<table>
<thead>
<tr>
<th>DATE &amp; TIME</th>
<th>PROGRAM</th>
</tr>
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<tr>
<td><strong>5 FEB 2013</strong></td>
<td><strong>DAY 1: ABMF Sub Forum 1(SF1)</strong></td>
</tr>
<tr>
<td>08:30 – 09:00</td>
<td><em>Registration</em></td>
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<tr>
<td>09:00 – 09:10</td>
<td><em>Welcoming Remarks</em> by Mr. Muthukrishnan Ramaswami, President of SGX</td>
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<tr>
<td>09:10 – 09:20</td>
<td><em>Opening Remarks</em> by Mr. Shunzo Kayanuma, SF1 Chair</td>
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<tr>
<td>09:20 – 10:50</td>
<td><em>Session 1: Key components of AMBIF - SF1 (Part 1)</em> by ADB secretariat - <em>Comments from a Regulatory Perspective</em> by Thai Securities and Exchange Commission, Ms. JomkwanKongsakul</td>
</tr>
<tr>
<td>10:50 – 11:10</td>
<td><em>Coffee break</em></td>
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<tr>
<td>11:10 – 12:30</td>
<td><em>Session 2: Key components of AMBIF - SF1 (Part 2)</em> Q and A</td>
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<tr>
<td>12:30 – 14:00</td>
<td><em>Lunch (Level 3, Cassia Room 3311 and Room 3312)</em></td>
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<tr>
<td>14:00 – 14:40</td>
<td><em>Session 3 (Information Session): Securities Market</em> by Singapore Exchange, Mr. NelsFriets</td>
</tr>
<tr>
<td>14:40 – 15:10</td>
<td><em>Session 4 (Information Session): Portfolio Adjustment of Strategic Reserves beyond G7 Debt</em> by Deutsche Bank, Mr. Joseph Barnes</td>
</tr>
<tr>
<td>15:10 – 15:40</td>
<td><em>Session 5 (Information Session): Trends in ASEAN Debt Capital Markets</em> by Citibank, Mr. ShaileshVenkatraman</td>
</tr>
<tr>
<td>15:40 – 16:00</td>
<td><em>Coffee break</em></td>
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<tr>
<td>16:00 – 16:40</td>
<td><em>Session 6: Other issues of SF1</em> - Update of Phase 1 reports (SWIFT as the secretariat of Updating team) - Work plan after Singapore meeting (ADB secretariat)</td>
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<tr>
<td>16:40 – 17:00</td>
<td><em>Wrap up</em> by ADB Secretariat</td>
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<tr>
<td>17:00 – 17:10</td>
<td><em>Closing Remarks</em> by Mr. ShunzoKayanuma, SF1 Chair</td>
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<tr>
<td>17.30 – 19.00</td>
<td><em>Visit to Gardens by the Bay</em></td>
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<tr>
<td>19:15</td>
<td><em>Dinner (Level 3, Room 3900, Saraca Room)</em></td>
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<tr>
<td>08:30 – 09:00</td>
<td>Registration</td>
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<tr>
<td>09:00 – 09:10</td>
<td>Opening Remarks by Mr. Jong Hyung Lee, SF2 Chair</td>
</tr>
<tr>
<td>09:10 – 10:30</td>
<td>Session 7: Key contents of SF2 report – SF2 (Part 1) by ADB secretariat</td>
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<tr>
<td>10:30 – 10:50</td>
<td>Coffee break</td>
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<tr>
<td>10:50 – 12:10</td>
<td>Session 8: Key contents of SF2 report – SF2 (Part 2) Q and A</td>
</tr>
<tr>
<td>12:10 – 14:00</td>
<td>Lunch (Level 3, Cassia Room 3311 and Room 3312)</td>
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<tr>
<td>14:00 – 14:30</td>
<td>Session 9 (Information Session): Collateral Management by Citibank,</td>
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<td></td>
<td>Mr. Pierre Mengal</td>
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<tr>
<td>14:30 – 15:00</td>
<td>Session 10 (Information Session): The New Normal for the ASEAN</td>
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<td>Securities Services Industry by Deutsche Bank, Mr. Mrugank Paranjape</td>
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<tr>
<td>15:00 – 15:30</td>
<td>Session 11 (Information Session): Function of CCP (The Bank of</td>
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<td></td>
<td>Tokyo Mitsubishi UFJ) by Mr. Taketoshi Mori</td>
</tr>
<tr>
<td>15:30 – 16:00</td>
<td>Session 12 (Information Session): Foreign Issuers in LCY Bond</td>
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<td></td>
<td>Markets: Malaysia &amp; Thailand (BPAM &amp; Thai BMA) by Mr. Mohd Shaharul</td>
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<tr>
<td>16:00 – 16:20</td>
<td>Coffee break</td>
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<tr>
<td>16:20 – 17:00</td>
<td>Session 13 (Information Session): AsiaBondsOnline (ABO) – current</td>
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<td>development and cooperation with ABMF by Mr. Thiam Hee Ng, ADB</td>
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<tr>
<td>17:10 – 17:40</td>
<td>Session 14: Other issues of SF2</td>
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<td>- Update of Phase 1 reports (SWIFT as the secretariat of Updating</td>
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<td>- Work plan after Singapore meeting (ADB secretariat)</td>
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<tr>
<td>17:40 – 17:50</td>
<td>Wrap up by ADB Secretariat</td>
</tr>
<tr>
<td>17:50 – 18:00</td>
<td>Closing Remarks by Mr. Jong Hyung Lee, SF2 Chair</td>
</tr>
</tbody>
</table>
Comments

1. Mutually agreed AMBIF characteristics
2. Additional concerns not cover by AMBIF characteristics
3. Hands off vs. expedited review
4. Process and procedure
5. Work of home regulator vs. host regulator
SF1 – Key Components of AMBIF (ASEAN+3 Multi-Currency Bond Issuance Framework)

Prof. Shigehito Inukai
with Matthias Schmidt
ADB Consultants
11th ABMF Meeting, Singapore
5 February 2013
Sub-Forum 1 Agenda

1. Feedback on AMBIF Characteristics
2. Summary of AMBIF Characteristics and Benefits
3. Approaches for AMBIF
4. Proposed AMBIF Approval Concept and Process
5. Stakeholder Participation
6. Market Challenges (for reporting to AFMGM+3)
7. Items for Consideration
8. Future Activities and Work Plan
9. Comments from Regulatory Perspective by Thai SEC
10. Questions & Answers and Discussion (in Session 2)
1. Feedback on AMBIF Characteristics
Feedback on AMBIF Characteristics

• Clarifications on AMBIF features
• Clarifications on Professional Investors
• Definition of ‘straight bonds and notes’ suggested for avoidance of doubt
• Broadening of potential issuers suggested
• Documentation:
  • Include issuer and issue risk(s) [TBD]
  • Include terms and conditions of instruments
  • 2 years of financial data seen as sufficient
  • Question of supervision of financial statement raised
Feedback from 19 Jan Waseda Forum

• English as common language challenging
• Need for AMBIF approval options
• Due consideration of accounting standards
• ‘Fast Track’ or ‘Expedited’ approval instead of Proxy (Reference is made to expected Thai SEC comments)
• Maybe initial focus on ASEAN+3 issuers
• Practical AMBIF Process suggestions
**Important: No Objections recorded with regards to:**

- AMBIF (Professional) Investor types
- Potential AMBIF issuers (but additional suggested)
- Issuance in local currency (as a first step)
- **Standard** documentation [TBD]
Thank you and Progress

• A big thank you to members for their feedback on AMBIF approach and characteristics – changes have been reflected to the extent possible

• In order to be able to submit to AFMGM+3 in May 2013 a comprehensive AMBIF proposal, the focus is now being put on a possible AMBIF process and on stakeholder*) participation; further details of AMBIF Characteristics will be worked out with member participation in 2H2013

*) a person, group, organization, member or system who affects or can be affected by an organization's actions (Wikipedia, ‘Stakeholder’ definition, 2012); please see from p55: Regulatory Authorities, Central Banks / Ministries of Finance, Potential Issuers, Potential Investors, Potential Intermediaries and Listing Place
2. Summary of AMBIF Characteristics and Benefits
The AMBIF Components

- AMBIF Approval Process
- Accounting Standards & Tax
- AMBIF LCY Bonds and Notes
- AMBIF Markets or Segments
- Selling Restrictions
- AMBIF (Professional) Investors
- Standard Docs
- AMBIF Issuers
AMBIF Characteristics reviewed so far…

- **AMBIF (Professional) Investors** only buying
- **Plain bonds and notes**
- Issued in *local currency/currencies* (initially)
- By ASEAN+3 issuers, or *multi-national ASEAN+3 issuers*, or supra-national issuers
- In *professional markets* selected by regulators
- Using *standard(ised) documentation*
- Considering *accounting standards and tax*
- Maintaining stringent *selling restrictions* for re-sale to retail investors while deregulating selling restrictions among professional investors within AMBIF markets
Expected Benefits of AMBIF

For Issuers

• Limited disclosure
• Defined documentation
• Single approval
• Improved time to market
• Ability to tap multiple markets

= Reduced issuance cost

For Markets and Investors

• Additional LCY issuance
• Broadens and deepens market offerings
• Regulatory comfort as part of AMBIF process

For Industry / Professionals

• Creation of accessible new market
• Feedback into AMBIF before inception
Necessary Benefits from AMBIF
Based on required Distinctions from Present

For Issuers
• Shorter, faster, effectively cheaper issuance process in ASEAN+3 currencies

For Markets and Investors
• Attractive, regular LCY issuance representing common ASEAN+3 approach

For Industry / Professionals
• Innovation on the back of proven of practices
3. Approaches for AMBIF
Rules-based and Principle based

Intention is to suitably combine desire by members to reflect both firm rules and flexible practices (based on common principles) when constructing and implementing AMBIF
Importance of the Common Core Rules based on the Principles

• AMBIF and AMBIF Characteristics will need to be based on certain principles – in order to allow a wider range of participation by ASEAN+3 markets

• But will need to comply with the rules of each professional market or market segment set at present (since we target not to change laws initially)

• Ultimately,
  • Practices set by professional participants of the AMBIF Market, including ABMF members, based on common principles
  • Practices should be constructed continuously by professional participants of the AMBIF Market
  • Common Core Rules are set by individual markets’ authorities, using a common understanding of common principles
Structure of Principles, Practices and Rules

- Common Principles
- Practices
- Common Core Rules
- Special Rules
Proposed AMBIF approach

Common Principles

Practices

Core/Rules

Special rules for AMBIF Market in specific jurisdiction to be taken out in the future

Common core rules for AMBIF to be agreed on at the outset
Proposed AMBIF approach
4. Proposed AMBIF Approval Concept and Process
“Approval” explained

The word “approval” includes Clearance or Information Filing in some jurisdictions, and may differ by market at this point in time.
Proposed AMBIF Approval Concept
Bangkok: Proposed “Proxy Approach”

• To be shared as a **common goal**: Ultimately, one approval of issuing AMBIF Bonds by AMBIF eligible issuers in an AMBIF Market should be considered valid – hence a proxy approval - for all AMBIF Markets

• **Significant Merit/Benefits:**
  • This key feature does currently not exist in ASEAN+3
  • It would best realise some of the most significant cost and time savings, per issuance and per program
  • Market participants consider markets professional
Proxy Approach would mean

- Regulatory authorities and/or equivalent organizations would have to bring regulators and/or disclosure places in another market into their own approval/decision-making process

- Introduction of suitable terminology, e.g.:
  - *Home Regulator* – in this case relevant for issuer but also possible as consideration for investor
  - *Host Regulator* – at place of issuance
Reality Check on Proxy Approach

• Proxy Approach is the ultimate goal
• Only some regulatory authorities (selected light touch regimes) at this stage may be able to accommodate a single or proxy approval or near to proxy approval
• Some markets’ authorities will need to comply with their economies’ respective statutory requirements, if only for eyeballing, signature, clearance, filing needs
• Hence, need to adjust proxy approach
Present Approval Concept

• Host regulatory authorities and/or disclosure place approval required in (each) market of issuance
• Typically per instance
• Submission of documents via agent in market(s) of issuance
• Governing Laws of place(s) of issuance, basically
• Procedures of place(s) of issuance
• Issuer’s home market bears no relevance (unless issuance in home market as well) except for home regulators’ other regulatory requirements, such as FX and LCY provisions
Proposed AMBIF Approval Concept

**Substituted Compliance Protocol**

- **Issuer**
  - Submits request for approval (or equivalent)

- **Home Regulator**
  - and/or disclosure place
  - Home Regulator screens, evaluates, or verifies submitted documents, indicates approval (or equivalent) to Host Regulator

- **Underwriter**

- **Host Regulator**
  - and/or disclosure place

AMBIF Market 1

AMBIF Market 2
Proposed AMBIF Approval Concept

• Issuer or intermediary submits request for approval (or equivalent) to Home Regulator
• Home Regulator screens, evaluates, or verifies submitted documents, indicates approval (or equivalent) to Host Regulator
• Requires substituted compliance protocol in place between home and host regulators bilaterally and ultimately, multilaterally
Substituted Compliance

• Term borrowed from recent *Joint Press Statement of Leaders on Operating Principles and Areas of Exploration in the Regulation of the Cross-border OTC Derivatives Market* (*)

[‘Leaders’ refers to heads of regulatory authorities charged with the supervision of OTC Derivatives, including SFA (HK), FSA (Japan), MAS (Singapore)]

• Represents *compromise* terminology but also acceptance among regulatory authorities of allowing approval by parties other than one’s own market regulators

*) [http://www.cftc.gov/PressRoom/PressReleases/pr6439-12](http://www.cftc.gov/PressRoom/PressReleases/pr6439-12)
Precedence: Know Your Customer (KYC)

• KYC is the process of assessment of a potential (non-resident) customer’s credentials for intermediaries and financial institutions
• It is similar to substituted compliance in that institutions accept 3rd party certification, assessment or approval for the discharge of their own statutory obligations
• Originally, operationally cumbersome because execution required familiarity and knowledge of regulations and practices in other markets
• Originally part of a market’s Code of Conduct, KYC is now well established in most markets’ legislation
Proposed AMBIF Approval Process
Proposed AMBIF Process Steps

Substituted Compliance Protocol

1. Issuer
2. Home Regulator or disclosure place
3. Underwriter
4. Host Regulator or disclosure place
5. AMBIF Market 1

AMBIF Market 1

AMBIF Market 2
Proposed AMBIF Process Steps

1. Issuer or intermediary submits to-be-agreed, suitable documentation to Home Regulator or disclosure place
2. Home Regulator or disclosure place screens, evaluates, or verifies submitted documents/information
3. Home Regulator or disclosure place informs Host Regulator or disclosure place of submission of documents, relays information as needed
4. Host Regulator or disclosure place acknowledges, verifies information (in line with minimum statutory requirements)
5. Host Regulator or disclosure place informs issuer’s agent/intermediary of decision

Interaction between Issuer and Underwriter(s)/Intermediaries would not be covered by proposed process and basically left to private sector agreement and market practices
<table>
<thead>
<tr>
<th>Economy</th>
<th>Market</th>
<th>Action</th>
<th>What</th>
<th>To</th>
<th>For</th>
</tr>
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<tbody>
<tr>
<td>PR China</td>
<td>Inter-Bank Bond Market (IBBM)</td>
<td>Filing</td>
<td>Issue application</td>
<td>NAFMII</td>
<td>Registration</td>
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<td>HKEx</td>
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<td>Bapepam-LK</td>
<td>Filing</td>
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<td>FreeBond, QIB Market</td>
<td>Register</td>
<td>Securities Information</td>
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<td>Information Memorandum</td>
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<td>(Securities Registration Statement (SRS))</td>
<td>(SEC)</td>
<td>(Rendering effective)</td>
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<td>(Prospectus)</td>
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<td>(Approval)</td>
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<td>OTC Market</td>
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<td>Securities Information</td>
<td>ThaiBMA</td>
<td>Registration / Pricing Info</td>
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</table>
Most important Process Steps
Substituted Compliance Protocol

AMBIF Market 1

AMBIF Market 2
Most important Process Steps

Need to determine among ABMF Members and Regulatory Authorities, exactly

• Who shall be the regulatory authority(ies) in each market

• What *Home Regulator* or disclosure place will assess/verify so that *Host Regulator* or disclosure place is able to only apply minimum checks

• What *Host Regulator* or disclosure place will need to do to comply with own market’s statutory requirements (i.e. those that *Home Regulator* or disclosure place cannot do)

• Suitable distinction between *Home* and *Host Regulator* or disclosure places tasks (avoid replication)
Significant Expected Outcome

That between Home and Host Regulators, the ability would exist to expedite or fast-track the overall approval process (in comparison to normal issues and approvals).

Either as part of substituted compliance, or as a viable alternative.

This would be in line with the expected benefits of AMBIF.
Language Considerations

We recognise:

- Not all economies, regardless of whether their institutions may act as *Home Regulator* or *Host Regulator*, would be able to accept and process documentation in English at this stage.

- Similarly, some regulatory authorities would not be able to issue opinions, assessments or engage in official communication for the use by other regulatory authorities and market participants.

Hence, this is influencing the AMBIF process.
Language and Underlying Law

We also recognise:

• The underlying law of an AMBIF issue would influence the language in which submissions and documentation need to be compiled

• The underlying law is originally intended to protect the investors in its market by making disclosure in its national language mandatory, based on the general assumption that the market is publicly offered and securities are sold to retail sector. This assumption may be reviewed in the future

• In effect, if investors in that market are targeted by an issuer, observing language requirements becomes a necessary part of doing business

➢ It is suggested that regulators should ultimately consider exempting AMBIF Investors from national language requirements if English would be acceptable to them
Proposed AMBIF Approval Process
– Options for Consideration
Option 1: Submit to Home Regulator

AMBIF Market 1

Issuer

Underwriter

AMBIF Market 2

Home Regulator or disclosure place

Host Regulator or disclosure place
Option 1: Possible Scenarios

• Where issuance in home market is intended, either solely or part of AMBIF

• Where home regulations are required to be observed (including FX and LCY provisions if bonds are sold outside of the jurisdiction)

• Where key target investors are in home market (i.e. documentation language no issue)

• Secondary market cross-border selling abroad (if bonds are sold outside of the jurisdiction) requires selling restrictions by host regulators in order to avoid selling to non-AMBIF investors (such as non-professional retail sector investors)
Option 2: Submit to Host Regulator

AMBIF Market 1

- Issuer
- Underwriter

AMBIF Market 2

- Home Regulator or disclosure place
- Host Regulator or disclosure place
Option 2: Possible Scenarios

- Where no issuance in home market is intended
- Where home regulations are not required to be observed for issuance (but, exceptions may exist in home market regulations, incl. for FX)
- Where Home Regulator or disclosure place cannot add value (including on subjects of e.g. language, where generally English is used)
Option 3: Submit to 3rd Party

AMBIF Market 1

Issuer

Underwriter

AMBIF Market 2

Guest or Participating Regulator or disclosure place

AMBIF Market 3

Host Regulator or disclosure place

Home Regulator or disclosure place
Option 3: Possible Scenarios

• Where issuer may have previously issued in Guest or Participating Market (AMBIF issue or otherwise) and is known to Guest or Participating Regulator or disclosure place

• Where issuer may be familiar / comfortable with format, procedure, timeline

• Where Home Regulator or disclosure place cannot add value (including on subjects of e.g. language)
Option 4: All of the Above

AMBIF Market 1

Issuer

AMBIF Market 2

Home Regulator or disclosure place

AMBIF Market 3

Underwriter

Guest or Participating Regulator or disclosure place

Host Regulator or disclosure place
Option 4: Possible Scenarios

• Where issuer would need to observe home market regulations (e.g. FX, LCY provisions)
• Where issuer intends to sell in *Guest* or *Participating Market(s)*
• Where issuer would need to observe host market regulations
• Where issuer would need to comply with specific provisions that cannot be delegated
Recap of Adopted Terminology

• **Home Regulator** – or disclosure place, for the issuance of bonds and related disclosure at domicile of issuer; determines statutory requirements of issuer or agents regarding AMBIF

• **Host Regulator** – or disclosure place for the issuance of bonds and related disclosure in country of issue; in effect, hosting the issuer’s securities in its own market, and as host, setting rules and regulations for the issue

• **Guest Regulator** – also potentially termed *Participating Regulator* or disclosure place, invited into this process to add value as a result of being an available party to the AMBIF process, but neither *Home* or *Host Regulator*

• All regulators mentioned would have agreed to and operate on the basis of AMBIF principles
Issues to be confirmed

• The role of the Home Regulator or disclosure place
• The role of the Host Regulator or disclosure place
• The role of the Guest Regulator or Participating Regulator or disclosure place
Potential Issues to solve/to be confirmed

- Role of the Disclosure Place (exchange, SRO, etc.)
  - Multiple tranches = multiple listings/multiple disclosure?
  - Similarly to regulatory authorities, shared process?
  - Each Disclosure Place has its own proper rules, e.g., requirement of the ratings

- Timeline to be determined
  - Time for each step and combined approval process

- Timeframe to be determined
  - Time to implementation of AMBIF to allow participating economies to adjust process, market feedback
  - Submission of documents via underwriter or intermediary in market(s) of issuance

- Implementation: ‘Step-by-Step’ or ‘Collective’ Approach
  - Initial, intermediate and later participating economies?
  - Or all economies regardless of level of active participation
Timeline Considerations

- Specific detailed case studies will be required

Timeline for Approval Process

• Work on basis of e.g. 80/20 principle?
  • Home Regulator does 80%, core review
  • Host Regulator completes remaining 20%
  • Using concept of ‘express approval’ where already available

Timeline for AMBIF Implementation

• What are the expectations from the regulatory authorities, other stakeholders?
  • End of ABMF Phase 2
  • ABMF Phase 3 or other, specific timeline
Legal Considerations

Underlying law (private sector view)

• Clear in principle for ASEAN+3 home and host markets
• But negotiated among participants or reflecting AMBIF investors’ preference in international markets
• ASEAN+3 Governments may have the authority to ask all AMBIF participants to comply to its provisions
  ➢ Economies would have to specify which regulations/rules would need to be maintained under any circumstances

Governing law of the issue

• AMBIF participants (such as issuers or investors) may have their own preference of the governing law of an AMBIF issue and, quite possibly, the development of AMBIF Market practice may become a key factor in deciding this matter
One Key Issue solved

No Approval Process for Investors anticipated

- Foreign Institutional Investors (FII) can access all markets (limitations may apply)
- Home and Host Regulators have done their work already in this regard
- Each economy has (Most Common) AMBIF Investor types, plus more potential investors
5. Stakeholder Participation
AMBIF Stakeholders

• Regulatory Authorities
• Central Banks / Ministries of Finance
• Potential Issuers
• Potential Investors
• Potential Intermediaries
• Disclosure Places (SRO, Exchange, etc.)
• CSDs
Regulatory Authorities would need to

• Decide on candidate AMBIF market
• Give additional and detailed feedback on AMBIF Characteristics
• Give feedback on AMBIF process
  ➢ Agree on common core rules
  ➢ Give feedback on special rules
• Determine substituted compliance abilities
• Drive potential procedural change
Central Banks and/or Ministries of Finance, respectively, would need to:

- Consider AMBIF from an FX perspective:
  - Inflow of FCY for investment in AMBIF issues
  - Outflow of LCY for investment in AMBIF issues
- Consider concessions on e.g. quotas only in the context of AMBIF
Potential Issuers would need to

- Be made aware of AMBIF as a concept
- Give feedback on AMBIF Characteristics
- Field a possible questionnaire later
  (Q to be proposed by ABMF Secretariat/Prof. Inukai for 2013)

For consideration (tentative)

- Issuers’ forum may be formed in certain jurisdictions (tentative) for receiving practical requests, mainly related to documentation
Potential Investors would need to

- Be made aware of AMBIF
- Give feedback on AMBIF Characteristics
- (Re-)organise their investment activity

For consideration

- ASEAN(+3) institutional investors may value regional focus, ASEAN commitment over rating…
- Issue ‘marketing’ material in 2013, once AMBIF features more firm
- Could AMBIF Investors (Institutional Investors) be all withholding tax exempt investors? – To be confirmed
Potential Intermediaries

• Are able/ready to facilitate AMBIF
• Give feedback on AMBIF characteristics
• But may have to acquire new clients
• And accommodate procedural changes
• May need to establish cross-border or correspondent relationships if not in place
• Need to clarify their legal status
6. Market Challenges and/or Matters to be discussed further (for reporting to AFMGM+3)
Market Challenges and/or Matters to be discussed further (1)

In relation to AMBIF (alphabetical order)

- Accounting Standards
- Cash related, including lack of overdraft
- Fiscal policy *(application rather than existence)*
- FX regime (e.g. real demand principle) except for HK/JP/MY/SG
- ISIN (lack of at right time, not unique for programs)
- Insufficient credit ratings (both domestic and international), or focus on international where domestic may suffice
- Linkage of CSDs for cross-border settlement, or RSI, required?
- Pricing / valuation of bonds
- Taxation, in particular withholding tax *(application rather than existence)*
Market Challenges and/or Matters to be discussed further (2)

Points are based on market visit discussions, typically mentioned by multiple parties.

Challenges mentioned are principally/generally in line with findings detailed in the GOE Report, 2010.

AMBIF discussions may not address these points in a specific way, however, could aid as conduit for, e.g., step-by-step review of issues.
Detail of Market Challenges

• To be provided by ABMF Meeting in April
• From a practical perspective only
• No intention to ‘lecture’ authorities
• Staying away from contentious subjects
Key Point for Discussion

How and/or to what extent would regulatory authorities want or need ADB/ABMF Secretariat to provide further support?

This is significant for both designing AMBIF Process and AMBIF Implementation, and may have bearing on potential future phases.
7. Items for Consideration in AMBIF Discussion
Regulatory considerations for AMBIF Bonds and AMBIF Investor Market

Regulatory bodies should principally agree, either bilaterally, multiple bilaterally and/or multilaterally:

➢ To facilitate the primary and secondary sale and distribution of bonds for their own AMBIF Investors (= AMBIF Bonds), in the form of "no limit reflux, no resale restrictions and no limit on resale among AMBIF investors and between AMBIF markets."

For this purpose, regulatory authorities and/or policy makers should be expected to improve liquidity and efficiency of trades in their own domestic AMBIF Investor market.

➢ In some jurisdictions, this may, at a later stage, include a focus on deregulating existing domestic selling restrictions and bond transfer regulations in relation to overseas (non-domestic) issuance of bonds, if they feel comfortable.

➢ In some jurisdictions, this may, at a later stage, also include a focus on accommodating changes to foreign exchange and capital flow regulations in the context of AMBIF Market issuances and investments.
8. Future Activities and Work Plan
Discuss and conclude on AMBIF Approval Concept and Process

- Need to ascertain whether/how concept would be feasible and process would be actionable
- Need significant input from Members, in particular the Regulatory Authorities to learn and apply public policy tools to make process workable
- ABMF SF1 to then put forward detailed process flow, definition of tasks and communications plan

➢ This to arrive at an agreed and workable AMBIF process which can be implemented in participating markets once they are (deemed) ready
Discuss, amend, accept AMBIF Characteristics

- Members, experts and Regulatory Authorities to discuss, amend as necessary, then agree on or accept AMBIF characteristics

- ABMF SF1 to then flesh out in further detail the requirements for AMBIF

- This to arrive at a full set of AMBIF features which can be presented to issuers and investors for stakeholder discussions
Identify “Most Suitable Professional Market (Segments)"

- Regulatory Authorities to identify most suitable ‘Professional Market (Segment)’ for their own economy
- ABMF SF1 to document decisions

➢ This to arrive at the markets (segments) that as a result of their characteristics represents the most suitable way to connect to other markets via AMBIF characteristic, including showing seeds for future liquidity
Collect External Feedback on AMBIF Characteristics

• Poll potential issuers, investors, intermediaries on AMBIF Characteristics, specific features, timelines
• Take specific note of expectations that could majorly influence acceptance of AMBIF and ease implementation

➢ This to arrive at a broader view of stakeholders, but also to understand market expectations and prepare for more successful implementation of AMBIF
Identify or check on own Market Features vs. AMBIF Characteristics

• National Members to determine to what extent AMBIF characteristics can be fulfilled in own market segment(s)
• This can be done through a national ABMF group, a National Market Practice Group, or an SRO
• Partly facilitated by self-assessment document distributed by Prof Inukai in Bangkok, November 2012 (some responses received)
• Requiring input, acceptance or approval by relevant regulatory authorities

➢ This action is intended to have market participants converge practices and opinions, towards participation in AMBIF; with regulatory ‘blessing’ a key component
Define Gaps to AMBIF for some Markets

- ABMF SF1 to define gaps for market(s) that may have some gaps between own features and proposed AMBIF characteristics
- Work can be done in cooperation with National ABMF Members, NMPGs, or SROs
- To be tabled with relevant regulatory authorities

➢ This to document and develop a plan for each market to consider joining AMBIF at their own pace, but based on a common understanding
Document and detail Phase 2

• ABMF SF1 to then document Phase 2 outcomes, discussions in report level detail, including:
  • Detailed chart work
  • Documentation of underlying laws, regulations
  • Arguments or justification for AMBIF features chosen
  • Assessment of the economies’ decisions on features

• This would lead to final Phase 2 Report
  • Proposed as text document
  • Using PPT diagrams/charts for illustration as needed
  • And AMBIF Characteristics details in appendix
Key Target Outcomes

✓ Conclude on AMBIF Characteristics and Principles
✓ Prescribe agreed AMBIF Process
✓ Sufficient detail of AMBIF features (characteristics and process) for consideration by public sector
✓ Sufficient detail of AMBIF features (characteristics and process) to present to private sector
✓ Provide significant underlying information on which features are based
✓ Begin conceptualising what actual issuance process would require
✓ Consider feasibility of secondary market making and standards or rules and practices for secondary market making (mentioned in Seoul, September 2012)
Expected Timeline (for the remainder of 2013)

**SIN**
11th ABMF Meeting
BCLM(V) Visits
5-6 Feb

**TBD**
12th ABMF Meeting
ABMI WG TBD
2Q2013 (and beyond)

**Tokyo**
13th ABMF Meeting
AFMGM+3 New Delhi
3Q2013

**Seoul**
14th ABMF Meeting

Adjust and conclude on AMBIF Characteristics, Process

Draft AMBIF Components for ABMI consumption

Further detail AMBIF proposal

Begin detailing AMBIF features, process and implementation proposals

Compile Phase 2 Report, w. sufficient level of detail for next phase implementation

5-6 Feb

2Q2013

April

April

May

4Q2013
Foreseeable Events for ABMF

**4-6 Feb 2013**  
11th ABMF Meeting, Singapore;  
Includes SRO and open regulatory meetings  
AMBIF concept will be further refined

**1Q2013**  
BCLM Support market visits, and/or beyond, TBD

**Apr 2013**  
ABMI WG meeting; test audience for AMBIF proposal

**Apr 2013**  
Finalization of AMBIF proposal

**Apr 2013**  
12th ABMF Meeting, location to be determined  
AMBIF proposal key components to be approved for submission

**May 2013**  
Submission to AFMGM+3, and endorsement of AMBIF

**Jun 2013**  
Work starts to flesh out Phase 2 Report

**4Q2013**  
Possible test issue under AMBIF conditions?

**3-4Q2013**  
Revising work for the ABMF Phase 1 Bond Market Guides
Next Steps (not in sequence)

✓ Agree on AMBIF features (including AMBIF characteristics and principles)
✓ Conclude on AMBIF process and responsibilities
✓ Further detail AMBIF Proposal
✓ Incorporate members’ feedback
✓ Conduct documentation checklist survey among asset managers, other industry participants
✓ Emphasise on benefits and market impact
✓ Further detail features comparison tables
✓ Work with regulators on their comfort level
✓ Work with SROs on their role/support for AMBIF
Recommended additional Step: Documentation Poll among Professional Investors, e.g.:

<table>
<thead>
<tr>
<th>Documentation Element</th>
<th>Information Available?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Description</td>
<td>YES NO</td>
</tr>
<tr>
<td>Company Outlook</td>
<td>YES NO</td>
</tr>
<tr>
<td>Financial Statement (FS)</td>
<td>YES NO</td>
</tr>
<tr>
<td>FS Audited</td>
<td>YES NO</td>
</tr>
<tr>
<td>Use of Proceeds</td>
<td>YES NO</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>YES NO</td>
</tr>
<tr>
<td>Underwriters of Securities</td>
<td>YES NO</td>
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<tr>
<td>Information on Other Securities</td>
<td>YES NO</td>
</tr>
<tr>
<td>Information on Guarantor</td>
<td>YES NO</td>
</tr>
<tr>
<td>...</td>
<td></td>
</tr>
</tbody>
</table>
Additional important Step

➢ Need to maintain ABMF Report (Phase 1) Bond Market Guides
  • Proposed for 2H2013, after AFMGM+3
  • In line with final revision of AMBIF Characteristics charts/diagrams
  • Important step since BMGs are being quoted in public domain

➢ Details to be worked out with SWIFT/updating team to cater to nature of SF1 specific changes
  • Single change (new regulation) could affect text and context in multiple areas and multiple ways
  • Announcement or change may require interpretation, etc.
Submission to AFMGM+3 in May 2013

➢ Submission to consist of two parts:
  • Proposed Word document, containing AMBIF description
  • Appendices, containing detail matrices and information

➢ ABMF Secretariat considers Word document (eventually PDF format) to be more conducive to describe AMBIF Characteristics, principles, and processes; in contrast, a set of slides is easily overpowered with too much text, and it would require too many slides to explain.

➢ AFMGM+3 target audience understood to prefer submissions in text format
Proposed Structure of Document

- Cover Page (1 page)
- Table of Contents (expected: 1 page)
- I. Background and Agreed Focus (expected: 1-2 pages)
- II. Executive Summary (expected: up to 3 pages)
- III. Description of AMBIF (ca. 30-40 pages), including
  - Approaches
  - Characteristics and Principles
  - Proposed Process(es)
  - Actions Required
  - Proposed Timeline/Timeframe
- IV. Request for Approval of AMBIF (expected: 1 page)
- V. Appendix (number of pages as may be necessary)
  - AMBIF Characteristics in detail (charts/diagrams, etc.)
Proposed Word Document

- The proposed document will be the documentation of the outcome of ABMF Phase II for Sub-Forum 1
- The original purpose of this document had been to provide input to the parallel consultations of regulatory authorities, on the current state of ABMF SF1 discussions and additional information
- From inception, this document had been aimed at the decider level of the public sector institutions that would, ultimately, have to sign off on AMBIF
 Proposed Appendix

➢ An appendix, or a number of appendices as the case may be, are proposed to keep the Word document both at reasonable size and easier manageable

➢ The appendix is proposed to contain
  • Detailed matrices of AMBIF Components
  • Charts and diagrams that explain or support arguments from the main document
  • Supporting samples, such as documentation or formats

➢ Size will depend on level of detail desired by members

➢ This structure is expected to be adopted for the SF1 Phase II Report, if supported
9. Comments from Regulatory Perspective by Thai SEC
Comments from Thai SEC

1) Mutually agreed AMBIF characteristics
2) Additional concerns not cover by AMBIF characteristics
3) Hands off vs. expedited review
4) Process and procedure
5) Work of home regulator vs. host regulator
10. Questions & Answers

After the coffee break, we would very much welcome your thoughts, comments and questions!
Prof. Shigehito Inukai  
Faculty of Law - Waseda University  
1-6-1 Nishiwaseda, Shinjuku-ku  
Tokyo 169-8050  
Japan  
Office  +81 3 32022472  
Mobile +81 80 33607551  
shige.inukai@me.com  

Matthias Schmidt  
Asian Development Bank (Consultant)  
27 Evelyn Street  
Bentleigh, Victoria 3204  
Australia  
Office  +61 3 95571314  
Mobile +61 423 708910  
macschmidt@me.com
Appendices

1. Charts of AMBIF characteristics details and its principles
2. Summary of explanation of 5 major approaches (introduced in regulators meeting in BKK, p3-4)
AMBIF Characteristics & Principles
AMBIF Characteristics & Principles

1. AMBIF Characteristics Approach
2. AMBIF Investors
3. AMBIF Markets
4. AMBIF Issuers
5. AMBIF Instruments
6. AMBIF Documentation
7. AMBIF Selling Restrictions
8. AMBIF Accounting Standards
1. AMBIF Characteristics Approach

Distinction to AMBIF Approval Process:

AMBIF Characteristics, each defined through a number of governing principles, are expected to be fully agreed by the time of implementation, on the basis of a bilateral or, if possible, multilateral mutual recognition process among participating economies. These agreed characteristics and process will become the core features, or rules, of AMBIF.
2. Proposed AMBIF Investors

- Banks
- Broker/Dealers, Securities Houses
- Insurance companies
- Government (and related entities)
  - For this purpose of classifying investor types, while acknowledging their independence, central bank, statutory boards, development funds and agencies are subsumed under government
- Provident funds and pension funds [may be government as well]
- Investment advisory businesses (and similar entities)
  - For the purposes of classifying investor types, mutual funds, trust banks, fund managers, private funds, etc. are subsumed under investment advisory businesses
## Proposed AMBIF Investors

(Showing ‘Most Common’ Professional Investor Types)

<table>
<thead>
<tr>
<th>Economy</th>
<th>Investor Term</th>
<th>Defined by</th>
<th>Investor Term in each Economy represents the following Types of Investors (expressed as categories mentioned in laws, regulations or market practice)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Bank</td>
<td>B/D</td>
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<tr>
<td>PR China</td>
<td>Eligible Investors</td>
<td>SSE</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>'IBBM Investors'</td>
<td>PBOC</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Qualified Foreign Institutional Investor</td>
<td>CSRC</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Qualified Institutional Buyer</td>
<td>PBOC</td>
<td>X</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>Professional Investor</td>
<td>Law</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Offer to Prof. Investors’</td>
<td>HKEx</td>
<td>X</td>
</tr>
<tr>
<td>Indonesia</td>
<td>(Professional Investor)</td>
<td>Bapepa m</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>Specified Investors</td>
<td>Law</td>
<td>X</td>
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<td>Korea</td>
<td>Professional Investors</td>
<td>Law</td>
<td>X</td>
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<td></td>
<td>Qualified Institutional Buyers</td>
<td>Law</td>
<td>X</td>
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<td>Sophisticated Investors</td>
<td>Law</td>
<td>X</td>
</tr>
<tr>
<td>Philippines</td>
<td>Qualified Buyer, QIB</td>
<td>Law,</td>
<td>X</td>
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<td>Institutional Investors</td>
<td>Law</td>
<td>X</td>
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<td>Thailand</td>
<td>Accredited Investors</td>
<td>SEC</td>
<td>X</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>Professional Investors</td>
<td>Law</td>
<td>X</td>
</tr>
</tbody>
</table>

Note: X indicates the presence of the investor type in the specified economy.
AMBIF Investor Principles

• Professional investors only
• Professional Investors, who have the ability to fend for themselves, and do not need to be protected by the rule-based regulations
• Common professional investors evident in all participating markets, even in markets without designated professional investor scheme
• All AMBIF Investor types are licensed or designated, either explicitly or implicitly, i.e., regulators have already passed judgment on entities
### 3. Proposed AMBIF Markets (to be concluded)

<table>
<thead>
<tr>
<th>Economy</th>
<th>Type of Market</th>
<th>Candidate Market</th>
<th>Professional Market as a result of</th>
<th>Participation of</th>
<th>Market governed by</th>
<th>SRO</th>
<th>Accessible to Foreign Institutional Investors</th>
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<td>PR China</td>
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<td>PBOC / NAFMII</td>
<td>NAFMII</td>
<td>via QFII</td>
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<td>Regulation</td>
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<td>SSE</td>
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<td>Market Practice</td>
<td>Professional Investors</td>
<td>SFC, HKMA</td>
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<td>(Revised QIB Market)</td>
<td>RIPDS</td>
<td>QIBs</td>
<td>FSC</td>
<td>KOFIA</td>
<td>tbd</td>
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<td>Private Placement</td>
<td>Market Practice</td>
<td>Professional Investors</td>
<td>FSC</td>
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<td>SC Malaysia</td>
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<td>Membership</td>
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<td>Participation</td>
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<td>SGX / OTC</td>
<td>Market Practice</td>
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<td>Private Placement</td>
<td>Law</td>
<td>II &amp; HNW</td>
<td>SEC</td>
<td>ThaiBMA</td>
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<td>Private Placement</td>
<td>Thai SEC Regulation</td>
<td>Accredited Investors</td>
<td>SEC</td>
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<td>Viet Nam</td>
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<td>Law</td>
<td>Professional Investors</td>
<td>SSC</td>
<td>VBMA</td>
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</tbody>
</table>
AMBIF Market Principles

• Markets populated by professional investors only
• Or, markets where selling restrictions between professional investors and general investors are strictly prescribed
• Markets that feature FII participation (because non-resident ASEAN+3 investors are FII)
4. Proposed AMBIF Issuers

- Multi-regional corporations
- ASEAN+3 issuers
- Supra-national institutions (ADB, IBRD)
- Banks and financial institutions
- Other suitable parties
AMBIF Issuer Principles

• Must meet issuer qualifications
• Credit rating or credit appetite to be determined by investor base
• …
5. Proposed AMBIF Instruments

• Straight notes and bonds only
• Representing most desired issue forms
• Follows considerations for regulatory concerns on e.g. convertibles
AMBIF Instruments Principles

- Plain bonds and notes
- [Would we need to stipulate tenures?]
- Interest bearing instruments
- No obligations or benefits arising from a conversion
- No hedging or speculative character
- ...
6. Proposed AMBIF Documentation

• Standard documentation to be agreed upon
• In English, where acceptable
• In local language, where required
• …
AMBIF Documentation Principles

- Based on AMBIF Market practices
- Consisting of agreed components, e.g.
  - Financial Statement: 2 or 3 years
  - Issuer description
  - Use of funds
  - Industry covenants, as maybe applicable
  - Etc…

...
<table>
<thead>
<tr>
<th>Economy</th>
<th>Candidate Market</th>
<th>Term used for Key Documentation</th>
<th>Translates into</th>
<th>Comments</th>
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<tbody>
<tr>
<td>PR China</td>
<td>Inter-Bank Bond Market (IBBM)</td>
<td>PP Agreement</td>
<td>Specific agreement w.list of investors</td>
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<tr>
<td>QIB Market</td>
<td>QIB Market (IBBM)</td>
<td>Prospectus</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Qualified Foreign Institutional Investor</td>
<td>Prospectus</td>
<td>Full disclosure</td>
<td>Confirmed</td>
</tr>
<tr>
<td></td>
<td>SME Private Placements</td>
<td>Prospectus</td>
<td>Full disclosure</td>
<td>Confirmed</td>
</tr>
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<td>Hong Kong</td>
<td>OTC</td>
<td>Offering Circular</td>
<td>IM / OC</td>
<td>Confirmed</td>
</tr>
<tr>
<td></td>
<td>HKEx</td>
<td>Information Memorandum</td>
<td>IM / OC</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Indonesia</td>
<td>(Private Placement)</td>
<td>Purchase Agreement</td>
<td>Individual agreement between buyer/issuer</td>
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<td>Japan</td>
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<td>Program Info</td>
<td>IM / OC</td>
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<td>Transfer Restriction Agreement</td>
<td>Selling Restriction</td>
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<td>Korea</td>
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<td>IM / OC</td>
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<td></td>
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<td>IM / OC</td>
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<td></td>
<td>Exempt Regime (BM Listings only)</td>
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<td>Qualified Buyer / QIB</td>
<td>Offering Circular</td>
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<td>Incl. covenants on selling restrictions</td>
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<td>OTC</td>
<td>Information Memorandum</td>
<td>IM / OC</td>
<td>Influenced by EU 'Prospectus Directive'</td>
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<td>Private Placement '13 II' Version</td>
<td>Minimised Prospectus 'Form 69/S'</td>
<td>IM / OC</td>
<td>to be confirmed</td>
</tr>
<tr>
<td></td>
<td>Private Placement '10' Version</td>
<td>No prospectus</td>
<td>Term Sheet</td>
<td>to be further confirmed</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>Private Placement</td>
<td>Bond Proposal</td>
<td>IM / OC / Term Sheet</td>
<td>to be further confirmed</td>
</tr>
</tbody>
</table>
7. Proposed AMBIF Selling Restrictions

• Purchase by professional investors only
• No resale to General Investors (or equivalent term in markets)
• Resale possible to professional investors domiciled in all participating markets
8. Proposed AMBIF Accounting Standard

- International Financial Reporting Standard (IFRS)
- Evident in most ASEAN+3 economies, if in varying forms or adoptions
- Only international format that would allow standardisation of financial reporting across markets
- Intention is to be future proof
Draft Word Document for AFMGM+3
[not in handouts, sent to member via email on 99 Jan 2013]
The Asian Growth Story

SGX as the Asian Gateway
**IMF 2013: 7.8% Growth Forecast for Developing Asia Growth**

The 2015 ASEAN Economic Community (AEC) with the freer flow of capital objective is the largest integration effort attempted in the developing world.

- +8.2%
- +6.0%
- +5.8%

**What's Driving the Growth – Asia’s burgeoning middle class**

- Asia in 2010 – a middle class of 523 million, 28% of the global middle class
- Asia in 2020 – a middle class of more than 1.7 billion, making up about half the world’s middle class

- Challenge for companies, governments, etc, to facilitate wider access to capital on reasonable terms
- Transparent, efficient capital markets are important in sustaining Asia’s growth
- A successful financial centre is necessary to help firms and individuals tap the region’s growing wealth

**SGX The Asian Gateway**

Private and confidential

**SGX Securities Market**
Singapore As a Financial Centre

- Investors
  - Retail
  - Private banks
  - Institutional investors
  - Hedge funds

- Asset Classes
  - Securities
  - Fixed income
  - Commodities
  - Forex

- Intermediaries
  - Banks
  - Brokers
  - Market makers

- Enablers
  - Exchanges
  - Clearing houses
  - Custodians
  - Tech providers

SGX is well-equipped to be part of the Asian growth story

- International listing venue
- Single access to Asian derivatives
- Central Clearing house
- Growing suite of commodities
- Post trade processing hub

Global investors and companies connecting to Asian growth

Asian companies and investors connecting to global capital
SGX Securities Business

Equities Offerings

Supported by world-leading trading infrastructure, state-of-the-art data centres and co-location services, SGX offers trading access into Asia’s most international equity marketplace

- London Stock Exchange
- New York Stock Exchange
- Hong Kong Stock Exchange
- Tokyo Stock Exchange

Singapore Exchange

- Greater China: 67%
- Southeast Asia: 20%
- India: 2%

Country of Origin for Overseas Companies

- US: 5%
- Japan: 1%
- Australia: 3%
- Others: 1%

776 Listed Companies, Market Capitalisation $935 billion

Source: Bloomberg & Singapore Exchange (Dec 2012)
Competitive Benchmarking: Total Index Return vs. Global Peers

<table>
<thead>
<tr>
<th>Index</th>
<th>Total Index Return</th>
<th>Price Return</th>
<th>Dividend Return</th>
<th>Currency Change (against USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>STI</td>
<td>2% 11% 31%</td>
<td>12% 8% 1%</td>
<td>8% 1% 0%</td>
<td>-5% 0% 5%</td>
</tr>
<tr>
<td>NASDAQ</td>
<td>2% 11% 18%</td>
<td>1% 6% 1%</td>
<td>0% 0% 0%</td>
<td>0% 2% 5%</td>
</tr>
<tr>
<td>NYSE</td>
<td>2% 8% 16%</td>
<td>1% 6% 1%</td>
<td>0% 0% 0%</td>
<td>0% 2% 5%</td>
</tr>
<tr>
<td>FTSE100</td>
<td>1% 7% 16%</td>
<td>0% 0% 0%</td>
<td>0% 0% 0%</td>
<td>0% 2% 5%</td>
</tr>
<tr>
<td>Euro STOXX</td>
<td>0% 22%</td>
<td>0% 0% 0%</td>
<td>0% 0% 0%</td>
<td>0% 2% 5%</td>
</tr>
</tbody>
</table>

Competitive Benchmarking: Total Index Return vs. Regional Peers

<table>
<thead>
<tr>
<th>Index</th>
<th>Total Index Return</th>
<th>Price Return</th>
<th>Dividend Return</th>
<th>Currency Change (against USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SET</td>
<td>6% 32% 47%</td>
<td>23% 13% 1%</td>
<td>4% 1% 0%</td>
<td>-13% -10% -5%</td>
</tr>
<tr>
<td>JCI</td>
<td>4% 21%</td>
<td>1% 6% 1%</td>
<td>0% 0% 0%</td>
<td>0% 2% 5%</td>
</tr>
<tr>
<td>KLCI Index</td>
<td>3% 18% 22%</td>
<td>0% 0% 0%</td>
<td>0% 0% 0%</td>
<td>0% 2% 5%</td>
</tr>
<tr>
<td>STI</td>
<td>2% 11% 31%</td>
<td>23% 1% 0%</td>
<td>0% 0% 0%</td>
<td>0% 2% 5%</td>
</tr>
<tr>
<td>ASX 200</td>
<td>2% 16% 34%</td>
<td>0% 0% 0%</td>
<td>0% 0% 0%</td>
<td>0% 2% 5%</td>
</tr>
<tr>
<td>HSI Index</td>
<td>1% 8% 28%</td>
<td>0% 0% 0%</td>
<td>0% 0% 0%</td>
<td>0% 2% 5%</td>
</tr>
<tr>
<td>NIKKEI 225</td>
<td>12%</td>
<td>0% 0% 0%</td>
<td>0% 0% 0%</td>
<td>0% 2% 5%</td>
</tr>
</tbody>
</table>

Source: Bloomberg
Investment Choices

- Private Investment share of GDP to moderately rise (+1.1%), while private savings rate to moderately fall (-1.8%) over next 5 years according to annual IMF Country Report.

- Real Estate or Stocks?
  - Over a ten year period ending 2012, the average annualised return of the Urban Redevelopment Authority Property Price Index by residential type amounts to +6.3%.
  - Over the same timeframe the average annualised return of the STI was +9.3%.
  - The average annualised return of the STI over the last 10 years is further increased to +12.2% when taking into account dividend distributions.

IMF Article IV Report – Singapore July 2012

The International ETF market in Asia

- Widest range of 92 ETFs, including 11 fixed income and 6 money markets ETFs
- Internationalised trading nature with over 95% of turnover on non-Singapore based ETFs
- Largest market share of 27% in the turnover of all non-domestic ETFs in Asia
  - Largest trading venue in Asia for SPDR Gold Shares (52% of GLD in Asia are traded on SGX)
  - Largest offshore Indian ETF – iShares MSCI India ETF listed in Singapore, supported by cross trading opportunities with the only offshore Nifty futures contract on SGX

Comparison of ETF markets across Asia (exclude domestic ETFs)

<table>
<thead>
<tr>
<th>Market share (%)</th>
<th>SGX</th>
<th>Japan</th>
<th>Australia</th>
<th>Taiwan</th>
<th>Hong Kong</th>
<th>India</th>
<th>Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Jan 12-Nov 12)</td>
<td>27</td>
<td>26</td>
<td>14</td>
<td>13</td>
<td>12</td>
<td>6</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Bloomberg (Jan 2012-Nov 2012)
SGX My Gateway

www.sgx.com/mygateway

1. Product Web Clips & Strategies
2. Research and Analysis of Products and Companies
3. Investment Tools
5. Economic Calendar – Macroeconomic events, corporate actions and earning releases
6. Investor Events
7. Retail Brokers – Information and Research reports

Formation of ASEAN Exchanges

Strengthening ASEAN Capital Market Development and Integration

- Strive towards greater standardization in ASEAN capital market standards in the areas of offering rules for debt securities, disclosure requirements and distribution rules;
- Facilitate mutual recognition arrangement or agreement for the cross recognition of qualification and education and experience of market professionals;
- Achieve greater flexibility in language and governing law requirements for securities issuance;
- Enhance withholding tax structure, where possible, to promote the broadening of investor base in ASEAN debt issuance; and
- Facilitate market driven efforts to establish exchange and debt market linkages, including cross-border capital raising activities.

Allowing Greater Capital Mobility
ASEAN trading link, announced on June 14 2011, will provide the single access across all ASEAN markets (BM, SET, SGX)

Order flow and Data dissemination will go through ASEAN trading link
ASEAN Portfolio Products

- CIMB FTSE ASEAN 40 ETF has returned on average 11.6% a year from inception in 2006 to the end of 2012.

- The CIMB FTSE ASEAN 40 ETF was established as an ASEAN government initiative to position ASEAN markets as a regional asset class in September 2006.

- This Index represents 40 of the largest stocks listed across Singapore, Malaysia, Indonesia, Thailand and Philippines. Banks (35%) and Telecommunication stocks (14%) make up almost half the index weightings.

- The CIMB FTSE ASEAN 40 ETF is cash-based with a management fee of 0.65% and to be designated as EIP (not SIP). The past performance of the Fund or the Index is not necessarily indicative of the future performance of the Fund.

ASEAN Stars

- The 180 ASEAN Stars consists of 30 stocks of each of the seven participating ASEAN exchanges.

- The participating exchanges are:
  - Bursa Malaysia (BM)
  - Hanoi Stock Exchange (HNX)
  - Hochiminh Stock Exchange (HOSE)
  - Indonesia Stock Exchange (IDX)
  - Philippine Stock Exchange (PSE)
  - Stock Exchange of Thailand (SET)
  - Singapore Exchange (SGX).

http://www.aseanexchanges.org
### Primary Listings

<table>
<thead>
<tr>
<th>Short Name</th>
<th>SGX code</th>
<th>Cb Sector Name</th>
<th>Div Yld 2012</th>
<th>Price Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRASER AND NEAVE</td>
<td>F99</td>
<td>General Industrials</td>
<td>2.5</td>
<td>56.5</td>
<td>17.43</td>
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<tr>
<td>APB BREWERIES</td>
<td>A46</td>
<td>Beverages</td>
<td>2.2</td>
<td>83.5</td>
<td>35.42</td>
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<tr>
<td>THAI BEVERAGES</td>
<td>Y92</td>
<td>Beverages</td>
<td>3.0</td>
<td>61.2</td>
<td>96.11</td>
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<tr>
<td>CAPITALMALLS ASIA</td>
<td>JS8</td>
<td>Real Estate Investment &amp; Services</td>
<td>1.5</td>
<td>71.7</td>
<td>9.09</td>
</tr>
<tr>
<td>FIRST RESOURCES</td>
<td>EB5</td>
<td>Food Producers</td>
<td>2.0</td>
<td>33.8</td>
<td>100.00</td>
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<tr>
<td>PETRA FOODS LTD</td>
<td>P34</td>
<td>Food Producers</td>
<td>1.4</td>
<td>85.4</td>
<td>42.14</td>
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<tr>
<td>BUMITAMA AGRI LT</td>
<td>P6Z</td>
<td>Food Producers</td>
<td>5.7</td>
<td>40.0</td>
<td>100.00</td>
</tr>
<tr>
<td>LIPPO MALLS</td>
<td>DSJ</td>
<td>Real Estate Investment Trusts</td>
<td>6.7</td>
<td>16.5</td>
<td>24.76</td>
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<tr>
<td>SINGAPOREAN LAND LT</td>
<td>A26</td>
<td>Food Producers</td>
<td>0.9</td>
<td>65.8</td>
<td>88.18</td>
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<tr>
<td>YOMA STRATEGIC</td>
<td>Z59</td>
<td>Construction &amp; Materials</td>
<td>0.6</td>
<td>30.4</td>
<td>100.00</td>
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<tr>
<td>FIRST REIT</td>
<td>AW9U</td>
<td>Real Estate Investment Trusts</td>
<td>3.8</td>
<td>39.5</td>
<td>13.62</td>
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<tr>
<td>KENCANA AGRI</td>
<td>F9M</td>
<td>Food Producers</td>
<td>0.6</td>
<td>6.1</td>
<td>100.00</td>
</tr>
<tr>
<td>EU YAN SANG INTL</td>
<td>E02</td>
<td>Pharmaceuticals &amp; Biotechnology</td>
<td>1.5</td>
<td>-11.2</td>
<td>20.42</td>
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<tr>
<td>NERA TELECOM</td>
<td>N01</td>
<td>Technology Hardware &amp; Equipment</td>
<td>7.5</td>
<td>17.9</td>
<td>24.76</td>
</tr>
<tr>
<td>KIAN ANENG WITH</td>
<td>K04</td>
<td>Industrial Engineering</td>
<td>2.6</td>
<td>12.9</td>
<td>43.44</td>
</tr>
<tr>
<td>NERIA RESOURCES</td>
<td>SG1</td>
<td>Oil &amp; Gas Producers</td>
<td>0.0</td>
<td>432.3</td>
<td>100.00</td>
</tr>
<tr>
<td>HAMWELL HOLDINGS</td>
<td>DM0</td>
<td>Food Producers</td>
<td>3.5</td>
<td>40.5</td>
<td>15.47</td>
</tr>
<tr>
<td>ARMSTRONG INDUSTR</td>
<td>A14</td>
<td>Industrial Engineering</td>
<td>2.1</td>
<td>15.6</td>
<td>39.00</td>
</tr>
<tr>
<td>ASIA ENTERPRISES</td>
<td>A55</td>
<td>Industrial Metals &amp; Mining</td>
<td>4.2</td>
<td>9.3</td>
<td>58.74</td>
</tr>
<tr>
<td>GLOBAL PALM RESOURCES</td>
<td>K6J</td>
<td>Food Producers</td>
<td>1.0</td>
<td>-3.0</td>
<td>100.00</td>
</tr>
<tr>
<td>MICRO-MECHANICS</td>
<td>SQD</td>
<td>Household Goods &amp; Home Construction</td>
<td>6.7</td>
<td>-1.2</td>
<td>37.89</td>
</tr>
<tr>
<td>BEST WORLD INTL</td>
<td>SER</td>
<td>Personal Goods</td>
<td>3.3</td>
<td>16.7</td>
<td>33.08</td>
</tr>
<tr>
<td>AEM HOLDINGS</td>
<td>A10</td>
<td>Technology Hardware &amp; Equipment</td>
<td>4.3</td>
<td>-8.1</td>
<td>4.32</td>
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<tr>
<td>ASIA-PACIFIC STR</td>
<td>SRA</td>
<td>General Retailers</td>
<td>0.0</td>
<td>-81.8</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Bloomberg

### Asia’s Preferred Listing Venue & A Vibrant Securities Marketplace

**Address Symbiotic Relationship between Ability to Attract Listings & Securities Market Performance**

**Primary Listings**

- Attract larger, international issuers
  - Higher Mainboard entry criteria
  - Continuing listing standards
  - Secondary listings framework & Professional Board
  - Expand distribution in China, India, Malaysia, marine, mining, oil & gas

**Secondary Trading**

- Cultivate diverse & deeper base of domestic & international investors
  - Higher yielding mass retail investors
  - Market makers and quantitative traders
  - Untapped consumer banks & financial advisors
Fixed Income

**Asia’s leading listing venue for international debt securities**

SGX is the choice listing venue in Asia for international debt securities with more than 1,300 listed debt securities coming from 35 Countries in 19 currencies, amounting to S$840 billion raised.

SGX is an established, well regulated and reputable Asia stock exchange, which benefits from Singapore’s AAA long-term credit rating and stable political, economic and social environment.

**Singapore Exchange**

**SGX-listed debt securities by country of origin of issuers**

Source: SGX, Bloomberg
Profile of debt issuers listed on SGX

SGX-listed debt securities by industry sectors

- Banks & Financial Services: 21.3%
- Industrial: 4.4%
- Telecom & Utilities: 3.5%
- Transportation: 2.9%
- Sovereign & Quasi Government: 2.0%
- Property: 1.5%
- Energy & Commodities: 1.3%
- Others: 0.4%
- Others: 0.3%
- Others: 0.1%

SGX-listed debt securities by currencies

- SGD/MM: 61.5%
- >S$1B: 16.0%
- >S$800MM & ≤S$1B: 6.6%
- >S$500MM & ≤S$800MM: 13.4%
- >S$300MM & ≤S$500MM: 9.0%
- >S$100MM & ≤S$300MM: 7.2%
- >S$50MM & ≤S$100MM: 4.4%
- ≤S$50MM: 3.5%

Source: Bloomberg

Types of Debt on SGX

- Fixed & Floating Rate Bonds: Fixed rate bonds pay a fixed coupon rate throughout the life of a bond. Floating rate bonds have a variable coupon rate. Coupon rate adjustments are made periodically.
- Convertible & Exchangeable Bonds: Convertible bonds give investors an option to convert bonds into shares of the issuer. Exchangeable bonds give investors an option to convert bonds into shares of a company other than the issuer.
- Covered Bonds: Covered bonds are debt securities that are secured by a pool of loans or mortgages.
- Asset Backed Securities: Asset backed securities are bonds or notes backed by a specified pool of underlying assets.
- Loan Participation Notes: A debt security that permits investors to buy portions of an outstanding loan or a package of loans.
- Commercial Papers: An unsecured, short term debt instrument issued by large banks and corporations to finance its short term credit needs.
- Structured Products: Synthetic investment instruments specially created to meet specific needs that cannot be met from the standardized financial instruments available in the markets.
Benefits of listing on SGX

Expertise
- Our team of listing specialist demonstrates a high level of know-how in approving and listing a vast range of debt instrument based on a strong experience of handling international debt issues. Coupled with specific listing requirements, we ensure a consistent and pragmatic approach to the documentation required for listing.

Efficiency
- We commit to less than 48 hours turnaround time on all applications with required documentations submitted to us.
- For public-offer (retail bonds) debt securities, which includes prospectus issuance, we ensure adherence to 10 business days on turnaround time.
- SGX e-submission system allows online submission of applications, which brings about fast and secure listing process. Users are informed of the application status throughout the application cycle.

The journey continues …

Thank you
Asian bonds – a growth asset class

- The greater economic growth of Asian countries is part of a set of positive factors that have led to recent upgrades in ratings.

- The search for yield and the attraction of healthy balance sheets in Asia have increased demand for Asian fixed income.

- Equity flows (solid red line) have been volatile.

- Bond flows (solid black line) have largely remained in positive territory, likely reflecting the growing structural nature of fixed-income allocation to the region, led by diversification.

Source: Deutsche Bank Research
ASEAN local currency bond markets have grown

Attractive local market returns in 2012 (YTD Dec)

Local currency (Govt + Corp) bond market (USD bn)

+14% CAGR

Source: Deutsche Bank Research – “Asia Outlook 2013, More to Play For”, based on data from Bloomberg Finance LLP

Remarks: Duration and carry returns are calculated using 10Y benchmark. Local currency bond yields have been used to forecast policy rates which in turn have been used as a factor to make return forecasts.

- Returns from local currency government bonds looked attractive in 2012.
- Local currency bond markets in select ASEAN markets have grown a healthy 14% CAGR. Corporate issuers were prominent in Thailand, Singapore and Malaysia
- Government and corporate bonds should continue to grow amidst the increased trade liberalisation, which can drive increasing issuance

Source: Asian Development Bank

Increasing investors demand from a wider geography

- In 2012, offshore investment absorbed as much as 50% of net fixed income issuance in the more accessible markets
- Increased strategic or diversification allocations by institutional funds like Central Banks and Sovereign Wealth Funds.
- Demand increasingly coming from wider geography

Source for both graphs: Deutsche Bank Research – “Asia Outlook 2013, More to Play For”, based on data from Bloomberg Finance LLP, Standard & Poor, GEC, EPFR, Korea FSS
The New Normal

- Fundamentals have strengthened and Asian fixed income is attractive
- Supportive environment for local currency bond issuance programs
- Local currency corporate bond markets have growth a healthy 14% CAGR (2001 to 2011)
- Corporate bond markets remain relatively smaller than government bond markets. Can more be done to encourage their growth?
- Greater offshore interests and diversification into Asian bonds
- Institutional investors can lead the demand for ASEAN bonds for diversification

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Thank you
Asian Debt Capital Markets Overview

Presentation by
Shailesh Venkatraman (Director, Capital Markets Origination Asia, Citi)

2012 – A Year of Credit Outperformance

Spreads tightened meaningfully in 2012 across currencies and product classes, buoyed by strong investor demand despite falling corporate yields.

Fixed Income / Equity Relative Performance

Resilient Net Mutual Fund Inflows Amid Falling Yields

Global Credit Spread Environment

2012 Credit Spread Performance

Global Credit Survey Results

"Taking into 2013, is your exposure to credit likely to…?"

Source: Citi, Bloomberg.
Spread Drivers in 2013: Which Direction Are We Headed?

Although the fiscal cliff, slowing global growth, and poor earnings may lead to spread widening, Citi believes the following reasons will contribute positively to spread performance and technicals in the new issue market.

- Housing Sector
  Strengthening housing market should improve the broader economy through investment, job creation and the wealth effect from stabilizing home prices

- Labor Market
  Job market recovery is expected to gain an additional lift from housing-related employment

- Continued Central Bank Expansion
  QE3 is likely to total roughly $700 billion to $1 trillion of purchases and lift the size of the Fed balance sheet to 25% of GDP. Recently announced Q6 to continue security purchases of $85bn/month including $45bn/month in UST

Who will win out?

- Citi expects investment grade credit to perform well in 2013. Citi is forecasting that the US Broad Investment Grade Corporate Index will tighten to 110 bp by year-end 2013, down from 135 bp today
- Very strong technicals are expected to offset weakening credit fundamentals and ongoing concerns out of European sovereigns
- A transition from systemic risk to idiosyncratic risk should make 2013 more of a credit pickers market. That’s not to say that the systemic risks of the past two years have been convincingly addressed, rather that combined intervention by the Fed and ECB is likely to keep macro risks at bay

What Could Send US Treasury Yields Higher in 2013?

- Fiscal Cliff
  Despite a recent “resolution” in the fiscal crisis before going over the cliff, the emergence of further budget and debt ceiling concerns in 2013 will likely cause heightened market volatility

- Declining Growth in China Impacts Domestic Earnings
  China has been a front-and-center concern since its GDP, industrial production and PMI figures all began pointing to a slowdown

- S&P Earnings Surprise
  Corporates had a difficult time beating either revenue or earnings expectations, and Q3 2012 expectations were already revised down by 4% last season

What Will Drive Rates in 2013?

A number of fundamental and market factors continue to weigh on rates, though a continuation of the recent selloff might be in the cards if global uncertainty is lifted and job growth picks up in the United States.

What Happened in 2012?

- Treasury yields and the curve were largely range-bound in 2012
- An increasingly assertive Federal Reserve contributed to tighter mortgage spreads, stronger risk assets and lower volatility
  - In addition to extending its guidance to keep rates on hold until 2015, the Fed extended its asset purchase program indefinitely while linking guidance to employment and inflation targets
  - Risk assets rose well before Treasury yields – likely due to increased central bank liquidity
  - Both began rising into year-end – a potential sign of a shift to true risk-on as we headed into 2013

What May Weigh on US Rates in 2013?

- The recent deal to avert the Fiscal Cliff avoided the most serious downside threats to economic expansion, but did not address the debt ceiling and automatic spending cuts looming later this quarter
- At its December meeting, the FOMC said that the “exceptionally low range for the Fed Funds rate” will be appropriate while unemployment rate above 6.5%, inflation projections below 2.5%, and long-term inflation is well-anchored
- Uncertainty in Europe was a key driver of flight-to-quality in 2012 – although the backdrop for the Eurozone is more constructive, headline risks remain
- Slowing global economic growth, notably in China, may continue to drive flight to quality in USTs

What Could Send US Treasury Yields Higher in 2013?

- A smooth resolution to debt ceiling and sequester negotiations in coming months will reduce overhang from “government” risk
- Improving U.S. labor and housing market conditions may lead the Fed to unwind stimulus earlier than currently expected
- The recent deal between EU Finance Ministers may resolve the Greek sovereign crisis
- Long-term inflation expectations change as economic growth forecasts improve, governments continue to run large deficits and central banks continue easing measures

Note: Quarterly forecasts are projected period averages, while long-term forecasts are projected year-end values
Investment Grade Market Snapshot

New Issue Concessions Rise in 2013
Largest over weekly issuance for week ended January 11

Strong Inflows into Investment Grade Funds
$5.36BN Inflows in 2013

Credit Spreads Maintain Rally in 2013

2013 YTD Issuance Dynamics

Source: Dealogic, IFR Markets, Citi. Does not include EM issuances

Asia Pacific ex-Japan 2012 Issuances
Both debt and equity markets were correlated to global events throughout 2012. Regional bond issuances reached historically high levels, and equity issuances began to gain momentum towards the end of the year.

Source: Dealogic, Bloomberg, Citi as of January 22, 2013. Excludes domestic deals. Bond issuances include G3 currency only.
Asia ex Japan G3 Issuance

Issuance momentum from record volumes in 2012 expected to continue in 2013 amid a subdued interest-rate environment and corporate funding requirements. 2013 has seen high-yield dominate volumes thus far.

ASEAN G3 Issuance

Issuance volume in ASEAN has also spiked with a record US$39.8bn completed in 2012. This represents a 35% increase from the previous peak in 2009. 2013 has also opened with a bang with US$6.4bn in new issuance to date.
Asian G3 Financial Institution Primary Bond Markets

### G3 Financial Institution Bond Volumes

<table>
<thead>
<tr>
<th>Year</th>
<th>US $ Bil</th>
<th>JPY Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Strong Rally in Financials in 2012

Indices in bps

<table>
<thead>
<tr>
<th>Year</th>
<th>US $ Bil</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
</tr>
</tbody>
</table>

Source: Dealogic Bondware, as of January 2013

Asian G3 Bond Market Re-opened with a Bang in 2013

<table>
<thead>
<tr>
<th>Pricing</th>
<th>Issuer</th>
<th>Country</th>
<th>Issue Ratings</th>
<th>Size (US$ mm)</th>
<th>Tenor</th>
<th>Coupon</th>
<th>Issue Pricing</th>
<th>Books</th>
<th>Format</th>
</tr>
</thead>
<tbody>
<tr>
<td>9-Jan</td>
<td>Hysan</td>
<td>Hong Kong</td>
<td>Baa1/BBB+/BBB+</td>
<td>300</td>
<td>10</td>
<td>3.500%</td>
<td>T+165</td>
<td>25.0x</td>
<td>RegS</td>
</tr>
<tr>
<td>10-Jan</td>
<td>Lai Sun International</td>
<td>Hong Kong</td>
<td>--/--/--</td>
<td>350</td>
<td>5</td>
<td>5.700%</td>
<td>5.700%</td>
<td>10.0x</td>
<td>RegS</td>
</tr>
<tr>
<td>10-Jan</td>
<td>Power Grid Corp of India</td>
<td>India</td>
<td>--/BBB-/BBB-</td>
<td>500</td>
<td>10</td>
<td>3.875%</td>
<td>T+210</td>
<td>19.0x</td>
<td>RegS</td>
</tr>
<tr>
<td>10-Jan</td>
<td>Citi BIG Financials Index</td>
<td>--</td>
<td>BBB</td>
<td>24%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-Jan</td>
<td>Others</td>
<td>13%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11-Jan</td>
<td>Metropolitan Life</td>
<td>Hong Kong</td>
<td>--/--/--</td>
<td>450</td>
<td>5</td>
<td>5.250%</td>
<td>5.250%</td>
<td>9.0x</td>
<td>RegS</td>
</tr>
<tr>
<td>11-Jan</td>
<td>Ptelco</td>
<td>--/--/--</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12-Jan</td>
<td>Australian Financial Group Ltd</td>
<td>--</td>
<td>--</td>
<td>8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13-Jan</td>
<td>Taiko Holdings Group</td>
<td>China</td>
<td>--/--/--</td>
<td>750</td>
<td>7</td>
<td>11.750%</td>
<td>11.750%</td>
<td>15.5x</td>
<td>RegS</td>
</tr>
<tr>
<td>14-Jan</td>
<td>IFMC Power Energy</td>
<td>--</td>
<td>--</td>
<td>8.25%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14-Jan</td>
<td>Taiko Property Gr Ltd</td>
<td>China</td>
<td>Baa3/BBB-/BBB-</td>
<td>500</td>
<td>5</td>
<td>3.250%</td>
<td>3.250%</td>
<td>3.5x</td>
<td>RegS</td>
</tr>
<tr>
<td>16-Jan</td>
<td>Taiko Property Gr Ltd</td>
<td>China</td>
<td>Baa3/BBB-/BBB-</td>
<td>500</td>
<td>10</td>
<td>4.600%</td>
<td>4.600%</td>
<td>3.5x</td>
<td>RegS</td>
</tr>
<tr>
<td>16-Jan</td>
<td>JC Solar Holdings Co</td>
<td>Philippines</td>
<td>--/--/--</td>
<td>750</td>
<td>10</td>
<td>4.010%</td>
<td>4.010%</td>
<td>8.7x</td>
<td>RegS</td>
</tr>
<tr>
<td>16-Jan</td>
<td>Guangzhou R&amp;F Prop</td>
<td>China</td>
<td>--/--/--</td>
<td>450</td>
<td>2</td>
<td>3.750%</td>
<td>3.750%</td>
<td>3.6x</td>
<td>RegS</td>
</tr>
<tr>
<td>17-Jan</td>
<td>Cheung Kong Holdings</td>
<td>Hong Kong</td>
<td>--/--/--</td>
<td>550</td>
<td>6</td>
<td>4.750%</td>
<td>4.750%</td>
<td>3.5x</td>
<td>RegS</td>
</tr>
<tr>
<td>17-Jan</td>
<td>Hana Bank</td>
<td>South Korea</td>
<td>A1/A/--</td>
<td>500</td>
<td>10</td>
<td>1.375%</td>
<td>T+105</td>
<td>3.0x</td>
<td>144A</td>
</tr>
</tbody>
</table>

Source: Bloomberg, Dealogic. Data as of January 30, 2013. Excludes Japan offerings. ASEAN issues are highlighted.
Indika Energy – US$500 MM Senior Notes Due 2023

On Thursday, January 16th 2013, Citi successfully priced a US$500MM 10NC5 senior bond offering for PT Indika Energy Tbk (“Indika”) – the company’s 4th issuance in the international bond markets and Citi’s 3rd consecutive mandate.

Summary Terms of The Offering

- **Issuer**: PT Indika Energy Tbk (“Indika”)
- **Issuer’s Corporate Ratings**: B1 stable by Moody’s / B+ positive by Fitch
- **Issue Ratings**: B1 by Moody’s / B+ by Fitch
- **Format**: Rule 144A / 3c-7 exemption / Reg S
- **Use of Proceeds**: Repayment of US$235MM of credit facilities, [other existing indebtedness], working capital and GCP
- **Size**: US$500 million
- **Settlement**: 24th January 2013 (T+ 5)
- **Coupon**: 6.375% p.a.
- **Benchmark / Yield**: 1.625% UST, due Nov 2023 / 1.815%
- **Spread to Benchmark**: +/- 450 bps
- **Reoffer Price**: US$100.00
- **Listing / Denomination**: SUKOT-ST / $200k
- **Quarterly/Annual Yield**: 6.375% p.a.
- **Guarantor**: PT Indika Energy Tbk
- **Listing Venue**: New York Law
- **Role**: Joint Bookrunner

**Allocation by Investor Type**

- Asia: 53%
- Europe: 36%
- US: 11%
- EM/EMI: 3%
- Other Banks: 3%

**Transaction Highlights**

- **Indika’s 4th US bond issuance in the international debt capital markets which achieved the lowest funding rate and longest maturity for the company**
- **First Indonesian single “B” rated issuer to price a 10-year US$ bond offering**
- **Skilledly navigated impending supply and successfully priced amid a weaker backdrop**
- **Lowest ever coupon for a high-yields metals and mining issuer in the Asia Pacific region for a 10-year US$ bond issuance**
- **Comprehensive investor education and effective marketing of robust credit story**
  - Given the news around commodity prices in 2012 and the length of time since Indika had met investors, decision was made to embark on a full global roadshow on Jan 10th
  - Dual-team investor meetings with Team A covering Singapore, London, New York and Team B covering Hong Kong, Los Angeles, Toronto and New York helped to reduce market risk
  - Indika’s announcement of investor meetings was met with overwhelming demand with 5-on-1 and 6-on-1 meeting slots readily filled up
  - Indika’s approach to the best execution strategy by addressing investor concerns first-hand thereby getting investors comfortable with its credit fundamentals was vital to the success of the transaction
- **Robust demand from a high-quality, diverse investor base**
  - Investor familiarity and confidence in Indika as a repeat issuer allowed soft orders in excess of the US$400MM US$400MM
- **Comprehensive investor education and effective marketing of robust credit story**
  - Following the announcement of Indika’s approach to the best execution strategy by addressing investor concerns first-hand thereby getting investors comfortable with its credit fundamentals was vital to the success of the transaction
- **First overnight auction for US$500M in the 10yr achieving an overwhelming oversubscription of about 10.9x**
- **High quality of demand with the bonds trading up 1 pt on the break at $101.00 and reaching a peak of $102.00 during the day**

---

Sime Darby – Inaugural US$800MM 5-/10-yr Sukuk Bond Offering

On Tuesday, January 22nd 2013, Sime Darby successfully priced their inaugural US$800MM dual-tranche 5/-10 year Sukuk bond offering through a drawdown off the newly established Sukuk programme.

Summary Terms of the Sukuk Offering

- **Sukuk Issuer**: Sime Darby Global Berhad, a wholly owned subsidiary of Sime Darby
- **Issuer Ratings**: A1 / A3 (stable by S&P / Fitch / Moody’s)
- **Issue Ratings**: A1 / A3 (by S&P / Fitch / Moody’s)
- **Instrument / Structure**: Sukuk Issuer Sime Darby Global Berhad, a wholly owned subsidiary of Sime Darby
- **Format**: Rule 144A / 3c-7 exemption / Reg S
- **Issue Size**: Sukuk Obligor
- **Tenor**: 5-Year due 2018 / 10-Year due 2023
- **Per Coupon (x.a.):** US$400MM / US$400MM
- **Spread to Benchmark**: 2.035% / 3.200%
- **Settlement**: 5 (Jan 29th, 2013)
- **Use of Proceeds**: Capex, Working Capital and GCP
- **Other Details**: BB Rated
- **Guarantor**: PT Sime Darby Plantations
- **Role**: Joint Bookrunner / Joint Ratings Advisor

**Allocation by Geography**

- Asia: 86%
- Europe: 11%
- US: 3%

**Allocation by Investor Type**

- FMs
- Banks
- Financial
- Public/PIB

**Transaction Highlights**

- **1st Malaysian and the 1st Sukuk issuer globally to issue in the IS international debt markets in 2013**
- **Lowest ever coupon by any corporate globally in the USD Sukuk market and the lowest ever USD coupon by a Malaysian borrower in both the 5 year and 10 year tenors**
- **Rare international IS Sukuk offering in Asia from one of the leading conglomerates in Malaysia which achieved ratings one notch above the sovereign**
- **Skilledly navigated impending supply and successfully priced following a comprehensive investor education exercise spanning Asia, Europe and the Middle East**
- **Priced merely c. 40bps back of a theoretical new 10-yr Malaysian sovereign bond and slightly inside key comparable, Hutchison’s existing curve**
- **Bringing out Sime’s compelling investment thesis and credit positioning**
  - In preparation for the proposed bond offering, Sime embarked on their inaugural ratings exercise obtaining ratings one notch higher than the Malaysian sovereign ratings from 2 out of the 3 rating agencies
  - Sime’s outstanding ratings outcome reflected its strong plantation business, its large size, a diversified business portfolio and its conservative financial leverage
- **Comprehensive investor education and effective marketing of robust credit story**
  - Given the inaugural nature of Sime’s Sukuk offering, the company embarked on an extensive series of investor meetings in Kuala Lumpur, Hong Kong, Singapore, London, Riyadh and the UAE
  - Following the announcement of the Sime’s establishment of a Sukuk programme, investor meetings were met with overwhelming demand with up to 6-on-1 meeting slots readily filled up
- **Optimal pricing outcome amid robust demand from a high-quality diverse investor base**
  - With markets stabilizing after a week of heavy supply and following positive feedback from investors, Sime decided to launch the transaction post completion of investor meetings in Dubai
  - Initial price guidance of T+150bps area released at 17:30pm HKT with books at ~$8.0bn. Given the aggressive revision in price guidance, the total deal size was also capped at US$1.3 billion
  - Final pricing was at the tight end of revised guidance with an orderbook of about US$2.4bn in the 5yr and US$4.4bn in the 10yr achieving an overwhelming oversubscription of about 10.9x
  - Solid aftermarket performance with the bonds trading up to 102 by 103p on the 5-yr and 103p on the 10-yr

---
ASEAN Local Currency Issuance

Local currency markets in the region have also grown steadily since 2008. The 3 largest markets by volume are MYR, SGD and THB. Issuance in these markets have also seen participation from foreign issuers.

ASEAN G3 Primary Market Volumes (Corporates & FIs)

ASEAN Local Currency Issuance

Trend of SGD Corporate Debt Issuance

Recent SGD Corporate New Issues

2012 New Issue Trends (Corporates & FIs)

2012 Issuance Split by Foreign / Domestic

SGD Corporate Bond Trends

Financials vs. Corps

By Tenors

Source: Dealogic, as of Jan 2013

Source: Dealogic, as of Jan 2013

Source: Dealogic, as of Jan 2013

Source: Dealogic, as of Jan 2013
Hybrid and capital securities have become a major component of the Asian debt capital markets, driven by strong private bank demand and attractive pricing for equity treatment.

**Recent Market Strength for Hybrid & Capital Offerings**

<table>
<thead>
<tr>
<th>Product</th>
<th>Pricing Date</th>
<th>Currency Size</th>
<th>Rating</th>
<th>Subordinated</th>
<th>Equity</th>
<th>Capital</th>
<th>Equity</th>
<th>Equity</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peat Marwick</td>
<td>2011-08-15</td>
<td>USD 500,000,000</td>
<td>A3</td>
<td>Subordinated</td>
<td>7.00%</td>
<td>Equity</td>
<td>100%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Citibank</td>
<td>2011-08-15</td>
<td>USD 500,000,000</td>
<td>A3</td>
<td>Subordinated</td>
<td>7.00%</td>
<td>Equity</td>
<td>100%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Prudential</td>
<td>2011-08-15</td>
<td>USD 500,000,000</td>
<td>A3</td>
<td>Subordinated</td>
<td>7.00%</td>
<td>Equity</td>
<td>100%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>EFG</td>
<td>2011-08-15</td>
<td>USD 500,000,000</td>
<td>A3</td>
<td>Subordinated</td>
<td>7.00%</td>
<td>Equity</td>
<td>100%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>HSBC</td>
<td>2011-08-15</td>
<td>USD 500,000,000</td>
<td>A3</td>
<td>Subordinated</td>
<td>7.00%</td>
<td>Equity</td>
<td>100%</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Recent Asian Corporate Hybrid Activity**

Hybrid bonds have become a major component of the Asian debt capital markets, driven by strong private bank demand and attractive pricing for equity treatment.

- Well-structured transactions have attracted investor demand in both US$ and SGD.
- Foreign issuers are also increasingly targeting Asian investors for their hybrid offerings (EDF, AkzoNobel, LOI, RWE, Megawise, Aviso, VTB, Zurich, Banco do Brasil).
- USD market is more exploited and deeper.
- SGD markets have been very active, but has become very selective on credit, name and product.
- Rating agencies have been utilised, but are often not reflected.

**Recent Asian Corporate Hybrid Activity**

<table>
<thead>
<tr>
<th>Company</th>
<th>Issuance Date</th>
<th>Currency</th>
<th>Size</th>
<th>Rating</th>
<th>Subordinated</th>
<th>Equity</th>
<th>Capital</th>
<th>Equity</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheung Kong Infrastructure</td>
<td>Apr-11</td>
<td>USD 500,000,000</td>
<td>A3</td>
<td>Subordinated</td>
<td>7.00%</td>
<td>Equity</td>
<td>100%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Hutchison Whampoa</td>
<td>Apr-11</td>
<td>USD 500,000,000</td>
<td>A3</td>
<td>Subordinated</td>
<td>7.00%</td>
<td>Equity</td>
<td>100%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Noble Group</td>
<td>Apr-11</td>
<td>USD 500,000,000</td>
<td>A3</td>
<td>Subordinated</td>
<td>7.00%</td>
<td>Equity</td>
<td>100%</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Note: Citi-led transactions highlighted above. USD hybrid transactions were sponsored for Cheung Kong Infrastructure, Hutchison Whampoa and Noble Group in 2010.

1. Automatically extended at year 2, or extinguished at the option of the issuer.
so; (b) targeting $50 billion over 10 years to address global climate change: includes significant increases in investment and financing of renewable energy, clean technology, and other carbon-emission reduction activities; (c) committing to an

Citi believes that sustainability is good business practice. We work closely with our clients, peer financial institutions, NGOs and other partners to finance solutions to climate change, develop industry standards, reduce our own environmental footprint, and engage with stakeholders to advance shared learning and solutions. Highlights of Citi’s unique role in this regard include: (a) releasing in 2007 a Climate Change Position Statement, the first US financial institution to do

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Work Plan and Other Issues

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

11th ABMF Meeting
Singapore, 4-5 FEB 2013

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

1. Updating Phase 1 reports
2. Knowledge support for BCLMV
3. Work plan after Singapore meeting
   * Remarks on reporting to AFMCGM+3
Updating Phase 1 reports

- Presentation by SWIFT on behalf of Updating Team, as coordinator of the team
- Active participation by National Members will be critical
Knowledge support for BCLMV

Approach: Phased supports based on actual demands

- **Phase 1**: Kick-off seminar to address fundamental issues and challenges in developing bond market (5-6 Dec 2012)
- **Phase 2**: Market visits on demand basis (Q1 2013)
  - Provide tailor-made knowledge support considering specific demands from each economy
  - Collect market information both on SF1 and SF2
- **Phase 3**: Follow up support for market development (optional, Q2 2013~) (ex: standalone project/program)
Knowledge support for BCLMV

- Key findings of the Kick-off seminar

### Table 1: Key challenges in developing bond market and demands for knowledge support

<table>
<thead>
<tr>
<th>Economy</th>
<th>Issues and challenges identified by BCLMV</th>
<th>Demands for knowledge support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>• Lack of legislations and infrastructure&lt;br&gt;• Large companies’ bank dependence and lack of understanding on Sukuk&lt;br&gt;• Limited issuance size and maturity&lt;br&gt;• Absence of secondary market&lt;br&gt;• Lack of investor base&lt;br&gt;• Limited (domestic) investment opportunity</td>
<td>• Support for further developing government Sukuk market¹&lt;br&gt;• Education of corporate sector on benefits of bond market</td>
</tr>
</tbody>
</table>
## Knowledge support for BCLMV

<table>
<thead>
<tr>
<th>Country</th>
<th>Issues</th>
<th>Issues</th>
</tr>
</thead>
</table>
| Cambodia   | • Not yet a high priority of government  
• Lack of human capacity  
• Limited public awareness  
• Dollarized economy | • Expand kick off seminar for other issues including financial stability  
• Developing secondary market including infrastructure for repo transactions, hair cut issues, and central bank operations  
• Capacity on public debt management  
• Capital flow monitoring  
• Study on feasible model for market development (ex. TH, ID)  
• Credit rating issues  
• Study on central bank bond issuance (ex: KR) |
| Lao PDR    | • Lack of comprehensive regulatory framework  
• Limited cash and debt management  
• Limited human resources  
• Limited choice of product  
• Limited investor base | • Developing comprehensive legal framework for bond market ¹  
• Organizing training course and workshop for a wider staff in MOF and central bank  
• Assistance on repo framework |
## Knowledge support for BCLMV

<table>
<thead>
<tr>
<th>Myanmar</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement in primary market</td>
<td>Frequent auction (once a week)</td>
</tr>
<tr>
<td>Enhancing liquidity in secondary market.</td>
<td>Same tenors offered at auction which discourage market trading</td>
</tr>
<tr>
<td>Introduction of scripless bond system</td>
<td>Not transparent information disclosure and trade reporting system</td>
</tr>
<tr>
<td>Introduction of bond pricing system</td>
<td>Absence of credit rating agency</td>
</tr>
<tr>
<td>Developing bond issuance methods</td>
<td>Repos are conducted as sell buy back transaction</td>
</tr>
<tr>
<td>Training on the issues identified</td>
<td>Lack of benchmark yield curve</td>
</tr>
<tr>
<td>* Support for establishing central securities depository (CSD)(^1)</td>
<td>Pricing convention that is sometimes different from other markets</td>
</tr>
<tr>
<td>Support for planned introduction of primary dealer (PD) system in 2013</td>
<td>* Legal framework / Dealing and settlement systems / Training on derivatives markets / Support for joining AMBIF(^2)/ Developing corp. bond market including market rules, investor base, custody, and settlement banks(^1)</td>
</tr>
</tbody>
</table>

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**Note:** 1. Demands for knowledge support that were identified before the kick off seminar through bilateral consultation with ABMF members of respective economies
Knowledge support for BCLMV

Future work plan

- Confirmation of the demand: Feb 2013
- Consultation with other initiatives (TACT, AFDC, JACIA, Public Debt Management Forum): Feb 2013
- Phase 2 support (demand based on-site knowledge support and market visits): Mar 2013 ~
- Consideration on Phase 3 support: Q3 2013 ~
Work Plan after Singapore Meeting

- 11th ABMF meeting (4-5 Feb 2013, Singapore)
  ✓ (SF1) Discussed draft key features of AMBIF
  ✓ (SF2) Discussed draft recommendations
  * 4th regulatory bodies meeting on 3 Feb 2013

- Progress reporting to ABMI working group meeting (Brunei Darussalam, 7 Mar 2013, TBC)

- Starting on-site knowledge supports for BCLMV and market visits (Mar 2013 ~)
Work Plan after Singapore Meeting

- 12th ABMF meeting (23-24 Apr 2013, Venue TBC)
  - Discuss and finalize Phase 2 reports to AFMCGM+3 (focusing on policy recommendations)

- AFMCGM+3 (early May 2013, New Delhi)
  - Recommendations are expected to be approved

- 2nd half of 2013
  - Follow up on the implementation of recommendations
  - Finalize Phase 2 full report (by the end of 2013)
  - 1st update of Phase 1 reports (by the end of 2013)
Work Plan after Singapore Meeting

- **13th ABMF meeting**: 25-26 Jul 2013, Tokyo (TBC)
  - Discuss Phase 2 full reports
  - Discuss Phase 3 activities

- **14th ABMF meeting**: late Oct or early Nov 2013, Seoul (TBC)
  - Continue discussing Phase 2 full reports
  - Follow up on updating Phase 1 reports
  - Agree on key areas and focus of Phase 3 activities

- **2014**
  - Start Phase 3 ABMF activities
  - Pilot issuance under AMBIF
Remarks on reporting to AFMCBM+3

- Reports consists of two parts
  - 1: Main report in word document summarizing key findings and policy recommendations
  - 2: Attachments containing detailed findings of SF1

- Need agreement by the ABMF members for the contents and format of the report!!
Remarks on reporting to AFMCBM+3

Structure of SF1 report (Tentative)

- Executive Summary (2~3 pages)
- Introduction and Background (1~2 pages)
- Description on AMBIF (30~40 pages) including:
  - Approaches
  - Characteristics and principles
  - Proposed Process
  - Actions required
  - Proposed Timeline
- Conclusion (1~2 pages)
- Appendix (no page limits)
  - Details of AMBIF including charts and diagrams
Remarks on reporting to AFMCBM+3

Structure of SF2 report (Tentative)

- Executive Summary (2~3 pages)
- Introduction and Background (1~2 pages)
- Description on AMBIF (30~40 pages) including:
  - Key findings on the flows
  - Key findings of Fit and Gap analysis
  - Observations and policy implications
  - Recommendations for next phase
  - Roadmap
- Conclusion (1~2 pages)
- Appendix (no page limits)
  - Details of SF2 findings including charts and diagrams
Thank You

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

For further information
Dr. Seung Jae Lee, Advisor: sjlee@adb.org
Mr. Shinji Kawai, Senior Financial Sector Specialist: skawai@adb.org
ASEAN+3 Bond Market Guide – Updating and Manintenance

6 February 2013
Already discussed process and structure
Updating Cycle

• Periodic updates (proposal is 1 to 2 updates per year)

• Ad hoc updates depending on the nature and urgency of the change
Updating Process – Submission by AMBF National Members (1)

(Case 1)

1. National Members make changes in respective individual market guide or relevant part in the ASEAN+3 Bond Market Guide (the Guide), and submit it to Updating Team.

2. Updating Team reviews the changes and provides the additional revisions when needed.

3. Updated document is sent to the respective National Member for confirmation.

4. Once the document is confirmed by the respective National Member, document is final and published on the ADB website.
Updating Process – Submission by AMBF National Members (2)

(Case2)

1. National Members submit change request to Updating Team by using ‘Change request template’

2. Updating Team applies the necessary changes to the document

3. Updated document is sent to the respective National Members for confirmation

4. Once the document is confirmed by respective National Member, the document is final and published on the ADB website
 Updating Process – Submission by AMBF National and International Experts (2)

1. National Experts and International Experts submit change request to Updating Team by using ‘Change request template ’

2. Updating Team applies the necessary changes to the document

3. Updated document is sent to the respective National Members for confirmation

4. Once the document is confirmed by respective National Member, the document is final and published on the ADB website
Updating Process – Submission by Country NMPG Chair

1. Country NMPG chair submits change request to Updating Team by using ‘Change request template’

2. Updating team sends change request to respective National Member for prior review and validation

3. National Members send approval for the change request to Updating Team

4. Updating team applies changes to the document

5. Updated document is sent to the National Members for confirmation

6. Once the document is confirmed by respective National Member, the document is final and published on the ADB website
Change Request Template Proposal

Requesting institution type: (ABMF national member, National Expert, International expert, NMPG, or others)

Name of requesting institution: (Full name)
Thank you