foster standardization of market practices and harmonization of regulations relating to cross-border bond transactions in the region. The ABMF aims to discuss various bond market issues in order to enhance the mobilization of regional savings for regional investments and to improve information flow in the markets. The ABMF consists of two forums: Sub-Forum 1 (SF1) and Sub-Forum 2 (SF2). The objective of SF1 is to close the information gap in regulations, market practices, and other areas in the region's bond markets. SF2 focuses to enhance regional straight-through processing (STP) by harmonization of transaction procedures and standardization of messages. This paper is the report about the activities of SF2 from September 2010 to November 2011.

The ABMF SF2 members and experts (ABMF SF2) discussed how to enhance regional STP of government bond transactions from trade to settlement, and conducted a survey on government bond settlement-related infrastructures, domestic bond transaction flows, and cross-border bond transaction flows. The ABMF SF2 chose delivery versus payment (DVP) as a typical transaction type to be surveyed.

Below is an overview of government bond markets in ASEAN+3.

Executive Summary (draft) was submitted to the ASEAN+3 Deputies Meeting held on 2nd December 2011 in Sendai.

Executive summary submitted to the ASEAN+3 Deputies Meeting in Sendai



Executive summary submitted to the ASEAN+3 Deputies Meeting in Sendai

SF2 Executive Summary July 11

The ABMF SF2 also surveyed on matching, settlement cycle, and other issues including numbering and coding such as international securities identification number, business identifier code, securities account number, and character code.

The ABMF SF2 compiled and discussed the survey results from the viewpoint of enhancing cross-border STP and standardization of the messages, including numbering and coding.

The following are preliminary **conclusions** of the discussions:

- 1. Robust and sound bond infrastructures.** Each market in ASEAN+3 has its own robust and sound infrastructures. Operational risk associated with the systems is comparable with those of developed markets. Each market in ASEAN+3 has its own robust and sound infrastructures.
- 2. Listed at exchanges and traded in over-the-counter (OTC) markets.** Bonds are listed at stock exchanges in many markets; however, these are mostly traded over the phone or through other communication tools by negotiation among brokers and dealers. Bond markets in the region are generally OTC markets. This is common elsewhere since bond trade is mainly quote driven where brokers and dealers need to negotiate the price. In contrast, exchange trade is order driven where all orders of buyers and sellers can be seen and matched by systems.
- 3. Connection between tradesystem and central securities depository (CSD).** In some markets in ASEAN+3, trade data are directly transmitted to CSD from the trade system to be used for bond settlement, which is efficient and effective from an STP perspective. In order to enhance STP in the region, each market is expected to automate and connect systems between trade system and book entry system of the CSD.
- 4. Cross-border STP.** There are still comparatively small cross-border bond transactions. Almost all trade data are entered in the CSD within the borders of markets. Both trade and book-entry systems are expected to be connected multilaterally to enhance cross-border bond transactions.
- 5. Cross-border DVP.** In order to enhance cross-border STP in ASEAN+3, increasing liquidity of government bonds and currencies in the region is essential. From this perspective, ABMF SF2 members and experts are expected to further discuss fit-and-gap analysis of cross-border DVP transactions.
- 6. Matching.** All markets have a matching at a trade or settlement level, and even at both levels. Some markets adopted central matching and others local matching. In some markets, both central matching and local matching are used. Also, matching with additional features such as reduction of input workloads is implemented. Functions such as input of post-dated transaction for bond settlement book-entry systems and automated pre-settlement matching systems are expected to be implemented since manual pre-matching through facsimile and/or telephone in the region remains to be the mode of matching.

Executive Summary

ASEAN+3 Comparative Analysis and Bond Market Guide

- 7. Settlement cycle.** Settlement cycles for local bond transactions in many markets are already realized at trade date + 1 (T+1), but market practices of cross-border bond transactions depend on each market player which seem to be more than T+2 and negotiable. As such, there is no standard settlement cycle in ASEAN+3. A settlement cycle, which is a rule for all market participants to observe, is expected, though not stipulated in regulation or law.
- 8. Harmonization of terminologies and definitions.** Terminologies need to be standardized before harmonizing systems and messaging in the region.
- 9. Fostering a mutual relationship among market actors and stakeholders is important to implement a cross-border bond trade and settlement facility.** To this end, there is a need to establish an institutional framework involving authorities and experts in the fields of policy, payment, information technology, and business operations to facilitate efficient communication, especially in emergencies such as system failures and disasters.
- 10. Reporting facility.** Most markets in ASEAN+3 are developing and improving the reporting facility of trade data to authorities including self-regulatory organizations (SROs). A data collection scheme will be very important for the entire ASEAN+3 to make markets more sound and transparent. Also, this kind of initiative may be coordinated with the activities of the ASEAN+3 Macroeconomic Research Office (AMRO).
- 11. Monitoring new issues.** New issues such as new technologies and new standards including Legal Entity Identifier will be monitored to understand market trends and possible breakthrough practices.

Based on these conclusions, possible activities of the next phase of ABMF SF2, as agreed, are listed below.

1. Continuing survey of bond transaction flows, messaging, and market practices;
2. Conduct ISO 20022 fit-and-gap analysis for government bond DVP transaction;
3. Propose a possible roadmap to standardize and harmonize bond markets in ASEAN+3;
4. Prepare detailed government bond transaction flows of economies that can possibly be connected bilaterally; and
5. Provide technical assistance to economies planning to develop bond markets in ASEAN+3.

Conclusions and possible next step of ABMF SF2

Executive summary submitted to the ASEAN+3 Deputies Meeting in Sendai

Member List

A. National Members and Experts		
Economy	Membership	Institution
Brunei Darussalam	National Member	Monetary Authority of Brunei Darussalam
Cambodia	National Member	Securities and Exchange Commission of Cambodia
China, People's Rep. of	National Member	People's Bank of China
China, People's Rep. of	National Member	China Security Regulatory Commission
Hong Kong, China	National Member	Hong Kong Monetary Authority
China, People's Rep. of	National Expert	China Securities Depository and Clearing Corporation Limited
China, People's Rep. of	National Expert	China Government Securities Depository Trust and Clearing Co., Ltd. (GCDC)
China, People's Rep. of	National Expert	Shanghai Clearing House (SCH)
China, People's Rep. of	National Expert	China Foreign Exchange Trade System (CFETS)/National Interbank Funding Center (NIFC)
Indonesia	National Member	Ministry of Finance
Indonesia	National Member	Indonesian Capital Market and Financial Institutions Supervisory Agency (Bapepam-LU)
Indonesia	National Member	PT Kustodian Sentral Efek Indonesia (KSEI)/ Indonesian Central Securities Depository
Indonesia	National Member	Indonesia Stock Exchange (IDX)
Japan	National Member	Japan Securities Depository Center, Inc. (JASDEC)
Japan	National Member	Japan Securities Depository Center, Inc. (JASDEC)
Japan	National Expert	Nissuho Corporate Bank, Ltd.
Korea, Rep. of	National Member	Korea Securities Depository (KSDC)
Korea, Rep. of	National Expert	Korea Capital Market Institute (KOFI)
Korea, Rep. of	National Expert	Korea Capital Market Institute (KOFI)
Lao PDR	National Member	Ministry of Finance
Lao PDR	National Member	Securities and Exchange Commission Office, Bank of Lao PDR
Myanmar	National Member	Central Bank of Myanmar
Philippines	National Member	Philippine Dealing System Holdings Corp (PDS Group)
Myanmar	National Member	Bankers Association of the Philippines (BAP)
Thailand	National Member	The Stock Exchange of Thailand (SET)
Viet Nam	National Member	Viet Nam Securities Depository (VSD)
Viet Nam	National Member	Viet Nam Securities Depository (VSD)
Viet Nam	National Member	Viet Nam Securities Depository (VSD)
Viet Nam	National Member	Hanoi Stock Exchange

VIII ASEAN+3 Comparative Analysis and Bond Market Guides

Table A. continuation

B. International Experts		
Institution	Name	Position
Citibank	Rudy Ingkhiwang	Director, Regional Network Management, Global Transaction Services
Deutsche Bank AG	Sofia D. Orsola	Director Securities Services, Global Transaction Banking
	Boon-Hong Chan	Director, Head of Market Advocacy and Business Strategy Asia Pacific, MENA
HSBC Securities Services	Patric Edmond Ochoy	Senior Business Consultant
JP Morgan	Manavul Tsal	Executive Director, Global Market Infrastructure
State Street Global Advisors	Jonathan Rodda	(1) Director Securities Market Practice Group (2) Vice President, State Street Bank and Trust Company
SWIFT	Hon Cheung	Regional Director - Asia Official Institutions Group
	Adam Wilson	Director, Securities Markets, Asia Pacific
	Alexandre Rech	Securities Standards Development
The Bank of Tokyo-Mitsubishi UFJ Ltd.	Takatoshi Mori	Head of Securities Market Infrastructure

C. Observers (Authorities)

Economy	Institution	Economy	Institution
Cambodia	Ministry of Economy and Finance	Malaysia	Bank Negara Malaysia
Cambodia	National Bank of Cambodia	Malaysia	Securities Commission Malaysia
China, People's Rep. of	Ministry of Finance	Philippines	Department of Finance
Indonesia	Ministry of Finance	Philippines	Bangko Sentral ng Pilipinas
Indonesia	Bank Indonesia	Singapore	Ministry of Finance
Indonesia	Bank Indonesia	Singapore	Monetary Authority of Singapore
Japan	Ministry of Finance	Thailand	Ministry of Finance
Japan	Bank of Japan	Thailand	Bank of Thailand
Korea, Rep. of	Ministry of Strategy and Finance	Viet Nam	Ministry of Finance of Viet Nam
Korea, Rep. of	Bank of Korea	Viet Nam	State Bank of Viet Nam

D. ADB Secretariat and Consultants

Institution	Name	Position
ADB Secretariat	Sabru Yamada	Economist, currently Bank of Japan
	Sung Jae Lee	Principal Financial Sector Specialist
	Shoji Kawai	Senior Financial Sector Specialist (Banking)
ADB Consultant for EPC	Tallini	Financial Information Technology Specialist NTT DATA Corporation
ADB Consultant	Nathias Schmidt	Outsourcing Business Specialist
ADB Consultant for EPC	Shigehito Inui	Professor, Faculty of Law, Waseda University

ASEAN+3 Bond Market Forum Sub-Forum 2 (ABMF SF2)

Report to ASEAN+3 Deputies Meeting through Task Force 3
of Asian Bond Markets Initiative (ABMI)

Part 1 Bond markets and their infrastructures in ASEAN+3

Part 2 Country Report

Part 3 Bond Market Infrastructure Diagram, Domestic
Bond Transaction Flow, and Cross-border Bond
Transaction Flow

Thank you so much for your comments and corrections.

CN	PBOC, CCDC, Deutsche Bank, Omgeo
HK	HKMA (for previous version)
ID	Bapepam-LK, BI (for previous version)
JP	BOJ, JASDEC, Mizuho
KR	BOK, KCMI, KSD
MY	BNM (for previous version)
PH	Deutsche Bank
SG	MAS
TH	BOT
VN	VSD

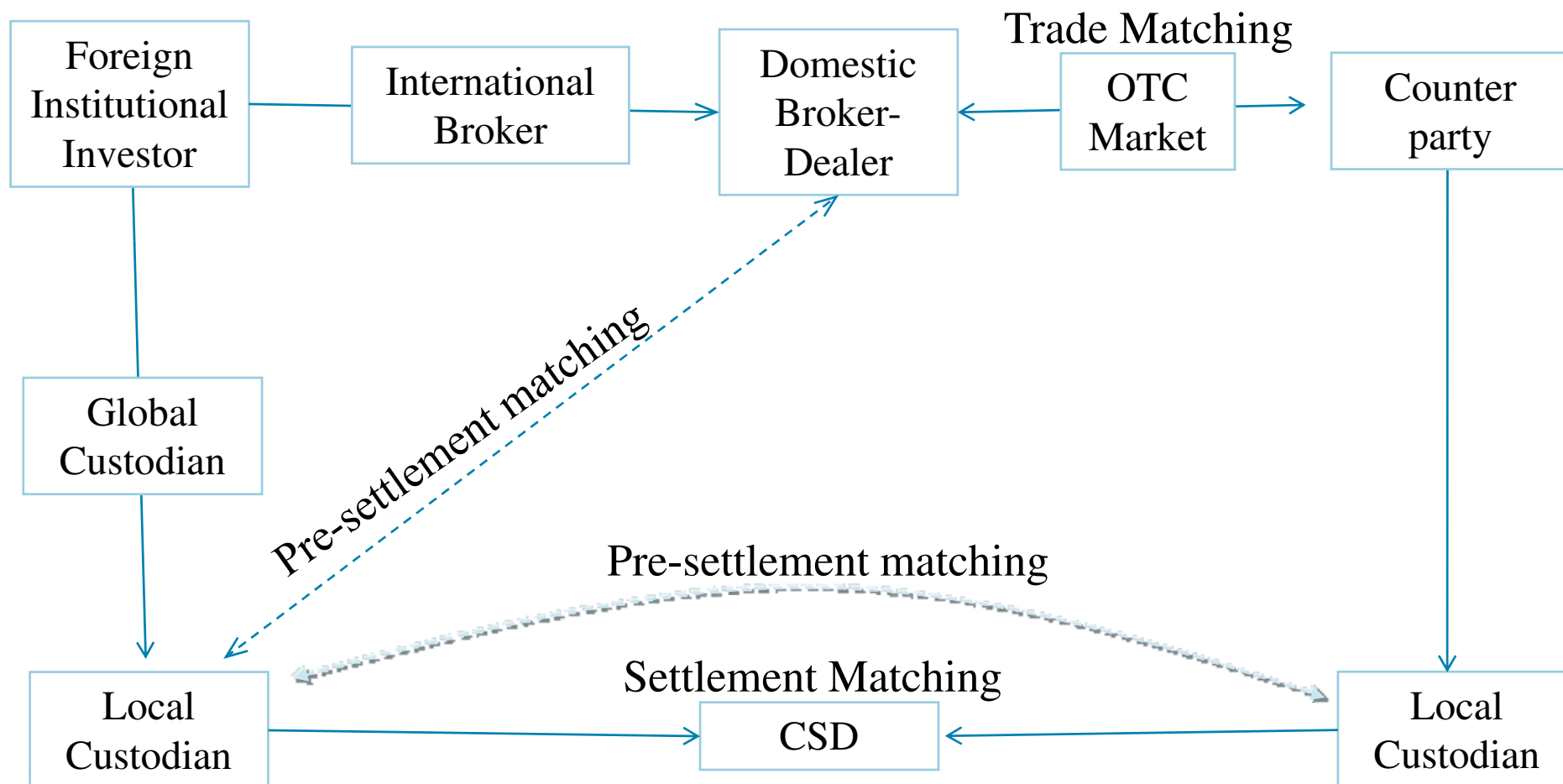
Note: ADB editors kindly looked over the report and corrected it.
ADB Secretariats and Consultants have also kindly commented on the Report.

1. Regarding each country report and economy specific issues, comments from National Members and Experts of the country and economy are preferentially reflected.
2. All editorial comments are reflected in general. Editorial corrections done by ADB editors are reflected with higher priority. Editorial comments are not included individually in the comment list.
3. Comments based on misunderstanding are generally excluded.

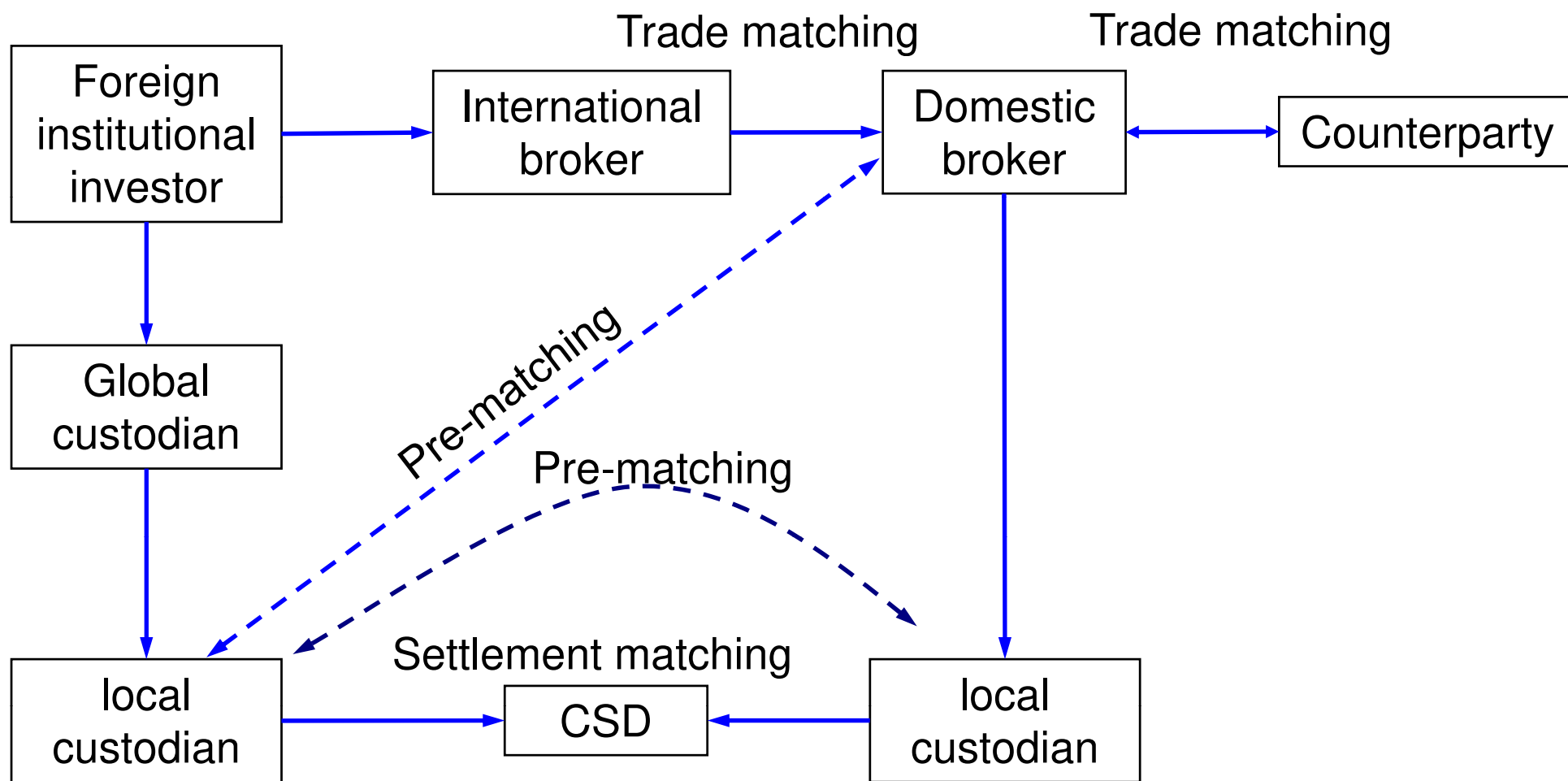
[CommentsOnDraft_1.6.xlsx](#)

	Part	page	Name	comments
59	Part1	30	JASDEC	The diagram illustrates the trade matching, pre- matching, and settlement matching processes needs to be revised.
12	Part1	57	BOJ	DVP transaction through JGBCC is settled in a way of BIS Model 1.

As an example of matching (need to be revised)



As an example of matching (revised one)

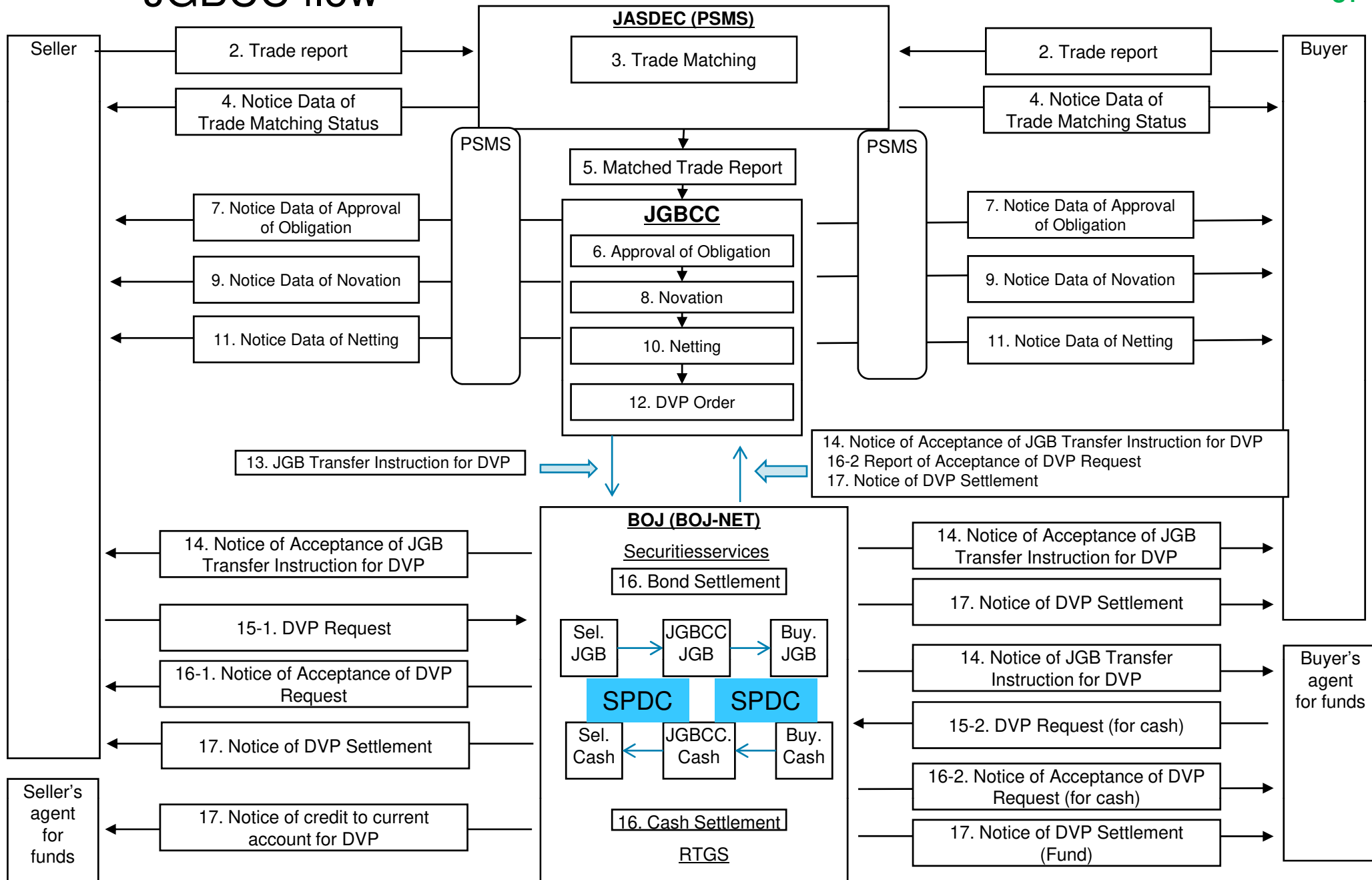


The Japan Government Bond Clearing Corporation (JGBCC) is a CCP in Japan.

1. Novation: Each DVP transaction entered to JGBCC through PSMS of JASDEC is replaced by DVP transaction with JGBCC as a counterparty.
2. Netting: The DVP transactions are netted for each issuance of Japanese Government Bond (JGB). Cash legs are also netted in accordance with each JGB issuance. The results are informed to the participants.
 - If a participant has traded N types of JGB issuances, N DVP transactions with JGBCC need to be settled.
3. The next day, the DVP transactions with JGBCC are settled individually (BIS DVP model 1).

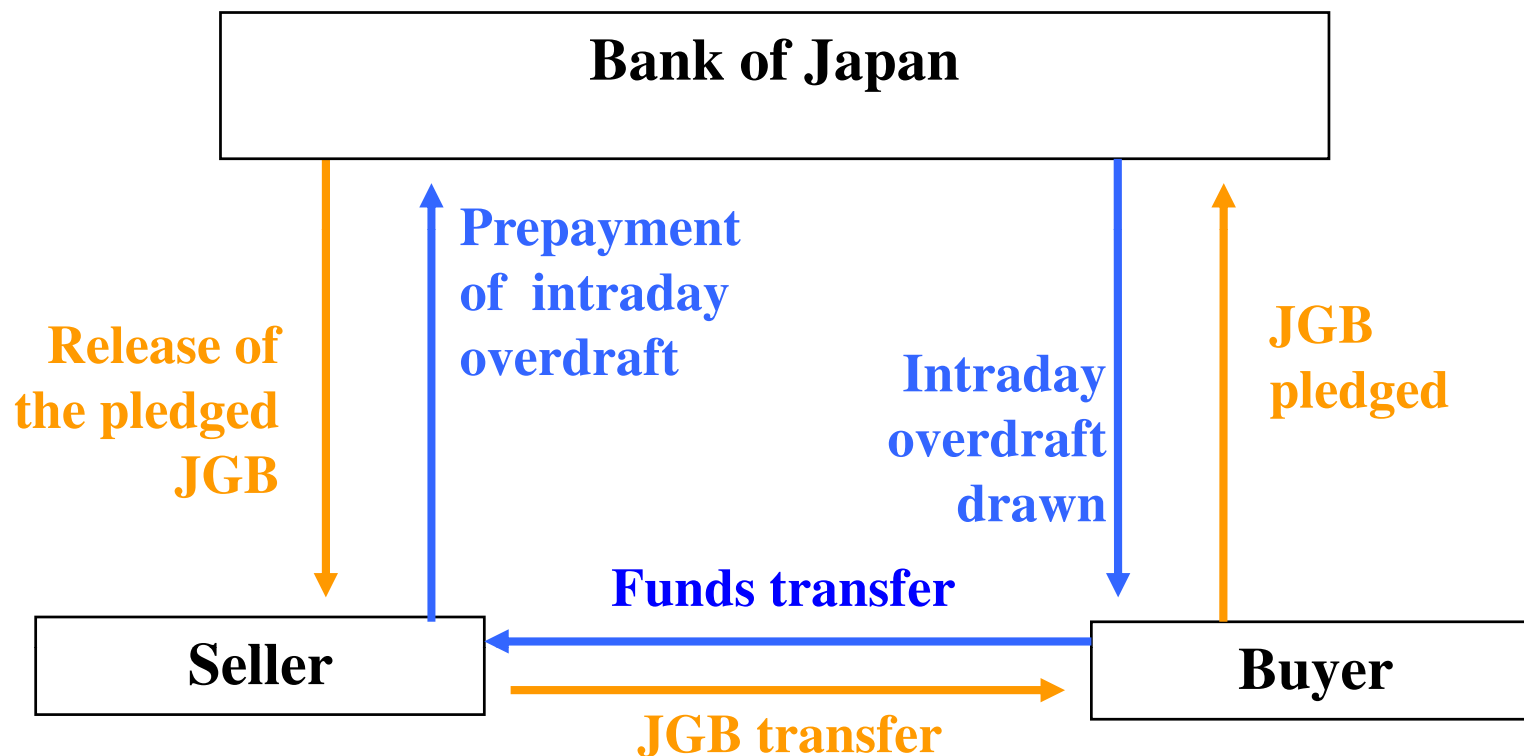
JGBCC flow

JP



Simultaneous Processing of DVP and Collateralization (SPDC)

(a simplified image)



Preaching to Buddha



Thank you so much

ADB

Asian Development Bank
FIGHTING POVERTY IN ASIA AND THE PACIFIC

This PowerPoint slides are made solely for the discussions at the 6th ABMF on 9 December 2011.
Views expressed are those of the presenter and do not necessarily reflect those of the Asian Development Bank, NTT DATA CORPORATION or any other organizations.

Taiji Inui ADB consultant
NTT DATA Corporation
Phone: +81-50-5547-1282
E-mail: inuit@nttdata.co.jp

■ Comments on Draft

ID	Part	Page	Commenter	Comment	revise	status	revise date	Comment Date
1	Part1	24	Celia D. Orbeta (DEUTSCHE BANK)	For PH, SRO would be Philippine Dealing & Exchange Corp (PDEX) and Reporting Rule - Trading Participants shall execute all deals on the PDEX Trading System within one (1) minute from the conclusion of negotiations with the accredited Voice Broker. Voice Brokers shall submit complete reports to PDEX no later than the end of each Trading Session.	revised as pointed out.	revised	11/22/2011	11/11/2011
2	Part1	33	Celia D. Orbeta (DEUTSCHE BANK)	FI Trading system is central matching while RoSS is local matching.	revised as pointed out.	revised	11/22/2011	11/11/2011
3	Part1	34	Celia D. Orbeta (DEUTSCHE BANK)	While market convention for domestic bond transactions is T+1, parties can still agree on T+0 basis.	revised as pointed out.	revised	11/22/2011	11/11/2011
4	Part1	36	Celia D. Orbeta (DEUTSCHE BANK)	For PH BTr-RoSS- Cut off Time has since been extended to 15:30 and PDTC Open at 08:00 with Cut Off Time at 18:00	revised as pointed out.	revised	11/22/2011	11/11/2011
5	Part1	37	Celia D. Orbeta (DEUTSCHE BANK)	Local participants would use the local codes while cross-border investors would use the ISIN - this should be ISIN and proprietary code.	revised as pointed out.	revised	11/22/2011	11/11/2011
6	Part1	61	Celia D. Orbeta (DEUTSCHE BANK)	【2.4Number of stakeholders Custodians = 3】 This should at least be 4 (Citi, DB, HSBC and SCB)	revised as pointed out.	revised	11/22/2011	11/11/2011
7	Part1	61	Celia D. Orbeta (DEUTSCHE BANK)	【2.7Link with other CSDS “PDTC operates an account with Clearstream”】 Please check whether PDTC has plans to discontinue clearing/settlement and custody services for Eurobonds currently done by PDTC via Clearstream.				11/11/2011
8	Part1	62	Celia D. Orbeta (DEUTSCHE BANK)	【6.1.1Use of ISIN for all bond transactions “No, for Corporate Bonds and Notes.”】 Some govt securities and corporate bonds have both ISINs and local proprietary numbering systems. Local participants use the local proprietary numbering system while cross-border investors use ISIN.	revised as pointed out.	revised	11/22/2011	11/11/2011
9	Part1	62	Celia D. Orbeta (DEUTSCHE BANK)	【6.4.4Manual operations “No manual intervention for trades of banks.”】 Trades with the “public” are manually captured in the system for centralized reporting and complete price transparency unlike inter-dealer or inter-broker or broker-dealer trades which are processed STP.				11/11/2011
10	Part1	22	Thai Cam Linh (VSD)	We have one amendments to the Vietnam-related parts of the report: Under section 4.3.1 of p.22 regarding bond settlement instruction of domestic transactions in Vietnam. (original) In Viet Nam, buyer needs to commit the trade confirming the matching results by changing the status of the transaction shown in the central database to approval or committing the trade details. ⇒ (amended) In Viet Nam, after receiving the trade results from stock exchanges, VSD will send the notices of cash/securities multilateral netting and settlement to buying and selling members. Buying and selling members need to confirm the accuracy of trade result from their side. VSD will bases on these confirmation to make the settlement without the changing the status of the transaction in the central database from members.	revised as pointed out.	revised	11/22/2011	11/11/2011
11	Part3	70-75 (68-73)	Thai Cam Linh (VSD)	We had already make amendments to the Vietnam-related charts and sent to you and Mr Tomo before, on our email on 25 August. Unfortunately, I find that these information has not been amended yet. I am resending below herewith our comments on the Vietnam-related charts and hope that this time it will be useful for you. • Add the following sentence (p68) “when securities are traded on stock exchange (in case of listed securities) or date when” “(in case of trade registered securities).” • “members” ⇒ “selling/buying members” (p68) • “the seller and buyer” ⇒ “members” (p69) • “securities account” ⇒ “cash account”, “the settlement bank” ⇒ “BIDV” (p70) • “member’s accounts” ⇒ “member’s securities accounts” (p71) • modify the direction of the arrow No.7 and No.8. (p72) • “matching & settlement” ⇒ “Clearing & Settlement” (p73)	We adopted the revised chart.	revised	11/22/2011	11/11/2011
12	Part1	57	Takeda (BOJ)	The BIS Model of bond settlement via JGBCC is Modell.	revised as pointed out.	revised	11/22/2011	11/10/2011
13	Part1	7	Shinji Kawai (ADB)	There is still comparatively small volume of cross-border transaction in ASEAN+3. The word, “no significant”, is too much strong.	Already reflected.	revised	11/22/2011	10/14/2011
14	Part1	9	Shinji Kawai (ADB)	The title “Propose roadmaps to standarize and harmonize bond markets” should be revised as “STP of cross-border transaction”.	Already reflected.	revised	11/22/2011	10/14/2011
15	Part3	30	Sato (JASDEC)	We miss the page with title “Fig. JP05 Bond Transaction Flow (2/2) ”.	Already reflected.	revised	11/22/2011	10/18/2011
16	Part3	23-35	Sato (JASDEC)	In Japan-section, page numbes are skipping.	Already reflected.	revised	11/22/2011	10/18/2011
17	Part2	59	Sato (JASDEC)	Editorial correction.	Already reflected.	revised	11/22/2011	10/18/2011
18	Part2	61	Sato (JASDEC)	Editorial correction. Company.s⇒companies	Already reflected.	revised	11/22/2011	10/18/2011
19	Part3	65-66	Wipat Wattanasiriwiroj (BOT)	BOT corrects the bond transaction flows, especially outbound transactions from BOT to other entities. They also revises the descriptions about Thai bond market in accordance with transaction flows.	Already reflected.	revised	11/22/2011	11/11/2011
20	Part2	-	Wipat Wattanasiriwiroj (BOT)	BOT gives precise information about Non-resident Baht Account for Securities (NRBS) and Non-resident Baht Account (NRBA) on BAHTNET for “1.6 Cash settlement”.	Already reflected.	revised	11/22/2011	11/11/2011

ID	Part	Page	Commenter	Comment	revise	status	revise date	Comment Date
21	Part1	22	Hannung Rhee (BOK)	Only Japan needs to explicitly send cash settlement instruction for DVP transaction. In other markets, receiving settlement data from CSD (PDEX in Philippines) is regarded as a sufficient authority to debit the value of the bond from the buyer's current account.= ⇒The Bank of Korea doesn't debit the value of the bond from the buyer's current account without the buyer's payment instruction for DVP. Namely, cash-legs of DVPs are settled through credit transfer method. As for as I know, payment instructions may be also needed in some of Asian+3 countries. Please change your conclusion if my guess is right.	revised as pointed out.	revised	11/24/2011	11/3/2011
22	Part1	35	Hannung Rhee (BOK)	Operating Hours KR KSD 9:30(7:30) => 9:00(7:00)	revised as pointed out.	revised	11/24/2011	11/3/2011
23	Part1	36	Hannung Rhee (BOK)	Kr row and Character code and language column: Koorean => Korean	revised as pointed out.	revised	11/24/2011	11/3/2011
24	Part1	57	Hannung Rhee (BOK)	1. Republic of Korea row and intraday overdraft & liquidity saving features column: N/A BOK will provide intraday overdraft through self-collateral REPO from Nov. 2011. => Yes (As you may know, BOK-Wire+ is a kind of the hybrid system and BOK provides daylight overdraft to commercial banks) 2. Republic of Korea row and 1.5 clearing system column: (KRX operates Clearing system only for KRX market. KSD is considered as clearing system provider in OTC market.) So Please (1) add the line between KRX market row and OTC market and then (2) record KSD as clearing system with the same contents of 1.4 Matching(for example. 1.5.1 name of clearing system: bond institutional settlement system(1.4.1))	revised as pointed out.	revised	11/24/2011	11/3/2011
25	Part2	81	Hannung Rhee (BOK)	Improvement measures of government bond settlement are illustrated as follows. Changing settlement beginning time and DVP model. Introduction of DVPI after netting ⇒Please eliminate "Agent Bank" in the above diagram. (the BOK will provide liquidity directly to buying members including KRX, securities brokers).	We added the following sentence into the diagram, "In general, the BOK provides liquidity directly to buying members including KRX, securities brokers."	revised	11/22/2011	11/3/2011
26	Part2	81	Hannung Rhee (BOK)	With purchased government bonds under settlement of BOK as collateral, establish the Intraday RP system to provide liquidity. ⇒Please eliminate "Agent Bank" in the above diagram and 2nd RP process. (the BOK will provide liquidity directly to buying members including KRX, securities brokers). Please eliminate "Business launched in November 2011". (because the schedule will be changed)	We added the following sentence into the diagram, "In general, the BOK provides liquidity directly to buying members including KRX, securities brokers." And, We eliminated the following sentence, "Business launched in November 2011".	revised	11/22/2011	11/3/2011
27	Part3	39	Hannung Rhee (BOK)	Please insert the following two processes between process 12(KSD sends settlement data to Bank Of Korea (BOK.) and process 13(BOK executes cash settlement) 12-1. the BOK sends payment request(cash) to the buyer. 12-2. the buyer sends the payment instruction for DVP to the BOK. (The process is similar to Japan's OTC Market(corporate bond) case<p32-33>. As I mentioned earlier, the Bank of Korea doesn't debit the value of the bond from the buyer's current account without the buyer's payment instruction for DVP. Namely, cash-legs of DVP are settled through credit transfer.)	We revised as pointed out.	revised	11/22/2011	11/3/2011
28	Part1	-	FAN Ruixing (CCDC)	5. SF2: Part1_full_report_24.docx Page 10: full name mistake	We revised as pointed out.	revised	11/24/2011	11/11/2011
29	Part2	32	FAN Ruixing (CCDC)	6. SF2: Part2_Country_Report_11 Page 32: full name mistake	Already reflected.	revised	11/22/2011	11/11/2011
30	Part1	-	Jason Seung Jae LEE (ADB)	In preface, the second line of the second paragraph: I think it might be better to revise as "...this report to be submitted to ASEAN+3 Deputies Meeting through Task Force 3(TF3) of Asian Bond Market Initiative (ABMI)"	revised as pointed out.	revised	11/22/2011	11/10/2011
31	Part1	-	Jason Seung Jae LEE (ADB)	There are many parts where full names are re-stated after the definition of acronyms for them both in preface and the summary. It will be revised by Zuraida, accordingly.	revised as pointed out.	revised	11/22/2011	11/10/2011
32	Part1	4	Jason Seung Jae LEE (ADB)	In preface, page 4, the title of section 7 in part 1 would be "Settlement cycles and Operating hours"	revised as pointed out.	revised	11/22/2011	11/10/2011
33	Part1	-	Jason Seung Jae LEE (ADB)	In executive summary, the 8th line in the first paragraph : How about "...information gap relating to regulations..."	revised as pointed out.	revised	11/22/2011	11/10/2011
34	Part1	9	Jason Seung Jae LEE (ADB)	In executive summary, the last parts on page 9 relating to next step: I think we need further discussion on the scope of road map. It is OK at this moment because it does not binding anything but in the future we should mull over on that to make it more buyable by the stake holders. On top of that, let me have further consultation with you regarding more detailed description of what we will do in phase 2 soon. In addition, the related graphs in page 43 are hard to read due to their small size and recommend make them readable.	revised as pointed out.	revised	11/22/2011	11/10/2011
35	Part1	11	Jason Seung Jae LEE (ADB)	Lastly. As for ADB secretariat list on page 11, please order as Tomo, Me, and Shinji, including the dates of involved. You may consult the example of SF1 summary.	revised as pointed out.	revised	11/22/2011	11/10/2011
36	Part3	38, 39	Dr. Hyun suk (KCMII) Minsoo Kim (KSD)	With reference to reviewing SF2 report, I have contacted FSS and they confirmed me that the flowchart of Korean markets should be changed as attached. Plese refer to the attached file. According to FSS, buyer/seller report their trade to FSS through FIMS after trades only in OTC market trades. In KRX market, they report their trade to FSS through FIMS before their trades. (revised file is attached.)	We revised as pointed out.	revised	11/22/2011	11/15/2011
37	Part2	19	Lu Chenxi (PBOC)	Missing the following sentence. "trade and thus 'deal'. Besides, CFETS electronic trading system provides limit order functionality under the Click-and-Deal trading mode. A Price Limit Order is a one way buy or sell order that is matched with a Click- and-Deal Quote. Since a Price Limit Order cannot match with another Price Limit Order, this trading mode belongs to Click-and- Deal Quote Method."	We added the sentence.	revised	11/22/2011	11/15/2011

■ Comments on Draft

ID	Part	Page	Commenter	Comment	revise	status	revise date	Comment Date
38	Part3	3, 4	Lu Chenxi (PBOC)	revised file is attached. • add Shanghai Clearing House (SHCH). • Add the following sentence at page4, nubmer 1. "CFETS provides automatic trade matching function. But, most of the bonds are traded bilaterally in China OTC Market by telephone or some other ways. "	We adopted the revised chart.	revised	11/22/2011	11/15/2011
39	Part3	6, 27	Yunita Linda Sari (Bapepam-LK)	The diagram for Indonesia should also include exchange market, although the transaction is not liquid but on exchange transaction is exist. The diagram should be similar to fig.ID01 Bond Market Infrastructure Diagram on file Part3_chartandflows_11 SF2.ppt page 18	revised as pointed out.	revised	11/22/2011	11/15/2011
40	Part1	86	Yunita Linda Sari (Bapepam-LK)	on abbreviation of Bapepam-LK should be = Badan Pengawas Pasar Modal dan Lembaga Keuangan	"and" ⇒ "dan"	revised	11/22/2011	11/15/2011
41	Part3	4, 5, 10, 11, 12	Sato (JASDEC)	revised file is attached. (Japan domestic market) • Editorial correction • Add the settlement instructin from Domestic Broker to PSMS (JASDEC). (p4) • Add the No.4, "Notice of Trade Report Affirming Status", and amend the No.3. (p12)	We adopted the revised chart.	revised	11/22/2011	11/15/2011
42	Part1	6	Sato (JASDEC)	We should define and distinguish the matching processes in p.6 and p.30.	revised as pointed out.	revised	11/22/2011	11/15/2011
43	Part1	10	Sato (JASDEC)	It should be unify the spelling "sub-forum2".	-	not revised	-	11/15/2011
44	Part1	16	Sato (JASDEC)	We should define and distinguish the matching processes in p.6 and p.30.	revised as pointed out.	revised	11/22/2011	11/15/2011
45	Part1	16	Sato (JASDEC)	revise the notes about cross-border transaction. (put the note into the end of the sentence.) In China, Hong Kong, Japan , Malaysia, Philippines, Thailand, and Viet Nam, traded data are entered into trade or post-trade infrastructures such as trade matching systems.	revised as pointed out.	revised	11/24/2011	11/15/2011
46	Part1	17	Sato (JASDEC)	In the region, (almost) all bond transactions are practically staying within the economy without going to other markets. This means that there is practically no cross-border bond transaction in the region. Add "almost".	revised as pointed out.	revised	11/24/2011	11/15/2011
47	Part1	19	Sato (JASDEC)	Editorial correction. The font size of "(7)" should be small because it's a note.	revised as pointed out.	revised	11/24/2011	11/15/2011
48	Part1	19	Sato (JASDEC)	The diagram of the typical flow should be revised.	revised as pointed out.	revised	11/24/2011	11/15/2011
49	Part1	17	Sato (JASDEC)	Will1 CSV be used after ISO20022 will be applied?	-	-	-	11/15/2011
50	Part1	24	Sato (JASDEC)	In China OTC market, trade participants must input the trade data into CFETS.	revised as pointed out.	revised	11/22/2011	11/15/2011
51	Part1	25	Sato (JASDEC)	When the domicile of the investor is different from that of the bond to be purchased (non-resident), some channels are available in ASEAN+3 as shown as follow s.	revised as pointed out.	revised	11/24/2011	11/15/2011
52	Part1	26	Sato (JASDEC)	Editorial correction. most ⇒ regarded as most~ necessary ⇒ necessarily Investors ⇒ investors	revised as pointed out.	revised	11/24/2011	11/15/2011
53	Part1	27	Sato (JASDEC)	Editorial correction.	revised as pointed out.	revised	11/24/2011	11/15/2011
54	Part1	28	Sato (JASDEC)	SGC ⇒ SGD	revised as pointed out.	revised	11/24/2011	11/15/2011
55	Part1	29	Sato (JASDEC)	"SWIFT code" should be changed into "SWIFT message" or something like that. "SWIFT code" remind most of us "BIC code".	revised as pointed out.	revised	11/24/2011	11/15/2011
56	Part1	30	Sato (JASDEC)	The following diagram illustrates the trade matching, pre-settlement matching, and settlement matching processes as a general example. ⇒The diagram of matching scheme should be revised.				11/15/2011
57	Part1	31	Sato (JASDEC)	Central matching provides more prudent results of matching but less efficient than local matching in general. Local matching is more flexible, simple, and robust than the central matching if sufficient level of operational quality is maintained. ⇒The point in the sentence above should be open to further discussion.	revised as pointed out.	revised	11/24/2011	11/15/2011

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ID	Part	Page	Commenter	Comment	revise	status	revise date	Comment Date
58	Part1	32	Sato (JASDEC)	The table of matching types should be splitted into the street-side and market-side. (The matching typesの表について)	revised as pointed out.	revised	11/24/2011	11/15/2011
59	Part1	32	Sato (JASDEC)	Editorial correction.	revised as pointed out.	revised	11/24/2011	11/15/2011
60	Part1	34	Sato (JASDEC)	When you sell a government bond, you must deliver to your broker your bond certificate no later than three days after the sale . ⇒“certificate” should be delete because bonds are dematerialized in most of the marketes.	-	not revised	-	11/15/2011
61	Part1	35	Sato (JASDEC)	We must decide that cut off time means market customes or systematic rules.	revised as pointed out.	revised	11/24/2011	11/15/2011
62	Part1	36	Sato (JASDEC)	“Instructing Party/Executing Party” ⇒ “Account Owner/Account Servicer”	revised as pointed out.	revised	11/24/2011	11/15/2011
63	Part1	36	Sato (JASDEC)	In Japan, ISIN is used for JGB?	revised as pointed out.	revised	11/24/2011	11/15/2011
64	Part1	37	Sato (JASDEC)	Editorial correction.	-	not revised	-	11/15/2011
65	Part1	43	Sato (JASDEC)	Editorial correction.	-	not revised	-	11/15/2011
66	Part1	58	Sato (JASDEC)	Editorial correction. JJASDEC⇒JASDEC 1.4.3Name of network and protocol “No single name of network”⇒“Proprietary network”	revised as pointed out.	revised	11/24/2011	11/15/2011
67	Part1	62	Sato (JASDEC)	Are there no other coding schemes?	revised as pointed out.	revised	11/24/2011	11/15/2011
68	Part1	62	Sato (JASDEC)	(Appendix 3 Model cross-border bond flow) The diagram should be revised.	revised as pointed out.	revised	11/24/2011	11/15/2011
69	Part2	3	Sato (JASDEC)	Editorial correction.	revised as pointed out.	revised	11/22/2011	11/18/2011
70	Part2	3	Sato (JASDEC)	JASDEC was incorporated on January 4, 2002 and began operations as a corporation ,	revised as pointed out.	revised	11/22/2011	11/18/2011
71	Part2	6	Sato (JASDEC)	(An initiative named “Towards Japan Securities Settlement) Systems ⇒Systems and Infrastructure Reform” http://www.tse.or.jp/english/rules/clearing/b7gje6000000i5o2-att/b7gje6000000i8du.pdf	revised as pointed out.	revised	11/22/2011	11/18/2011
72	Part2	7	Sato (JASDEC)	Editorial correction.	revised as pointed out.	revised	11/22/2011	11/18/2011
73	Part2	7	Sato (JASDEC)	PSMS will be connected with New BOJ-NET in 2013 (to be confirmed). The trade data are directly transmitted from PSMS to BOJ-NET. ⇒“Part of the trade data are supposed to be” will be better.	revised as pointed out.	revised	11/22/2011	11/18/2011
74	Part2	8	Sato (JASDEC)	in order to achieve the seamless, automated processing of all the operations from orders through to settlement. ⇒“post-trade” will be better.	revised as pointed out.	revised	11/22/2011	11/18/2011
75	Part2	8	Sato (JASDEC)	Both seller and buyer enter trade data. The data are forwarded to the counter party . ⇒“counter party” should unified into “counterparty”.	revised as pointed out.	revised	11/22/2011	11/18/2011
76	Part2	9	Sato (JASDEC)	Currently only proprietary financial institution identification codes are used in the CSDs in Japan. The CSD for JGBs (BOJ-NET) will adopt both BIC and current proprietary codes for New BOJ-NET. JASDEC will adopt BIC for financial institution identification from 2014.	JASDEC is rethinking (18/11/2011)	pending	11/22/2011	11/15/2011
77	Part2	11	Sato (JASDEC)	Regarding message standardization complying with ISO 20022, JASDEC introduces ISO20022 message formats in 2014 not only to PSMS but Book-entry Transfer Systems. JASDEC also introduce SWIFTNet in 2014 and terminates customized ISO15022 message formats/ proprietary message formats in 2019. ⇒This paragraph should be in the future tense.	revised as pointed out.	revised	11/22/2011	11/18/2011
78	Part2	12	Sato (JASDEC)	The discription about PSMS, 1. Introduction, is an old edition. It should be revised.	revised as pointed out.	revised	11/22/2011	11/18/2011

ID	Part	Page	Commenter	Comment	revise	status	revise date	Comment Date
79	Part1	-	Sato (JASDEC)	revised file is attached. (Cross-Border Transaction)	-	not revised	-	11/15/2011
80	Part2	123	Thuy (VSD)	revised file is attached.	Most of comments are already amended. We changed "HNX" to "VSD" at P123.	revised	11/22/2011	11/16/2011
81	Part3	68-73	Thuy (VSD)	revised file is attached. • Add the following sentence(p67) "when securities are traded on stock exchange (in case of listed securities) or date when" "(in case of trade registered securities)." • "members" ⇒ "selling/buying members"(p68) • "the seller and buyer" ⇒ "members"(p69) • "securities account " ⇒ "cash account", "the settlement bank" ⇒ "BIDV"(p70) • "member's accounts" ⇒ "member's securities accounts " (p71) • modify the direction of the arrow No.7 and No.8. (p72) • "matching & settlement" ⇒ "Clearing & Settlement"	same as ID11	revised	11/22/2011	11/16/2011
82	Part2	12	Dagdag, Nellie (CN)	a. Page 12 says "More than 99% of trades (by value) take place in Inter-bank bond market". Page 15 says "xx accounting for more than 97% of trading in the entire market share in 2010". The website of CCDC states below: "The interbank market is a quote-driven market, which market participants are mainly institutional investors. Its amount of outstanding and transactions are 90% of the total of China's bond market." Comment: Perhaps there is a need to harmonize the figures or to qualify properly for clarity.	pending	pending	11/22/2011	11/16/2011
83	Part2	15	Dagdag, Nellie (CN)	b. Page 15. There seems to be a missing phrase on line 9 because NAFMII is not properly introduced. It says: "The market is supervised and regulated by PBOC In the meantime, the PBC supervises and guides NAFMII's operation in accordance with the law."	We added the full name and abbreviation of NAFMII..	revised	11/22/2011	11/16/2011
84	Part2	19	Dagdag, Nellie (CN)	c. Page 19, perhaps a missing word or phrase on line 6: "A counter party can select a quote and enter the amount he wants to CCDC could realize automated matching through DVP and FOP."	We added the sentence. (same as ID40.)	revised	11/22/2011	11/16/2011
85	Part2	24	Dagdag, Nellie (CN)	d. Page 24 refers to agreements with Clearstream, Euroclear and DTCC while page 14 refers to links with CSDCC, HKMA-CMU and Clearstream. Am I to interpret this that although they have agreements with Euroclear and DTCC, there is no link unlike Clearstream? Would you know what the Clearstream link does?	pending	pending	11/22/2011	11/16/2011
86	Part2	-	Dan-Meng Chen (SG MAS)	further inputs on DCSS	Already reflected.	revised	11/22/2011	11/16/2011
87	Part2	122-125	Dan-Meng Chen (SG MAS)	Pointing out the misunderstanding and editorial correction.	Already reflected.	revised	11/22/2011	11/16/2011
88	Part1	41	Matthias Schmidt (ADB Consultant)	<Indonesia P.41> e-BOCS is not operated by KSEi but KPEI operates the system.		revised	11/22/2011	11/18/2011
89	Part3	38, 39	Korea	The seller and buyer just report trade details through FIMS without the acknowledgement of FSS. In case of bond trades in exchange market, they need the acknowledgement of FSS as stated in flow charts. And exactly speaking, Freebond is not a bond trading system, but a supporting and confirmation system for bond trading in OTC market.	We adopted the revised chart.	revised	11/22/2011	11/19/2011
90	Part1		Matthias Schmidt (ADB Consultant)	Editorial Comments	reflected where appropriate	revised	11/22/2011	
91	Part2		Matthias Schmidt (ADB Consultant)	Editorial Comments	reflected where appropriate	revised	11/22/2011	
92	Part3		Matthias Schmidt (ADB Consultant)	Editorial Comments	reflected where appropriate	revised	11/22/2011	



Confidential (participants only)

6th ABMF SF2

Phase 2 work plan

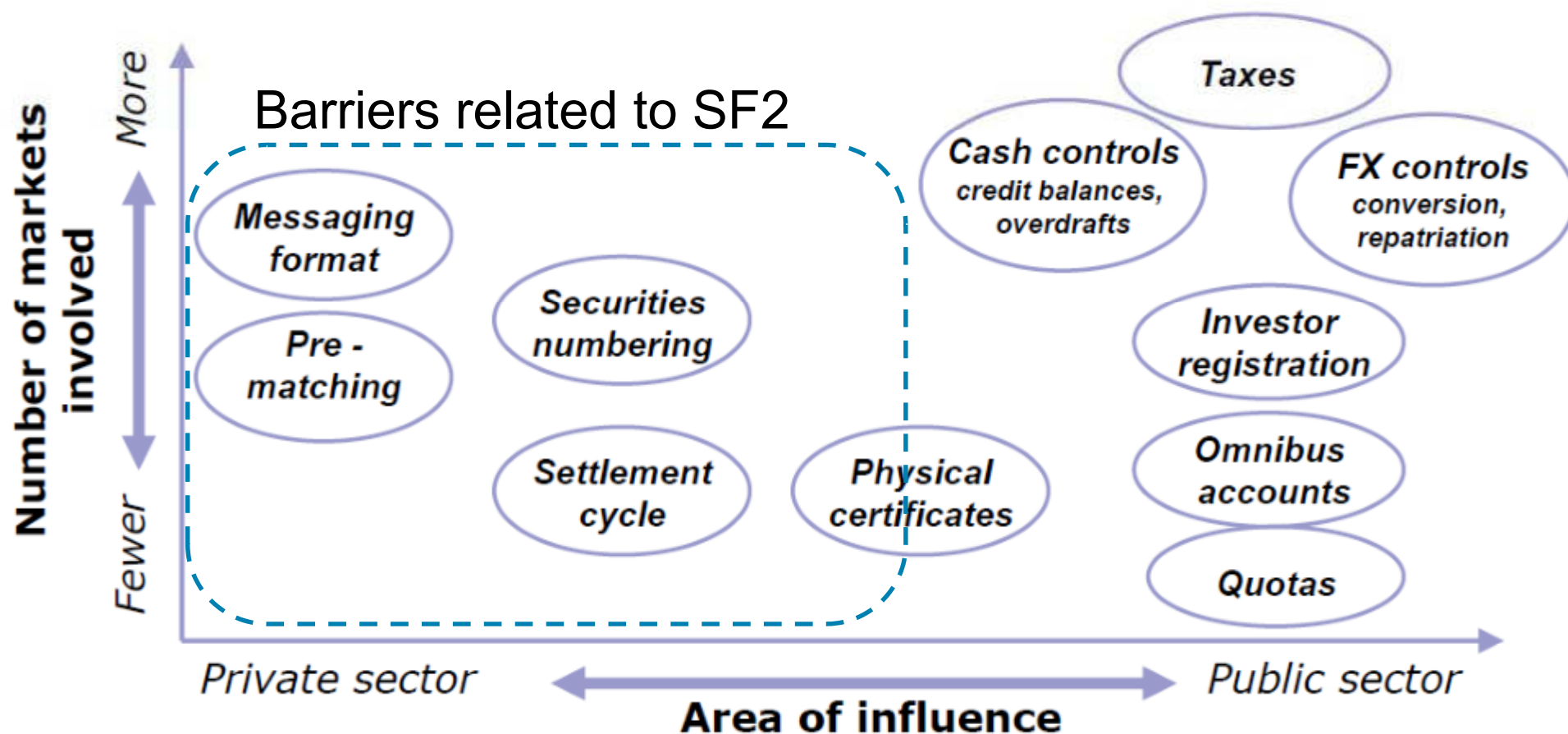
Issues in preparation for Phase 2

9 December 2011 in Beijing

Taiji Inui
NTT DATA Corporation
ADB Consultant - Financial Information Technology Specialist

1. Continue identification of transaction flows, messaging and market practices.
 - The scope will be expanded to issuance, interest payment, and redemption of bonds - including some corporate action (interest payment and redemption) related to corporate bonds
2. ISO 20022 Fit-and-gap analysis (for typical government bond transaction)
3. Propose a roadmap to standardize and harmonize bond transactions in ASEAN+3
4. Other issues
 - Sharing information on LEI
 - Improvements in data collection

Sub-Forum 2: Enhancing regional Straight-Through-Processing (STP)



Source: The ABMI GoE report

1. Government bond

- ① Issuance,
- ② Interest payment,
- ③ Redemption

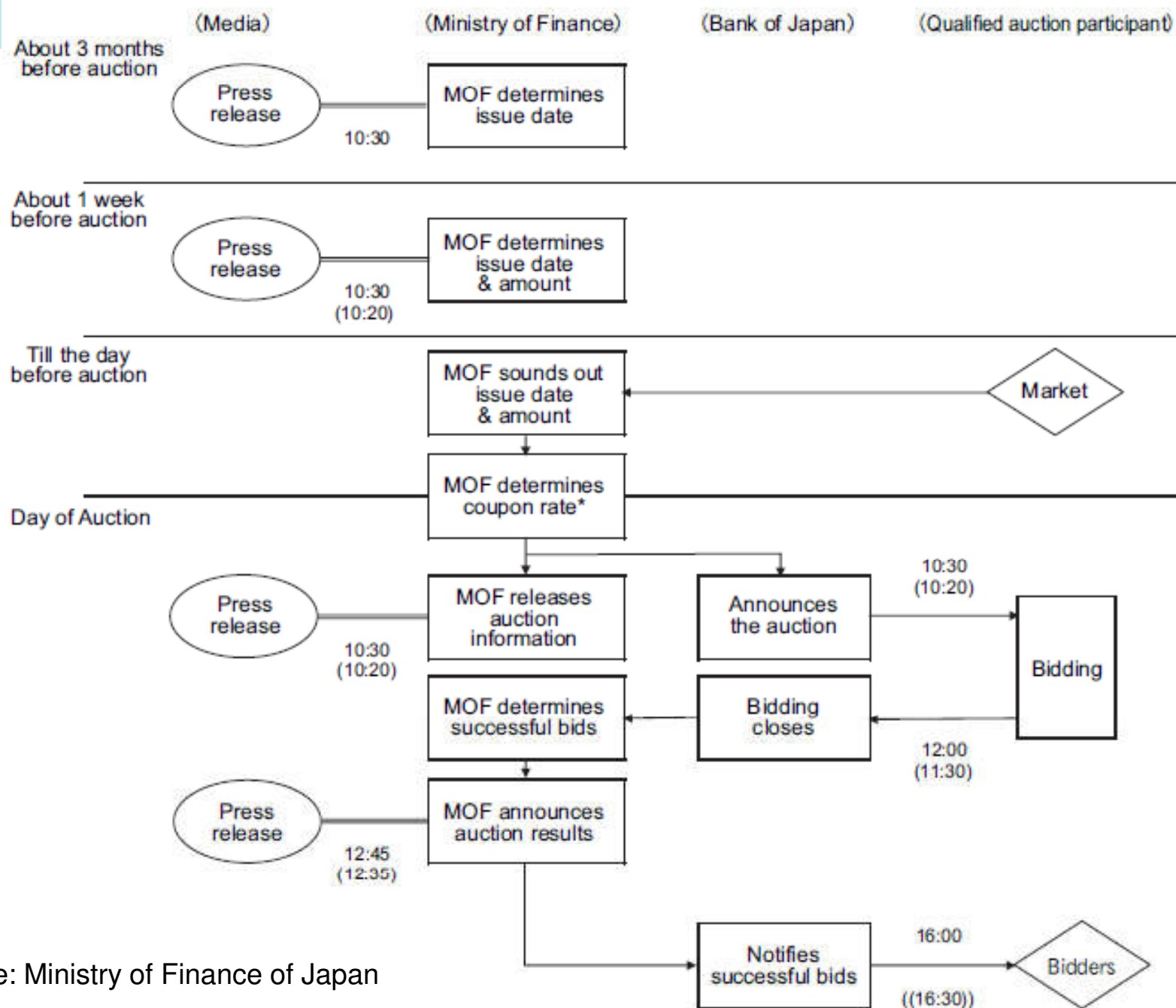
2. Corporate bond

- ① DVP trade
- ② Corporate action (Interest payment and redemption)

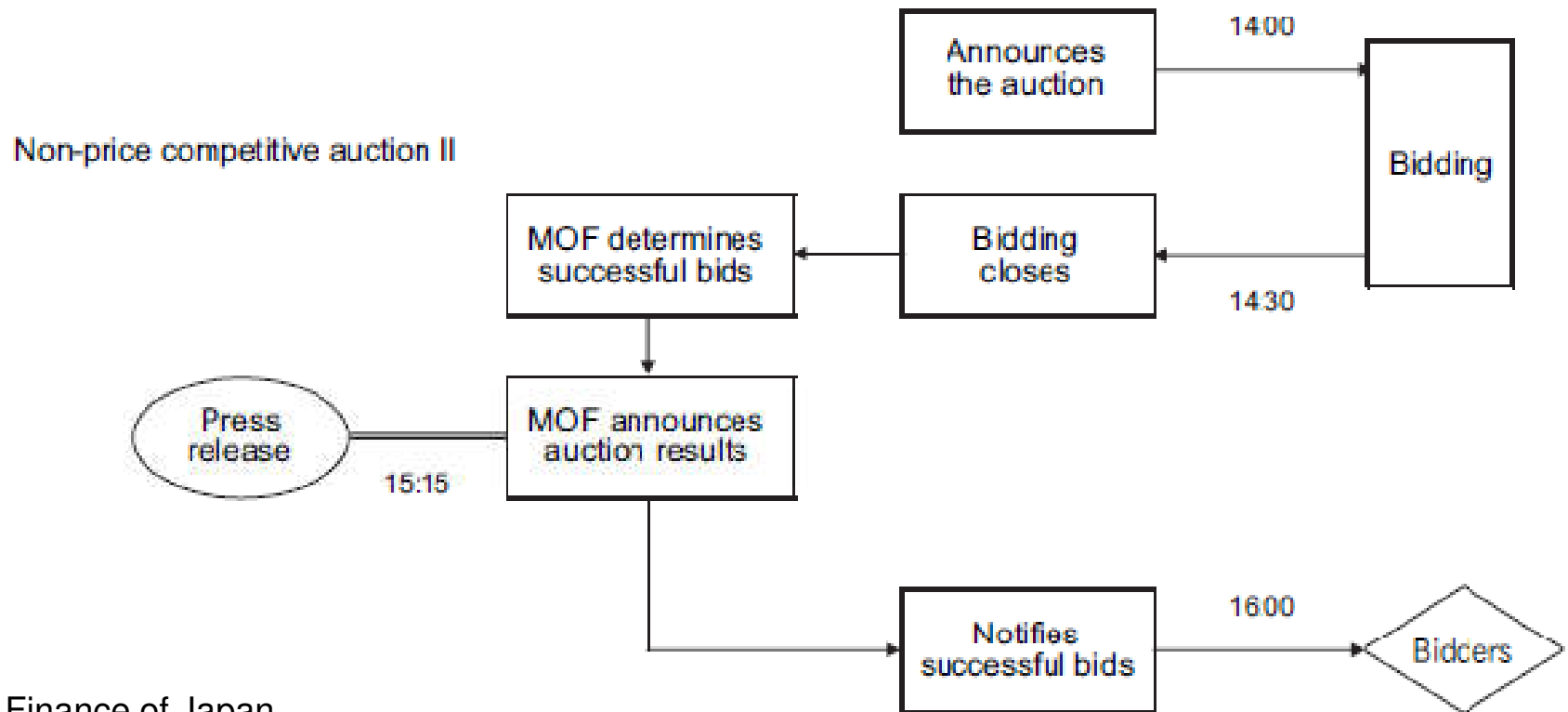
3. Information sharing

- ① LEI (Legal entity identifier)
- ② Data collection (reporting)

Public Offering Auction (1/2)



Source: Ministry of Finance of Japan



Source: Ministry of Finance of Japan

*Except for T-Bills. As to JGBs offered via Dutch-style auctions, coupon rate is determined based on auction result.

Note.1: Time in parenthesis refers to the time for Treasury Discount Bills. Time in double parenthesis refers to the time for Auction for Enhanced-Liquidity.

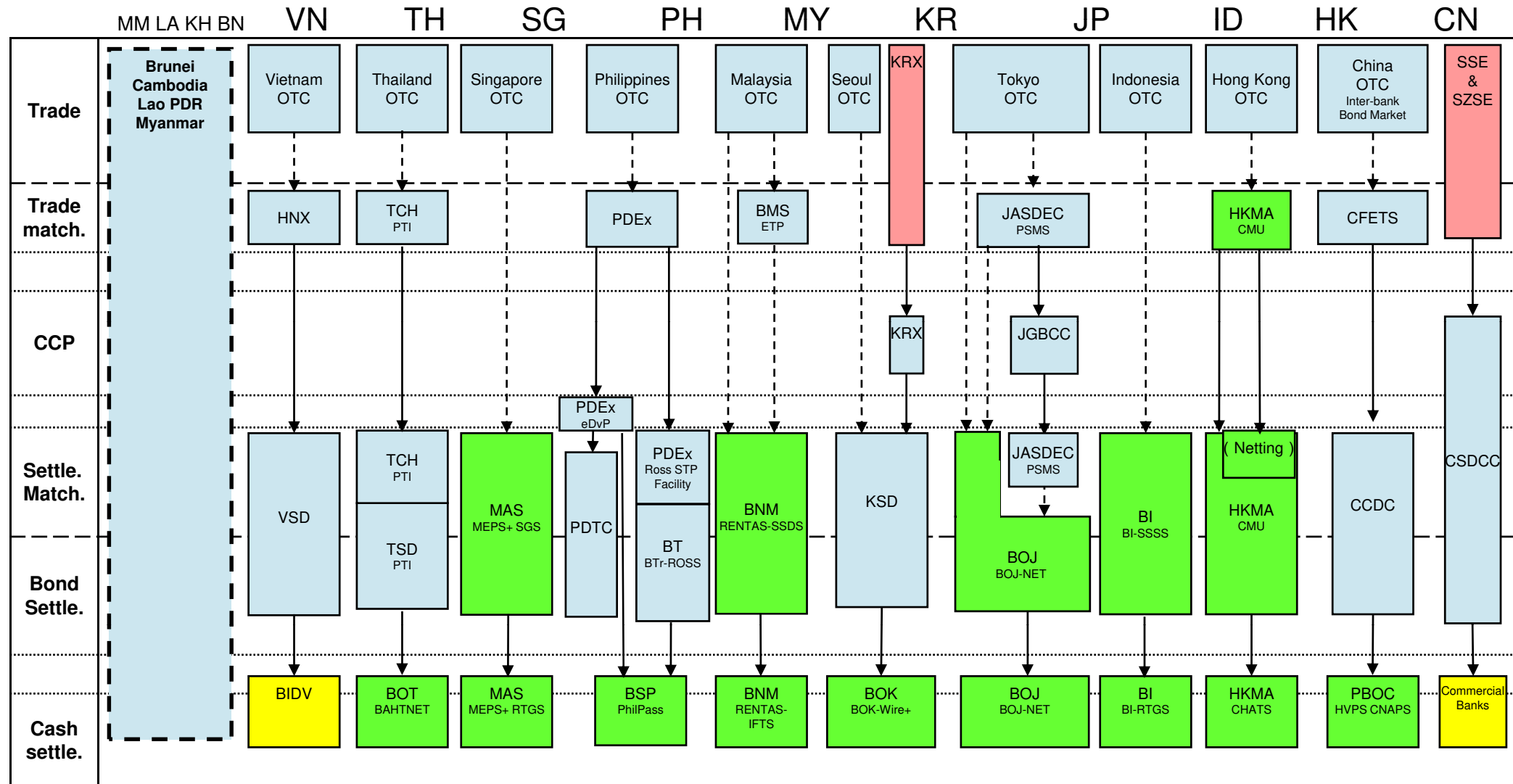
Note.2: Non-Price Competitive Auction II is not opened for Auctions for Enhanced-Liquidity and Treasury Discount Bills.

Note.3: For Auction for Enhanced-Liquidity, the times for the announcement of auction results will be delayed to 2:00 pm if there are some names to be excluded.

An example of transaction flow of issuance. Could you discuss this issue on issuance of government bonds, please?

Bond Markets in ASEAN+3

Corporate bond related infrastructures and stakeholders will be added to the diagram



NOTE:

- Exchange Market
- Central Bank
- Commercial Bank
- > Direct intersystem connection
- - -> Indirect connection . Trade data (bond settlement instructions) are entered to CSD by agent custodians.

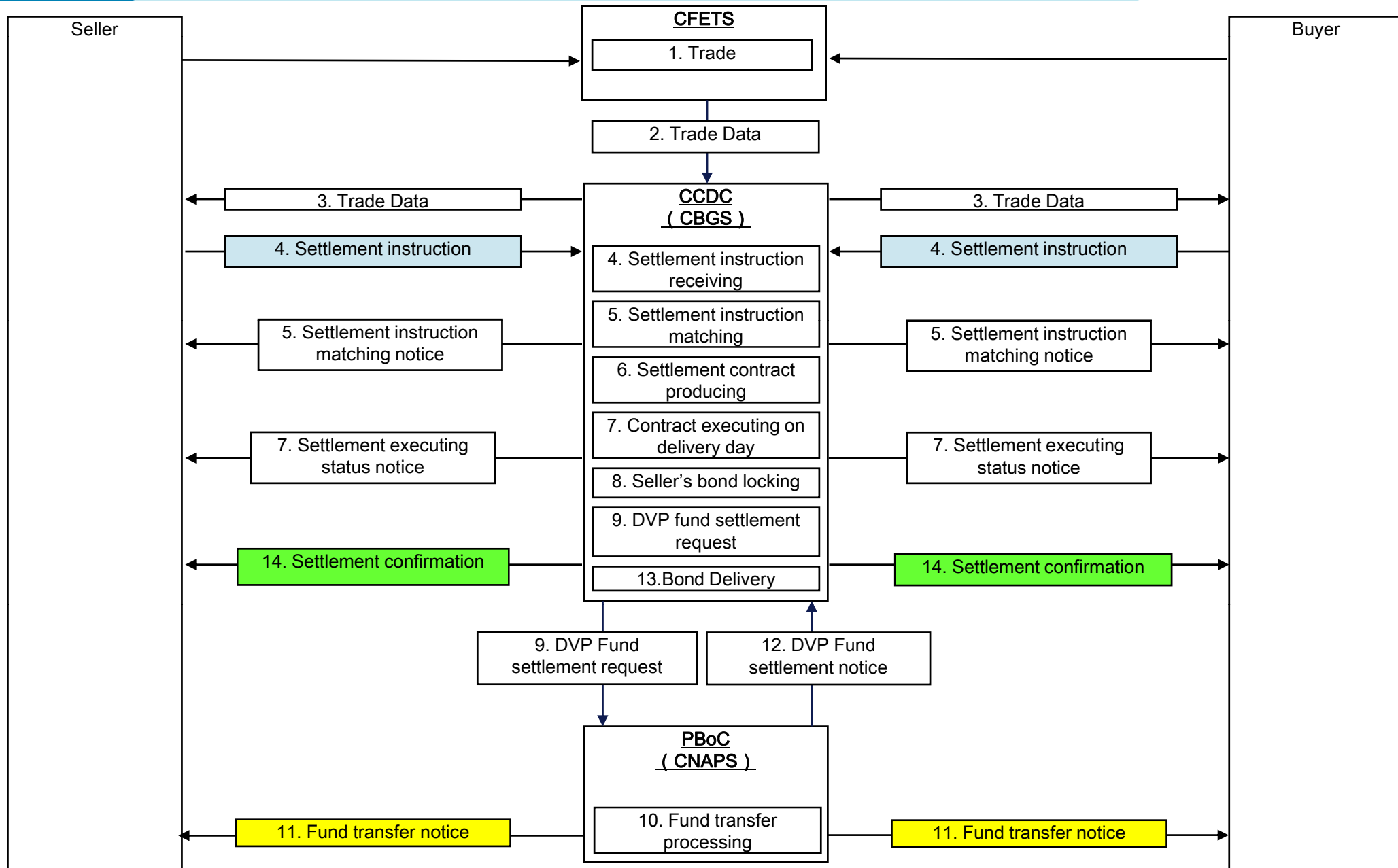
1. Fit & gap analysis of message items of Bond DVP transactions
 - ① Government bond settlement instruction
 - ② Government bond settlement confirmation
2. Fit & gap analysis of message flow of Government bond cross-border DVP transactions
 - ① Model cross-border DVP transaction
 - ② Possible cross-border DVP transaction flows

Business Process Flowchart

China Bond Market (OTC Market) / DVP

CN

ABMF SF2



Message Elements

10 Common Elements in Settlement Instruction

Business elements	Additional information
1. Message reference	16x / Max 35 text
2. Trade Date	ISO 8601 Date/Time
3. Settlement Date	ISO 8601 Date/Time
4. Quantity of Financial Instrument	Expressed as units (equities) or face amount (Fixed Income)
5. Financial Instrument	ISO 6166 International Securities Identification Number [ISIN]
6. Settlement Amount	Currency and amount
7. Safekeeping Account to be credited or debited	35x / Max 35 text
8. Place of Settlement	ISO 9362 Business Identifier Codes [BIC] taken from the list of PSET's BIC published on www.smpg.info . See also Place of Settlement MP.
9. Receiving/Delivering Agent	ISO 9362 Business Identifier Codes [BIC] or CSD Local Code
10. Client of Receiving/Delivering Agent	ISO 9362 Business Identifier Codes [BIC]
11. Country specifics as per local market practice (if any)	Country specifics as per local market practice (if any)

Source: SWIFT (Ms. Morioka), original source SMPG

sese.023 SecuritiesSettlementTransactionInstruction										口座振替(払出先・記事件)(コード74452)			
Index/(Ref)		Message Item		Or	<XML Tag>	Mult.	Message Item Types	Represent L/Type	Data Type/Code	【参考】項目: 現行日銀ネット(注)	項目:新日銀ネット	コード値	備考
V01	V02												
		Message root			<SciesSttlmTxInstr>	[1..1]							
1.0		TransactionIdentification			<TxId>	[1..1]		Text	Max25Text	—	取引ID		
2.0		SettlementTypeAndAdditionalParameters			<SttlmTpAndAddtlParams>	[1..1]							
2.1		SecuritiesMovementType			<SciesMvmntTp>	[1..1]		Code	DELI/RECE	—	(払出・受入の別)	DELI	・入力者からみて国債を払出すか受入れるかの別 ・CPU接続またはファイルアップロード・ダウンロード機能(「ULDL機能」)による入力時は、「DELI」を入力 ・日銀ネット請求の入力画面とは異なる ・資金決済を行うか否かの別 ・CPU接続またはULDL機能による入力時は、「FREE」を入力 ・日銀ネット請求の入力画面とは異なる
2.2		Payment			<Pmt>	[1..1]		Code	APMT/FREE	—	(資金決済の有無)	FREE	
3.0		NumberCounts			<NbCounts>	[0..1]							
4.0		Linkages			<Lnks>	[0..1]							

sese.023 SecuritiesSettlementTransactionInstr

Message Item					Or	<XML Tag>	Mult.	M
Message root						<SciesSttlmTxInstr>	[1..1]	
TransactionIdentification						<TxId>	[1..1]	
SettlementTypeAndAdditionalParameters						<SttlmTpAndAddtlParams>	[1..1]	
SecuritiesMovementType						<SciesMvmntTp>	[1..1]	
Payment						<Pmt>	[1..1]	

sosa.023 SecuritiesSettlementTransactionInstruction										口座番号(払出先・記事付) (コード74452)			
Index/(Ref)	Message Item	Or	<XML Tag>	Mult.	Message Item Types	Represent t./Type	Data Type/Code	【参考】項目: 銀行日銀ネット(注)	項目:新日銀ネット	コード値	備考		
(12.16.26)	SafekeepingAccount		<SfkgAcct>	(0..1)	SecuritiesAccount13								
(12.16.27)	Identification		<Id>	(1..1)		Text	Max35Text	記事	記事(払出先関係者・口座情報)		-払出先関係者の口座番号等を入力		
12.0	ReceivingSettlementParties		<RcvgSttlmPties>	(0..1)									
12.2	Party1		<Pty1>	(0..1)	PartyIdentificationAndAccount42								
(12.16.0)	Identification		<Id>	(1..1)	PartyIdentification43Choice			—	(＜受入先＞関係参加者)		-CPU接続またはULDL機能による入力時は入力 -日銀ネット端末の入力画面上は設けない		
(12.16.1)	AnyBIC	or	<AnyBIC>	(1..1)		Identifier	AnyBICIdentifier						
(12.16.2)	ProprietaryIdentification	or	<PrtryId>	(1..1)									
(12.16.3)	Identification		<Id>	(1..1)		Text	Max35Text						
(12.16.4)	Issuer		<Issr>	(1..1)		Text	Max35Text						
(12.16.26)	SafekeepingAccount		<SfkgAcct>	(0..1)	SecuritiesAccount13								

12.0	ReceivingSettlementParties							<RcvgSttlmPties>
12.2	Party1							<Pty1>
(12.16.0)	Identification							<Id>
(12.16.1)	AnyBIC	or						<AnyBIC>
(12.16.2)	ProprietaryIdentification	or						<PrtryId>
(12.16.3)	Identification							<Id>
(12.16.4)	Issuer							<Issr>
(12.16.26)	SafekeepingAccount							<SfkgAcct>
(12.16.27)	Identification							<Id>

An example and image

iso.023 Securities Settlement Transaction Instruction										日経証券(私)販売・記事付/コード74452			
Index / (Ref)		Message Item		Or	XML Tag	Mult.	Message Item Types	Represent L/Type	Data Type/Code	【参考】項目: 現行日経ネット(注)	項目:新日経ネット	コード値	備考
V01	V02		Issuer										
	(12,15,4)				<Gsr>	[1..1]		Text	Max35Text	記事	記事(適格外国仲介業者・コード設定主体)		・BICコード以外のコードを定める主体を入力
17.0			MessageOriginator		<MsgOrgr>	[0..1]							
18.0			MessageRecipient		<MsgRcpt>	[0..1]							
19.0			AdditionalPhysicalOrRegistrationDetails		<AddtlPhysOrRegnDtls>	[0..1]							
20.0			Extension		<Otran>	[0..*]	Extension2						
(10,18,1)			ExtensionEnvelope		<OtranEnvp>	[1..1]							
(10,18,2)			Extension		<Otran>	[1..1]		Text		記事	記事(下記以外)		・下表1.(1)①、②、(4)①、②、③、④、(5)①、②、③は本項目に ・下表1. の全ての事項を入力することも可能とする

Message Definition Report

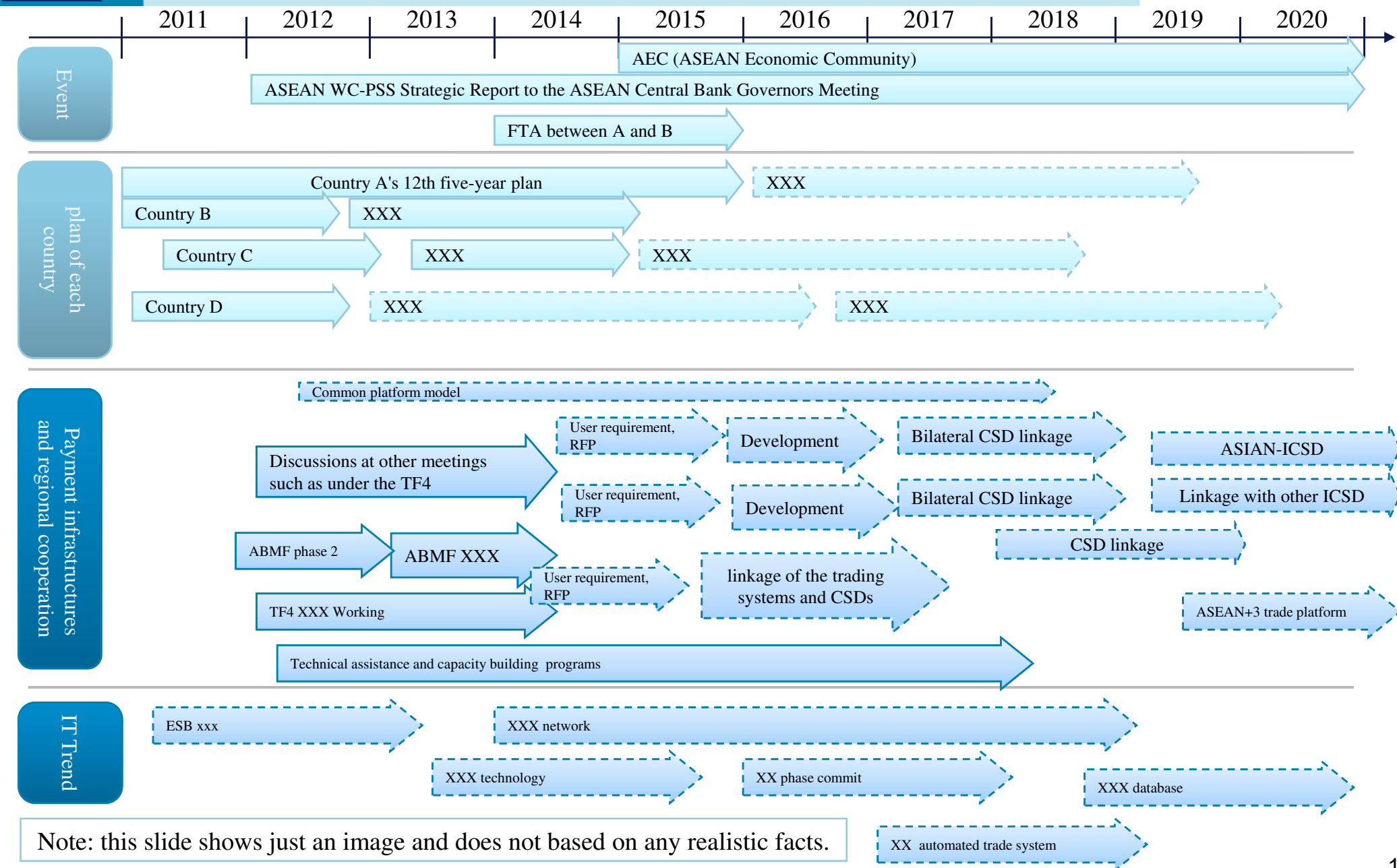
ISO 2022 Securities Settlement and Reconciliation/Maintenance Cycle 2010-2011
Edition May 2011, Approved by the Securities SEG on 1 February 2011

An example and image

1. Identifying major events
 - Information collection on major events in ASEAN+3 such as ASEAN Economic community (detailed plan)
 - Milestone of ASEAN WC-PSS (Strategic Report to the ASEAN Central Bank Governors Meeting)
2. Roadmap of individual 14 economies to remove remaining barriers that hinder cross-border STP
 - ① Legal and regulatory barriers as well as technical barriers
 - Including schedule of implementing ISO 20022 to securities trade and settlement infrastructures
 - ② Technical assistance program
 - Capacity building planned and required to develop bond settlement infrastructures (especially for BN, KH, LA, and MM)
3. Payment infrastructure for the region and regional cooperation
 - Proposal of possible regional cooperation framework and integrated settlement infrastructures in the region based on the individual countries' roadmap.

1. Institutional framework
 - ABMF
 - More
2. Infrastructures including RSI discussed at TF4
 - ① Cross-border linkage of trade systems and CSDs
 - ② Bilateral CSD linkages
 - ③ Multilateral CSD linkages
 - ④ Asian ICSD
3. Trend of information technologies
 - Survey of technologies to implement the regional infrastructures

A draft image of possible roadmap (Master plan)



1. Drafting Roadmap

- Could you discuss what kind of roadmap members and experts have in mind.
- In order to draft a roadmap, information on medium-to-long term plans in particular development schedules of bond settlement related infrastructures from members and experts of all 14 economies is essential.

2. Scope of transaction flow survey and fit & gap analysis

3. Prioritization and planning of phase 2 of sub-forum 2 (scheduling)

- Questionnaire for the survey of Phase 2 will be proposed at the 7th ABMF. In order to draft the questionnaire, could members and experts once again discuss prioritization of SF2 Phase 2 activities, please?

4. Update of survey results of Phase 1

- Survey results of Phase 1 in particular Part 3 (Bond market infrastructure diagram, domestic bond transaction flow, and cross-border bond transaction flow) may be improved and updated.

8-9 Feb 2012: 7th ABMF meeting in Hong Kong, China

- Organize 1st ABMF public conference to disseminate our publication
- For SF2, preparing a survey to identify all transaction procedures for bond issuance, interest payment, redemption, and corporate actions

March 2012: ABMI Task force meeting

- First reporting of Phase 2 to TF3

April or May 2012: 8th ABMF meeting

- Evaluate and approve the survey questions
- Organizing a public conference to invite non-ABMF institutions (potential issuers and investors) to polish the survey questions

May - June: 2012: Conducting the surveys

July – August 2012: country visits

- Consider proposals to be included in the first draft
- For SF2, proposal on messaging standard harmonization

Sept 2012: 9th ABMF meeting

- Discussion on the proposals.
- Additional survey if necessary

Oct 2012: Second reporting to ABMI TF3

Dec 2012: 10th ABMF meeting

- Reporting the draft recommendations to the members.
- Planning the Phase 3 of ABMF

Refer to “WORKING PLAN FOR PHASE 2” by ADB Secretariat

Preaching to Buddha



Thank you so much

ADB

Asian Development Bank
FIGHTING POVERTY IN ASIA AND THE PACIFIC

This PowerPoint slides are made solely for the discussions at the 6th ABMF on 9 December 2011.
Views expressed are those of the presenter and do not necessarily reflect those of the Asian Development Bank, NTT DATA CORPORATION or any other organizations.

Taiji Inui ADB consultant
NTT DATA Corporation
Phone: +81-50-5547-1282
E-mail: inuit@nttdata.co.jp

WORKING PLAN FOR PHASE 2

ADB Secretariat team

**6th ABMF Meeting
Beijing, 8 Dec 2011**

Finalizing phase 1 & preparing phase 2

- ❑ Five ABMF meetings during Sep 2010 ~ Oct 2011
- ❑ Reporting to ABMI TF3 in Oct 2011 and AFDM+3 in Dec 2011
 - ✓ The whole reports of SF1 and SF2
 - ✓ Membership list for phase 2
- ❑ 6th ABMF meeting in Beijing : 8~9 Dec 2011
 - ✓ Finalizing the phase 1 reports
 - ✓ Discussing the issues in phase 2
- ❑ Publication of the report : By the end of 2011 (?)

Agreed activities of phase 2

<SF1>

- ☐ Organize a forum mainly composed of regional SROs and regulators
- ☐ Conduct a study to examine market needs for common bond issue
- ☐ Create a common bond issue program
- ☐ Consider a pilot issue
- ☐ Launch a pilot issue based on the common issue program

Agreed activities of phase 2

<SF2>

- ❑ Continue identification of transaction flows, messaging and market practices.
 - Expanding scope to issuance, redemption, and interest payment of bonds
- ❑ ISO 20022 Fit-and-gap analysis
- ❑ Propose a roadmap to standardize and harmonize
- ❑ Information sharing : LEI, data collection, ...

Schedule up to 1H 2012

- ❑ End of 2011(?) : Publication of the phase 1 report
- ❑ 8~9 Feb 2012 : 7th ABMF meeting, HK, China
 - ✓ Issues, activities & working schedule of phase 2
 - ✓ Public conf. to disseminate phase 1 outputs
 - ✓ Prepare draft survey for phase 2
 - For SF1, preparing a survey to identify differences in bond issuance program.
 - For SF2, preparing a survey to identify transaction procedures for bond issuance and corporate actions (interest payment and redemption)
 - ✓ Membership issue, if needed

Schedule up to 1H 2012

- ❑ Mar 2012 : ABMI TF3 meeting
 - ✓ First reporting of phase 2
- ❑ 1st week of May 2012 : 8th ABMF meeting (TBC)
 - ✓ Evaluate and approve the survey questions
 - ✓ Organizing a public conference to invite non-ABMF institutions (potential issuers and investors)
- ❑ May ~ Jun 2012 : Conducting the surveys

Schedule for 2H 2012

- ❑ Jul ~ Aug 2012 : Country visits
 - ✓ Consider proposals to be included in the first draft
 - ✓ For SF1, drafting a proposal for a common issuance program
 - ✓ For SF2, proposal on messaging standard harmonization
- ❑ Sep 2012 : 9th ABMF meeting
 - ✓ Discussion on the proposals
 - ✓ Additional survey, if necessary
- ❑ Oct 2012 : 2nd reporting to ABMI TF3
- ❑ Nov 2012 : AFDM+3
- ❑ Dec 2012 : 10th ABMF meeting
 - ✓ Preparing and discussing the draft report

Schedule for 2013

- ❑ Feb 2013 : 11th ABMF meeting
 - ✓ Approving the draft report to ABMI TF3
- ❑ Mar 2013 : 3rd reporting to ABMI TF3
- ❑ Apr 2013 : 12th ABMF meeting
 - ✓ Finalizing the report to AFDM+3
- ❑ Apr 2013 : Submitting the report to AFDM+3
- ❑ May 2013 : Recommendations approved by AFMM+3

Schedule for 2013

☐ Jun or Jul 2013 : 13th ABMF meeting

- ✓ Discussion on pilot issues
- ✓ Publication of the report

☐ 4Q 2013 : 14th ABMF meeting

- ✓ Work plan for phase 3

Thank you

Comments are welcome

ADB Secretariat Team



Report of other matters

1. Progress report on RSI
 2. Progress report on LEI
-

Shinji Kawai

OREI, ADB

9 December 2011

I. RSI

- Group of Experts(GOE) published a comprehensive study on cross-border transaction and settlement in April 2010, including legal and business feasibilities of Regional Settlement Intermediary (RSI) models; ie Asian ICSD and CSD linkage in Asia.
- Technical working group (TWG) on RSI under the Task Force 4 of ABMI was established based on the agreement by the ASEAN+3 Finance Ministers in Tashkent, Uzbekistan in May 2010 to further evaluate the policy recommendations by the Group of Experts(GOE).
- The re-assessment focused on legal feasibility of RSI, because the business feasibility is based on the assumption that major legal and regulatory barriers are removed.
- “Re-assessment of ABMI Group of Experts Report on legal and regulatory feasibility” was submitted to ASEAN+3 Finance Ministers Meeting in Hanoi, Viet Nam on 4 May 2011.

I.RSI

Legal and Regulatory Barriers

	Asian ICSD	CSD Linkage
People's Republic of China	(HARD)* - Barriers: Non-Convertibility of Currency; Segregation by Beneficial Owner	(HARD)* - Barrier: Non-Convertibility of Currency
Hong Kong, China	No barrier	No barrier
Indonesia	(SOFT)	No barriers
Japan	(SOFT)**	(SOFT)**
Republic of Korea-Government Bonds	(SOFT)**	(SOFT)
Republic of Korea-Corporate Bonds	(HARD)* - Barrier: Segregation by Beneficial Owner	(SOFT)**
Malaysia	No barrier	No barrier
Philippines	(SOFT)**	No barrier
Singapore	No barrier	No barrier
Thailand	No barrier	No barrier
Viet Nam	(SOFT)**	No barrier

Note : * 'HARD' barriers require a change in law for the RSI to operate a link with the market

** 'SOFT' barriers do not require a change in law, but require additional time to obtain licenses or develop specific functionalities

I. RSI

❖ Checkpoints

- Whether there is a missing legal and regulatory barrier
- Current status of the legal and regulatory restriction



❖ Result

- No missing legal and regulatory barrier.
- No significant changes in the status of legal and regulatory situation.
- Reassessment Report clarified following points
 - information needed to clarify the barrier
 - impact of barrier
 - further checking needed
 - responsible entity for the barrier



I. RSI

- Next Study

AFMM+3 statement in May 2011 :“we expect the technical working group to move on to the reassessment of business feasibility study on RSI”

2. LEI

- Cannes Summit (G20) Final Declaration" (Nov.2011)

“We support the creation of a global legal entity identifier (LEI) which uniquely identifies parties to financial transactions. We call on the FSB (Financial Stability Board) to take the lead in helping coordinate work among the regulatory community to prepare recommendations for the appropriate governance framework, representing the public interest, for such a global LEI by our next Summit.”

- Drafting of “Draft International Standard of ISO 17442 ” and “Registration Processes and Guidelines” is on process. They are supposed to be finalized in December 2011.



2. LEI

❑ Following are becoming clear in the drafting process.

- code of 18 characters (combination of digits and alphabets) with 2 check digits
- one code for one entity
- globally unique and no intelligence information such as country of origin
- one single Registration Authority (Swift)
- co-exist with existing codes (BIC, ISIN, etc)
- third party registration allowed
- fees for registration
- scope of application is not limited(can be applicable to all financial transaction)

❑ Practical issues (governance structure, data-base management, usage of data, fee, etc) and schedules are to be clarified.

(end)