

Briefing note: the 15th ABMF meeting on 18 Mar 2014 in Manila, Philippines

(Prepared by ABMF secretariat for ABMI TF3. Internal use only)

I. Key results of the meeting

1. The 15th ASEAN+3 Bond Market Forum (ABMF) meeting was held on 18 Mar 2014 in Manila, Philippines. The meeting was hosted by Asian Development Bank, Department of Finance Philippines, Bureau of Treasury Philippines and Philippine Dealing System Holdings Corp. Around 120 ABMF members, experts, and observers participated in the meeting. The meeting agenda is in Attachment 1.

2. (Launch of Phase 2 reports) Two new reports to document the achievements during Phase 2: (i) the Proposal on ASEAN+3 Multi-Currency Bond Issuance Framework (SF1), and (ii) Information on Transaction Flows and Settlement Infrastructures (SF2) were completed. The two reports are available from ADB's web-site from 18th March. Any members are welcome to create mirror sites.

3. (Work Plan for Phase 3 : SF1) Primary focus of Phase 3 is to realize AMBIF pilot issuance. Members agreed on the framework presented by Mr. Kobayashi, JMOF, for collaborative work between the Small Working Group under ABMI TF3 (SWG) and ABMF to promote standardization of documents and procedures, and a pilot issuance of a bond under AMBIF (Attachment 2). ABMF and SWG will regularly share information on bi-lateral discussions among SWG members. ABMF will support SWG by providing inputs on technical aspects and feasibility analyses from market perspectives to develop standardized documents and procedures, and make recommendations and suggestions to TF3 co-chairs on the implementation process of AMBIF and possible changes in regulations, rules and processes to address potential obstacles for AMBIF. SF1 will develop an Implementation Guideline to support regulators, stakeholders on defining characteristics of AMBIF Bond and AMBIF Market.

4. (Work Plan for Phase 3 : SF2) SF2 will also continue to work on enhancing regional Straight-Through-Processing (STP) of bond transactions through standardization. Three options of ASEAN+3 reference DVP models for bond transactions and ISO 20022 messaging items for such DVP flow were presented for members' further consideration. It was stressed that adoption of the reference model and ISO standard are not for immediate action but to adopt these using opportunities such as system renewals. A survey on the ISIN numbering process was proposed to set up common rules on ISIN allocation within ASEAN+3. A study on cross-border collateral and repo covering regulatory, operational and technical aspects will be conducted to make a proposal on the improvement of repo and cross-border collateral transactions through standardization to enable smoother financing using bonds in the region. Members listened to presentations on challenges for tri-party repo services in the region, comparative studies on repo markets in the region and experiences in developing the

repo markets in Korea and Taiwan,China, respectively, to better understand some of the issues on cross-border collateral and repo.

5. (Market Guide update)Updating of the ASEAN+3 Bond Market Guide is in process and targeting to publish in 2Q 2014. The new version will for the first time include the region's frontier economies Cambodia and Myanmar. The next round of updating is planned during Phase 3, to be published in 2Q 2015. It was proposed to include specific focus points based upon market needs and also Brunei Darussalam.

II. Next steps

6. (Phase 3 :SF1) SF1 will continue drafting the Implementation Guideline, which will seek comprehensive description of AMBIF as well as streamlining and expediting of the existing regulatory processes. SF1 will support SWG to clarify issues, such as commonalities and differences of the procedures and documentation among economies, and prepare recommendations, such as the potential market(s) and issuer(s) for the pilot issues and possible preferable treatments for issuers and investors.

7. (Phase 3: SF2) SF2 will prepare questionnaires on DVP reference model, ISO 20022, ISIN Code and cross-border collateral and repo. These will be sent to members in the first half of April. Based on answers to the questionnaires, a draft report will be prepared.

8. (Market Visits) Market visits will be conducted on a selected basis, such as to discuss AMBIF pilot issuance, to facilitate bond market guide update, and to clarify issues on SF2 topics. Market visits would aim to include BCLMV Knowledge Support depending on specific requests.

9. (Next ABMF meetings) The 16thABMF Meeting is planned for Aug-Sep 2014; venue and date to be determined later. For SF1, the draft Implementation Guideline and progress in the work with SWG on standardized documents and procedures, and recommendations to SWG will be discussed. For SF2, the draft report based on answers to questionnaires will be discussed.

Attachments: 1. 15th ABMF meeting agenda
2. The Small Working Group and ABMF (SF1)