### 9th ASEAN+3 Bond Market Forum (ABMF) Meeting
Sapphire Ballroom, 3rd Flr, Lotte Hotel Seoul, Seoul, Korea
4-5 September 2012

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<td><strong>4 SEP 2012</strong></td>
<td><strong>DAY 1: ABMF Sub Forum 1 (SF1)</strong></td>
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<tr>
<td>08:00 – 08:40</td>
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<td>08:40 – 08:45</td>
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<td>08:45 – 08:50</td>
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<td>08:50 – 09:00</td>
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| 09:00 – 10:30 | **Session 1: Key findings of market visits - SF1 (Part 1)**  
- Presentations by Prof. Shigehito Inukai, ADB Consultant  
- Additional comments by Mr. Matthias Schmidt, ADB Consultant |
| 10:30 – 10:50 | Coffee break |
| 10:50 – 12:30 | **Session 2: Key findings of market visits - SF1 (Part 2)**  
- Q and A |
| 12:30– 13:30 | **Lunch hosted by KSFC (Emerald Room, 2nd Flr., Lotte Hotel)** |
| 13:30 – 14:30 | **Session 3 (Information Session): Approaches and methods for mutual recognition**  
- Presentation by KOFIA  
- Q and A |
| 14:30 – 15:30 | **Session 4 (Information Session): Infrastructure and market practices to enhance liquidity in bond market – Korean experience**  
- Depository securities lending (KSD)  
- Securities lending and repurchase agreement (KSFC)  
- The role of intermediaries (Woori Securities on behalf of KOFIA)  
- Q and A |
| 15:30 – 15:50 | Coffee break |
| 15:50 – 16:30 | **Session 5: Other issues of SF1**  
- Market visits for BCLM (Dr. Seung Jae Lee, ADB Secretariat)  
- SIBOS (Dr. Seung Jae Lee, ADB Secretariat)  
- Work plan for SF1 (Dr. Seung Jae Lee, ADB Secretariat)  
- Q and A |
| 16:30 – 16:40 | Wrap up (Dr. Seung Jae Lee, ADB Secretariat) |
| 16:40 – 16:50 | **Closing Remarks** by SF1 Chair (Mr. Tetsutaro Muraki, TSE) |
| 17:00 – 17:30 | **(Special session for regulatory bodies ) Regulatory bodies meeting**  
* Only for regulatory bodies, venue: Meeting Room, 31st Flr. |
<p>| 18:00 – 20:00 | <strong>Dinner hosted by KSD (Emerald Room, 2nd Flr., Lotte Hotel)</strong> |</p>
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<tr>
<td><strong>5 SEP 2012</strong></td>
<td><strong>DAY 2: ABMF Sub Forum2 (SF2)</strong></td>
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**ABMF SF2**

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<td>09:00 – 09:10</td>
<td>Opening Remarks by SF2 Chair (Mr. Jong Hyung Lee, KSD)</td>
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<td>09:10 – 10:40</td>
<td>Session 6: Key findings of market visits – SF2 (Part 1)</td>
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<td>- Presentation by Dr. Taiji Inui, ADB Consultant</td>
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<td>- Additional comments by Mr. Shinji Kawai, ADB Secretariat</td>
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<td>10:40 – 11:00</td>
<td>Coffee break</td>
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<tr>
<td>11:00 – 12:20</td>
<td>Session 7: Key findings of market visits – SF2 (Part 2)</td>
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<td>- Q and A</td>
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<tr>
<td>12:20 – 13:30</td>
<td>Lunch hosted by KOSCOM (Emerald Room, 2nd Flr., Lotte Hotel)</td>
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<td>13:30 – 14:30</td>
<td>Session 8 (Information Session): OTC market and information management in bond market – Korean experience</td>
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<td></td>
<td>- Korean Securities Information Management System (KSD)</td>
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<td>- CCP for central clearing of OTC &amp; exchange derivatives contracts (KRX)</td>
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<td>- Q &amp; A</td>
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<td>14:30 – 15:30</td>
<td>Session 9 (Information Session): Information on other issues</td>
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<td>- Recent progress in LEI discussion by Taketoshi Mori, (BoTM UFJ)</td>
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<td>- Supplementary information on LEI by Ms. Rebecca Turner, (ASIFMA)</td>
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<td>15:30 – 15:50</td>
<td>Coffee break</td>
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<td>15:50 – 16:10</td>
<td>Session 10: Other issues of SF2</td>
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<td>- Market visits for BCLM (Dr. Seung Jae Lee, ADB Secretariat)</td>
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Wrap up session

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<tr>
<td>16:10 – 16:50</td>
<td>Future work plan and Wrap up (Dr. Seung Jae Lee, ADB Secretariat)</td>
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<td>- Q&amp;A</td>
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<td>16:50 – 17:00</td>
<td>Closing remarks by SF2 Chair (Mr. Jong Hyung Lee, KSD)</td>
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<td>18:00 – 21:30</td>
<td>Dinner hosted by KRX (Korea House, 80-2 Pil-dong 2-ga, Jung-gu, Seoul)</td>
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<td>* There will be a Traditional Arts Performance after Dinner at 20:30-21:30</td>
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9th ABMF SF2: Draft Report of Market Visits and Recent development of Phase 2 Activities including Future Perspectives

5th September 2012 in Seoul

Taiji Inui
NTT DATA Corporation
ADB Consultant – Financial Information Technology Specialist
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<td>11:00</td>
<td>Key findings of market visits – SF2 (Part 2)</td>
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<td>- Q and A</td>
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<td>13:30</td>
<td><strong>OTC market and information management in bond market – Korean experience</strong></td>
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<td>16:50</td>
<td><strong>Closing remarks</strong> by SF2 Chair (Mr. Jong Hyung Lee, KSD)</td>
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1. Focus and agreed activities of SF2 Phase 2
2. Key findings of Phase 2 market visits
3. Fit & Gap analysis
4. Roadmap and Policy recommendations
5. Next steps and work plan
6. Future issues after Phase 2
1. Focus and agreed activities of SF2 Phase 2
ABMF Sub-Forum 1 and Sub-Forum 2

To enhance cross-border STP (Straight Though Processing)

SF1 issues related to processes and flows such as taxes, cash control, and FX control could also be discussed by SF2.
Examples of Phase 1 survey results
Government Bond Market Infrastructures in KR

Trading
- Trade matching

CCP
- Settlement matching
- Bond settlement

Cash settlement
- BOK (BOK-Wire+)

OTC Market
- KRX (KTS)

KRX
- KSD

BISS = Bond Institutional Settlement System; BOK-Wire+ = The Bank of Korea Financial Wire Network; KSD = The Korea Securities Depository; KRX = The Korea Exchange; KTS = KRX Electronic Trading System for Government Bonds
Source: ABMF SF2.
Government Bond DVP Flow for Domestic Trades in KR (OTC)
Government Bond DVP Flows for Domestic Trades

CN (OTC)  CN (EX)  HK  ID

JP  KR (Ex)  MY  PH (GSED)

PH (non-GSED)  SG  TH  VN
Government Bond DVP Flow for Foreign Investors in KR (OTC)
Government Bond Transaction Flows for Foreign Investors
Numbering and coding

1. Financial Instrument (Securities) Identification
   ISIN (ISO 6166)

2. Party Identification and Account
   BIC (ISO 9362)

3. Safekeeping (Securities) account Identification
   Proprietary
   There is no account structure (simple text).

4. Cash account

5. Languages
   Unicode (ISO /IEC 10646)

ISO 20022 needs to support proprietary practices
Government Bond Markets in ASEAN+3

NOTE:
Exchange Market
Central Bank
Commercial Bank

Direct intersystem connection
Indirect connection. Trade data (bond settlement instructions) are entered to CSD by agent custodians.
ASEAN+3 Bond Market Guide

The ASEAN+3 Bond Market Guide is a comprehensive report on bond market in the ASEAN+3 region. The Guide is a product of the collaborative efforts of ASEAN+3 Bond Market Forum (ABMF) members and is the first report endorsed by ASEAN+3.

The Guide is composed of two volumes. Volume 1 provides a comparative analysis on market infrastructures including legal and operational systems, regulations and market practices in the region, together with individual market guides of 11 economies, namely the People’s Republic of China, Hong Kong, China, Indonesia, Japan, Republic of Korea; People’s Democratic Republic of Lao; Malaysia, Philippines, Singapore, Thailand, and Viet Nam. Volume 2 provides detailed information on bond transaction flows including technical information on matching, settlement cycle, numbering and coding, and others. The Guide is expected to benefit the bond markets in the region by enhancing investors’ understanding on the markets.

Download Full Report
Mirror Sites
Read The News release and Background Information

PREFACE

INTRODUCTION

VOLUME 1: Sub-Forum 1: Comparative Analysis, and Bond Market Guides
Overview of Sub-Forum 1
Part 2: Bond Market Guide in 11 Economies
  Section 1: People’s Republic of China
  Section 2: Hong Kong, China
  Section 3: Indonesia
  Section 4: Japan
  Section 5: Republic of Korea
  Section 6: Lao PDR
  Section 7: Malaysia
  Section 8: Philippines
  Section 9: Singapore
  Section 10: Thailand
  Section 11: Viet Nam

VOLUME 2: Sub-Forum 2: Information on Transaction Flows and Settlement
Overview of Sub-Forum 2
Part 1: Bond Markets and Their Infrastructure in ASEAN+3
Part 2: Bond Markets and Their Infrastructure in Each Economy
Agreed activities of SF2 phase 2

1. Continue identification of transaction flows, messaging and market practices.
   1-1 DVP flows and procedure for corporate bonds
   1-2 Interest payment and redemption of government bonds and corporate bonds

2. ISO 20022 Fit-and-gap analysis

3. Propose a roadmap and policy recommendations to standardize and harmonize transaction flows

4. Information sharing: LEI, data collection, …
Structure of Phase2 Report of ABMF SF2 (tentative)

Part 1: Summary of survey results including comparison tables and charts. Fit & Gap analysis, policy recommendations, roadmap, and future issues will be included.

Part 2: Country report (description on each market using each market materials)

Part 3: Diagrams, flows, and charts in each economy based on standard templates

The report will be submitted to ABMI TF3
2. Key findings of Phase 2 market visits
Key Findings (tentative draft)

1. Bond Market
   - Most of bonds (both government and corporate bonds) are traded in OTC markets in all visited markets.
   - Significant volume of bonds are traded in exchange (order driven) market only in KR and PH.

2. Central Counter-Party
   - CCPs (Central Counter-Parties) have been established in only a few economies (CN, JP, and KR) for bond trades.

3. Pre-settlement and settlement Matching
   - In many markets, pre-settlement matching is conducted manually using telephone, facsimile, e-mail, etc.
   - Both central matching and local matching are used as settlement matching for both government and corporate bonds.
Key Findings (tentative draft)

4. Bond settlement

➢ Regarding government bonds, central bank related CSDs mostly settle them in 6 markets (CN, HK, ID, JP, MY, and SG) out of 10 major markets in ASEAN+3. Exchange related CSDs mostly settle them in 3 markets (KR, TH, and VN). Government related CSD mainly settles and exchange related CSD settles significant portion of them as sub-registry in one market (PH).

➢ Regarding corporate bonds, central bank related CSDs mostly settle them in 2 markets (HK and MY) out of 10 major markets in ASEAN+3. Exchange related CSDs mostly settle them in 7 markets (ID, JP, KR, PH, SG, TH, and VN). Central bank related CSDs and exchange related CSD settle them in one market (CN). Significant percentage of bonds remains as physical certificates.

5. Cash settlement

➢ Regarding government bonds, central bank money is used in all visited markets except in VN in ASEAN+3. DVP model 1 of BIS definition is available in these 9 markets. Commercial bank money can also be used in CN though the percentage to total settlement value is very low.

➢ Regarding corporate bonds, central bank money is used in 8 markets (CN, HK, JP, KR, MY, PH, SG, and TH). Commercial bank money is used in 3 markets (CN, ID, and VN). In CN, central bank money is mainly used but commercial bank money is used when bonds are settled in exchange related CSD.
Key Findings (tentative draft)

6. Paying Agent (PA) of bond issuer for interest payment and redemption
   ➢ Regarding government bonds, central banks are PA of the issuer (MOF) in 7 economies (HK, ID, JP, KR, MY, SG, and TH) out of 10 economies which have bond markets in ASEAN+3. CSDs are the PA in two economies (CN and VN). Government (Bureau to Treasury) is the PA in PH.
   ➢ Regarding corporate bonds, commercial banks are PA of issuers in 6 economies (HK, JP, KR, MY, PH, and SG). CSDs are PA in 3 economies (CN, ID, and VN). Central bank is PA in TH.

7. Account Management Agent (AMA) of bond holder (investor) for interest payment and redemption
   ➢ Regarding government bonds, CSD participants are AMA of bond holders in 7 economies (CN, HK, ID, KR, PH, SG, and VN). Commercial banks designated by bond holders are AMA in 3 economies.
   ➢ Regarding corporate bonds, CSD participants are AMA of bond holders in 7 economies (CN, HK, ID, KR, PH, SG, and VN). Commercial banks designated by bond holders are AMA in 3 economies.
Key Findings (tentative draft)

8. Tax Paying Entity for interest payments and redemptions
   ➢ Regarding government bonds, no WHT exists in 4 economies (CN, HK, MY, and SG). Governments (MOF or BTr) are tax paying entities in 4 economies (JP, PH, TH, and VN). CSD participants are tax paying entities in 2 economies (ID and KR). Commercial banks as Account management agency pays local tax in Japan.
   ➢ Regarding corporate bonds, no WHT exists in 3 economies (HK, MY, and SG). Issuers are tax paying entities in 3 economies (JP, TH and VN). CSDs are tax paying entities in 3 economies (ID, KR, and PH). Bond holder is tax paying entity in CN.

9. Others (including from Phase 1 results)
   ➢ ISIN (International Securities Identification Number) is not used in many economies. Also, numbering convention of ISIN is not standardized, yet.
   ➢ BIC is not used in many economies, yet in stead, local proprietary codes are used.
   ➢ Investor identification is proprietary numbering in all economies in ASEAN+3.
   ➢ Settlement cycle is not regarded as a rule of each market.
   ➢ Physical certificate remains in many markets in particular for corporate bonds.
   ➢ Foreign exchange related issues including conversion and repatriation are important issues for bond trade and settlement.
   ➢ Cash balance related issues are important issues for bond trade and settlement.
   ➢ Securities account structure is proprietary one in all economies in ASEAN+3.
Diagram of each Economy

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Interest & Redemption Payment Flow (Government Bond)
5. Interest & Redemption Payment Flow (Corporate Bond)
6. Message Items (ISO20022 FIT&GAP)
7. Market Infrastructure
8. Market Practices

ASEAN+3 Bond Market Infrastructure Diagram
Republic of Korea (KR)

1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
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7. Market Infrastructure

8. Market Practices
KR Government Bond Market Infrastructure Diagram

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<td>Trade matching</td>
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KRX – The Korea Exchange
KTS – KRX Electronic Trading System for Government Bonds
KSD – The Korea Securities Depository
SSS – Securities Settlement System
BOK-Wire+ – The Bank of Korea Financial Wire Network
KR Corporate Bond Market Infrastructure Diagram

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<td>Commercial Banks</td>
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2. Bond Transaction Flow for Domestic Trades (Government Bond)

3. Bond Transaction Flow for Domestic Trades (Corporate Bond)

4. Interest & Redemption Payment Flow (Government Bond)

5. Interest & Redemption Payment Flow (Corporate Bond)

6. Message Items (ISO20022 FIT&GAP)

7. Market Infrastructure

8. Market Practices
KR Government Bond Transaction Flow for Domestic Trades (OTC)

1. Trade

FSS (FIMS)

2. Reporting Trade details

KOFIA (B-TRiS)

3. Disclosure

4. Trade Data via. KSD SAFE System

KSD (SSS)

5. Matching

6. Matching Status Advice

7. Settlement Instructions for DVP (no needs for typical flow)

14. Settlement Report (Bond)

9 Settlement Data for DVP

12. Settlement Report (Cash)

BOK (BOK-Wire+)

11. Cash Settlement

12. Settlement Report (Cash)

10-1. Payment Request

10-2. Payment Instruction

12. Settlement Report (Cash)

13. Bond Settlement

7. Settlement Instructions for DVP (no needs for typical flow)

14. Settlement Report (Bond)

4. Trade Data vis. KSD SAFE System

6. Matching Status Advice

2. Reporting Trade details

Buy Side

Sell Side
1. Sell side and buy side trade over the counter mostly with private messenger, and some transactions are done with FreeBond provided by KOFIA which is a supporting and confirmation system for bond trading.
2. Financial investment companies engaged in trading must report trading details to KOFIA within 15 minutes after trading execution. They also report trading details to FSS via Foreign Investment Management System (FIMS).
3. KOFIA discloses this information on its Bond-Trade Report & Information Service (B-Tris).
4. Sell side and buy side send trade data to Korea Securities Depository (KSD).
5. KSD collates trade data from the sell side and buy side.
6. KSD sends matching status advise to the sell side and buy side.
7. Sell side and buy side sends settlement instructions for DVP to KSD.
8. KSD holds bonds before cash settlement.
9. KSD sends settlement data to Bank of Korea (BOK).
10-1. The BOK sends payment request (cash) to the buy side.
10-2. The buy side sends the payment instruction for DVP to BOK.
11. BOK executes cash settlement.
12. BOK sends settlement report to sell side, the buy side and KSD.
13. KSD executes bond settlement.
14. KSD sends settlement report to sell side and buy side.
KR Government Bond Transaction Flow for Domestic Trades (Exchange)

Sell Side

1. Trade Order

6. Settlement Detail

2. Matching

3. Trade Confirmation

4. Taking Obligation (novation) (KRX-member)

5. Netting

7. Settlement Instructions for DVP

KRX (KTS)

KSD (SSS)

8. Holding Bonds

12. Bond Settlement Through KRX a/c

13. Settlement Report (Bond)

Buy Side

1. Trade Order

6. Settlement Detail

13. Settlement Report (Bond)

11. Settlement Report (Cash)

9. Settlement Data for DVP

10. Cash Settlement Through KRX a/c

BOK (BOK-Wire+)

11. Settlement Report (Cash)
1. Sell side and buy side send trade order to Korea Exchange(KRX).
2. KRX performs matching.
3. KRX makes trade confirmation.
4. KRX takes obligation (novation) for KRX members.
5. KRX performs netting.
6. KRX sends settlement details to sell side and buy side.
7. KRX sends settlement instruction for DVP to Korea Security Depository(KSD).
8. KSD holds bonds before cash settlement.
9. KSD sends settlement data to Bank of Korea (BOK).
10. BOK executes cash settlement.
11. BOK sends settlement report (cash) to sell side, the buy side and KSD.
12. KSD executes bond settlement through KRX account.
13. KSD sends settlement report to sell side and buy side.
1. Bond Market Infrastructure Diagram

2. Bond Transaction Flow for Domestic Trades (Government Bond)

3. Bond Transaction Flow for Domestic Trades (Corporate Bond)

4. Interest & Redemption Payment Flow (Government Bond)

5. Interest & Redemption Payment Flow (Corporate Bond)

6. Message Items (ISO20022 FIT&GAP)

7. Market Infrastructure

8. Market Practices
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3. KOFIA discloses this information on its Bond-Trade Report & Information Service(B-Tris).
4. Sell side and buy side send trade data to Korea Securities Depository (KSD).
5. KSD collates trade data from sell side and buy side.
6. KSD sends matching status advise to sell side and buy side.
7. Sell side and buy side sends settlement instructions for DVP to KSD.
8. KSD holds bonds before cash settlement.
9. KSD sends settlement data to Bank of Korea (BOK).
10. BOK sends payment request (cash) to buy side.
11. Buy side sends the payment instruction for DVP to BOK.
12. BOK executes cash settlement.
13. BOK sends settlement report to sell side, buy side and KSD.
14. KSD executes bond settlement.
15. KSD sends settlement report to sell side and buy side.
KR Corporate Bond Transaction Flow for Domestic Trades (Exchange)

**Sell Side**

1. Trade Order

6. Settlement Detail

**KRX (Exture)**

2. Matching

3. Trade confirmation

4. Taking Obligation (novation) (KRX-member)

5. Netting

7. Settlement Instructions for DVP

**KSD (SSS)**

8. Holding Bonds

9. Bond Settlement Through KRX a/c

10. Settlement Report (Bond & Cash)

**Commercial Banks**

9. Cash Settlement Through KRX a/c

(DVP)

**Buy Side**

1. Trade Order

6. Settlement Detail

10. Settlement Report (Bond & Cash)
KR Corporate Bond Transaction Flow for Domestic Trades (Exchange)

Exchange Market

1. Sell side and buy side send trade order to Korea Exchange (KRX).
2. KRX performs matching.
3. KRX makes trade confirmation.
4. KRX takes obligation (novation) for KRX members.
5. KRX performs netting.
6. KRX sends settlement details to sell side and buy side.
7. KRX sends settlement instruction for DVP to Korea Security Depository (KSD).
8. KSD holds bonds before cash settlement.
9. KSD executes bond & cash settlement for DVP through KRX account.
10. KSD sends settlement report to sell side and buy side.
1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Interest & Redemption Payment Flow (Government Bond)
5. Interest & Redemption Payment Flow (Corporate Bond)
6. Message Items (ISO20022 FIT&GAP)
7. Market Infrastructure
8. Market Practices
Process of Interest Payment

1. Korea Securities Depository (KSD)’s participants notifies KSD of information of bond holders.
2. KSD sends KSD’s Bank of the bondholders-list.
3. MOF instructs BOK to pay interest from MOF’s account to KSD’s Bank’s account.
4. BOK executes interest payment from MOF’s account to KSD’s Bank’s account.
5. KSD instructs KSD’s Bank to pay interest to Custodians (KSD participants)’ account.
6. KSD’s Bank executes interest payment from it’s account to Custodian’s account, deducting income tax if applicable.
7. KSD notifies it’s participants of interest payment.
8. KSD’s participants credit bond holders’ accounts with interest paid by MOF, deducting tax if applicable.
9. KSD’s participants notify bond holders of interest payment.
10. KSD’s Bank pays tax for residents to tax office.
11. KSD’s participants pay tax for non-residents to tax office.
KR Redemption Payment Flow of Government Bond

**Bond Issuer Side**

- MOF
  - 3. Payment Instruction

**CSD**

- KSD
  - 7. Redemption
  - 5. Payment Instruction
  - 2. Bondholders list

**Bond Holder Side**

- Bond Holder
  - 11. Redemption Payment Notice

**KSD’s Bank**

- Same Entity

**Custodian**

- 10. Redemption Payment (net)

**Bond Holder’s Account**

- Same Entity

**BOK**

- 8. Delete Bond Registration

**KSD’s Account**

- Same Entity

**KSD’s Participant**

- Same Entity

**BOK(BOK-Wire+)**

- MOF’s Account
  - 4. Redemption Payment

**KSD’s Bank’s Account**

- Custodian’s Account
  - 12. Tax Payment (for Residents)
  - 13. Tax Payment (for Non-residents)

**Tax Office**
Process of Redemption Payment

1. Korea Securities Depository(KSD)’s participants notifies KSD of information of bond holders.
2. KSD sends KSD’s Bank of the bondholders-list.
3. MOF instructs BOK to pay redemption from MOF’s account to KSD’s Bank’s account.
4. BOK executes redemption payment from MOF’s account to KSD’s Bank’s account.
5. KSD instructs KSD’s Bank to pay redemption to Custodians(KSD participants)’ account.
6. KSD’s Bank executes redemption payment to Custodian’s account, deducting income tax if applicable.
7. KSD makes bond redemption.
8. BOK delete bond registration.
9. KSD notifies it’s participants of redemption payment.
10. KSD’s participants credit bond holders’ accounts with redemption paid by MOF, deducting tax if applicable.
11. KSD’s participants notify bond holders of interest payment.
12. KSD’s Bank pays tax for residents to tax office.
13. KSD’s participants pay tax for non-residents to tax office.
1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
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4. Interest & Redemption Payment Flow (Government Bond)
5. Interest & Redemption Payment Flow (Corporate Bond)
6. Message Items (ISO20022 FIT&GAP)
7. Market Infrastructure
8. Market Practices
Process of Interest Payment

1. Korea Securities Depository (KSD)’s participants notify KSD of information of bondholders.
2. KSD sends KSD’s Bank of bondholders-list.
3. Bond issuer instructs its Payment Bank to pay interest.
4. Payment Bank executes interest payment from issuer’s account to its account.
5. Payment bank instructs BOK to pay interest from payment bank’s account to KSDs’ Bank’s account.
6. BOK executes interest payment from Payment Banks’ account to KSD’s Bank’s account.
7. KSD instructs KSD’s Bank to pay interest to Custodians (KSD participants)’ account.
8. KSD’s Bank executes interest payment from KSD’s account to Custodians (KSD participants)’ account, deducting income tax if applicable.
9. KSD notifies its participants of interest payment.
10. Custodian (KSD’s participants) credit bond holders’ accounts with interest paid by issuer, deducting tax if applicable.
11. Custodian (KSD’s participants) notify bond holders of interest payment.
12. KSD’s Bank pays tax for residents to tax office.
13. KSD’s participants pay tax for non-residents to tax office.
KR Redemption Payment Flow of Corporate Bond

**Bond Issuer Side**
- Bond Issuer
  - 3. Payment Instruction
- Payment Bank
  - 5. Payment Instruction
- Issuer’s Account
  - 4. Interest Payment
- Payment Bank’s Account
  - 7. Payment Instruction
  - 6. Redemption Payment
- KSD’s Account
  - 8. Redemption Payment (net)

**CSD**
- KSD
  - 9. Redemption
  - 2. Bondholders list
  - 7. Payment Instruction
- KSD’s Bank
  - 5. Payment Instruction
  - 6. Redemption Payment
  - 8. Redemption Payment (net)
- Participant’s Account
  - 11. Redemption Payment
  - 10. Redemption Payment Notification
- Bond Holder’s Account
  - 12. Redemption Payment Notice
  - 13. Tax Payment (for residents)
  - 14. Tax Payment (for non-residents)

**Bond Holder Side**
- Bond Holder
  - 12. Redemption Payment Notice
  - 13. Tax Payment (for residents)
  - 14. Tax Payment (for non-residents)

**Tax Office**

---

**Cash Flow**
- Redirections from Bond Issuer Side to Bond Holder Side

**Information Flow**
- Redirections from Bond Issuer Side to KSD’s Participant Side
1. Korea Securities Depository (KSD)’s participants notifies KSD of information of bond holders.
2. KSD sends KSD’s Bank of bondholders-list.
3. Bond issuer instructs its payment bank to pay redemption.
4. Payment Bank executes redemption payment from issuer’s account to its account.
5. Payment Bank instructs BOK to pay redemption from Payment Bank’s account to KSDs’ Bank’s account.
6. BOK executes redemption payment from payment banks’ account to KSD’s account.
7. KSD instructs KSD’s Bank to pay redemption to Custodians (KSD participants)’ account.
8. KSD’s Bank executes redemption payment from KSD’s account to Custodians (KSD participants)’ account, deducting tax if applicable.
9. KSD makes bond redemption.
10. KSD notifies its participants of redemption payment.
11. Custodian (KSD’s participants) credit bond holders’ accounts with redemption paid by issuer, deducting tax if applicable.
12. Custodian (KSD’s participants) notify bond holders of redemption payment.
13. KSD’s Bank pays tax for residents to tax office.
14. KSD’s participants pay tax for non-residents to tax office.
1. Bond Market Infrastructure Diagram
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6. Message Items (ISO20022 FIT&GAP)
7. Market Infrastructure
8. Market Practices
# KR Settlement Instruction Message Items

**ISO20022 FIT&GAP**

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<th>Definition &amp; Explanation</th>
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<th>Element Format</th>
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Information needed
1. Bond Market Infrastructure Diagram
2. Bond Transaction Flow for Domestic Trades (Government Bond)
3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
4. Interest & Redemption Payment Flow (Government Bond)
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6. Message Items (ISO20022 FIT&GAP)
7. Market Infrastructure
8. Market Practices
## KR Market Infrastructure

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Information needed
1. Bond Market Infrastructure Diagram
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3. Bond Transaction Flow for Domestic Trades (Corporate Bond)
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## KR Market Practices

### Operating Hours

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[CommentsOnDraft_v1.6.xlsx](CommentsOnDraft_v1.6.xlsx)
ASEAN+3 Bond Market Infrastructure Diagrams
NOTE: Exchange related
Central Bank related
Commercial Bank

Direct intersystem connection
Indirect connection . Trade data (bond settlement instructions) are entered to CSD by agent custodians.
ASEAN+3 Corporate Bond Market Infrastructure Diagram

NOTE:
- Exchange Market
- Central Bank
- Commercial Bank

Trade data (bond settlement instructions) are entered to CSD by agent custodians.
## Government bond Interest payment related entities (to be confirmed)

<table>
<thead>
<tr>
<th>Country</th>
<th>PA of Issuer</th>
<th>CSD</th>
<th>Payment system</th>
<th>AMA of Bond Holder</th>
<th>Tax Paying Entity</th>
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**PA:** Paying Agent, **AMA:** Account Management Agency

**Settlement Bank (SB):** Commercial bank (which has an account in the payment system) designated by Bond Holder.

**Note:** WHT is paid by MOF and by AMA of bond holders for central and local government, respectively.
Corporate bond Interest payment related entities (to be confirmed)

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<th>PA of Issuer</th>
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<td>BOJ-Net</td>
<td>CSD partic./SB</td>
<td>CSD partic./SB</td>
</tr>
<tr>
<td>KR</td>
<td>Comm. Bnk</td>
<td>KSD</td>
<td>BOK-Wire+</td>
<td>CSD partic.</td>
<td>KSD’s bank</td>
</tr>
<tr>
<td>MY</td>
<td>Comm. Bnk</td>
<td>BNM</td>
<td>RENTAS-IFTS</td>
<td>CSD partic./SB</td>
<td>None</td>
</tr>
<tr>
<td>PH</td>
<td>Comm. Bnk</td>
<td>PDTC</td>
<td>PhilPaSS</td>
<td>CSD partic.</td>
<td>PDTC</td>
</tr>
<tr>
<td>SG</td>
<td>Comm. Bnk</td>
<td>CDP</td>
<td>MEPS+</td>
<td>CSD partic.</td>
<td>None</td>
</tr>
<tr>
<td>TH</td>
<td>BOT</td>
<td>TSD</td>
<td>BAHTNET</td>
<td>CSD partic./SB</td>
<td>Issuer</td>
</tr>
<tr>
<td>VN</td>
<td>VSD</td>
<td>VSD</td>
<td>BIDV system</td>
<td>CSD partic.</td>
<td>Issuer</td>
</tr>
</tbody>
</table>

PA: Paying Agent, AMA: Account Management Agency

Settlement Bank (SB): Commercial bank (which has an account in the payment system) designated by Bond Holder.
3. Fit & Gap analysis
Fit & Gap Analysis

3.1 Fit & Gap Analysis of DVP flows
➢ DVP flows of government bond and corporate bond in each economy will be compared with typical DVP flow in ASEAN+3

3.2 Fit & Gap Analysis of Message Items
➢ Message items of settlement instruction (sese 023.001.01) and settlement confirmation (sese 025.001.01) will be compared with typical items using 10 common elements proposed by SMPG and country specifics will be discussed.

3.3 Fit & Gap Analysis of Interest Payment and Redemption
➢ Interest payment and redemption flows in each economy will be compared with typical flow
3.1 Fit & Gap Analysis of DVP flows
Fundermental elements on Transaction Flows and Systems of DVP Settlement

1. Trading System
   - Trade Data

2. Post Trade Matching System
   - Trade Data

3. Report to Authority or SRO about Trade Details
   - Trade Data

4. System of (a) CCP or (b) Pre-settlement matching

5. Settlement Instruction from (a) Other System(s), (b) Sell Side and/or Buy Side on S-1 day or (c) Sell Side and/or Buy Side on Settlement Day

6. Types of Settlement Matching: (a) Central Matching, or (b) Local Matching

7. Sending Settlement Matching Notice

8. Models of DVP Settlement

9. Sending Cash Settlement Instruction

10. Sending Cash Settlement Confirmation

11. Sending Bond Settlement Confirmation
DVP flows of government bond and corporate bond in each economy will be compared with typical DVP flow in ASEAN+3
3.2 Fit & Gap Analysis of Message Items
<table>
<thead>
<tr>
<th>Element Name</th>
<th>Definition &amp; Explanation</th>
<th>Message Format</th>
<th>Element Format</th>
<th>Multiplicity</th>
<th>Optional /Mandatory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction Identification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 TRN</td>
<td>It must be unique for all SWIFT messages sent by the CMU participant within 6 months.</td>
<td>ISO 15022</td>
<td>:20C::SEME//16x</td>
<td>Single</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Trade Date</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Trade Date</td>
<td>Trade Date - YYYYMMDD (must not be a future date)</td>
<td>ISO 15022</td>
<td>:98A::TRAD//8In</td>
<td>Single</td>
<td>Conditional</td>
</tr>
<tr>
<td>Settlement Date</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Settlement Date</td>
<td>Settlement Date - YYYYMMDD (must not be a past date)</td>
<td>ISO 15022</td>
<td>:98A::SETT//8In</td>
<td>Single</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Quantity of Financial Instrument</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Quantity</td>
<td>Quantity of financial instrument to be settled</td>
<td>ISO 15022</td>
<td>:36B::SETT//4c/15d</td>
<td>Single</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Financial Instrument</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Securities Indicator</td>
<td>support ISIN, Common Code and CMU Issue Number</td>
<td>ISO 15022</td>
<td>[:35B:ISIN1e12lc] (for ISIN), or some other formats</td>
<td>Single</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Settlement Amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Settlement Amount</td>
<td>Settlement Amount</td>
<td>ISO 15022</td>
<td>:19A:: SETT//3la15d (3a = Currency; 15d = Amount (12n,2 )</td>
<td>Single</td>
<td>Conditional</td>
</tr>
<tr>
<td>Safekeeping Account</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Safekeeping Account</td>
<td>Safekeeping Account</td>
<td>ISO 15022</td>
<td>:97A::SAFE//35x</td>
<td>Repetitive</td>
<td>Conditional</td>
</tr>
<tr>
<td>Place of Settlement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Market Indicator</td>
<td>Market Indicator and Place of Settlement</td>
<td>ISO 15022</td>
<td>:95P::PSET//4la2la2lc[31c] or :95C::PSET//2la</td>
<td>Repetitive</td>
<td>Conditional</td>
</tr>
<tr>
<td>Receiving/Delivering Agent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Receiving Agent (REAG)</td>
<td>Receiving Agent (REAG) or Delivering Agent (DEAG)</td>
<td>ISO 15022</td>
<td>:95R::DEAG/8c/34x or some other formats</td>
<td>Repetitive</td>
<td>Conditional</td>
</tr>
<tr>
<td>Client of Receiving/Delivering Agent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Buyer (BUYR) or Seller (SELL)</td>
<td>Buyer (BUYR) or Seller (SELL)</td>
<td>ISO 15022</td>
<td>:95R::BUYR/8c/34x or some other formats</td>
<td>Repetitive</td>
<td>Conditional</td>
</tr>
<tr>
<td>Country Specific Element</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Element Name</td>
<td>Definition &amp; Explanation</td>
<td>Message Format</td>
<td>Element Format</td>
<td>Multiplicity</td>
<td>Optional /Mandatory</td>
</tr>
<tr>
<td>------------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>----------------------</td>
<td>---------------------</td>
<td>--------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Instruction Identification</td>
<td>HRN a host reference number (HRN) generated by the CMU system.</td>
<td>ISO 15022</td>
<td>:20C::SEME//16x</td>
<td>Single</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Trade Date</td>
<td>Trade Date</td>
<td>ISO 15022</td>
<td>98A::TRAD//8In or 98C::TRAD//8In6In</td>
<td>Single</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Settlement Date</td>
<td>Settlement Date - YYYYMMDD (must not be a past date)</td>
<td>ISO 15022</td>
<td>:98A::SETT//8In</td>
<td>Single</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Quantity of Financial Instrument</td>
<td>Quantity of financial instrument settled</td>
<td>ISO 15022</td>
<td>:36B::ESTT//4!c/15d</td>
<td>Single</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Financial Instrument</td>
<td>Securities Indicator and Securities Code support ISIN, Common Code and CMU Issue Number</td>
<td>ISO 15022</td>
<td>[:35B:ISIN1e12!c] (for ISIN), or some other formats</td>
<td>Single</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Settlement Amount</td>
<td>Actual Settlement Amount</td>
<td>ISO 15022</td>
<td>:19A::ESTT//3!a15d (3a = Currency; 15d = Amount (12n,2) )</td>
<td>Single</td>
<td>Conditional</td>
</tr>
<tr>
<td>Safekeeping Account</td>
<td>Safekeeping Account</td>
<td>ISO 15022</td>
<td>:97A::SAFE//35x</td>
<td>Repetitive</td>
<td>Conditional</td>
</tr>
<tr>
<td>Place of Settlement</td>
<td>Market Indicator and Place of Settlement</td>
<td>ISO 15022</td>
<td>:95P::PSET//4!a2!a2!c[3!c] or :95C::PSET//2!a</td>
<td>Repetitive</td>
<td>Conditional</td>
</tr>
<tr>
<td>Receiving/Delivering Agent</td>
<td>Receiving Agent (REAG) or Delivering Agent (DEAG)</td>
<td>ISO 15022</td>
<td>:95R::DEAG/8c/34x or some other formats</td>
<td>Repetitive</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Client of Receiving/Delivering Agent</td>
<td>Buyer (BUYR) or Seller (SELL)</td>
<td>ISO 15022</td>
<td>:95R::BUYR/8c/34x or some other formats</td>
<td>Repetitive</td>
<td>Conditional</td>
</tr>
<tr>
<td>Country Specific Element</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.3 Fit & Gap Analysis of Interest Payment and Redemption flows
Typical Interest Payment Flow of Government Bond (tentative draft)

1. Payment request
2. Payment Instruction
3. Notification of Payment Details
4. Interest Payment (net)
5. Interest Payment
6. Interest Payment Confirmation

Central Bank as Paying Agent

Central Bank

MOF's Account

CSD participant’s Account

CSD

Bond Holders-list with tax data

Bond Issuer Side

CSD

Bond Holder Side

MOF

Bond Holder

Same Entity

Same Entity

Tax Payment

Tax Office
4. Roadmap and policy recommendations

Based on the Fit & Gap analysis, Roadmap to identify the items that need to be standardized to achieve cross-border STP relating to bond transaction flows could be discussed. Migration plan of ISO 20022 may provide basic precondition of the time frame for the Roadmap.
Roadmap

1. Roadmap to standardize technical issues such as message standard, pre-settlement matching, securities numbering, and settlement cycle in ASEAN+3 could be discussed.

2. Roadmap to mitigate the influence of taxes, cash control, and FX control in ASEAN+3 could be discussed.

3. Roadmap to discuss standard DVP flows in ASEAN+3 could be discussed.

4. Possible schedule to migrate ISO 20022 in ASEAN+3 could be shared.

5. Roadmap to discuss Cross-border STP including cross-border DVP and cross-border collateral in ASEAN+3 could be discussed.
Policy Recommendations

Based on the survey results of Phase 1 and Phase 2, recommendations to realize cross-border STP in ASEAN+3 may be proposed.

➢ Establishing an initiative to realize harmonization of technical and operational issues such as standard bond trade flows could be discussed.
5. Next steps and work plan
Next steps and work plans

Based on the survey results of Phase 1 and Phase 2 following issues will be discussed and prepared to compile ABMF SF2 Phase Report to the ABMI TF3 and then ASEAN+3 Finance Ministers.

Sep. 2012: 9th ABMF in Seoul
- Key findings of market visits to be shared
- Diagrams and flows (Part 3 of Phase 2 report) to be checked by members and experts
- Basic contents of Phase 2 report to be presented

Nov. 2012: 10th ABMF in Bangkok
- Roadmap and policy recommendations based on the survey results will be discussed.
- Future issues will be discussed.
- Country report (Part 2 of Phase 2 report) to be drafted.
Next steps and work plans

Feb. 2013: 11\textsuperscript{th} ABMF
- Draft report to ABMI TF3 will be presented
- Future issues will be decided

Apr. 2013: 12\textsuperscript{th} ABMF
- Finalizing the report for approval by Deputies and Ministers

ABMF at SIBOS 31 Oct. 2012 (Wednesday)
- 10:30- Business panel: Harmonizing the Asian bond market: What’s next? (Standard Forum)
- 14:00- Public conference Part 1: ABMF SF2
- 16:00- Public conference Part 2: ABMF SF1
6. Future issues after Phase 2

- Tentative proposal to be discussed by members and experts -
6. Future issues

① Possible standard DVP model flow(s) for government bond and corporate bond
② Possible standard Interest payment flow(s) for government bond and corporate bond
③ Standardization of items and terminology of typical messages
④ Study of possible cross-border STP models including cross-border DVP and cross-border collateral based on the survey results of phase 1 and phase 2.
Possible standard DVP model flow(s) for government bond and corporate bond settlement

- Based on the Fit&Gap analysis, possible standard DVP model flow(s) for government bond and corporate bond settlement in ASEAN+3 will be discussed not only from technical point of view but also from operational perspective including institutional framework.
Typical DVP flow (draft)

Sell Side
- Trade Data
  - 1. Trade Data
  - 3. Pre-matched result
  - 5. Settlement Instruction Data
  - 6. Affirmation/Settlement Instruction
  - 8. Settlement Matching Notice
  - 16. Bond Settlement Confirmation
- Trade Data
  - 13. Cash Settlement
- 15. Bond Settlement

Buy Side
- Trade Data
  - 1. Trade Data
  - 3. Pre-matched result
  - 5. Settlement Instruction Data
  - 6. Affirmation/Settlement Instruction
  - 8. Settlement Matching Notice
  - Bond Settlement Confirmation
- 13. Cash Settlement
  - 12. Affirmation
  - 14. Cash Settlement Confirmation

Trading/Trade Reporting
- Trade
  - Post Trade Matching

Pre-settlement Matching
- 2. Pre-settlement Matching
  - 4. Settlement Instruction Data
    - 7. Settlement Matching
      - 9. Lock seller’s Bond
        - 15. Bond Settlement
    - 5. Settlement Instruction Data
      - 6. Affirmation/Settlement Instruction
        - 8. Settlement Matching Notice
          - Bond Settlement Confirmation

CSD
- 8. Settlement Matching Notice
  - 9. Lock seller’s Bond
    - 15. Bond Settlement

RTGS
- 11. Cash Settlement Data
  - 12. Affirmation
  - 14. Cash Settlement Confirmation

14. Cash Settlement Confirmation

80
Possible Issues to be discussed (draft)

1. Pre-settlement Matching

① Whether Automated Pre-settlement Matching System is needed?

② Trade data should be entered both sides (sell side and buy side) or only sell side and buy side affirms it (central matching or local matching)?

③ What items to be pre-matched?

④ Pre-settlement matching should be completed by S-1.

⑤ Pre-settlement matching results need to be sent to sell side and buy side.

⑥ Pre-settlement Matching System may be a part of CSD system

⑦ “1. Trade Data”, “2. Pre-settlement Matching”, and “Pre-matched Results” are appropriate terminology
Possible Issues to be discussed (draft)

2. Bond settlement

① Settlement Instruction Data may better be forwarded from Pre-settlement Matching System or other systems such as Trading System from the view point of STP.

② Settlement Instruction Data are forwarded to sell side and buy side for affirmation. Only sell side needs to affirm them or both sides need to do so (central matching or local matching)?

③ Matched data need to be sent to sell side and buy side or not.

④ Which items need to be matched?

⑤ Settlement matching notices need to be sent or not.

⑥ Locking of seller’s bond need to be done or not. What is the definition of locking, earmarking, blocking, etc.?

⑦ Standardization of terminology
Possible Issues to be discussed (draft)

3. Cash settlement

① Cash Settlement Instruction Data need to be forwarded to sell side and buy side or not

② Only sell side needs to affirm them, both sides need to do so, or neither side needs to do so

③ Cash settlement confirmations need to be sent to sell side and buy side or not.

④ Standardization of terminology
Cross-border STP including cross-border DVP and cross-border collateral

- Cross-border DVP, cross-border collateral and repo will be discussed from the view point of cross-border STP based on the findings of ABMF phase 1 & 2 survey results.

- Standardization of trade flows and messages is a prerequisite to discuss Cross-border STP including RSI (Asian ICSD and CSD connection) in ASEAN+3 matter.
Cross-Border DVP(1)

Korea

Sell Side

BOK (BOK-Wire+)

KSD (SSS)

Foreign Economy

Correspondent Bank of seller

CSD

RTGS

Buy Side

1. Settlement Instruction for DVP

2. Settlement Instruction for DVP

3. Settlement Instruction for DVP

4. Settlement Instruction for DVP

5. Matching Confirmation

6. Matching Confirmation

7. Holding Bonds

8. Settlement Instruction for DVP

9. Cash Settlement

10-a. Cash Settlement Confirmation

10-b. Cash Settlement Confirmation

11. Bond Settlement

12. Bond Settlement Confirmation

13. Forwarding

13. Bond Settlement Confirmation

Gateway

Instruction or confirmation

Acknowledgement

Cash transfer from buyer’s account to correspondent bank’s account

Hold bonds in seller’s account

Transfer bonds from seller’s account to foreign CSD participants’ account

Cash transfer from buyer’s account to correspondent bank’s account
Cross-Border DVP(3)

**Korea**
- Sell Side
- BOK (BOK-Wire+)
- KSD (SSS)
- Correspondent Bank of buyer

**Foreign Economy**
- Buy Side
- CSD
- RTGS

**1. Settlement Instruction for DVP**
- 2. Forwarding
- 2. Settlement Instruction for DVP
- 3. Settlement Instruction for DVP
- 4. Settlement Matching
- 5. Matching Confirmation
- 6. Matching Confirmation
- 6. Forwarding
- 7. Holding Bonds
- 8. Settlement Instruction for DVP
- 9. Cash Settlement

**Buy Side**
- Correspondent Bank of buyer
- RTGS
- CSD

**Forwarding**
- Instruction or confirmation
- Acknowledgement
- Gateway

**Bond Settlement @ Foreign Economy**
- Cash Settlement @ Singapore

**Bond Settlement Confirmation**
- Transfer bonds from KSD participants’ account to buyer’s account

**Cash Settlement**
- Cash transfer from correspondent bank’s account to seller’s account

**Holding Bonds**
- Hold bonds in KSD participants’ account

**Bond Settlement**
- Bond Settlement Confirmation
Preaching to Buddha
Thank you so much

Taiji Inui  ADB consultant
NTT DATA Corporation
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CCP Clearing Service
for OTC Derivatives
in Korea

September 5, 2012

Dr. Sukho Jung
Contents

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II  Regulation of OTC Derivative Market

III  Provision Plan for KRX’s OTC Clearing Services
Global Regulatory Overview of current derivatives Market
Current Regulatory Issues for Derivatives Markets

Exchange Derivatives Market (Local Issue)

- Promoting derivatives market soundness
  - Abolishing Options Only Accounts
  - Increasing Options Multiplier
  - Increasing Cash Deposit Rate
  - Strengthening Investor’s Education

- Argument over introducing Tax on Derivatives

OTC Markets (Global Issue)

- G-20 Pittsburg Agreement
  - CCP Mandatory Clearing
  - Reporting to Trade Repositories, etc
Regulation of OTC Derivative Market
1. Shift in OTC Regulatory Regime (G20 Agreements)

- Current OTC Issues
- Risk Concentration by large-sized Financial Firms
- Excessive Leverage
- Possible simultaneous bankruptcy of trading parties
- Unclear transparency or contracts

Four Regulatory Directions

- Regulatory Regime’s Reform (G20 Agreement)
- Mandatory Clearing through CCP
- Report to Trade Repository
- Trade on Exchange or electronic trading platforms
- Imposing discriminatory Capital Requirements (CCP Clearing vs. Non-CCP Clearing)
2. Progress in Korea

2007~2007
○ Initiatives taken to introduce CCP service for OTC derivatives
  * To start voluntary clearing service of CCP

2009
○ G20 Summit Agreement

2010
○ Establishment of Task Force lead by FSC
○ Public hearing on introduction of OTC market infra.
○ Announcing the FSCMA* revision (July)

2011
○ FSC announced its plan to designate KRX as the CCP for OTC derivatives (27, Jul.)
○ Waiting for the approval from National Assembly

2012
○ KRX plans to start OTC Clearing Service in Dec, 2012

* FSCMA (the Financial Investment Services and Capital Markets Act)
3. Current Issues in Mandatory Clearing

1) Early revision of related law (FSCMA)

- Need urgent revision of FSCMA that is currently pending
  - Global OTC Regulatory co-operation to comply with G20 Agreement
  - Supporting the preparations of domestic & global financial institutions regarding the mandatory clearing

* US, Japan, and Europe had enacted and revised related law
  - US: Enacted Dodd-Frank Act (July, 2010)
  - Europe: Revised EMIR (March, 2012)
2) Enhancing open access to clearing for a Financial Institution

- Facilitating a financial institution’s access to clearing by easing clearing member’s qualifications and moving forward to relief systemic risk

* Many global CCPs in US and Europe have made the rules less strict (Capital Requirements/Credit Rating)

* KRX plan to ease the requirements drastically
  - Capital Requirements 300 billion Korean Won* (or 100 billion Korean Won providing that certain requirements are met)
  - Abolishing Credit Rating

* 300 billion Korean Won is equivalent to 300 Million US Dollar
3) First Mandatory Clearing Products

**US (CFTC)**: IRS, CDS

- Expected to expand mandatory clearing products
  * Proposed Rule: PART 50 (2012.8.7)

**Singapore/Hong Kong**: Tentatively IRS, NDF

* Singapore: Proposed Regulation of OTC Derivatives (MAS, Feb., 2012)
* Hong Kong: Joint consultation conclusions on the proposed regulatory regime for the over-the-counter derivatives market in Hong Kong (HKMA/SFC, June, 2012)

➤ Korea: Korean Won IRS is expected to be the first mandatory clearing product

4) Mandatory Clearing Schedules

**Grant a grace period for a smooth implementation of mandatory clearing service**

* US has granted grace periods of 90 days/180 days/270 days depend on contract parties
5) Clearing for cross-border trade: Clearing Link

- Clearing Link is the most desirable way for OTC cross-border trade.
  - For a Clearing Link, a domestic financial institution clears its trade with domestic CCP only and a foreign financial institution clears its product with foreign CCP only.

Diagram:
- Domestic CCP
- Foreign CCP
- Domestic Financial Institution
- Foreign Financial Institution
- Reciprocal margin deposit
- Give and Receive Settlement Amount
- OTC derivatives trade
- Settlement Amount
- **( Desired Effect ① )** Cost Saving/Enhancing Business Efficiency for a Financial Institution
- **( Desired Effect ② )** Increasing Mutual Benefit between CCPs as result of providing smooth clearing service
4. Reporting to Trade Repositories

- Enhancing transparency and Supporting effective monitoring for OTC trades through their reporting and supervision

- Establishing a real time/daily reporting system of OTC trades

- CFTC in US had completed TR related law and it comes into effect

- CFTC rules
  - Who shall report swap data?
  - To whom swap data shall be reported?
  - With what format swap data shall be reported?
  - When swap data shall be reported? Etc.
All standardized OTC derivative contracts are recommended to trade on exchanges or electronic trading platforms to enhance their transparency and reduce systemic risk.

- OTC contract standardization is a prerequisite for OTC trades through Exchanges.

- The Mandatory Trading of mandatory clearing products on Exchanges is prescribed by Dodd-Frank.
  - IRS and CDS that were designated to mandatory clearing products, are the first mandatory trading products on exchanges.
6. Imposing discriminatory capital requirements

- Receiving preferential treatment of capital requirements regarding trades cleared by qualifying CCPs

- Applying higher capital requirements for non-centrally cleared contracts or contracts cleared by un-qualifying CCP

  * (G20 agreement) Non-centrally cleared contracts should be subject to higher capital requirements

- BIS BCBS, ‘Capital Requirements for bank exposures to CCPs’ (July, 2012)
  
  * BCBS: Basel Committee on Banking Supervision

  - (Clear through qualifying CCPs) a risk weight of 2% must be applied

  - (Non-clearing or Clearing through un-qualifying CCPs) a risk weight of 20%~150% must be applied
Provision Plan for KRX’s OTC Clearing Services
1. The first Mandatory Clearing Product

Plain Vanilla Interest Rate Swap (KRW)

**Contract Specifications**

| Structures          | • Plain Vanilla Swap  
                      |   * fixed-for-floating interest rate swap |
|---------------------|--------------------------------------------------|
| Currency            | • Korean Won (KRW)                                |
| Index               | • 91 Days Certificate of Deposit Rate  
                      |   * Korea Financial Investment Association announcement |
| Contract Amount     | • Up to 1 trillion KRW                          |
| Others              | • Business Day Convention : “Modified Following”etc  
                      |   * Adjusted or Unadjusted by business day convention  
                      | • Day Count Fraction : “Actual/365, etc” |

**Extend service products**

- **KRW IRS (2012)**
- **NDF (2013)**
- **US $ IRS (2013-)**
2. Participants

**Clearing Members**: Banks and Securities Firms with the license for OTC derivatives trade are able to directly participate in the service by becoming the KRX OTC clearing member.

A financial institution, that is not a clearing member, is required to entrust the clearing to a clearing member.
3. Long-term Vision

Expansion of products covered by CCP service
- Won IRS → NDF → $ IRS

Mandatory trading requirements
- Considering to mandate all standardized contracts to be traded on organized trading facilities

Broadening of participant’s types
- Banks/Securities → Trust/Insurance

Establishment of clearing link with foreign CCPs
- Provision of CCP services for OTC derivatives traded between Korean and overseas financial institutions
Thank You
Bond Market & Bond Information in Korea

Kwon Su Ju
Information Services Department
Korea Securities Depository
CONTENTS

I
Overview of Bond Market in Korea

II
Bond Information System in Korea

III
Consideration for Bond Information System
Changes in GDP & currency

- Korean GDP has been in recovery from financial turbulence since 2009
- Amount of broad money has been in steady growth since 2007

**Source:** Bank of Korea
Financial assets in Korea has gradually increased since 2007.

- **Total amount** in 2011 rose to 10,894.4 trillion won, which means a 36% rise compared with that of 2007.
- In particular, the securities sector rose by nearly 25% from 2007.

Source: Bank of Korea
Bonds vs. Stocks

**Bonds**
- Outstanding of listed bonds has constantly increased from 831 trillion won in 2007 to 1,203 trillion won in 2011 in spite of instability in global financial market.

**Stocks**

(KRW: Trillion)

Source: KSD

- Financial crisis
- EU debt crisis

Stocks: Total market value
Bonds: Listed bonds
- Total amount of bond issuance is showing an upward trend.
- The issuance of **corporate bonds** and **special bonds** has ascended continuously.

*(KRW: Trillion)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Government bonds</th>
<th>Municipal Bonds</th>
<th>Special bonds</th>
<th>Financial Bonds</th>
<th>Corporate Bonds</th>
<th>Other Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>*547</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>616</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>700</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>742</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>796</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: KSD*

*Numbers above graph are total amount of bond issuance.*
Increased share of foreign investors in the Korean bond market

- This active investment in Korean bonds can be attributed to rating downgrades of advanced countries, deteriorated quality of US MBS, and supply-demand imbalance for global safe assets in the aftermath of the global financial crisis and EU debt crisis.

![Graph showing foreign holdings in bond market from 2007 to 2011](chart.png)

Source: Finance Supervisory Service
The Top 5 foreign holders of Korean bonds

- The proportion of European countries including France and Switzerland decreased.

- While the proportions of US, Luxemburg and China increased.
  - In detail, US holdings more than doubled as of July 2012 compared with the previous year (19.7% → 40.9%).

- The top 5 ranked nations varied (Addition of Middle Eastern and Asian countries).

<table>
<thead>
<tr>
<th>Rank</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>France</td>
<td>Thailand</td>
<td>Thailand</td>
<td>U.S.</td>
<td>U.S.</td>
<td>U.S.</td>
</tr>
<tr>
<td></td>
<td>36.2%</td>
<td>24.1%</td>
<td>29.6%</td>
<td>20.5%</td>
<td>19.7%</td>
<td>40.9%</td>
</tr>
<tr>
<td>2</td>
<td>U.K.</td>
<td>France</td>
<td>U.S.</td>
<td>Thailand</td>
<td>Luxemburg</td>
<td>U.K.</td>
</tr>
<tr>
<td></td>
<td>13.3%</td>
<td>22.1%</td>
<td>15.9%</td>
<td>20.0%</td>
<td>15.6%</td>
<td>9.5%</td>
</tr>
<tr>
<td>3</td>
<td>Ireland</td>
<td>U.S.</td>
<td>Luxemburg</td>
<td>Luxemburg</td>
<td>China</td>
<td>Luxemburg</td>
</tr>
<tr>
<td></td>
<td>9.1%</td>
<td>9.5%</td>
<td>8.5%</td>
<td>15.7%</td>
<td>12.3%</td>
<td>6.7%</td>
</tr>
<tr>
<td>4</td>
<td>U.S.</td>
<td>Ireland</td>
<td>Hong Kong</td>
<td>China</td>
<td>Thailand</td>
<td>Singapore</td>
</tr>
<tr>
<td></td>
<td>8.1%</td>
<td>8.0%</td>
<td>6.1%</td>
<td>8.9%</td>
<td>11.8%</td>
<td>4.8%</td>
</tr>
<tr>
<td>5</td>
<td>Germany</td>
<td>U.K.</td>
<td>France</td>
<td>U.K.</td>
<td>Malaysia</td>
<td>Saudi Arabia</td>
</tr>
<tr>
<td></td>
<td>4.7%</td>
<td>6.4%</td>
<td>6.0%</td>
<td>6.1%</td>
<td>9.6%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

Source: Finance Supervisory Service
Increase in bond issuance
- Increasingly turning to demand on bonds
  - Due to financial turmoil in 2008 and EU debt crisis in 2011, investment in risk assets has shrunk

Continuous rise in corporate bond issuance
- Deteriorated stock market affected methods of financing in corporates

Changes in foreign holdings of Korean bonds
- Notwithstanding Korean geopolitical risk, Korean bonds are attractive to investors abroad in a global shortage of safe assets
- Top 5 foreign holders changed from mainly European countries and the US to nations from various regions
This flowchart mainly describes primary market.

Flow of bond information in Korea

Data source

Issuer (Issuing agent/Underwriter)

- Registration statement
  - FSS
    - ISIN registration
    - Description of issuance
      - KOFIA
        - Info. on CA
      - KRX
        - Collecting ISIN
        - Info. on CA
        - Info. on issuance

Data distributor

KRX

- Info. on listed bonds
- Information provider
  - Info. on trading
  - Bond valuation/credit rating agency
    - Info. on issuance/CA
    - Info. on OTC market trading
    - Info. for investment

Data user

Investor

- Proving Info.
- Info. on rating

Financial institution

- Info. for investment

Data source Data distributor Data user
There are mainly four institutions which manage bond information in the Korean bond market:

<table>
<thead>
<tr>
<th></th>
<th>Primary market</th>
<th>Secondary market</th>
<th>Bond information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KSD</strong></td>
<td>▪ Registration&lt;br▪ Deposit</td>
<td>▪ Settlement&lt;br▪ SLB&lt;br▪ Repo</td>
<td>▪ Description of issuance&lt;br▪ Info. on CA&lt;br▪ Info. on settlement&lt;br▪ Info. on credit rating for SLB and repo</td>
</tr>
<tr>
<td><strong>KRX</strong></td>
<td>▪ ISIN registration</td>
<td>▪ Trading of listed bond in exchange market</td>
<td>▪ ISIN code&lt;br▪ Info. on trading listed bond</td>
</tr>
<tr>
<td><strong>KOFIA</strong></td>
<td>▪ Info. on corporate bond book-building&lt;br▪ Business rec. of managing underwriters of bonds</td>
<td>▪ Trading in OTC market</td>
<td>▪ Info. on bond yield&lt;br▪ Info. on OTC market</td>
</tr>
<tr>
<td><strong>FSS</strong></td>
<td>▪ Disclosure plans for bond issuance</td>
<td></td>
<td>▪ Registration statement</td>
</tr>
</tbody>
</table>
## Role of KSD in Korean bond market

<table>
<thead>
<tr>
<th>Generating ISIN Code</th>
<th>Registration/Issuance</th>
<th>CA</th>
<th>Redemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRX</td>
<td>KSD</td>
<td>KSD</td>
<td>KSD</td>
</tr>
<tr>
<td>National numbering agency</td>
<td>Info. on issuance</td>
<td>Info. on CA</td>
<td>Info. on payment</td>
</tr>
</tbody>
</table>

### Diagram:

- Issuer
- ISIN System
- E-mail
- Fax
- CCF
- SAFE +
- <FSS>DART
KSD bond information system

**Collection**
- Source of Info. (Registrar)
  - Issuer
  - Issuing agent
- Reference Info.
  - DART(FSS)
  - ISIN(KRX)

**Management**
- Entering Information (digitalization)
- Verifying Information (documents)

**Dissemination**
- SAFE+
  - KSD
  - Outside
- KSD website
- Providing DB
- Participants
  - Policy/Research Institutions, Investors
  - Financial Institutions/Information Providers
- Deposit Settlement CA Fund SLB/Repo Collateral-management Transfer Agency

**Participants**
- Policy/Research Institutions, Investors
- Financial Institutions/Information Providers
Collection & Management

- Collecting information on bonds
  - Issuers should notify description of issuance, CA, and etc to KSD in compliance with Financial Investment Services and Capital Market Act
  - Manually operated processes (ex: fax, e-mail etc) altered to entering information by issuers via automated system

- Continuous rise in managed items
  (Unit: 1,000 /irregular securities-cases, others-items)

<table>
<thead>
<tr>
<th>Type</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>4.1</td>
<td>4.2</td>
<td>4.5</td>
<td>4.9</td>
<td>5.1</td>
</tr>
<tr>
<td>Bonds</td>
<td>12.1</td>
<td>14.6</td>
<td>14.6</td>
<td>15.5</td>
<td>15.8</td>
</tr>
<tr>
<td>CD/CP</td>
<td>12.5</td>
<td>17.5</td>
<td>16.7</td>
<td>17.9</td>
<td>21.5</td>
</tr>
<tr>
<td>Collective investment securities</td>
<td>11.8</td>
<td>11.5</td>
<td>15.1</td>
<td>18.0</td>
<td>21.9</td>
</tr>
<tr>
<td>Derivative securities</td>
<td>8.8</td>
<td>10.9</td>
<td>18.4</td>
<td>24.1</td>
<td>25.2</td>
</tr>
<tr>
<td>Irregular securities</td>
<td>300  (0.172)</td>
<td>300  (0.177)</td>
<td>330  (0.111)</td>
<td>360  (0.121)</td>
<td>370  (0.383)</td>
</tr>
</tbody>
</table>

- Equity and irregular securities based on aggregation, the others based on non-redemption
- Figures in parentheses indicate cases of bonds

Ratio by bonds type

- Corporate bonds: 10.2%
- Financial bonds: 24.8%
- Municipal bonds: 13.5%
- Special bonds: 13.5%
- Government bonds: 50.8%

Source: KSD
## Dissemination

### Systems now in use

<table>
<thead>
<tr>
<th>Users</th>
<th>Frequency</th>
<th>Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAFE + Internal staff, KSD participants</td>
<td><em>Real-time</em> information</td>
<td>Used by 5,400 people in 1,400 institutions</td>
</tr>
<tr>
<td>KSD website All kinds of investors</td>
<td><em>Hourly</em> publicized information</td>
<td>Information for <em>free</em></td>
</tr>
<tr>
<td><em>Providing DB</em> Financial institutions, information providers</td>
<td><em>Twice a day</em></td>
<td><em>Paid</em> service</td>
</tr>
</tbody>
</table>

**Providing DB (securities information business)**
- Current: About 120 contracts from 70 companies
- Classes of service: Information on stocks/stocks in English/bonds/derivatives/securities/CP

### System now in development

- KSD is working on a **new website service for bond information called “Information Portal”** which is scheduled to start in March 2013
<table>
<thead>
<tr>
<th>Description</th>
<th>Number of items</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic information</strong></td>
<td>7 items</td>
</tr>
<tr>
<td><strong>Specific information on issuance</strong></td>
<td>38 items</td>
</tr>
<tr>
<td>Information on principal and interest payments</td>
<td>23 items</td>
</tr>
<tr>
<td>Information on Equity linked bonds</td>
<td>23 items</td>
</tr>
<tr>
<td>Information on Bonds with options</td>
<td>19 items</td>
</tr>
<tr>
<td><strong>SUM:</strong> 110 items</td>
<td></td>
</tr>
</tbody>
</table>
CONTENTS

I Overview of Bond Market in Korea
II Bond Information System in Korea
III Consideration for Bond Information System
KSD focuses on the following:

- **Accuracy**
  - Investors make the best investment based on bond information from KSD

- **Timeliness**
  - KSD provides brand-new information in a timely manner

- **Accessibility**
  - Bond information of KSD is widely used by all kinds of investors through various channels
Proposition for efficient bond information in Asian bond market

**Promoting accuracy**

- Standardization based on “ISO 20022”
- More automated collecting information system
- Strengthening issuers’ responsibility for notification

**Heightening system on publicizing information**

- Strengthening responsibility for dissemination
- Various channels
- Planning for system in universally accessible language in Asian region

**Active international exchange on bond information**

- Accelerating exchange among CSDs
- Processing bond information in English
- Organizing a conference for constructing a single platform
Thank You
Update of Legal Entity Identifier (LEI)

Taketoshi Mori
Transaction Service Division
Bank of Tokyo-Mitsubishi UFJ

5th September 2012

9th ASEAN+3 Bond Market Forum Meeting
Agenda

1. Basic Concept and Overview of LEI from FSB
2. Global LEI System High Level Principles
4. Private Sector Preparatory Group and Implementation Group
5. CICI Code in US and Tentative Code in Japan
Basic Concept and Overview of LEI from FSB

➢ FSB LEI report was published on 8th June

➢ G20 Leaders Declaration, 18-19 June 2012 endorsed FSB recommendations

  – We (20 Leaders) endorse the FSB recommendations regarding the framework for development of a global legal entity identifier (LEI) system for parties to financial transactions, with a global governance framework representing the public interest.

  – The LEI system will be launched by March 2013 and we ask the FSB to report on implementation progress by November 2012 Finance Ministers and Central Bank Governors’ meeting.

  – We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks.
Agenda

1. Basic Concept and Overview of LEI from FSB

2. Global LEI System High Level Principles


4. Private Sector Preparatory Group and Implementation Group

5. CICI Code in US and Tentative Code in Japan
Global LEI system High Level Principles

1. The Global LEI system should uniquely identify participants to financial transactions.

2. The LEI system should meet the requirements of the global regulatory community for accurate, consistent and unique entity identification.

3. The LEI system should be designed in a manner that provides benefits to financial market participants.

4. Flexibility must be built into the global LEI system to provide the capability for the system to expand, evolve, and adapt to accommodate innovations in financial markets.

5. The LEI system should not be “locked-in” with a particular service provider for any key system functions or processes. The principles of competition should be ensured on both global and local levels where appropriate.
Global LEI system High Level Principles

6. The global LEI system should support a high degree of federation and local implementation under agreed and implemented common standards.

7. The LEI system should meet evolving requirements of both the regulatory community and industry participants in terms of information content, scope of coverage, timeliness and availability.

8. The LEI Regulatory Oversight Committee should have the responsibility of upholding the governance principles and oversight of the global LEI system functioning to serve the public interest. The Committee has the ultimate power and authority over the global LEI system.

9. The mission, role and responsibilities of ROC shall be specified by the global LEI Regulatory Oversight Committee Charter, which shall establish the Committee.

10. Participation in the global LEI Regulatory Oversight Committee shall be open to all authorities subscribing to the High Level Principles and to the objectives and commitments in the Charter.
Global LEI system High Level Principles

11. The LEI Central Operating Unit should have the mission and role to ensure the application of uniform global operational standards and protocols set by the ROC and act as the operational arm of the global LEI system. It should be established as a foundation or legal equivalent.

12. The LEI Central Operating unit should have a balanced representation of industry participants from different geographic areas and sectors of economy. Its Board of Directors should be selected from industry representatives, plus independent participants.

13. The LEI system should allow the local provision by Local Operating Units of all LEI functions which the ROC determines are not required to be centralized.

14. The LEI system should promote the provision of accurate LEI reference data at the local level from LEI registrants and ensure global uniqueness of the registrants.

15. Any global universal intellectual property rights should belong to the global LEI system.
Agenda

1. Basic Concept and Overview of LEI from FSB

2. Global LEI System High Level Principles

3. **Global LEI Framework/ Structure**

4. Private Sector Preparatory Group and Implementation Group

5. CICI Code in US and Tentative Code in Japan
Global LEI framework /Structure

- Objectives of the Charter
  - To provide high level agreement on the governance framework for the global LEI system
  - To establish the Regulatory Oversight committee (ROC) as the regulatory governance body for the global LEI system
  - To specify the mandate and objectives of ROC.
  - To provide the ROC with authority and power to take any action necessary to protect the public interest in respect of the global LEI system.
  - Draft Charter prepared by Implementation Group of regulators members and endorsed by FSB/G20 by Oct/Nov 2012
Global LEI framework /Structure 2

**Creation**
1. Developed by the FSB and presented in the report.
2. To be developed by the FSB LEI Implementation Group (IG).
3. ROC is established per Charter approval by G-20 and/or FSB. ROC Chairman selection criteria are established by the Charter.
4. ROC Plenary is composed of all authorities committing to the global LEI initiative as defined in the Charter.
5. ROC Executive Committee selection criteria are established by the Charter.
6. COU is recognized by the ROC.
7. COU is formed as a foundation or equivalent legal form under by-laws as developed by IG. ROC will recognize the foundation as the global LEI system COU.
8. BOD of the foundation is formed from foundation members plus independent directors.
9. Local element is contracted by the COU, which recognized it as a LOU. A LOU can be single or multiple per jurisdiction, public or private, country specific or regional.

**Governance Component**
1. GLOBAL LEI SYSTEM HIGH LEVEL PRINCIPLES
2. GLOBAL REGULATORY OVERSIGHT COMMITTEE CHARTER
3. REGULATORY OVERSIGHT COMMITTEE (ROC)
4. ROC PLENARY
5. ROC EXECUTIVE COMMITTEE

**Function**
1. Sets-up global LEI system framework
2. Establishes ROC
3. ROC is the ultimate global authority of the global LEI system.
4. ROC Plenary is the decision making body of the global LEI system.
5. ROC Executive Committee steers the work of the ROC.
6. COU is the operational arm of the global LEI system.
7. Foundation or equivalent is a legal entity.
8. BOD directs the COU.
9. LOU is a local implementer of the global LEI system.
Recommendation 22

REGULATORY OVERSIGHT COMMITTEE A Regulatory Oversight Committee, as specified in the Charter, should have the responsibility of upholding the governance principles and oversight of the global LEI system functioning to serve the public interest. The Regulatory Oversight Committee should be a body representing regulators and other government or supranational entities engaged in regulating or monitoring the financial system or markets. Membership and decision making processes would be established by the Charter. Wherever possible, decisions would be reached by consensus.

Recommendation 23

POWER AND AUTHORITY OF THE REGULATORY OVERSIGHT COMMITTEE
The Regulatory Oversight Committee has the ultimate power and authority over the global LEI system. Any power delegated to the Central Operating Unit, Local Operating Units and other entities can be reversed by the Regulatory Oversight Committee. The Regulatory Oversight Committee should establish a formal oversight plan to ensure that its directives to the Central Operating Unit or other parts of the system are enforced and that the governance principles are upheld.

Recommendation 24

PARTICIPATION IN THE REGULATORY OVERSIGHT COMMITTEE To participate in the LEI Regulatory Oversight Committee, an authority should indicate support for the global LEI High Level Principles and Charter for the Regulatory Oversight Committee. Authorities may elect to be a full member of the Regulatory Oversight Committee or an observer. The rights and responsibilities of members and observer status participants should be defined in the Charter.

Recommendation 25

LEVERAGING INFRASTRUCTURE OF AN INTERNATIONAL FINANCIAL ORGANISATION In developing proposals to establish the Regulatory Oversight Committee following agreement on the Charter, the Implementation Group should if possible and, subject to agreement, leverage on the existing infrastructure of an international financial organisation to initiate and stand-up the global LEI governance structure in a timely manner, utilising the experience of the international organisation in executing international initiatives.
Central Operating Unit (COU) 1

Recommendation 14

CENTRAL OPERATING UNIT The mission and role of the Central Operating Unit should be to ensure the application of uniform global operational standards and protocols that deliver global uniqueness of the LEI, seamless access to the global LEI and to high quality reference data for users with depth of access controlled by appropriate access rights, as well as protocols and methods for how local systems can connect to the Central Operating Unit.

Recommendation 15

FORMATION OF THE CENTRAL OPERATING UNIT The LEI Implementation Group should develop a detailed plan for the formation of the Central Operating Unit via the establishment of a not-for-profit LEI foundation by interested industry participants under the oversight of the formed LEI Regulatory Oversight Oversight Committee. The foundation would rely on industry participants, their expertise and knowledge to identify and develop the most technologically, financially and legally sound methods to implement the global LEI system in line with the standards and framework defined by the Regulatory Oversight Committee. Representatives from all geographic areas and industry sectors would be invited to participate in the preparatory work underpinning the formation of the LEI foundation as the Central Operating Unit in a manner defined by the Implementation Group.

Recommendation 16

BALANCED REPRESENTATION IN THE CENTRAL OPERATING UNIT The Regulatory Oversight Committee and LEI Implementation Group should ensure that the global LEI foundation takes account of the interests of financial and non-financial industry participants from different geographic areas and economic sectors.
Recommendation 27

BOARD OF DIRECTORS OF THE CENTRAL OPERATING UNIT The Central Operating Unit shall have a Board of Directors. The Regulatory Oversight Committee has the right to veto membership of the BOD, as well as to remove members. The ROC has the right to appoint independent members.¹⁸

Recommendation 28

FORMATION OF THE INITIAL BOARD OF DIRECTORS OF THE CENTRAL OPERATING UNIT The Central Operating Unit’s initial Board of Directors should be appointed by the Regulatory Oversight Committee, taking into account the need for geographic and sectoral diversity. The Implementation Group should develop the fitness criteria, size, role etc for the BOD that should be reviewed in two years by the Regulatory Oversight Committee.

Recommendation 29

POWERS AND FUNCTIONS OF THE BOD OF THE CENTRAL OPERATING UNIT The Board of Directors of the Central Operating Unit should be granted powers to direct the management and operations of the Central Operating Unit in line with the overall standards set by the Regulatory Oversight Committee.
Local Operating Units (LOU)

Recommendation 17

LOCAL OPERATING UNITS The LEI system should allow the local provision of all LEI functions which the Regulatory Oversight Committee determines do not need to be centralised. The LEI system should enable the use of local languages, organisation types and relationship structures as required. Procedures to integrate local systems into the global LEI system should be developed by the LEI Implementation Group in consultation with local jurisdictions and potential Local Operating Units (when available) in a way and manner that meets the global LEI system High Level Principles. The Central Operating Unit of the LEI system should be able to provide support to Local Operating Unit operations when necessary according to criteria and requirements established by the Regulatory Oversight Committee and administered by the Central Operating Unit.

Recommendation 19

LEI ISSUANCE WHEN NO LOCAL REGISTRAR AVAILABLE Whenever possible the LEI registration should take place with the relevant Local Operating Unit. When a Local Operating Unit is not available, the Regulatory Oversight Committee and a local jurisdiction (when willing to engage) should agree on approaches for local entities to obtain LEIs. The Implementation Group should develop proposals for such mechanisms via: (1) establishing a mechanism of obtaining LEIs through other Local Operating Units; (2) establishing a mechanism of obtaining LEIs from a registration facility in the Central Operating Unit; and (3) any other mechanisms that are appropriate.
Agenda

1. Basic Concept and Overview of LEI from FSB

2. Global LEI System High Level Principles


4. Private Sector Preparatory Group and Implementation Group

5. CICI Code in US and Tentative Code in Japan
Private Sector Preparatory Group (PSPG) + Implementation Group (IG)

➢ Private Sector Preparatory Group (PSPG) was established from regulators and industries. Regulators’ Group is Implementation Group (IG).
➢ From Industries Academics, Financial Institutions, Infrastructures, IT companies to ensure geographical and sectoral diversity.
➢ Representatives from well over 100 institutions from some 25 countries
  ◆ Workstream
    ① Governance and Legal workstream
    ② Operations workstream
    ③ Ownership and relationship data workstream

➢ set up non-for-profit LEI foundation (schedule)
  • October       PSPG meeting
  • November      LEI ROC Charter
  • Next March     Global LEI launches
  • Public comments and recommendations are requested to FSB by 10 Sep 2012/ seeking view about jurisdiction for establishment of Global LEI foundation and COU of Global LEI system
Agenda

1. Basic Concept and Overview of LEI from FSB
2. Global LEI System High Level Principles
4. Private Sector Preparatory Group and Implementation Group
5. CICI Code in US and Tentative Code in Japan
1. The CFTC Interim Compliant Identifier (CICI)

- CICI has been designated by the CFTC as the provider of those identifies to require SWAP counterparties.
- CICI utility has been built with the capabilities necessary to support a global CICI solution and prepared to issue identifiers for other regulators as rulemaking is finalized.
- The Utility issues identifiers conforming to the recently finalized ISO 17442 Standard.
- DTCC and SWIFT have developed the CFTC interim Compliant Identifier Portal to support the global assignment of CICI.

2. tentative code in Japan for OTC Derivative

- CCP clearing for OTC Derivative in IRS is started in October 2012.
- Trade data reporting is schedule in March 2013.
- As for the counterparty identifiers ⇒ BIC code is used tentatively.
FSB's roles are as follows: 1) evaluating a vulnerability to affect international financial systems and examining to adopt necessary measures against it; 2) promoting cooperation and information sharing between authorities responsible for financial stability; and 3) providing advice and supervision on best practices in compliances of regulatory standards. Given the declaration in the London Summit 2009, the former Financial Stability Forum (FSF) is reconstituted as an organization that possesses a firmer organizational base and more enhanced ability.
Questions & Answers

Thank you!
Taketoshi Mori

(Head of Securities Market Infrastructure)
Transaction Services Division
The Bank of Tokyo-Mitsubishi UFJ . Ltd.

+ FSB LEI Industry Advisory Panel
+ Asian Regional Director & Steering Committee Member of Securities Market Practice Group
+ ISO 20022 SEG Member
+ ISSA Corporate Actions WG Member

E-mail: taketoshi_mori@mufg.jp
Phone: 81-3-3245-9443
Fax: 81-3-3245-9385
Notification on Risks and Fees for Our Custody Services

Adverse changes to the operational and/or financial condition of a financial service provider of securities services could directly result in a potential loss to clients.

Custody fees are typically calculated by applying a certain fee rate to the asset balance under custody and a certain amount to the number of transactions. Other fees apply, in addition, to particular types of transactions. Please contact us for further details.

BTMU Profile (This notification complies with the Japanese “Financial Instruments and Exchange Law” as of September 30th, 2007): Type II Financial Instruments Firms Association

<table>
<thead>
<tr>
<th>Corporate Name:</th>
<th>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration Number:</td>
<td>Director General of the Kanto Local Finance Bureau Registration Number 5</td>
</tr>
<tr>
<td>Head Office:</td>
<td>7-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-0005 Japan</td>
</tr>
<tr>
<td>Main business areas:</td>
<td>Banking business, Registered financial institution business</td>
</tr>
<tr>
<td>Member of</td>
<td>Japan Securities dealers Association, The Financial Futures Association of Japan</td>
</tr>
<tr>
<td>Designated institution for ADR</td>
<td>Japanese Bankers Association: +81-(0)570-017109 +81-(0)3-5252-3772</td>
</tr>
<tr>
<td></td>
<td>Financial Instruments Mediation Assistance Center: +81-(0)120-64-5005</td>
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LEI Initiative and Implementation of the CFTC Compliant Interim Identifier (CICI): A Presentation to the ABMF
Rebecca F Terner, Executive Director – Policy and Regulatory Affairs
Seoul, Korea – September 5, 2012
Presentation Outline

• Background
• Solution Overview
• Next Steps
• Q & A
Evolution of the LEI Initiative

**Regulatory need for systemic risk analysis**
- Global Trade Association - GFMA LEI Steering Committee
  - International and regional trade associations
  - Objective: To develop a global, consensus-based solution for the accurate and unambiguous identification of legal entities engaged in financial transactions

**The Financial Stability Board (FSB)**
- Initial recommendations delivered to G20 in June 2012
- FSB Implementation Group to develop LEI governance and central operating framework by March 2013
- FSB Private Sector Participatory Group (made up of divergent industry representatives and academics) commenced work on July 25 in coordination with the FSB Implementation Group
- 3 workstreams:
  - Governance and Funding
  - Operations
  - Hierarchy/Ownership
LEI Trade Association Initiative – Jul 11, 2011 Recommendation

Chronology:

1. Transparent process with regular input from global firms and regulators endorsed
2. Process and requirements document published on May 3, 2011 and affirmed by a range of international trade associations
3. “Solicitation of Interest” process commenced on May 13, 2011
4. DTCC/SWIFT/ISO/ANNA recommendation announced on July 11, 2011
5. DTCC-SWIFT summited to the CFTC as the endorsed LEI (CICI) solution provider on May 29, 2012
CFTC CICI Implementation

CFTC Swap Record Keeping and Reporting Rule (Part 45)
- Requires reporting firms to report transactions to registered swap data repositories
- Requires reporting firms to identify themselves and counterparties with CICIs
- Establishes effective date for CDS and IRS of October 12, 2012
- Establishes effective date for FX, Commodity and Equity Derivatives of January 11, 2012
- Provides transactions between two non-swap dealers or two non-major swap market participants with 3 additional months, which will be April 10, 2013

CICI Utility Designation announced by CFTC on July 24, 2012
- Transparent process
- Firms invited to make proposals
- Clear set of requirements for demonstrating compliance established
- DTCC/SWIFT proposal/solution met all requirements and was designated by CFTC as the CICI Utility
- Launch Date for CICI Utility: August 21, 2012
- CICI Utility web address: www.ciciutility.org

Global LEI Solution Implementation Target: March 2013
- CICI Utility expected to become the complete global LEI solution by the FSB
- Implementation target of March 2013
Financial Services Industry Solution Summary

**Objective:** Enable consistent and accurate identification of all legal entities that are parties to financial transactions

The International Organization for Standardization (ISO)
- ISO Standard (17442) approved in May 2012, creating a non-intelligent number that is unique, persistent and freely available
- Endorsed in FSB report in June 2012

Core Issuing and Facilities Manager to perform data collection and maintenance, LEI assignment, customer service, etc.
- The Depository Trust & Clearing Corporation (DTCC)
- Society for Worldwide Interbank Financial Telecommunications (SWIFT)
- Federated Registration – Association of National Numbering Agencies (ANNA)\(^1\)

1. LEI infrastructure could be connected to existing business registries, as suggested in the FSB recommendations
Financial Services Industry LEI Utility Benefits Overview

Global
• Immediate reporting across all jurisdictions and asset classes
• Easy federation of registration, data maintenance, validation
• Extensive global industry contribution to shape the solution

Public Good
• Cost recovery model
• Free and unrestricted access for all, including all vendors
• No fees for downloading from database

Control
• Built to deliver ISO 17442 standard
• High-quality data is a key focus
• Utility strength infrastructure (immediately operational and secure)

Expertise
• Ten years of entity reference data validation expertise through Avox
• Database already houses 24,000 ISO-compliant CICIs
Financial Services Industry CICI Utility Structure

**Global CICI data providers and consumers**
Financial services firms & their customers, public sector, data vendors etc. **1**

**Customer facing Registration services**
Provides interface for clients to submit data and request CICI. Information is passed to central facility for validation of data and code assignment.

**ISO 17442**
Data Standard
Provides a data standard that can be used internationally and is persistent, neutral, singular, unique, extendable, structurally fixed, reliable and interoperable.

**Other providers**
E.g. NNA's, National registries. Provide federation of solution to local markets **2**

**CICI Utility portal**
A central interface where no local presence exists

**CICI Utility**
Facilities manager
Provides control around changes to data, global data validation capabilities, maintains global CICI database and corporate action processing. Manages requirements to advance the solution.

**CICI code assignment**
Uniqueness checks, random code generation and real time registration of CICI codes.

**DTCC**

**Notes:**
**1** These groups will have access to:
- Full database search
- Self registration & 3rd party registration for a CICI
- Primary party certification
- Open challenge and duplicate challenge
- Daily Full and Delta file download (xml)

**2** The degree of Federation will vary by provider. Supported services may include:
- Providing an interface to utility portal
- Fee collection
- Tracking local market corporate actions
- Data capture and validation
- CICI code assignment
- Provision of language and local corporate law expertise
# CICI Utility Functionality

<table>
<thead>
<tr>
<th>Requirement</th>
<th>CICI Utility - Phase 1</th>
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</table>
| Registration  | • Self-registration and self-certification  
• Third-party registration  
• Prompt CICI assignment |
| Validation    | • Platform links to over 230 jurisdictional business registries and other validation sources  
• Free, public challenges to any CICI record from registered users  
• Process to seek annual re-validation |
| Free Access   | • On-line search of CICI database  
• Download of CICI database file (full or delta) for registered users |
| Language      | • Supports native language for Name and Address fields and local forms of organizations |
| Transparency  | • Provision of Record State and Certification State fields enables users to understand provenance of a record |
| Funding       | • Nominal fees for registrations and certifications via credit card |
The SDR encourages all reporting firms to submit transactions identifying themselves and their counterparties with CICIs.

The SDR will submit these CICIs on all output to the CFTC in compliance with the CICI requirement - Part 45.

If a submitting firm submits a counterparty identifier that is mapped by DTCC to the CICI for that counterparty, the SDR will include the CICI on all output to the CFTC related to that counterparty.

If a reporting firm submits a counterparty identifier that is NOT mapped by DTCC to the CICI for the counterparty, the SDR will include that submitted identifier on output to the CFTC.

SDR members can access the SDR mapping table, which lists all clients with CICIs that are mapped to other identifiers on the SDR Portal. Identifiers that may be mapped include: DTCC Participant ID, AVID, SWIFT BIC and EIC.
FSB Recommendations - Overview

• Endorsement of ISO 17442 Standard
• Federated Model
  • Central Operating Unit to coordinate and maintain standards globally
  • Local Operating Units to coordinate and maintain standards locally
  • Rapid timeline for launch of utility
  • Governance in place by October 2012
  • Central Operating Unit in place no later than March 2013
• 15 high-level principles to guide the 35 recommendations regarding implementation established
• Next phase driven by Implementation Group of international regulators
  • Dialogue with private sector through Private Sector Preparatory Group (PSPG) currently underway
**FSB Recommendations – High-Level Issues**

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
<th><strong>Issues</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 FSB principles for global LEI are broadly in line with industry recommendations</td>
<td>1 How to implement the high-level principles remains a question</td>
</tr>
<tr>
<td>2 Need for a strong central control/governance process to ensure the integrity of the data in the LEI database acknowledged</td>
<td>2 Balance emphasis on federation with the desire to ensure data quality and cost efficiency</td>
</tr>
<tr>
<td>3 Aggressive schedule calling for an LEI system to be launched by the end of this year and independently functional by March 2013</td>
<td>3 Federated network needs the right standards for validation and quality set by Central Operating Unit</td>
</tr>
<tr>
<td>4 Stated intention to engage industry experts in the design and implementation of the system</td>
<td>4 Implementation Group of regulators will need to conduct a dialogue with stakeholders for timely and effective implementation – financial industry is only one of the many involved in PSPG</td>
</tr>
</tbody>
</table>
Next Steps
Next Steps

• Work within the ongoing FSB process to promote industry recommendations
• Promote the use of the industry utility and/or services in the global LEI framework
• Help define and establish the global LEI governance structure
• Continue to advocate for adoption of the utility with regulators internationally
• Establish global federation in partnership with ANNA and others
• Continue to educate and share information about the solution with stakeholders and influencers
• Develop and implement utility governance and privacy standards
Q & A

View the CICI Utility: www.ciciutility.org

For further information, please contact:

**Americas:** Tom Price (tprice@sifma.org)
David Strongin (dstrongin@sifma.org)

**Europe:** Stephen Burton (sburton@afme.eu)

**Asia:** Rebecca Terner (rterner@asifma.org)

Additional resources available at:
http://www.gfma.org/lei
WORK PLAN AND OTHER ISSUES

ADB Secretariat Team
Seung Jae LEE, Advisor (OREI), ADB

9th ABMF Meeting
Seoul, Korea, 4-5 Sep 2012

* Contents of the presentation could be changed subject to the members’ discussion during the meeting
Outline

1. Market Visits for BCLM
2. ABMF public conference in SIBOS
3. Work plan after Seoul meeting
Market Visits for BCLM
Progress to date

- For the economies not fully covered in Market Guide, differentiated market visits and knowledge support have been considered

- Preliminary consultation with respective member economies to identify needs for knowledge support
  - BN: Islamic government bond market development
  - KH: General interest for market visit
  - LA: legal framework related to the government bond, corporate bond and cross-border bond issuance
  - MM: General interest for knowledge support. CSD establishment
Progress to date

- Originally planned the visits after Seoul ABMF meeting but delayed to further identify how to efficiently provide knowledge support

- Currently, consulting with ABMI TF3 chairs to seek possible support from ABMI for the visits to the economies
  - To provide tailor made knowledge support for those economies with less developed bond markets in a broader perspective of ABMI (in close cooperation with other activities under ABMI)
  - Need some more time to get answer
Future plan

- Phased approach for market visits & knowledge support
  - Phase 1: Kick off seminar to address fundamental issues and challenges in developing bond market
    - For BN, KH, LA, MM, VN and other economies at early stage of bond market development
    - Comprehensively cover the issues and challenges
    - Focusing on government bond market development
  - Phase 2: market visits on demand basis
    - Collect market information both on SF1 and SF2 whenever applicable
    - Provide tailor made knowledge support considering specific demands from each economy
Phased approach for market visits & knowledge support

- Phase 3: Follow up support for market development
  ✓ Based on key findings from phase 1 and phase 2, explore additional support (ex: ADB program loan)

Time plan

- (Phase 1) Kick off seminar : Nov 2012
- (Phase 2) Market visits : Q1 2013
- (Phase 3) Follow up support : Q2 2013 ~
Future plan

< Possible topics for Kick-off seminar (tentative) >

- Challenges and preconditions for government bond market development
- Public debt management framework and government cash management
- Primary market: Issuance methods and Primary dealer system
- Repo market development
- Clearing and settlement system
- Trading market structure and platform
- Contractual savings institutions and institutional investors
- Case study: ex Thailand and Indonesia
ABMF public conference in SIBOS
Current progress

- **Purpose**: to disseminate key findings of phase 1 activities and planned output of Phase 2 activities to general public

- **Target audience**: Key market players beyond ABMF network, journalists, and mass media

- **To maximize dissemination effect**, consultation with SWIFT has been done to hold the conference on the side line of 2012 SIBOS in Osaka

* Thanks for kind support from SWIFT members
Current progress

- It will be on 31 Oct with other ABMF related activities
  - ABMF session in Standard Forum : 31 Oct 10:30 ~ 11:30
  - ABMF public conference (Part 1) : 31 Oct 14:00 ~ 15:00
  - ABMF public conference (Part 2) : 31 Oct 16:00 ~ 17:30
  * Conference on securities growth in Asia : 1 Nov 14:00~15:00
Future plan

- Structuring the conference
  - (Option 1) Part 1 for SF2, and Part 2 for SF1
  - (Option 2) Duplication for two times

- Invitation of audience
  - Key market players, journalists, and mass media
  - Need support from the members, especially IEs

- Participation of ABMF members
  - SF1 and SF2 chairs and co-chairs
  - Other members participating SIBOS
Work Plan after Seoul Meeting
Phase 2 – Progress to date

- 7th Hong Kong meeting (7~8 Feb 2012)
  - Kick-off of Phase 2 activities

- 1st reporting of phase 2 to ABMI TF3 (2 Mar 2012)

- 8th Manila meeting (17~18 Apr 2012)
  - Clarified remaining issues of phase 2 activities
  - Discussed questionnaire of SF1 and SF2
  - Information sharing on several issues including ACCRA study
    - 1st SRO meeting on 19 Apr 2012

- 2nd reporting of phase 2 to ABMI TF3 (13 Jun 2012)
Phase 2 – Progress to date

Market visits (June ~ August)
- Done: MY, VN, TH, SG, KR, JP, CN, ID, HK, and PH
- Remaining: BN, KH, LA, and MM

9th Seoul meeting (4~5 Sep 2012)
- Discussed key findings of market visits for both SF1 and SF2
- Needs of further clarifying the findings of market visits
- Regulatory bodies are invited

* 2nd SRO meeting on 3 Sep 2012
Schedule for 2012

- 3rd reporting to ABMI TF3 meeting (18 Oct 2012, TBD)

- ABMF public conference during SIBOS (31 Oct 2012)
  - Disseminate key activities of Phase 1 and Phase 2
  - Part 1 – 14:00 ~ 15:00, Part 2 – 16:00 ~ 17:30
  - ABMF members, key market players, journalists, ...

- 10th Bangkok meeting (21~22 Nov 2012)
  - Further develop cross border comparison tables
  - (SF1) Define draft key features of ABMIP (AMBIF)
  - (SF2) Draft roadmap and policy recommendation
  - 2nd invitation to regulatory bodies
  * 3rd SRO meeting on 20 Nov 2012 (TBD)

- BCLM+α support – Phase 1: Kick off seminar (Nov 2012)
Schedule for 2013

- **11th ABMF meeting (Feb 2013)**
  - Approving the draft report of SF1 and SF2 to ABMI TF3

- **BCLM+α support – Phase 2: Market visits (Q1 2013)**

- **3rd reporting to ABMI TF3 (Mar 2013)**

- **12th ABMF meeting (Apr 2013)**
  - Finalizing the SF1 and SF2 report to AFDM+3

- **BCLM+α support – Phase 3: Additional support (Q2~ 2013)**

- Submitting the report to AFDM+3 (Apr 2013)

- Recommendations approved by AFMM+3 (May 2013)
Thank you

http://asean3abmf.adb.org
http://asianbondsonline.adb.org

For further information
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