



16th ASEAN+3 Bond Market Forum (ABMF) Meeting

Venue: Hong Kong Monetary Authority
55/F, Two International Finance Centre (IFC)
8 Finance Street, Central, Hong Kong

Agenda

DATE & TIME	PROGRAM
1 Sep 2014	DAY 1: Sub-Forum 1 (SF1), Room 5601
13:00– 13:30	<i>Registration</i>
13:30 – 13:40	Welcoming Remarks by Mr. Esmond Lee, HKMA
13:40 – 13:50	Key Note Speech by Mr. Noritaka Akamatsu, ADB
13:50 – 14:00	- Opening Remarks by Mr. Koji Ito, SF1 Chair
14:00 – 15:30	Session 1: Updates on AMBIF <ul style="list-style-type: none">– Progress reporting (ADB Secretariat, Prof. Inukai and Mr. Schmidt)– Topics will include:<ul style="list-style-type: none">✓ Reporting on Market Visits and Issuer Representations✓ Implementation Guideline and Pilot Issues✓ Observations for Discussion
15:30 – 15:50	<i>Coffee break</i>
15:50 – 16:30	Session 1: Updates on AMBIF (continued) <ul style="list-style-type: none">– Discussion and Questions
16:30 – 17:15	Session 2: Update of Bond Market Guide <ul style="list-style-type: none">– Q and A
17:15 – 17:30	Session 3: Hong Kong's Offshore RMB Bond Market, A Small Player With A Big Heart , by Mr. Michael Dai, Bank of China, Hong Kong, which covers <ul style="list-style-type: none">– The latest and major policies by Mainland China that lead to the development of HK's offshore RMB bond market– Overview of HK's offshore RMB bond market and its potential– Observations / comments on further developing this market

DATE & TIME	PROGRAM
17:30 – 18:00	Session 4: Work Plan and Other Issues of SF1 <ul style="list-style-type: none"> – Work Plan and Other Issues (ADB Secretariat, Mr. Noritaka Akamatsu) – Q and A
18:00 – 18:10	Wrap up by ADB Secretariat, Mr. Noritaka Akamatsu
18:10 – 18:20	Closing Remarks by Mr. Koji Ito, SF1 Chair
19:00~	<i>Dinner hosted by Bank of China (HK) Ltd</i> <i>(Venue: Bank of China Tower, 1 Garden Road, Central)</i>
2 Sep 2014	DAY 2: Sub-Forum 2 (SF2), Room 5601
08:30 – 09:00	<i>Registration</i>
09:00 – 09:10	Opening Remarks by Mr. Jong Hyung Lee, SF2 Chair
09:10 – 10:10	Session 5: Progress and Issues of SF2 <ul style="list-style-type: none"> – Findings from Questionnaire (ADB Secretariat, Dr. Taiji Inui) – Topics will include: <ul style="list-style-type: none"> ✓ Reference DVP model ✓ Standardization of Messages ✓ ISIN allocation ✓ Cross-border/cross-currency collateral and repo
10:10 – 10:40	<i>Coffee break</i>
10:40– 12:05	Session 6: Tour de table discussion by all members and experts on possible roadmap and policy recommendations (Moderated by ADB Secretariat) <ul style="list-style-type: none"> – Recent development of bond markets and their infrastructures in each economy including roadmap to adopt ISO20022.
12:05 – 12:35	Session 7: Collateral Without Damage <ul style="list-style-type: none"> – A pioneering industry approach based on partnership by Mr. Stefan Lepp, Chief Executive Officer, Clearstream
12:35 – 14:20	<i>Lunch hosted by Clearstream</i> <i>(Venue: China Club, 13-14/F, Old Bank of China Building, Bank Street, Central)</i>
14:20 – 14:50	Session 8: (Information session): Securities numbering including allocation of ISIN <ul style="list-style-type: none"> – How to establish NNA (for BN, KH, LA, MM) by Mr. Dan Kuhnel, Chairman - Association of National Numbering Agencies (ANNA)

DATE & TIME	PROGRAM
14:50 – 15:20	Session 9: (Information session): Progress report of Cross-border Settlement Infrastructure Forum – Updating progress on CSIF by ADB Secretariat, Mr. Hsiao Chink Tang
15:20 – 15:50	Session 10: Work Plan and Other Issues of SF2 – Work plan and other issues (ADB Secretariat, Mr. Noritaka Akamatsu)
15:50 – 16:20	<i>Coffee break</i>
16:20 – 16:50	Session 11: Revising Bond Market Guides [Session will only be held if Session 2 not sufficient for discussion] – Update of Bond Market Guides (posted on ADB site) will be reported by ADB Secretariat, Prof. Shigehito Inukai, Mr. Matthias Schmidt, and SWIFT
16:50- 17:05	Session 12: Linking the Asian capital markets with the international eco system by Olivier Grimonpont, General Manager, Regional Head, Asia-Pacific, Euroclear
17:05 – 17:15	Session 13: Other Issues (ADB Secretariat) – Venue of next meeting, etc.
17:15 – 17:30	Wrap up by ADB Secretariat, Mr. Noritaka Akamatsu
17:30 – 17:40	Closing Remarks by Mr. Jong Hyung Lee, SF2 Chair
19:00~	<i>Dinner hosted by Euroclear</i> <i>(Venue: Watermark, Central Pier 7)</i>

Logistics Arrangement

1 September 2014 (Monday, Room 5601)	
16th ASEAN+3 Bond Market Forum (ABMF) Meeting	
Registration (1:00pm – 1:30pm). Meeting to start at 1:30pm.	
Registration Desk	HKMA office entrance is located at the Ground Floor of <i>Two IFC, 8 Finance Street, Central</i> . Present your name card at the Ground Floor Registration Desk to collect your Access Pass for the “ 56/F, ABMF Meeting ” for 3 days.
Guide to 56/F	A concierge staff will direct you to 55/F. On 55/F, you could find the escalator to reach 56/F. Our staff will greet you at the Reception Desk on 56/F.
Refreshments	Serving coffee, tea and snacks
Welcome Dinner hosted by Bank of China (HK) Ltd (around 7:00pm)	
Venue	Bank of China Tower, 1 Garden Road, Central
Cuisine	Chinese (Pork free). Free seating with headtable.

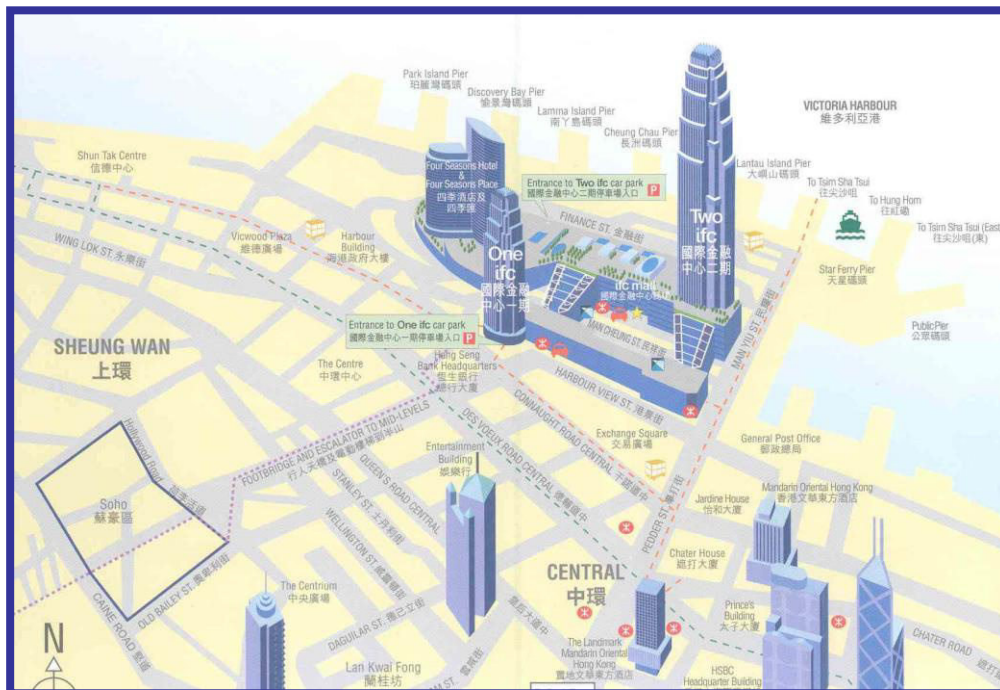
2 September 2014 (Tuesday, Room 5601)	
16th ASEAN+3 Bond Market Forum (ABMF) Meeting	
Registration (8:30-9:00am). Meeting to start at 9:00am.	
Access	Bring along the “ Access Pass ” of the event. A concierge staff will direct you to 55/F of the HKMA. Through 55/F, you could the escalator to reach 56/F. Our staff will greet you at the Event Reception Desk on 56/F.
Refreshments	Serving coffee, tea and snacks
Lunch hosted by Clearstream (12:35-2:20pm)	
Venue	China Club, 13-14/F, Old Bank of China Building, Bank Street, Central
Cuisine	Chinese (Pork free). Free seating.
Dinner hosted by Euroclear (around 7:00pm)	
Venue	Watermark, Central Pier 7
Cuisine	Buffet with international cuisine. Free seating.

Location map of the HKMA Office

Address:

Hong Kong Monetary Authority
55/F, Two International Finance Centre
8 Finance Street, Central, Hong Kong

Location map:



How to get to the HKMA:

By Taxi Travelling from hotels in Admiralty and Causeway Bay (**HK\$30 -HK\$50, 10-20 minutes during non-peak hours**)

By MTR: **MTR ‘Hong Kong’ Station, Exit A2**

From MTR ‘Hong Kong’ Station Exit A2, you can access Podium Level 1 of Two IFC mall by the escalator. Passing through the Apple Store through the Podium Level 1 of Two IFC mall, you will find the entrance of the Two IFC Office. Walk straight to find an escalator to reach the Ground Floor lift lobby on the right, where you will find the entrance of HKMA’s office.

The **‘Hong Kong’ station** and the **‘Central’ station** are linked by an underground pathway or an overground footbridge.

By Bus: 3A, 7, 11, 12, 15C, 25, 40C, 71, 90C, 91, 94, 511, 621, 681



Emergency Contact of the HKMA

Main contact of HKMA			
Name	Post	Office Tel	Mobile Tel
Flora Wong	Senior Manger	+852 28788162	+852 94679898
Nancy Wang	Manager	+852 28781308	+852 96617632
Anissa Wong	Manager	+852 28781239	+852 96774688
Elka Wong	Co-ordinator	+852 28781464	+852 62336700
Harry Sin	Co-ordinator	+852 28781236	+852 64480140

Session 1

Updates on AMBIF

by ADB Secretariat:

Prof. Shigehito Inukai and

Mr. Matthias Schmidt

ADB

V12 Final
29 Aug 2014
After Handouts

ABMF Phase 3 – SF1 Update on AMBIF Implementation Work

Prof. Shigehito Inukai
Matthias Schmidt
ADB Consultants

16th ABMF Meeting, Hong Kong, 1 September 2014

1

Agenda for **Session 1**

- ① ABMF Phase 3 (Recap)
- ② Issuer Representations (Summary)
- ③ SF1 Market Visits (Jun-Aug 2014)
(incl. Matrix of Challenges for Issuance of AMBIF Bonds)
- ④ Pilot Issue(s)
- ⑤ Implementation Guidelines
- ⑥ Observations for Discussion
- ⑦ Discussion and Questions

❖ For Reference: Issuer Representations

2

① ABMF Phase 3 – SF1 (Recap)

3

①-1. ABMF Phase 3 – SF1 (Recap)

- Reconfirm Regulatory Support
- Pilot Issues
 - AMBIF Implementation Guideline
 - Selected Engagement / Market Visits
- Update of Bond Market Guides

4

①-2. Phase 3 Work Approach

- Anticipated Deliverable(s)
 - Pilot issues
- Anticipated Output
 - Multiple output over 1.5 years
 - ✓ **AMBIF Implementation Guideline**
 - ✓ **Regulatory Process Mapping**
 - Can consider to keep and treat separately, or combine into consolidated Phase 3 Report
 - ✓ **Bond Market Guides** (13 Jurisdictions)

5

② Issuer Representations (Summary)

6

② Issuer Representations (Summary)

- **Markets of Interest**: TH, MY, also ID and PH; **among currencies**: THB
- **Country Risk**: a consideration, but not if commercial activities in place
- **Rating**: Domestic rating(s) vs. (international) rating(s) already obtained
- **Trend Change**: interest in domestic funding, rather than via HQ
- **Language**: English for documentation, disclosure (since re-usable)
- **Governing Law**: flexibility may be required to access new investors
- **Swap**: Interest in swap market for inbound and outbound proceeds
- Swap regulations/availability not clear enough; policies change often
- **Bank**: Preference for (investment) bank of choice
- **Listing**: Profile listing of bonds in market(s) other than issuance market
- **Enlarge Market & Liquidity**: Issuance of bonds in one market, and marketing/offering for sale outside that market
- **Tax**: Withholding tax a consideration
- **MTN**: MTN programme was mentioned as preferred issuance type

7

② Conclusions on Potential Issuers

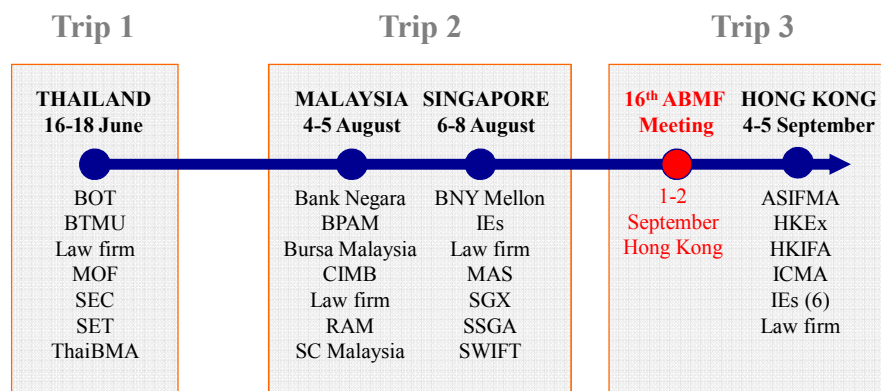
- ✓ Regional (resident) corporation with significant business interest or existing commercial activities in or across ASEAN+3 markets
 - Manufacturing
 - Product Sales/Distribution
 - Sales Financing
 - Leasing
 - Financial Services & Banks
- ✓ Government agency or linked corporation
- Findings support “original assumptions” made in Phase 2 and for purpose of AMBIF proposal

8

③ SF1 Market Visits (June - August 2014)

9

③-1. Overview of SF1 Market Visits



10

③-2. Market Visits - Objectives

1. Share potential issuers' feedback
2. Obtain feedback on AMBIF
3. Connect with regulatory authorities
4. Reconfirm market features
5. Reconfirm regulatory process(es)
6. Collect additional information for BMG update, as practical

11

③-3. Market Visits - Outcome

- Markets ready – now, time for pilot issue(s)
- ✓ Warm welcome everywhere
- ✓ Significant interest & support from regulators
- ✓ Frank exchange of opinions
- ✓ Questions on AMBIF distinctions
- ✓ Interesting observations (detailed later)

12

③-4.1: Matrix of Challenges for Issuance of AMBIF Intra-regional Professional Bonds in visited Jurisdictions

	Challenges related to "Market Practices and Market Operation"	Challenges and Issues related to "Institutional and Regulatory Process"
Common Issues to be confirmed in Each Market	<ul style="list-style-type: none"> Professional Investors' definition (How to distinguish from individual investors) ; Professional market deregulation / exemption such as simplified disclosure documents for the bond issuances to professional investors; Approval or acceptance of AMBIF documentation (AMBIF Disclosure Items on Information Memorandum and Program Information) 	<ul style="list-style-type: none"> Foreign Exchange related regulations; Capital (Funds Allocation) regulations, liquidity regulation; SWAP related regulations; Tax (WHT) related regulations; Interest rate related regulations, etc.; Expedited approval process.
Malaysia	<ol style="list-style-type: none"> There are no particular issues in Malaysia. Need to confirm whether the use of ADRB Recommendation (AMBIF Disclosure Items on Information Memorandum and Program Information) is OK or not. 	<ul style="list-style-type: none"> No (major) constraints are expected.
Singapore	<ol style="list-style-type: none"> There are no particular issues in Singapore. However, given the integrated onshore and offshore market structure, potential challenges on how to effectively ring-fence a domestic professional market from retail investors may exist. Need to confirm whether the use of ADRB Recommendation (AMBIF Disclosure Items on Information Memorandum and Program Information) is OK or not. 	<ul style="list-style-type: none"> There are no particular issues in Singapore.

13

③-4.2: Matrix of Challenges

	Challenges related to "Market Practices and Market Operation"	Challenges and Issues related to "Institutional and Regulatory Process"
Thailand	<ol style="list-style-type: none"> <u>English</u> acceptable to be used in disclosure documents. Adoption of the format of <u>MTN program</u> in Thailand domestic issuance of AMBIF Bond by resident issuers. Need official confirmation about the <u>use of terms</u> mentioned below: <ul style="list-style-type: none"> The use of the word "<u>Filing</u>" in case of the Thai SEC registration of the bond issuance; The use of the word "<u>Registration</u>" in case of Thai Bond Market Association registration of the issued bonds, instead of using the word "<u>Listing</u>" (as evident in some documents); With regards to the PP-AI Regime disclosure documents, not to use the word of "Prospectus (short prospectus)" in order to avoid confusion with the full disclosure based market. At the same time, the word "<u>Information Memorandum</u>" was recommended as the more suitable term for the PP-AI Regime disclosure document(s). Rating <ul style="list-style-type: none"> With regards to the PP-AI Regime bond issuance, ratings are not required any longer. However, in case of Baht bond issuance by a non-resident corporate, A- or better international credit rating is required. Core documentation of Thailand domestic issuance of AMBIF Bond <ul style="list-style-type: none"> In relation to the core documentation of Thailand domestic issuance of AMBIF Bond, we have confirmed that Thai SEC and ADB Secretariat team have mutual understanding and same views about its philosophy and principles. Specifically the <u>use of ADRB Recommendation</u> (AMBIF Disclosure Items on Information Memorandum and Program Information) is OK. In light of the above points, Thai SEC will start considering creating the operating guidelines voluntarily. In response to the above, ADB Secretariat team will create AMBIF Implementation Guideline, consistent with the above operating guidelines. 	<ul style="list-style-type: none"> Intergovernmental consultations about the acceptance of the approval of English based documentation. In addition to the above, in the future, there may be a need to further consider by MOF, even leading to concessions, the following items: <ul style="list-style-type: none"> Foreign exchange regulations (including special measures for AMBIF Bond/AMBIF MTN); Regulatory capital (funds allocation) / Liquidity related regulations (including special measures for AMBIF Bond/AMBIF MTN); Tax (Withholding tax) related concessions (including special measures for AMBIF Bond/AMBIF MTN); Administrative guidance related to Governing law (not directly regulated; but, MOF's Notification required in advance.); Credit rating related recent MOF administrative guidance (in case of corporate, A- or better rating is required; MOF's Notification required in advance.) (Need re-confirmation with regards to inconsistency in statements under item 4 on left) Handling for the above, it will be the subject of negotiations between the regulatory and supervisory authorities in the future. With regard to the nature and possible degree of any concessions (special measures) for AMBIF Market, before the negotiations between regulatory authorities, a discussion about the possible contents and items by the experts of the public and private sectors among ABMF members is seen as necessary.

14

③-5. Market Visit: Thailand

- **Priority** due to issuer interest, feedback
- **Basic assumption**: to confirm to what extent the features in the AMBIF proposal were indeed present and ready
 - ✓ From the point of Thai SEC
 - ✓ From the point of Thai MOF / PDMO
- Wanted to explore regulators' thoughts on **MTN programs**, since key issuer feedback and evident in other markets

15

T-1. Market Features: Thailand

- ✓ Professional market: PP-AI
- ✓ English for documentation (applies for non-resident or non-resident related domestic issuers)
- ✓ Governing law flexible (conditions apply for non-resident issuers) (prof. investors' preference)
- ✓ Expedited filing & approval for PP-AI (Thai SEC)
- ✓ *Baht Bond* concept for foreign issuers (Thai MOF)
- ✓ Registration with ThaiBMA [no market practice of listing (listing on SET possible)]
- ✓ Pricing via ThaiBMA
- ✓ Continuous disclosure items to be submitted to both ThaiBMA and Thai SEC

16

T-2. Regulatory Process: Thailand

- Multiple regulators (Approval by Thai MOF / filing of registration statement with Thai SEC)
- Distinct and specific approvals for domestic, foreign, financial institutions, and multi-lateral institutions (BOT, Thai MOF-PDMO)
- Follow-up visit by ADB Secretariat team within this year considered necessary for further discussion and conclusion with Thai regulators (talking points next page)

17

T-3. Talking Points: Thailand

- ***Baht Bond*** concept for non-resident issuers necessary for regulatory comfort and macroeconomic impact
- Comes with challenges, incl. limited approval, longer timeframe may affect issuers decision to use allocation, hence chance to frustrate regulators and issuers alike
- “Allocation of Funds policy” still central concern
- Concern on swapping of THB proceeds into FCY
- Terminology being discussed with SEC, to avoid misperceptions
- PDMO offers revised public domain PDF on *Baht Bond* for non-resident issuers (*appears to be reviewed*)
- Prescribed versus actual ratings and bond-holders' representative requirements

18

③-6. Market Visit - Malaysia

- Basic assumption: all features of AMBIF proposal already established, working
- But, needed to reconfirm currency and FX regulations (owing to perceptions)
- To get specific input from Bank Negara and Securities Commission on their understanding and feedback on AMBIF

19

M-1. Market Features: Malaysia

- ✓ Professional market: Offers to Sophisticated Investors
- ✓ English for all submissions, documentation
- ✓ Governing law flexible
- ✓ Same SC approval for domestic or foreign issuers
- ✓ Generally requires Trust Agreement
- ✓ MTN/iMTN programs typical issuance format
- ✓ No market practice of listing (listing on Bursa Malaysia in principle possible)
- ✓ Pricing & Information via BPAM (No publicly available disclosure of Info. Memos) – need confirmation
- ✓ Continuous disclosure via Trustee, SC supervision

20

M-1. Market Features: Malaysia (2)

- ✓ With regard to FX/swap requirements:
 - ✓ Approval requirement from Bank Negara Malaysia (BNM) for ringgit issuance by non-resident
 - ✓ Issuer free to swap MYR proceeds to foreign currency (FCY) with licensed onshore banks
 - ✓ Subject to Foreign Exchange Administration (FEA) rules on investment abroad by resident
 - ✓ FCY issuance by resident is subject to FEA rules on FCY borrowing obtained by resident
 - ✓ Non-resident is allowed to swap MYR proceeds for approved issuance

21

M-2. Regulatory Process: Malaysia

- Approval by SC for bond/Sukuk issuance to professional investors
- Need to present trust deed (exceptions apply)
- Approval process same for domestic, foreign issuers
- No Information Memorandum prescribed, but accepted
- SC: No issue if approval items for other markets included in submissions
- SC: issuer's preferred bank free to contract with approved underwriter in Malaysia

22

M-3. Talking Points: Malaysia

- Need to address persistent perceptions, since restrictions long abolished
- Listing opportunities not directly similar to other markets
- On ratings, RAM developed ASEAN rating scale, rated regional corporates, FI and sovereigns to provide context for investors

23

③-7. Market Visit: Singapore

- Basic assumption: all features of AMBIF proposal already well established
- But, open market has most characteristics of international market and its features
- Hence, challenge to effectively ring-fence a domestic professional market
- To get specific input from MAS on their understanding and feedback on AMBIF
- Also, wanted to confirm investor views

24

S-1. Market Features: Singapore (1)

- ✓ Trading via OTC
 - ✓ Selling restrictions (ring-fencing) already expressed in law, then conferred in regulations on intermediaries as part of KYC process
- ✓ Listing option on Wholesale Bond Market (SGX)
 - ✓ Professional via listing declaration (criteria), market access, KYC
 - ✓ Disclosure based regime
 - ✓ E.g. 70% of SGD bonds listed
 - ✓ 1,800 bonds (incl. Convertibles) listed, across more than 20 currencies
- ✓ No issuance approval required
- ✓ English for all documentation
- ✓ Governing law prescribed by investors
- ✓ Pricing via OTC; SGX allows price upload, if so desired

25

S-1. Market Features: Singapore (2)

- ✓ With regard to FX/swap requirements:
 - ✓ Non-resident financial institutions need to swap or convert their SGD proceeds from bond issuances to foreign currency, if the proceeds are to be used outside of Singapore
 - ✓ This does not apply to corporates or non-FIs who wish to bring SGD bond proceeds out of Singapore

26

S-2. Regulatory Process: Singapore

OTC / General

- No approval for professional bond issuance
- No prescription for disclosure content
- Market defines practices and documentation
- IM format typically used

Listing on SGX Wholesale Bond Market

- Issuer submits listing application
 - Criteria either of: MNC, min 80% to II/AI, rating
- Positive review leads to “Approval in Principle”
- Actual listing completes process

27

S-3. Talking Points: Singapore

- OTC market is purely internationally driven
- Many of the SGD bonds are unrated, but investors are equipped with internal resources to assess risks by themselves
- Beyond SGD bonds, rated bonds are common in the market

28

③-8. Planned Market Visit: Hong Kong

- Later this week (4 and 5 Sep)
- Basic assumption: all features of AMBIF proposal already well established
- Here too, open market effectively means international market and practices
- Thus, challenge to effectively ring-fence a domestic professional market
- Also, intention to confirm investor views

29

③-9. Next Market Visit Targets

- Thailand
 - To conclude Impl GL, focus on pilot issues
- Philippines
- Viet Nam
 - Reference in issuer feedback, AND / OR
 - Markets correspond to target issuer model
- At the most practical time or opportunity
- Issue of bandwidth, not lack of interest

30

④ Pilot Issues

31

Pilot Issues - Status

- In principle, some professional bond issuances observed in markets may already be considered AMBIF bonds:
 - If they would use ADRB documentation recommendation on disclosure items
 - See issuance scenarios for illustration
- For further discussion

32

Pilot Issues Scenario 1 (Recommended)

Issuance by Resident / Local Entity

Selling Restriction Exemption to offer to e.g. Japan / Singapore Professional Investors

Thailand



Criteria

- Subsidiary or Branch
- Requires 'Connecting Factor'
- Issue as PP-AI
- Use of THB proceeds
- Swap for excess funds only
- Use of ADRB doc

= Expedited review by SEC
= Regulatory comfort by BOT

Malaysia



Criteria

- Local Entity, Subsidiary or Branch
- Issue to 'Sophisticated Investors'
- Use of MYR proceeds
- Swap for excess funds only (Subject to FEA rules on investment abroad by resident)
- Use of ADRB doc

= Expedited approval by SC
= No concerns, approvals from BNM

33

Pilot Issue Scenario 2 (1)

Thai Domestic Issuance by Foreign Issuer



Thailand

Criteria

- Non-domestic entity (e.g. HO)
- Means 'Connecting Factor'
- Issue as PP-AI
- Use of THB proceeds
- Swap for excess funds only
- Use of ADRB doc

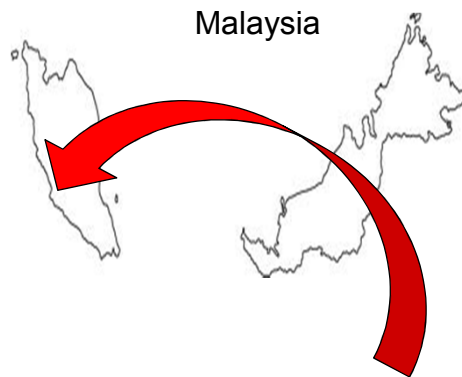
= Expedited review by SEC
= Expedited approval by BOT
= **Regulatory comfort for BOT**
= **Regulatory comfort for PDMO**

34

Pilot Issue Scenario 2 (2)

Malaysian Domestic Issuance by Foreign Issuer

Example Only



Criteria

- Non-domestic entity (e.g. HO)
- Issue to Sophisticated Investors
- Use of MYR proceeds
- Swap for excess funds only
- Use of ADRB doc

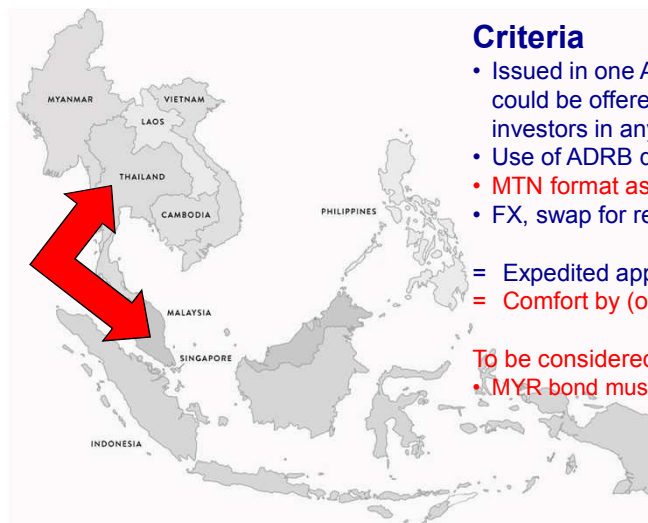
- = Expedited approval by SC
- = Expedited approval by BNM
- = **Regulatory comfort for BNM**

35

Pilot Issue Scenario 3

Intra-regional Offer for Sale

*Example Only
For Discussion*



Criteria

- Issued in one ASEAN+3 market and could be offered to professional investors in any market
- Use of ADRB doc
- **MTN format as common conduit(?)**
- FX, swap for regional currency

- = Expedited approval by regulator(s)
- = **Comfort by (other) authorities?**

To be considered/observed:

- **MYR bond must be issued in Malaysia**

36

What makes an AMBIF bond?

- Single core disclosure document: ADRB recommendation
 - Multiple markets
 - Accepted by regulators, leading to expedited approval
 - Cost savings (since effort limited to adaptation by deal parties)
 - Time savings (time to market, issuance window)
 - The applicable references to regulations and provisions for each participating market
- Regulatory comfort (since emphasis on LCY)
- Value proposition for issuers

37

Pilot Issues – Work to do

- Complete ADRB recommendation (for TH / MY)
 - With applicable references to regulations and provisions for each participating market
 - With a full review by regulatory authorities from all participating markets (some already done) to obtain input and no objection verdict
- Complete review of issuance documents
- Make issuers aware of CGIF (Guarantee Scheme) to address rating and eligibility criteria, market access
- This is a mix of legal work, study and marketing

38

⑤ Implementation Guideline

39

Implementation Guideline Status

- Thailand – Version 7 to be distributed to Thai regulatory authorities soon after 16th ABMF Meeting, as discussion paper for review and input
- Malaysia – First draft version after 16th ABMF Meeting
- Singapore – First draft version after 16th ABMF Meeting
- To be produced in close cooperation with regulatory authorities
- Each regulator may use Impl GL for own purposes (as well)
- Ultimately, sync of regulatory steps is highly expected

40

AMBIF Implementation Guideline (1)

Purpose: Support for regulators, stakeholders on defining AMBIF Bond, AMBIF Market and their characteristics

Task: Prepare *AMBIF Implementation Guideline*, with the proposed contents to

1. Illustrate characteristics of AMBIF Bond (at inception)
2. Illustrate characteristics and purpose of the AMBIF market and AMBIF bond (for general purposes)
3. Illustrate AMBIF implementation steps, e.g.
 - ① Needs analysis of issuers and investors in “book-building approach”
 - ② Identify possible AMBIF market(s) (Issuing / Selling) for the pilot issue(s)
 - ③ Selection of an issuance type -> leading to Product Sheet(s)

41

AMBIF Implementation Guideline (2)

Purpose: Seek comprehensive description as well as streamlining and expediting of the existing regulatory processes

Task: Conduct *Regulatory Process Mapping* to develop and describe issuance process for AMBIF bonds across markets

1. Illustrate regulatory process(es) other than “AMBIF Disclosure Items on Information Memorandum and Programme Information” for all markets

42

AMBIF Implementation Guideline (3)

Tasks:

- Seek streamlining and expediting of the existing process(es) (which could lead to possible changes in regulatory guidelines)
- Seek possible adjustments to rules and regulations, as may be necessary to facilitate (smoother) AMBIF issuance, in particular
 - Selling restrictions for non-domestic investors
 - Incentive measures, as may be deemed appropriate

43

AMBIF Implementation Guideline (4)

Purpose: Define differences between AMBIF disclosure items/documentation and existing documentation in markets

Task: Compare ADRB recommendation for AMBIF disclosure items against existing documentation used across markets

1. Create comparative analysis between all ASEAN+3 Markets, for easy reference and clear illustration of documentation
2. Confirm similarities

➤ Please see an Impl GL Sample on the following slide

44

Implementation Guideline (Sample)

Table of Contents

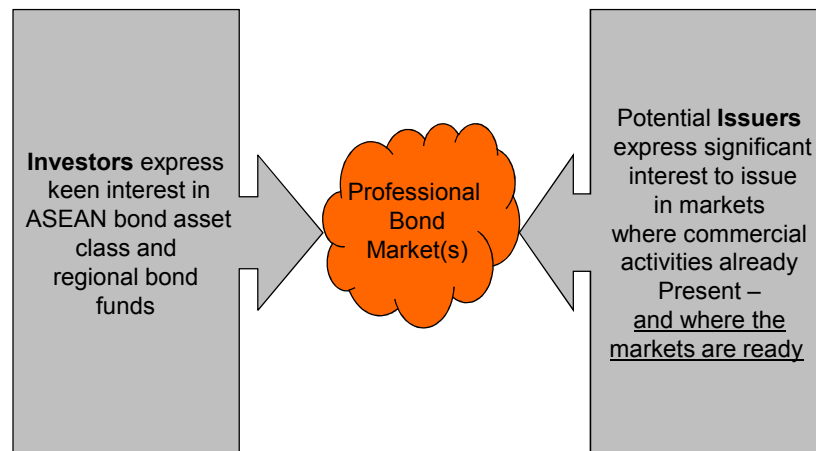
Table of Contents	2
I. Introduction / Preface [or similar]	4
II. Background	5
III. Issuer Representations	6
1. Needs and Preferences	6
2. Issues	7
IV. Description of AMBIF	9
1. Purpose of AMBIF	9
2. AMBIF Components	9
3. Basic Approaches	10
4. Key Assumptions	10
V. Description of Thai Market Features	11
1. Overview in Relation to AMBIF	11
2. General Market Features	11
VI. Regulatory Processes	13
1. BOT Approval	13
2. PDMO Approval	13
3. Filing with SEC	13
4. Registration with Thai BMA	14
5. Listing on SET	14
6. Listing on Another Exchange in the Region	14
VII. Issuance Scenarios	15
1. Individual Scenarios	15
2. Overview of Issuance Scenarios	20
VIII. Regulatory Concerns	21
1. THB Liquidity	21
2. Foreign Exchange (USD) Liquidity	21
3. Awarded Issuers Not Utilising Allocations	21
IX. Challenges and Considerations	22
1. Bilateral versus Multilateral Approach	22
2. Changes to Regulatory Process – PDMO Approval	22
3. Introduction of MTN Programme	22
4. Terminology	23
5. ADRB Recommendation (AMBIF Disclosure Items on Information Memorandum and Program Information)	23
X. Action Points / Next Steps	25
1. Information Dissemination via Bond Market Guide	25
2. Further Dialogue with Issuers and Investors	25
3. Review by Regulatory Authorities	25
Appendix I – Proposed Documentation Recommendation	26
Appendix II – Abbreviations / Glossary	27
Appendix III – Description of AMBIF (Basic Approaches / Components)	29
Focus on Professional Investors	29
AMBIF Investors	29
AMBIF Instruments	29
AMBIF Issuers	30
AMBIF Markets	30

45

⑥ Observations for Discussion

46

Interest versus Market Activities (1)



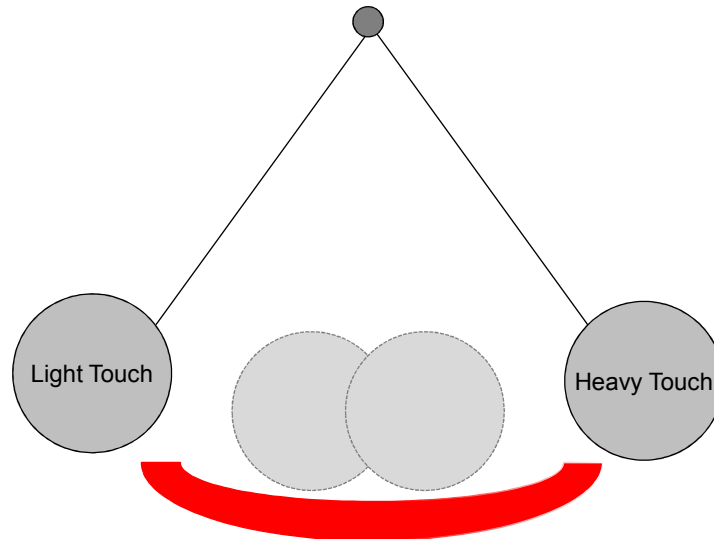
47

Interest versus Market Activities (2)

- ☞ Investors keen to buy (in principle)
- ☞ Potential issuers want to/must issue
- ☞ Yet market activity is still (very) limited
- So what is it that truly keeps investor interest and issuer interest from meeting as bond issuances in the marketplace? Is it really only liquidity and market conditions? Or something else...?

48

Selling / Transfer Restrictions (1)



49

Selling / Transfer Restrictions (2)

- ☞ Some markets prefer to prescribe specific selling/transfer restrictions repeated at every step of issuance documentation, trade and transfers (heavy touch)
- ☞ Other markets stipulate obligations on professional investors and intermediaries in law/regulations, and leave them to apply (light touch)
- What may be the best approach to take?

50

On **Standardisation**

- ☞ Other financial industry segments already have regional standard or master agreements, e.g.
 - Asia Pacific Loans Market Association (APLMA)
 - International Swaps and Derivatives Association (ISDA); ISDA Master Agreement, comes with Credit Support Annexes (CSA)
- ADRB recommendation as conduit for bond issuance standard document(s)?

51

On **Listing** as a Key Factor

- ☞ Profile listing is mentioned by potential issuers, and also observed in markets
- ☞ Some professional investors may require listing to be able to buy/hold such bonds (e.g. due to prudential regulations)
- However, in market visit discussions, listing was not found to be a deciding factor for bond issuance in a given market

52

→ **Listing** in relation to AMBIF

- Listing in the context of AMBIF is seen as a must, because
 - Ultimate objective is intra-regional market
 - Visibility would be key
- At the same time, treatment of listing is not the same across regional markets
- To be discussed further

53

On **Ratings** as a Key Factor

- ☞ Issuers ask whether existing (domestic or international) ratings can be (re-)utilised
- ☞ Professional Investors indicate that they may buy e.g. private placements without rating, based on issuer credentials
- In cases where ratings are not necessary, investors still appear to prefer a rating, as not all professional investors have the same credit assessment capabilities

54

Market / Practitioner Initiatives

☞ A number of industry initiatives seem to target elements of the bond markets in parallel with ABMF:

- ACMF – ASEAN Disclosure Standard Scheme
 - For multi-jurisdictional offerings of equity and plain debt securities in the member states of ASEAN
 - Aimed at public offers, though
 - Applied so far in MY, SG, TH; other markets when ready

➤ For further discussion

55

Market / Practitioner Initiatives

Example with Relevance for AMBIF elements:

☞ “The ASEAN Capital Markets Forum (ACMF) announced today that the ASEAN Framework for cross-border offering of collective investment schemes (CIS) is now operational in Malaysia, Singapore and Thailand (member jurisdictions). This Framework allows fund managers operating in a member jurisdiction to offer CIS, such as unit trust funds, constituted and authorised in that jurisdiction to retail investors in other member jurisdictions under a streamlined authorisation process.”

(Source: ASIFMA Regulatory Review 19-26 August 2014)

56

On **ASEAN 2015**

Left with visited institutions the question to what extent ASEAN 2015 and subsequent activities will influence the ability for market participants to act in all ASEAN markets if only licensed or registered in one.

- This could have an influence on e.g. bond offers for sale, as well as intermediaries

➤ For further discussion

57


⑦ Actual Discussion & Questions

58



Prof. Shigehito Inukai ADB Consultant Waseda University 1-21-1 Nishiwaseda, Shinjuku-ku Tokyo 169-0051 Office +81 3 5286 1994 Mobile +81 80 3360 7551 shige.inukai@me.com	Matthias Schmidt ADB Consultant Office +61 3 95571314 Mobile +61 423 708910 macschmidt@me.com
---	--

59



❖ For Reference:
Issuer Representations in Detail

60

Issuer Representations

- Information based on SF1 work in Phases 1 and 2, as well as SF1 research and discussions with potentially interested issuers after reviewing AMBIF concept
- While not done on a large scale or to scientific measures, representations appear to be corroborated by market findings, as well as emerging trends observed

61

1: Markets of Interest

- Markets of interest are principally Thailand, Malaysia
- There is also interest in Indonesia, Philippines
- Local currency interest primarily in Thai Baht
- Country risk is a consideration – but not when commercial operations already exist in such market
- Most interest seems to come from corporates with commercial interests in the above economies
 - But should not exclude interest from regional gov. agencies

62

2: Language (of Disclosure Items)

- Use of global standards is preferred – because
- These allow disclosure items in English

and

- Most active issuers have English disclosure readily available (both issuance and continuous disclosure)
- This is not an issue of sovereignty, but of practicality and, ultimately, cost

63

3: Funding Methods

- Company head offices (may) have originally sent FCY to subsidiaries. But this (may be) not practical or typical anymore for recurring working capital purposes
- Increasing awareness of hedging efforts and costs
- At the same time, too much reliance on continuous local bank borrowings may not be preferable
- (And, banks also increasingly subject to regulatory costs)
- Hence, in fact, head offices and subsidiaries would prefer to raise domestic (medium term) funding in local currency

64

4: Cash and Foreign Exchange

- Some perceptions on cash and FX limitations persist
 - Ability to convert currency freely (-> link to foreign listing)
 - Cash balances
 - Borrowing limits

For consideration:

- Are there possible concessions being considered, e.g., in the lead-up to ASEAN 2015 (although banking excluded)?
- Could such potential concessions be applied selectively, e.g., in the context of bond issuance under AMBIF?

65

5: Swap

- At the same time, swap between foreign currency raised by bond issuances overseas and domestic (target) currencies may also be an option
- And, owing to increased raising of domestic currency, excess proceeds may be swapped into foreign currency
- However, availability of swap facilities and related regulations may not be clear enough; also, reference to policies changing often
- Here, need to further distinguish between potential information gap and actual transaction challenges

66

6: Ratings

- Feedback focused on need for ratings, and why could issuers not use international ratings already obtained
- Or, in some markets, why could issuers not (re-)use domestic ratings from other markets where the same credit rating agency is accredited in the host market
- Also, rating exemptions (e.g. for PP-AI in Thailand) do not seem to be widely known among regional issuers (and also investors)
- Maybe task for ABMF would be to close this information gap, including through, e.g., Bond Market Guide

67

7: Listing of Bonds

- Issuers are pondering listing options in the region
- Profile listing considered to attract new investor universe(s)
 - In host, home or other target market
 - E.g. due to prudential regulation (which otherwise limit investors)
 - E.g. to widen investor base
- Some confusion between 'listing' and 'registration' in some markets (-> terminology issue)
- SF1 hence posed the question to what extent listing is or would need to be an integral part of a bond issuance

68

8: Offer for Sale in other Markets

- Interest in marketing bonds issued in one ASEAN+3 market in another market, to access additional, eligible, established investor types
 - Connected to, e.g., jurisdictional law, see later subject
 - Could lead to inherent challenges
 - Liquidity questions, cost considerations
 - Fair pricing or being able to obtain pricing regularly
- This topic may warrant a discussion in the context of an ultimately broader, regional market with access for all

69

9: Governing Law / Jurisdictional Law

- This question originates from SF1 discussions
 - Some issuers would prefer to (also) attract investors from their own home market and to reduce overall issuing related cost
 - At the same time, these investors may have limitations to their investment objectives, such as investments only in markets with specific governing law
- Some cases of change in governing law observed

70

10: Intermediaries

- Issuer have raised subject of allowing regular and trusted intermediaries (bank, broker, investment bank) to lead or participate in bond issuance across the region
- May tie in with ASEAN 2015 subject...

71

11: Event of Default

- From issuer feedback as well as previous SF1 discussions
- Not specific to any single market but relevant
- Issue is not the matter of default as such, or how default is treated, but that event of default prescriptions differ among most of the regional jurisdictions
- Members would need to determine to what extent this subject would/could be part of SF1 efforts going forward
 - E.g. as specific mentions in Bond Market Guides
 - E.g. as specific mention in Phase 3 Report

72

12: Withholding Tax

- Issuers are concerned about WHT in two ways:
 - Attractiveness; some places of issuance do not apply WHT
 - Practicality; e.g. tax reporting may be an issue for investors
- WHT information in Phase 2 Report confirmed
- However, observed that enforcement or application of exemptions may differ
- Investors remember past (ASEAN) concessions
- This topic may warrant further ABMF discussion still

73

13: Expanded Issuance Window

- Issuers see this as a critical element – in particular if they are coming from a market that has such challenges
- Hence, limitations in some markets (e.g. stemming from specific approval process) may be seen as too restrictive
- Key subject, since AMBIF proposes 'expedited approval' as key distinguishing feature to standard issuance...
- Is there a chance for regulators to review approval process at large in the spirit advocated within AMBIF?

74

14: Introduction of MTN Program

- Potential issuers may prefer MTN issuance format
 - Since identified potential issuer funding demand may be up to mid-term
 - Effective instrument in most bond markets
 - But not currently supported in all markets
- For consideration and further discussion

75

Agenda for **Session 2**

- ① Progress of Bond Market Guide Update
- ② Status and Further Input
- ③ Proposal for Member Consideration
- ④ Discussion and Questions

76

① Progress on Bond Market Guide Update

77

Progress on Bond Market Guides Update

Not much progress since March ABMF Meeting

- Cambodia BMG sent to National Members
- ADB (other than ABMF Secretariat) comments received
- Myanmar National Members reviewed, commented draft BMG
- Lack of bandwidth to complete, edit, layout
- Among ADB, consultants, and SWIFT
- **Not lack of interest or importance!**
- Market visits very labour intensive
- Focus for SF1 on pilot issues
- But have re-started discussions with SWIFT

78

② Status and Further Input

79

Latest Status on Bond Market Guides

- Cambodia – pending review by National Members
- China – significant set of updates received, coordinated by NAFMII
- Hong Kong – detailed revised BMG received from HKMA
- Indonesia – submitted many change templates, coordinated by KSEI
- Japan – draft version completed, review by ABMF-J in progress
- Korea – review still in progress
- Lao PDR – under review, coordinated by MOF
- Malaysia – BPAM update received, review in progress
- Myanmar – Draft completed by consultants, sent to stakeholders for review
- Philippines – under review by Philippines market group
- Singapore – SGX update received, plus review by SMPG in progress
- Thailand – detailed review done by PDMO, SEC and ThaiBMA
- Viet Nam – some change templates received, coordinated by HNX

80

Further Input to Bond Market Guides

There is a positive lining to this delay:

- There have been many significant developments, incl.
 - Regulatory changes (not connected to ABMF, but relevant)
 - China: e.g. first domestic issuance by a foreign issuer
 - Malaysia: e.g. announcement of rating concessions
- Market visits have led to additional information/clarification
 - In particular on bond issuance, listing practices, and ratings
 - But also on regulatory processes
 - Plus on previously ancillary subjects, such as
 - Language of documentation, disclosure items
 - Governing law of bond issuance
 - Continuous disclosure related details

81

③ Proposal for Member Consideration

82

Was: Update of Bond Market Guides

Expectation (from both members and interested parties): annual update to maintain data, stay current on developments

- Two rounds during Phase 3
 - Current update, to be published by end Q2
 - Planned update, to be published by end of Phase 3
- Should include Brunei, latest by 2015
- Data, information collection in a mix of market visits and member submissions
- Considering specific focus points for 2015 Update
 - E.g. event of default, credit rating, secondary markets

83

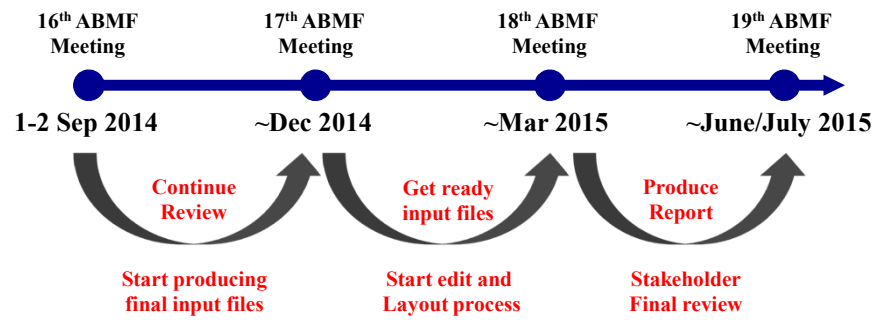
Now: Practical Proposal

- Quality is important – resources are limited
- Combine 2014 and 2015 update exercises
- But in a practical, 2 phased approach
 - 1. Update
 - Continue to collect material for markets where reviews pending
 - Work to finalise input Word documents for other markets
 - Then conduct final review cum update at appropriate time
 - 2. Publishing
 - Identify best possible publishing window
 - Organise edit and layout resources (via ADB)
 - Produce pipeline of ready Word documents for edit/layout
 - Final review by stakeholders
 - Publication as a combined BMG 2015
- For member consideration / discussion

84

BMGs – Proposed Timeline

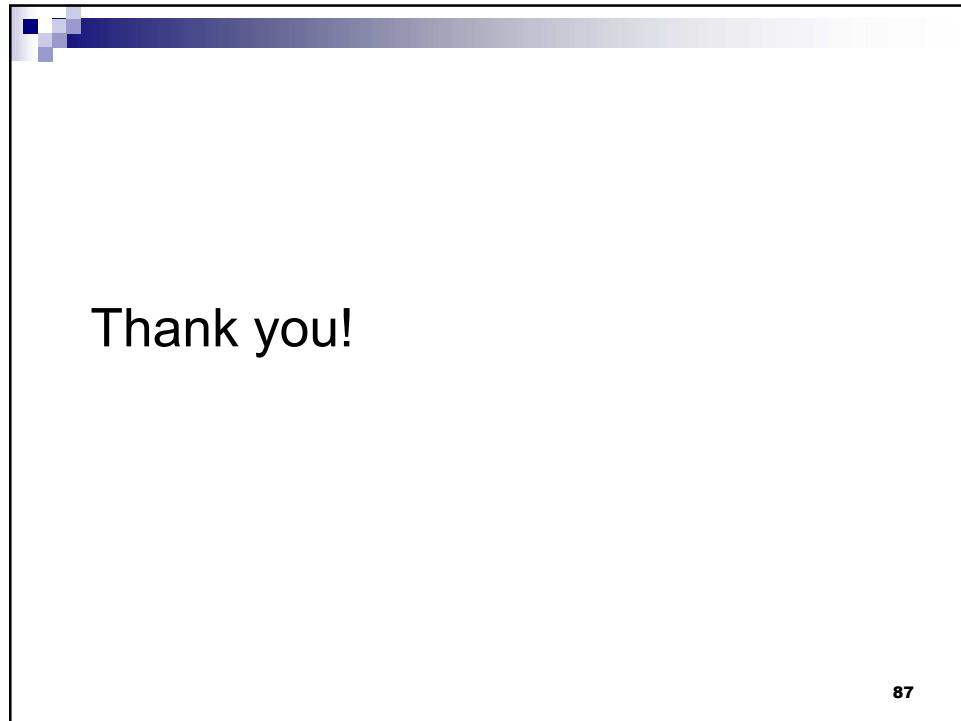
Start



85

④ Discussion and Questions

86



Session 3

Hong Kong's Offshore RMB Bond
Market, A Small Player with a Big
Heart

by Michael Dai, Bank of China,
Hong Kong

Hong Kong's Offshore RMB Bond Market, A Small Player With A Big Heart

Michael Dai
Sept. 1, 2014

 中國銀行(香港)
BANK OF CHINA (HONG KONG)
企業傳訊處
CORPORATE COMMUNICATIONS DIVISION

ASEAN+3 ABMI, Hong Kong can help

The Asian Bond Markets Initiative (ABMI) is an ASEAN+3 initiative supported by the Asian Development Bank. It is designed to promote bond market development in the region. ASEAN+3 consists of Brunei Darussalam, Cambodia, the People's Republic of China, Indonesia, Japan, the Republic of Korea, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam.

 中國銀行(香港)
BANK OF CHINA (HONG KONG)
企業傳訊處
CORPORATE COMMUNICATIONS DIVISION



Hong Kong as an international financial centre



Hong Kong as an international financial centre

Rank	Change	Centre	Rating
1	—	London	794
2	—	New York City	779
3	—	Hong Kong	759
4	—	Singapore	751
5	▲ 1	Tokyo	720
6	▼ 1	Zurich	718
7	▲ 1	Boston	714
8	▼ 1	Geneva	710
9	▲ 1	Frankfurt	702
10	▼ 1	Seoul	701

中國銀行(香港)
BANK OF CHINA (HONG KONG)
企業傳訊處
CORPORATE COMMUNICATIONS DEPARTMENT

中銀香港 企業社會責任
CIBH Corporate Social Responsibility

Hong Kong as an international financial centre

Xinhua-Dow Jones
International Financial Centers
Development Index
(2013)

September, 2013

中國銀行(香港)
BANK OF CHINA (HONG KONG)
企業傳訊處
CORPORATE COMMUNICATIONS DIVISION



Hong Kong as an international financial centre

Rank	Centre	Rating
1	 New York City	89.10
2	 London	88.70
3	 Hong Kong	84.43
4	 Tokyo	81.86
5	 Singapore	75.81
6	 Shanghai	69.12
7	 Paris	66.23
8	 Frankfurt	60.24
9	 Chicago	58.88
10	 Sydney	58.15

中國銀行(香港)
BANK OF CHINA (HONG KONG)
企業傳訊處
CORPORATE COMMUNICATIONS DIVISION



HK's GDP was ranked 39th globally (IMF , 2013)







Global ranking of HK's financial industries

Banking	3
Stock market	6
Fund management	7
Foreign exchange	5
Bullion	4

Bond market 35

The HKD bond market has its limits

Bond market relative to GDP/Stock/Bank (2012)

	Bond/GDP	Bond/Stock	Bond/Bank
	217%	209%	237%
	246%	401%	118%
	233%	169%	53%
	127%	278%	50%
	64%	6%	9%
	51%	115%	20%

Why RMB bonds?

The Chinese economy is the 2nd largest in the world

The Chinese economy is relying heavily on bank credits

China's capital account will be gradually liberated

The RMB's internationalization is well under way



Why Hong Kong?

Nylonkong

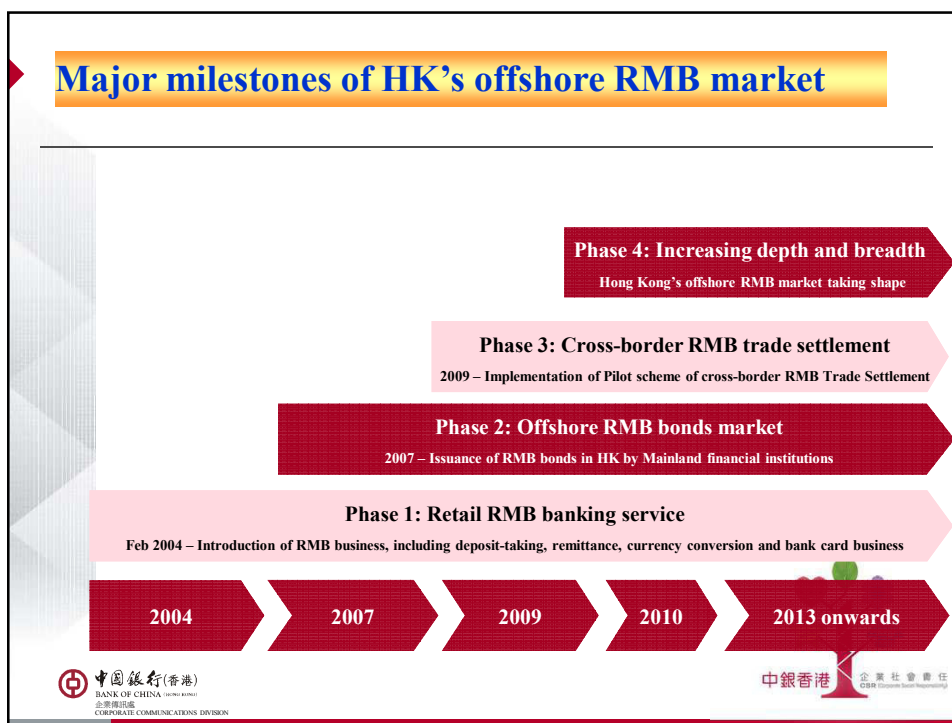
Free flows of capitals, no capital control

Financial regulations based on international best practices

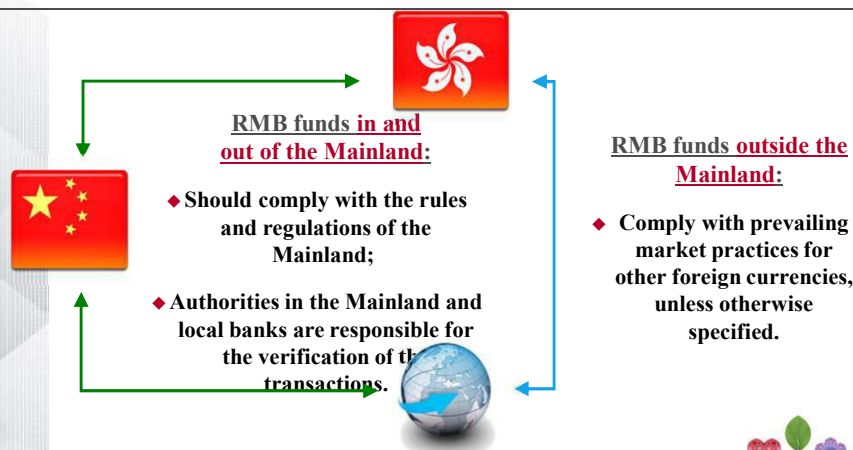
Simple and low tax regime

Advanced financial infrastructure (USD, EUR, HKD, RMB RTGS)





Hong Kong's supervisory principles of RMB businesses



Hong Kong as the premier offshore RMB centre

As a trade & logistic hub to conduct RMB cross-border trade settlement

As a financing center to facilitate RMB funding and investment

As a RMB wealth management center for individuals

As a CNH trading center to provide various products

As a RMB clearing platform to facilitate worldwide RMB payments

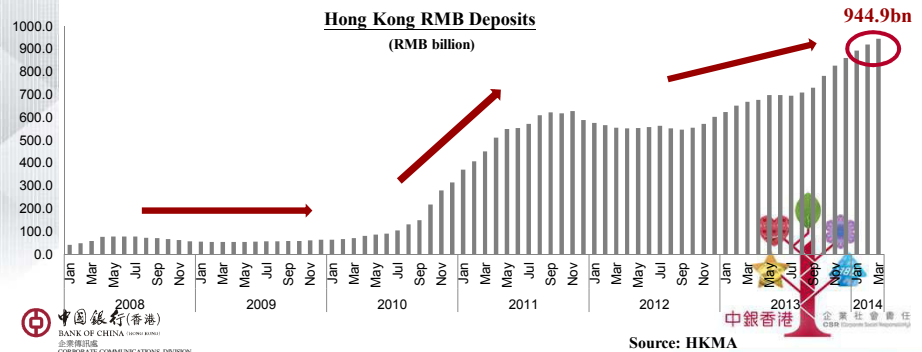


“Hong Kong has a first mover advantage, which has resulted in the majority of the liquidity, a developed RMB RTGS infrastructure and a talent base for continued innovation in RMB product offering”

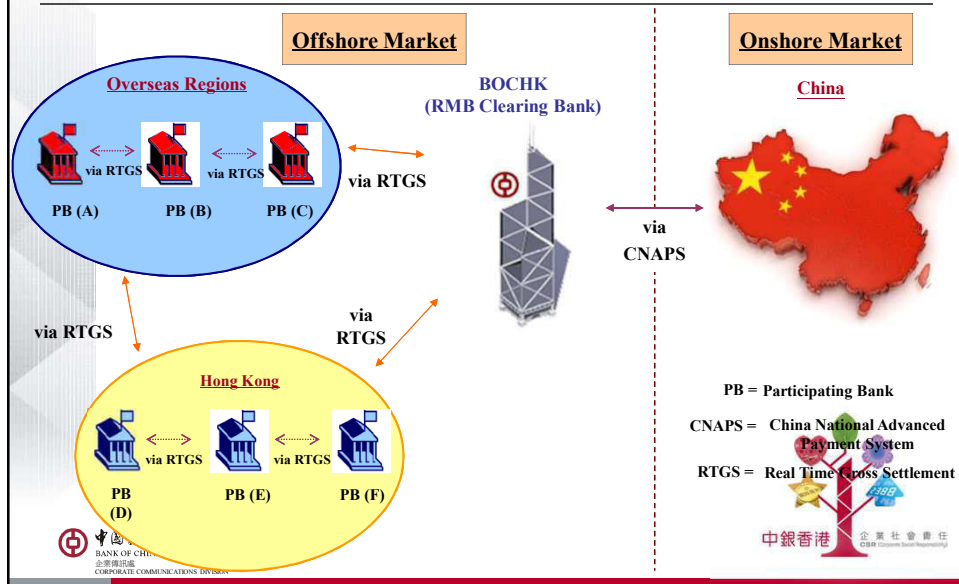
(RMB Internationalization Whitepaper, SWIFT 2012)

Hong Kong facilitates RMB funding and investment

- About 70% of RMB customer deposits were held by corporates
- RMB is the 2nd largest foreign currency deposits in Hong Kong, accounting for 12% of the total deposits
- Sources of financing: dim sum bond issuance, CNH market & etc.
- Surplus RMB liquidity in Hong Kong can be channeled to meet the demand elsewhere

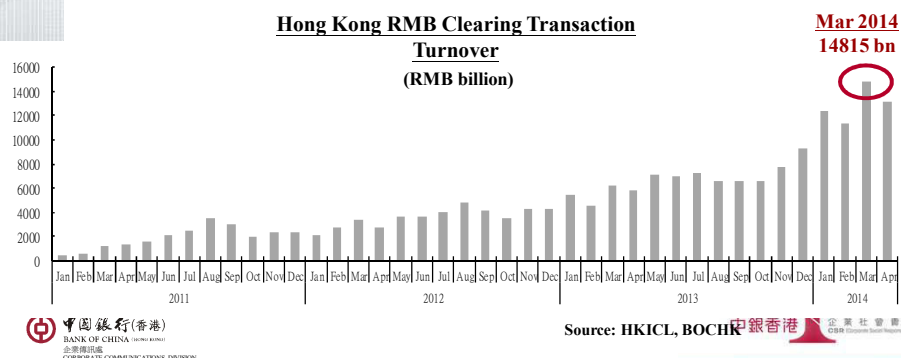


Hong Kong as offshore RMB clearing centre



Hong Kong as offshore RMB clearing centre

- In 2014Q1, the total turnover of Hong Kong RMB RTGS system reached **RMB38.5 trillion**, a YoY growth of 138%, close to half of 2013 full year turnover
- Offshore transactions accounted for **more than 90%**
- As of end-Apr 2014, there are **221** banks participating in the RMB clearing platform in Hong Kong (74 of which are from overseas regions). The clearing network covers more than **40 countries in six continents**



Hong Kong's Dim Sum bond

Samurai/ Sushi bond



Maple bond



Panda bond

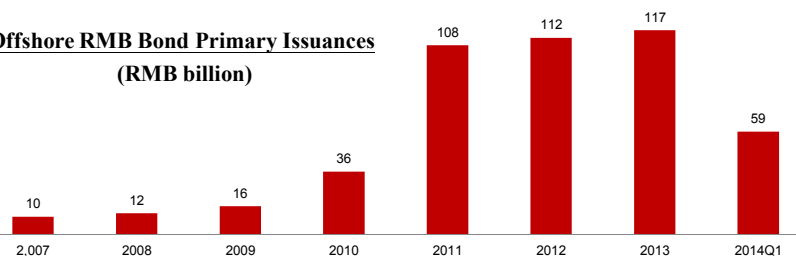


Dim Sum bond



Hong Kong's expanding offshore Dim Sum bond market

Offshore RMB Bond Primary Issuances
(RMB billion)



Source: HKMA, as of end-Mar 2014

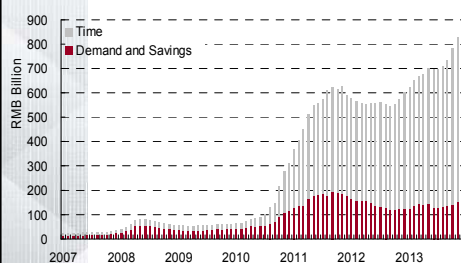
- In 2010, BOCHK arranged the first corporate bond deal for Hopewell infrastructure, which marked the take-off of offshore RMB bond. Corporate issuances have since then grown exponentially with many of the firsts come to the market.
- From 2007 to 2014, the total issue size of dim sum bonds has exceeded RMB470 billion
- In 2014Q1, the total issue size is RMB58.6 billion

中國銀行(香港)
BANK OF CHINA (HONG KONG)
企業傳訊處
CORPORATE COMMUNICATIONS DIVISION



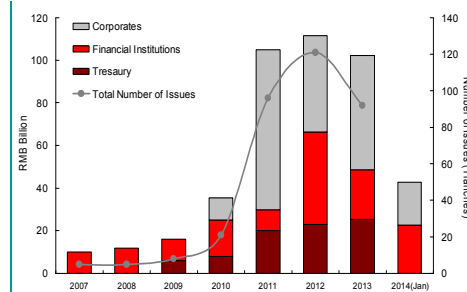
Hong Kong's expanding offshore Dim Sum bond market

Hong Kong RMB Deposits



Source: HKMA, as of end-Dec 2013

Offshore RMB Bond Primary Issuances



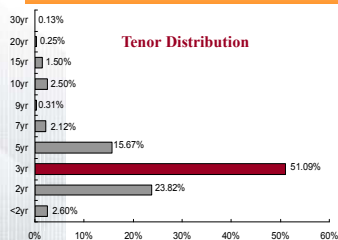
Source: Bloomberg, as of end-Jan, 2014

中國銀行(香港)
BANK OF CHINA (HONG KONG)
企業傳訊處
CORPORATE COMMUNICATIONS DIVISION

20



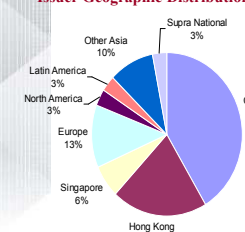
Hong Kong's expanding offshore Dim Sum bond market



Note: Include all Dim Sum issuances from 2007 to 2013.

Source: BOCHK

Issuer Geographic Distribution 2013



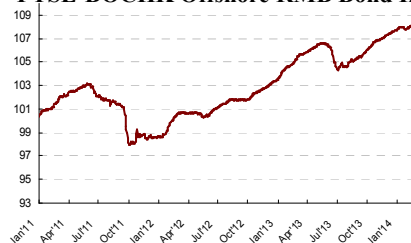
Source: BOCHK, Bloomberg

- Market Practice** - Hong Kong RMB Bond market is an offshore market, the market practice is similar to Euro-dollar.
- Format** - Hong Kong RMB Bond can be issued in various formats, such as Bullet Bonds, EMTN, CD, Sukuk, etc.
- Size** - For corporate with good rating, RMB 0.5 - 2 billion is the most common issue size, larger or smaller size is considerable based on specific cases. For financial institutions and sovereign issuers, issue size can reach RMB 3 - 5 billion or more.
- Tenor** - 2 and 3 year remain the most common for offshore RMB bonds, demand for 5 year or above is growing for investment grade credits. Bonds maturing in 2014 amounted to around RMB82 billion.
- Rating** - Rating has gained more and more importance in the execution and pricing process as compared to early stage.
- Governmental Approval** - Public issuances, i.e. bonds offered to Hong Kong public, are subject to Hong Kong SFC approval. For private placement, such as bonds offered to professional investors/institutional investors or one-on-one private placement by international issuers, no Hong Kong governmental approval is needed.
- Information Disclosure** - Issuers need to disclose audited or reviewed financial reports in offering circular.
- Secondary Market** - The secondary trading of Hong Kong RMB Bond is getting more active with broker offering price every day and the bid/ask spread is getting tighter.

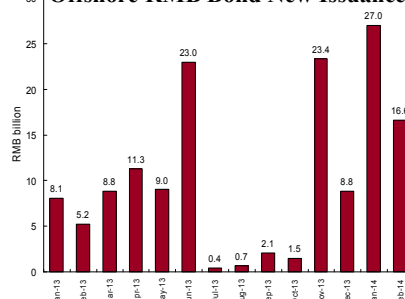


Hong Kong's expanding offshore Dim Sum bond market

FTSE-BOCHK Offshore RMB Bond Index



Offshore RMB Bond New Issuance



Source: BOCHK, Bloomberg (as of March 6, 2014)

中國銀行(香港)
BANK OF CHINA (HONG KONG)
企業社會責任
Corporate Communications Division



BOCHK as leading RMB bond underwriter

True leader in offshore RMB bond underwriting and market innovations.

Plays a full range of key roles: Lead Manager, Book-runner, Placing Bank, Market Maker, Fiscal Agent & Paying Agent.

Bank of China is awarded by IFR Asia as "China Bond House of the Year 2011".

Major Milestones

- First Offshore RMB Bond (Year 2007, China Development Bank)
- First HK FI's Mainland Subsidiary Dim Sum Bond (Year 2009, Bank of East Asia (China))
- First Sovereign Dim Sum Bond (Year 2009, PRC Ministry of Finance)
- First Corporate Dim Sum Bond (Year 2010, Hopewell Infrastructure)
- First Supranational Dim Sum Bond (Year 2010, Asian Development Bank)
- First Listed Dim Sum Bond (Year 2010, Asian Development Bank)
- First Issue Using CMU Bid System (Year 2010, PRC Ministry of Finance)
- First Dim Sum Bond Issued by German Financial Institution (Year 2011, L-Bank)
- First Dim Sum Bond Issued by Multi-national Corporation Reaching 5y by Tenor (Year 2011, Volkswagen)
- Largest Retail Bond Issue Ever in the Dim Sum Bond Market (Year 2011, PRC Ministry of Finance)
- First Subordinated Dim Sum Bond with Full Compliance with BASEL III Requirement (Year 2011, ICBC Asia)
- First Listed Dim Sum Bond Issued by Mainland Financial Institution (Year 2012, Agricultural Development Bank of China)
- First 20-Year Tenor Dim Sum Bond (Year 2012, China Development Bank)

Honors and Awards



23

Selected BOCHK-led RMB Bond transactions

ft.com > markets >

Sign in

Capital Markets

Home World Companies Markets Global Economy Lex

fastFT Alphaville FTfm Markets Data Trading Room Equities Currencies Capital Mkts

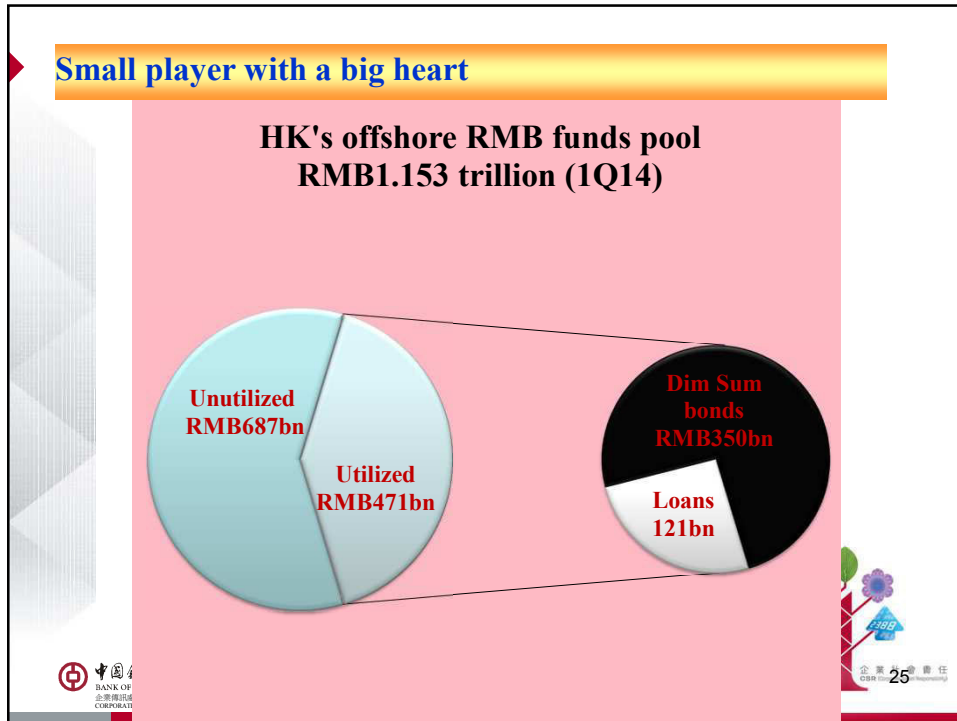
October 19, 2010 1:55 pm

ADB issues landmark renminbi bond

By Robert Cookson in Hong Kong

The Asian Development Bank has thrown its weight behind Hong Kong's fledgling renminbi-denominated bond market, raising Rmb1.2bn (\$180m) in the first deal of its kind by a supranational agency.

The landmark bond, which matures in 2020 and carries a triple A credit rating, is the longest-dated and highest-rated bond denominated in the Chinese currency ever sold to international investors.





Session 4

**Work Plan and Other Issues
of SF1**

**by Mr. Noritaka Akamatsu,
ADB Secretariat**

Work Plan and Other Issues

*ADB Secretariat Team
Noritaka Akamatsu, Deputy Head (OREI)
Asian Development Bank*

16th ABMF Meeting
Hong Kong, 1-2 September 2014

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

Outline

1. Update on ABMF
2. Work plan after Hong Kong meeting

Update on ABMF

ADB

■ Update on Phase 3 ABMF Membership

- Newly appointed National Expert for both SF1 & SF2, Bank of China HK. To be represented by:
 - ✓ Mr. Michael Dai, Senior Economist (Primary)
 - ✓ Dr. Zhihuan E, Deputy General Mgr. & Head Economic Research (Alternate)
- With the participation of Bank of China (Hong Kong) in ASEAN+3 - AMBF as a National Expert, we anticipate valuable contributions from its market knowledge and expertise.

3

Update on ABMF...continuation

ADB

- Newly appointed National Expert for SF2, Bank of Japan. To be represented by:
 - ✓ Mr. Akira Yokoya, Director (Primary)
Payment and Settlement Systems Department
Payment and Settlement Systems Division
Securities Settlement Systems Group
 - ✓ Mr. Takahito Yamada, Director (Alternate)
International Dept., International Coordination Division
- BOJ has undoubted credentials and will make significant contributions to ABMF SF2 activities. Thus far, BOJ has supported ABMF activities in the capacity of an observer.

4

Update on ABMF...continuation

ADB

■ Team Transition

- As mentioned during the Manila meeting, Mr. Shinji Kawai has moved back to BOJ.
- ABMF will now be led by Mr. Satoru Yamadera.

5

Work Plan after Hong Kong Meeting

ADB

<Phase 3 ABMF activities : 2014 – 2015 H1>

- ❑ 2nd reporting to ABMI TF3 (Nov 2014)
 - ✓ (SF1) Reporting progress on AMBIF implementation
 - ✓ (SF2) Providing an interim update on Phase 3 activities
- ❑ 17th ABMF Meeting (tentative Dec 2014, tbc)
 - ✓ (SF1) Finalization of ABMF implementation
 - ✓ (SF2) Draft interim report on the Phase 3 study / Support CSIF / Support AMBIF

6

Work Plan after Hong Kong Meeting...continuation

ADB

2015 (H1)

- ❑ 18th ABMF Meeting: (Mar 2015, tbc)
 - ✓(SF1) Follow up on implementation of AMBIF / pilot issue
 - ✓(SF2) Finalizing Phase 3 study: reference DVP model, message format/items, cross-border repo and collateral / continue to support CSIF and AMBIF implementation
- ❑ Final reporting to ABMI TF3 in Q1 2015 and submission of the reports to AFMCBG meeting in May 2015
- ❑ 19th ABMF Meeting: (June/July 2015, tbc)
 - ✓ Finalise Phase 3 Reports, conclude on Market Guide update
 - ✓ Finalising / publishing Market Guide update (July 2015, tbc)
- ❑ Support for BCLMV (on demand basis)

7

Thank You

ADB

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

For further information

Mr. Noritaka Akamatsu, Deputy Head, OREI: nakamatsu@adb.org
Prof. Shigehito Inukai, ADB Consultant: shige.inukai@me.com
Dr. Taiji Inui, ADB Consultant: Inuit@nttdata.co.jp
Mr. Matthias Schmidt, ADB Consultant: macschmidt@me.com

8