



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.

Session 5

Progress and Issues of SF2

by Dr. Taiji Inui, ADB
Secretariat



16th ABMF SF2:

**Session 5: Progress and Issues of SF2
– including findings from questionnaire
Updating Phase 3 Activities**

2 September 2014 in Hong Kong

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

Agenda

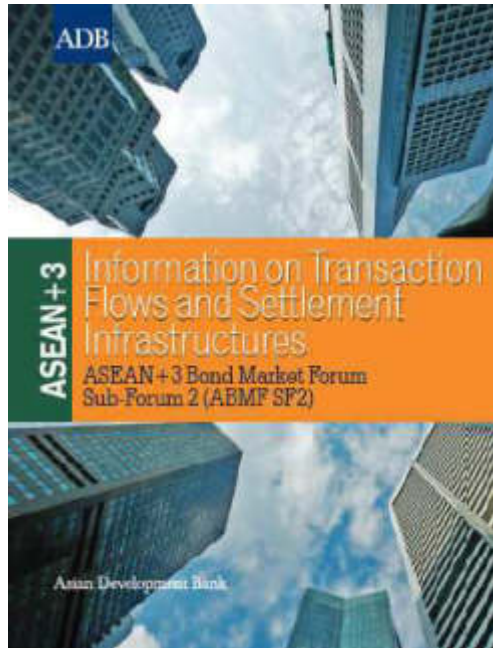
1. Phase 2 Report of ABMF SF2
2. Phase 3 Activities (Harmonization and Standardization)
 - A) Message Flows
 - B) Message Items
 - C) Securities Numbering (ISIN)
 - D) Study on Collateral and Repo Services
3. Possible Policy Recommendations
4. Possible Draft Roadmap to Implement Cross-border STP in ASEAN+3
5. Draft Contents of Phase 3 Report to TF3

Phase 2 Report of ABMF SF2,
“ASEAN+3: Information on
Transaction Flows and
Settlement Infrastructures”

<http://www.adb.org/publications/asean3-information-transaction-flows-and-settlement-infrastructures>

Contents

1. Part 1: Bond markets and their infrastructures in ASEAN+3
2. Part 2: Country reports
3. Part 3: Bond market infrastructure diagrams, domestic bond transaction flows, and cross-border bond transaction flows



Phase 3 Activities (Harmonization and Standardization)

Harmonization of Message Flow

Reference DVP Model

Three candidates of reference DVP model are proposed as the survey results of Phase 2. Three candidates are as follows (also refer to the next three slides)

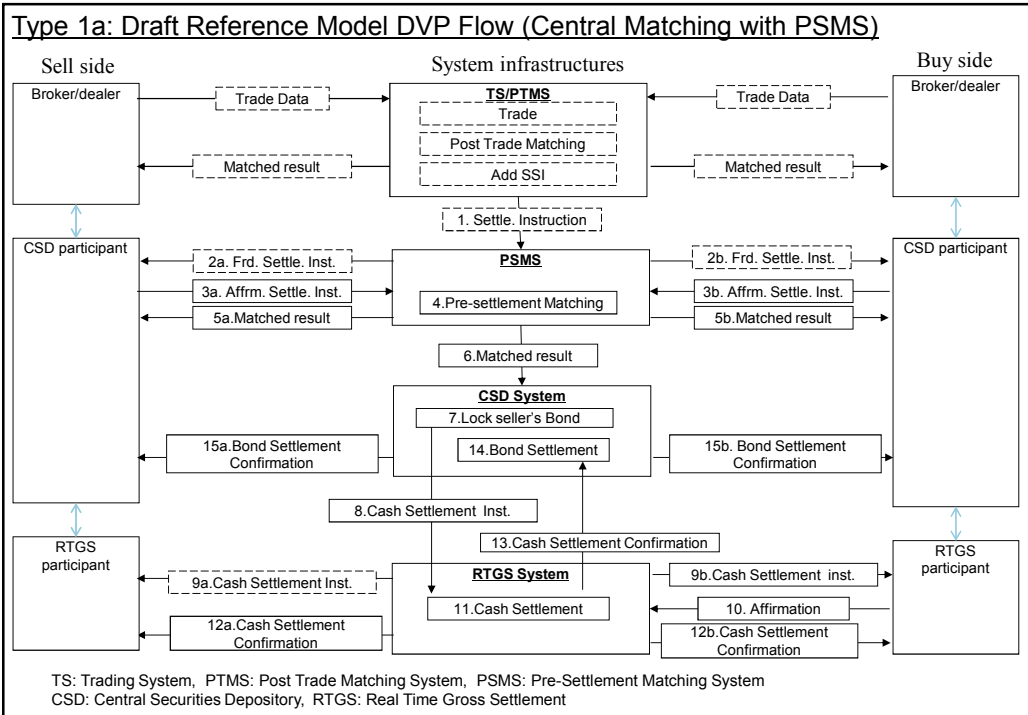
Type 1: central matching DVP model

Type 1a: with PSMS

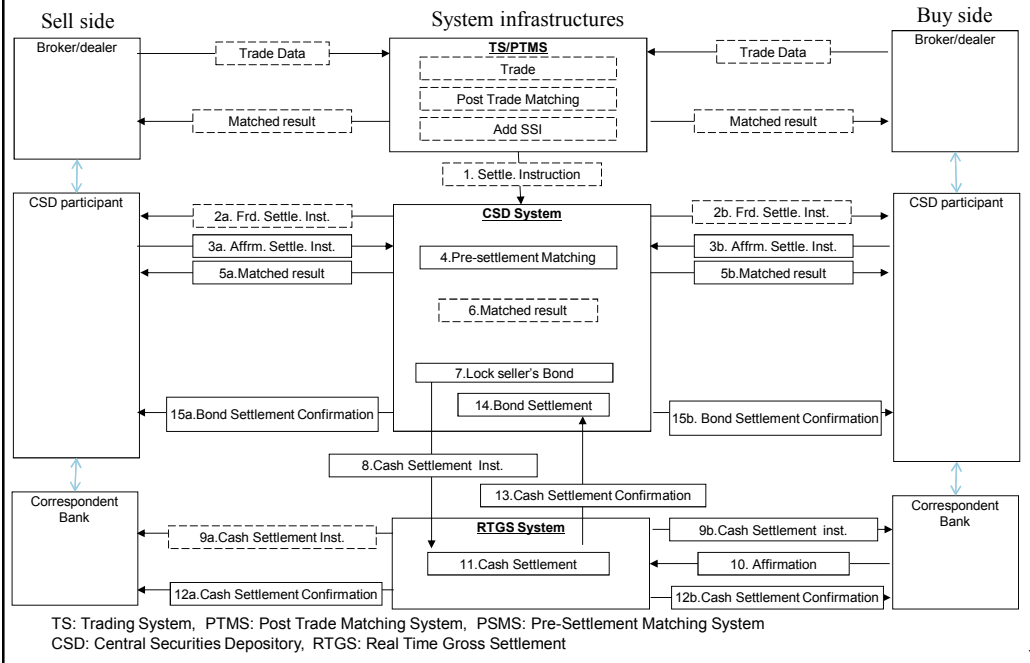
Type 1b: without PSMS (matching using future transaction of CSD system)

Type 2: local matching

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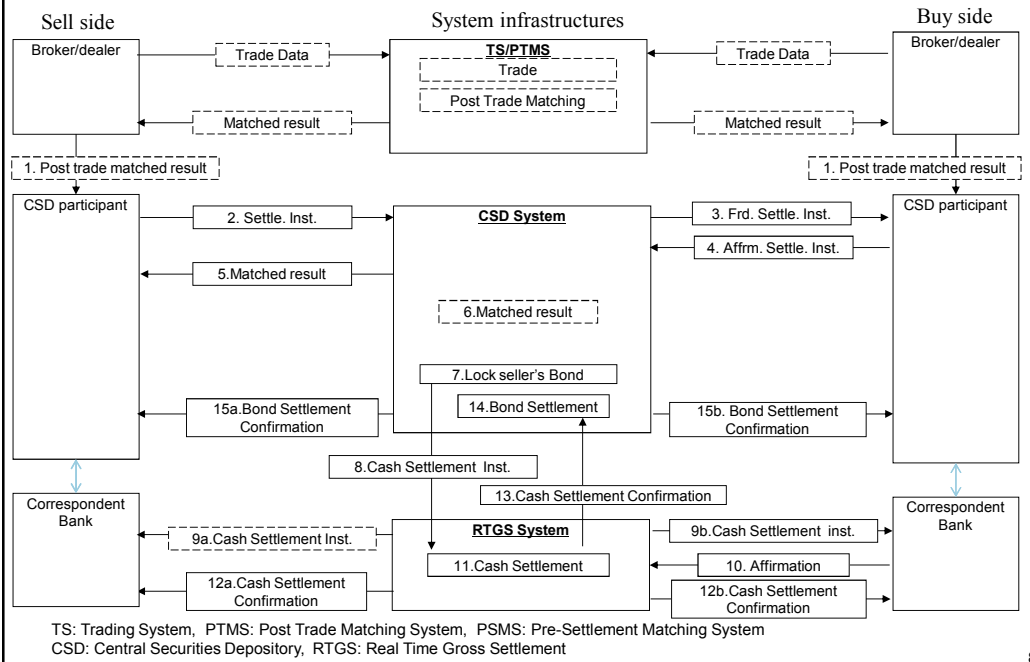


Type 1b: Draft Reference Model DVP Flow (Central Matching without PSMS)



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Type 2: Draft Reference Model DVP Flow (Local Matching)



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Reference DVP models (summary of comments)

1. All three models can be reference model.
 - Central matching types (type 1a and 1b) are more preferred than local matching.
2. DVP flow after PSMS is to be harmonized based on the reference model (type 1 and 2) which provide STP from PSMS to cash settlement.

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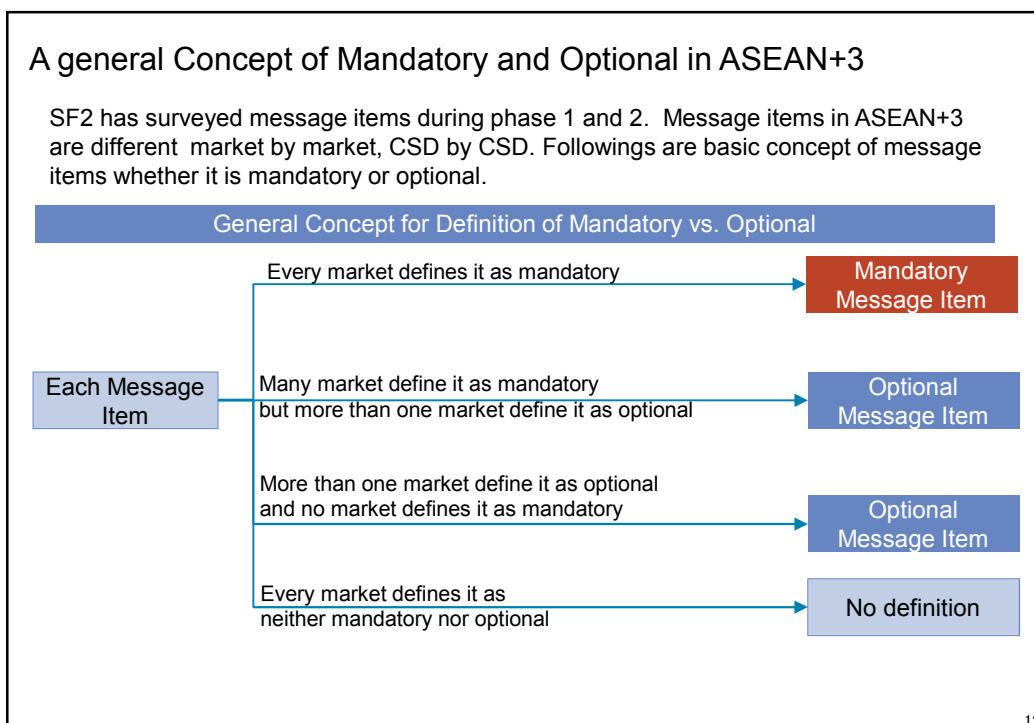
Challenges related to message flows

Upstream part of message flow (trade and post trade matching) is not harmonized or even discussed, yet.

- Regarding trading and post trade matching parts, there are a variety of stakeholders in both buy side and sell side. Therefore, significant challenges to harmonize and standardize the DVP flows and message items remain in trade part.
- Members and experts of ABMF SF2 are bond settlement infrastructure operators (CSDs and central banks) and their participants (custodians/banks). Trade side needs to be discussed by different stakeholders such as brokers and Inter-dealer brokers.

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Standardizing Message Items

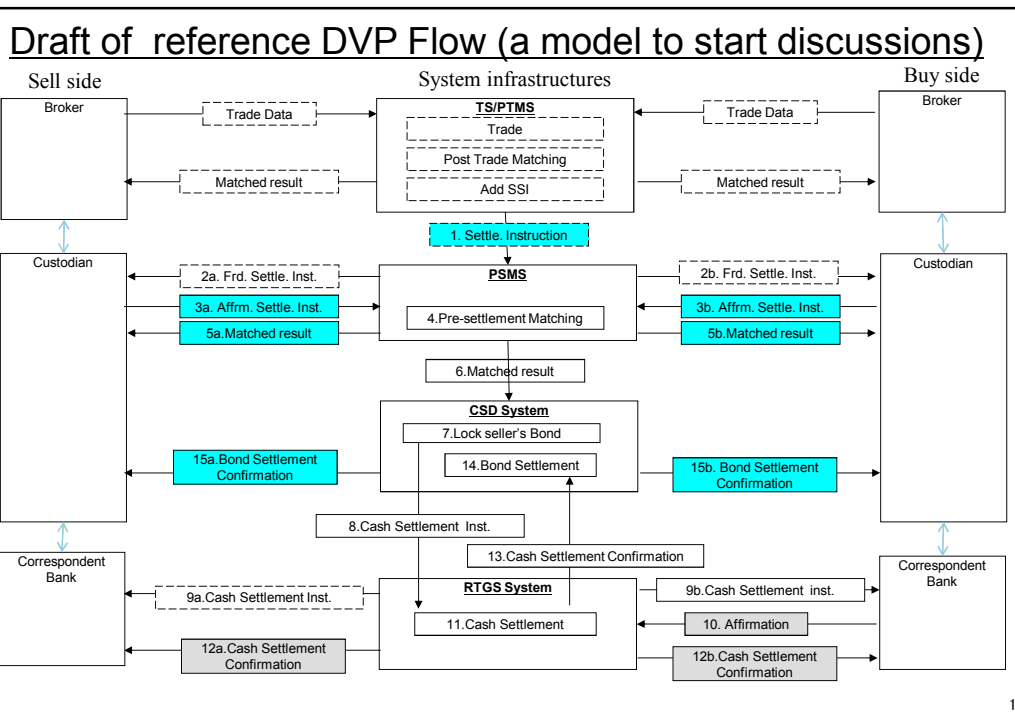


ABMF SF2 is proposing to standardize the most essential (minimum) message items to effect DVP settlement in ASEAN+3.

- This does not necessary mean that other message items are not important and do not have to standardize or to be mandatory in each country/economy.

Only essential message items will be discussed (standardized) .

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ISO15022 and ISO20022 (messaged already discussed)

Followings show ISO 15022 and corresponding ISO20022. This table mainly focuses on securities settlement instruction and confirmation.

	ISO15022 Settlement Messages	ISO20022 Settlement Messages
Settlement Instructing	MT541 Receive against Payment	NEWM
	MT543 Deliver against Payment	NEWM
Settlement Confirmation	MT545 Receive against Payment Confirmation	sese.023 Securities Settlement Transaction Instruction
	MT547 Deliver against Payment Confirmation	sese.023 Securities Settlement Transaction Instruction
Acknowledge	MT548 Transaction Status Advice	sese.025 Securities Settlement Transaction Confirmation
		sese.025 Securities Settlement Transaction Confirmation
		sese.024 Securities Settlement Transaction Status Advice

Reference:

National Bank of Belgium "NBB-SSS Adaptation Plan to T2S Phase1:Harmonisation and New IT Platform" June 2012

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Securities Settlement Transaction Instruction sese.023

Scope

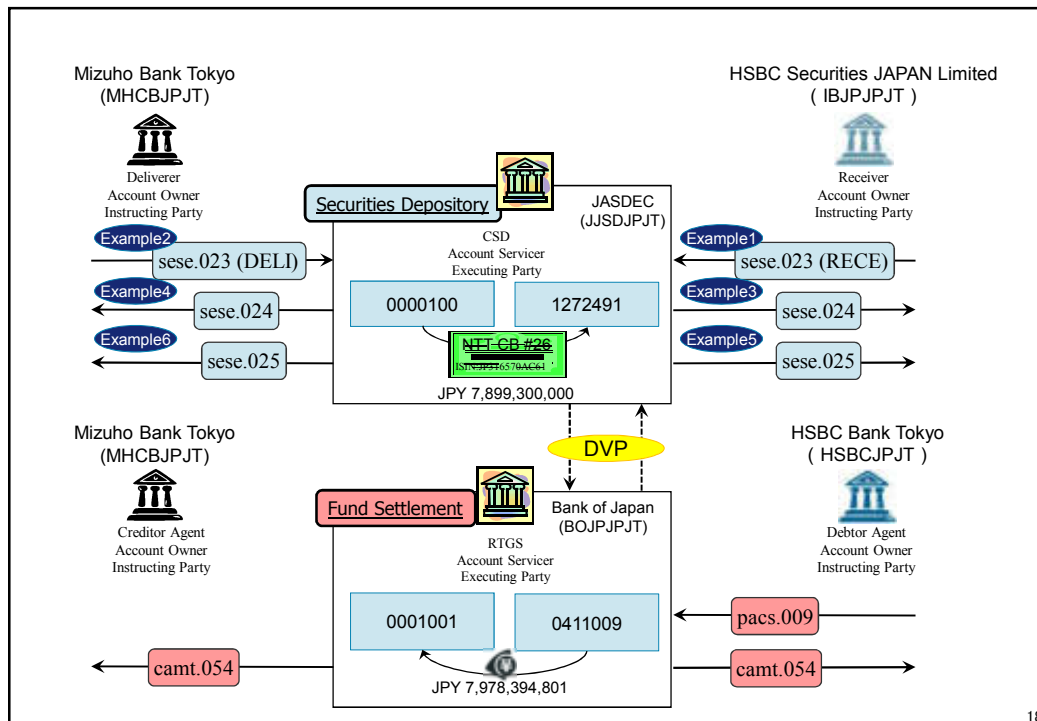
- An account owner sends a sese.023 to an account servicer to instruct the receipt or delivery of financial instruments with or without payment, physically or by book-entry.
- The account owner/servicer relationship may be a central securities depository participant which has an account with a central securities depository

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Message items for securities settlement instruction sese.023

Message Items	Definition
Transaction Identification	Unambiguous identification of the transaction as known by the instructing party.
Securities Movement Type	Specifies if the movement on a securities account results from a deliver or a receive instruction (such as DELI or RECE).
Payment	Specifies how the transaction is to be settled, for example, separate settlement or against payment (such as FREE or APMT).
Settlement Date	Date and time at which the securities are to be delivered or received.
Financial Instrument Identification	Financial instrument representing a sum of rights of the investor vis-a-vis the issuer (such as ISIN).
Settlement Quantity	Total quantity of securities to be settled (such as face value).
Safekeeping Account	Account to or from which a securities entry is made.
Securities Transaction Type	Identifies the type of securities transaction (such as REPU for repo, TRAD for settlement of trade, etc.)
Delivering Settlement Parties	Identifies the chain of delivering settlement parties (such as BIC).
Receiving Settlement Parties	Identifies the chain of receiving settlement parties (such as BIC).
Debtor and/or Debtor Agent	Party that owes an amount of money to the (ultimate) creditor (such as BIC). Debtor Agent (Financial institution servicing an account for the debtor)
Creditor and/or Creditor Agent	Party to which an amount of money is due (such as BIC). Creditor Agent (Financial institution servicing an account for the creditor)
Settlement Amount	Total amount of securities to be paid or received in exchange for the securities (amount of money in the cash entry).
Credit Debit Indicator	Indicate an entry is a credit or debit (such as CREDIT or DEBIT)
Other item	Please specify any other items by inserting lines.

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Examples of Messages

Message	Description	Example
sese.023	<ul style="list-style-type: none"> HSBC Securities (Japan) Limited instructs JASDEC(CSD)to receive against payment securities. Mizuho Bank instructs in the same way. Cash settlement is done by BOJ(RTGS) current accounts between HSBC Bank Tokyo and Mizuho Bank. The settlement date is 15 July 2014. This is done through a SecuritiesSettlementTransactionInstruction(sese.023.001). 	Example1 Example2
sese.024	<ul style="list-style-type: none"> JASDEC(CSD)advises HSBC Securities Limited and Mizuho Bank on the status of the previously sent Instruction (matched result) This is done through a SecuritiesSettlementTransactionStatusAdvice(sese.024.001). 	Example3 Example4
sese.025	<ul style="list-style-type: none"> JASDEC confirms the previously instructed movement of securities to HSBC Securities Limited and Mizuho Bank. The instruction is settled on the 15 July 2014. This is done through a SecuritiesSettlementTransactionConfirmation(sese.025.001.). 	Example5 Example6

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Message Items - sese. 023

Preliminary draft

Message Element	ISO 20022 Multiplicity	<XML Tag>	Type	Definition	HSBC Securities Limited send RVP message to JASDEC by sese.023.001	Mizuho Bank Tokyo send RVP message to JASDEC by sese.023.001
Document	(1..1)	<Document>	Document Root			
SecuritiesSettlementTransactionInstructionV05	(1..1)	<SecSettleInstV05>	Message Root			
TransactionIdentification	(1..1)	<TrId>	Text	Unique identification of the transaction as known by the instructing party.	HSBCTK00098 C02	JASDECCH02014071200012
SettlementInstructionParameters	(1..1)	<SettleInstParam>	Text	Provides settlement type and identification information.		
SecuritiesMovementType	(1..1)	<SecsMvmtTp>	CodeSet	Specifies if the movement on a securities account results from a deliver or a receive instruction.	RECE (receive)	DELI (deliver)
Payment	(1..1)	<Pmt>	CodeSet	Specifies how the transaction is to be settled, for example, against payment.	APMT (against payment)	APMT (against payment)
TradeDetails	(1..1)	<Trade>	Text	Details of the trade.		
TradeDate	(1..1)	<TradeDt>	Text	Specifies the date/time on which the trade was executed.		
SettlementDate	(1..1)	<SettleDt>	Text	Date and time at which the securities are to be delivered or received.		
Date	(1..1)	<Dt>	Text	Date in ISO format.	15/07/2014	15/07/2014
DateTime	(1..1)	<DtTm>	Text	Specified date and time.	15/07/2014	15/07/2014
FinancialInstrumentIdentification	(1..1)	<FinInstrId>	Text	Financial instrument representing a sum of rights of the investor vis-à-vis the issuer.		
ISIN	(1..1)	<ISIN>	Text	International Securities Identification Number (ISIN). A numbering system designed by the United Nations' International Organisation for Standardisation (ISO). The ISIN is composed of a 2-character prefix representing the country of issue, followed by the national security number (if one exists), and a check digit. Each country has a national numbering agency that assigns ISIN numbers for securities in that country.	JP316570AC61 (ISIN: NTT Data Corporation 26th unsecured straight corporate bonds)	JP316570AC61 (ISIN: NTT Data Corporation 26th unsecured straight corporate bonds)
SettlementQuantity	(1..1)	<QtyAndAcctQty>	Text	Quantity of securities to be settled.		
Quantity	(1..1)	<Qty>	Text	Quantity of financial instrument in units, original face amount or current face amount.		
FaceAmount	(1..1)	<FaceAmt>	Text	Quantity expressed as an amount representing the face amount, i.e. the principal, of a debt.	JPY 7,899,300,000	JPY 7,899,300,000
SettlementAccount	(1..1)	<SettleAcct>	Text	Account to or from which a securities entry is made.		
Identification	(1..1)	<Id>	Text	Unique identification for the account between the account owner and the account service.	1272491	0000100
SettlementParameters	(1..1)	<SettleParam>	Text	Parameters which explicitly state the conditions that must be fulfilled before a particular transaction of a financial instrument can be settled. These parameters are defined by the instructing party in compliance with settlement rules in the market the transaction will settle in.		
SecuritiesTransactionType	(1..1)	<SecsTxTp>	Text	Identifies the type of securities transaction.		
Code	(1..1)	<Cd>	Text	Securities transaction type expressed as an ISO 20022 code.	TRAD (trade)	TRAD (trade)
DeliveringSettlementParties	(1..1)	<DelivSettlePties>	Text	Identifies the chain of delivering settlement parties.		
Depository	(1..1)	<Dpt>	Text	First party in the settlement chain. In a plain vanilla settlement, it is the Central Securities Depository where the counterparty requests to receive the financial instrument or from where the counterparty delivers the financial instruments.		
Identification	(1..1)	<Id>	Text	Unique and unambiguous way to identify an organisation.	JUSDJPJT (JASDEC)	JUSDJPJT (JASDEC)
AnyBIC	(1..1)	<AnyBIC>	Text	Unique and unambiguous way to identify an organisation.	JUSDJPJT (JASDEC)	JUSDJPJT (JASDEC)
Party	(1..1)	<Pty>	Text	Party that, in a settlement chain, interacts with the depository.		
Identification	(1..1)	<Id>	Text	Identification of the party.		
AnyBIC	(1..1)	<AnyBIC>	Text	Code allocated to a financial or non-financial institution by the ISO 3166 Registration Authority, as described in ISO 3166 "Banking - Banking telecommunication messages - Business Identifier Code (BIC) ->Banking	MHCBJPJT (Mizuho Bank Tokyo)	MHCBJPJT (Mizuho Bank)
ReceivingSettlementParties	(1..1)	<RecvSettlePties>	Text	Identifies the chain of receiving settlement parties.		
Depository	(1..1)	<Dpt>	Text	First party in the settlement chain. In a plain vanilla settlement, it is the Central Securities Depository where the counterparty requests to receive the financial instrument or from where the counterparty delivers the financial instruments.		
Identification	(1..1)	<Id>	Text	Unique and unambiguous way to identify an organisation.	JUSDJPJT (JASDEC)	JUSDJPJT (JASDEC)
AnyBIC	(1..1)	<AnyBIC>	Text	Unique and unambiguous way to identify an organisation.	JUSDJPJT (JASDEC)	JUSDJPJT (JASDEC)
Party	(1..1)	<Pty>	Text	Party that, in a settlement chain, interacts with the depository.		
Identification	(1..1)	<Id>	Text	Identification of the party.		
AnyBIC	(1..1)	<AnyBIC>	Text	Code allocated to a financial or non-financial institution by the ISO 3166 Registration Authority, as described in ISO 3166 "Banking - Banking telecommunication messages - Business Identifier Code (BIC) ->Banking	BLJPJPJT (HSBC Securities Limited)	BLJPJPJT (HSBC Securities Limited)

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Message Items - sese. 023

Preliminary draft

Settlement	(B-1)	SettleDate		Cash parties involved in the transaction if different for the securities settlement parties.		
Debit	(B-1)	Debit		Party that owes an amount of money to the (ultimate) creditor.		
Identification	(1-1)	Id		Identification of the party.		
AnyBIC	(1-1)	AnyBIC	IdentifierSet	Code allocated to a financial or non-financial institution by the ISO 9362 Registration Authority, as described in ISO 9362 "BIC/Banking - Banking telecommunication messages - Business identifier code (BIC) ".		
DebtorAgent	(B-1)	DebtorAgent		Financial institution servicing an account for the debtor.		
Identification	(1-1)	Id		Identification of the party.		
IBDF	(1-1)	IBDF	IdentifierSet	Code allocated to a financial institution by the ISO 9362 Registration Authority, as described in ISO 9362 "BIC/Banking - Banking telecommunication messages - Business identifier code (BIC) ".	HSBCJPJT (HSBC Bank Tokyo)	HSBCJPJT (HSBC Bank Tokyo)
Creditor	(B-1)	Creditor		Party to which an amount of money is due.		
Identification	(1-1)	Id		Identification of the party.		
AnyBIC	(1-1)	AnyBIC	IdentifierSet	Code allocated to a financial or non-financial institution by the ISO 9362 Registration Authority, as described in ISO 9362 "BIC/Banking - Banking telecommunication messages - Business identifier code (BIC) ".		
CreditorAgent	(B-1)	CreditorAgent		Financial institution servicing an account for the creditor.		
Identification	(1-1)	Id		Identification of the party.		
IBDF	(1-1)	IBDF	IdentifierSet	Code allocated to a financial institution by the ISO 9362 Registration Authority, as described in ISO 9362 "BIC/Banking - Banking telecommunication messages - Business identifier code (BIC) ".	MHCBJPJT (Mizuho Bank Tokyo)	MHCBJPJT (Mizuho Bank Tokyo)
Intermediary	(B-1)	Intermy		Financial institution through which the transaction must pass to reach the account with institution.		
Identification	(1-1)	Id		Identification of the party.		
IBDF	(1-1)	IBDF	IdentifierSet	Code allocated to a financial institution by the ISO 9362 Registration Authority, as described in ISO 9362 "BIC/Banking - Banking telecommunication messages - Business identifier code (BIC) ".	BOJJPJT (DVP settlement is done by through BOJ-NET RTGS)	BOJJPJT (DVP settlement is done by through BOJ-NET RTGS)
SettlementAmount	(B-1)	SettleAmt		Total amount of money to be paid or received in exchange for the securities.		
Amount	(1-1)	Amnt	Amount	Amount of money in the cash entry.	JPY 7,978,394,801	JPY 7,978,394,801
CreditDebitIndicator	(1-1)	CdDdbnd	CreditDebit	Indicates whether an entry is a credit or a debit.	DEBIT	CREDIT

Could you refer to a Excel file contains all sese.023, sese.024, and sese.025, please?

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Message Instance - sese. 023

Preliminary draft

Example1 : HSBC Securities Limited send RVP message to JASDEC by sese.023.001

Transaction Identification: HSBCTK005REC02

Securities Movement Type: receive

Payment: against payment

Settlement Date: 15/07/2014

Financial Instrument: JP316570AC61 (ISIN: NTT DATA CB #26)

Quantity: face amount JPY 7,899,300,000

Safekeeping Account: 1272491

Securities Transaction Type: trade

Delivering Depository: JSDJPJT (JASDEC)

Delivering Party 1: MHCBJPJT (Mizuho Bank Tokyo)

Receiving Depository: JSDJPJT (JASDEC)

Receiving Party 1: IBJPJPJT (HSBC Securities Japan Limited)

Debtor Agent: HSBCJPJT (HSBC Bank Tokyo)

Creditor Agent: MHCBJPJT (Mizuho Bank Tokyo)

Intermediary: BOJJPJT (DVP settlement is done through BOJ-NET RTGS)

Settlement Amount: JPY 7,978,394,801 debit

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Preliminary draft

Message Instance - sese. 023 (Example 1)

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<SeriesStlmTxInstr>
  <TxId>HSBCTK005REC02</TxId>
  <StlmTpAndAddtlParams>
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  </StlmTpAndAddtlParams>
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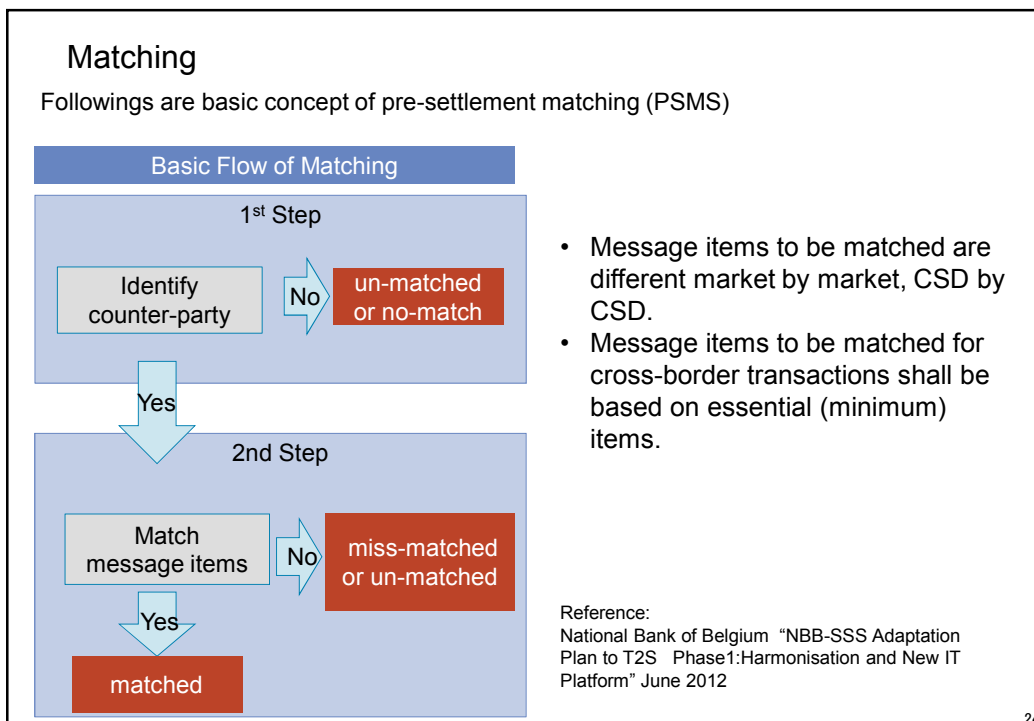
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Next issues related to message items

Standardized message items and instances need to be shared and maintained in ASEAN+3.

1. Institutional framework handling change requests and business justifications needs to be established from regional perspective.
2. A tool or product to share the message items and instances is necessary based on the proven technology.
3. Message items such as trade date, securities transaction type, and depository need to be discussed.

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Securities numbering (ISIN)

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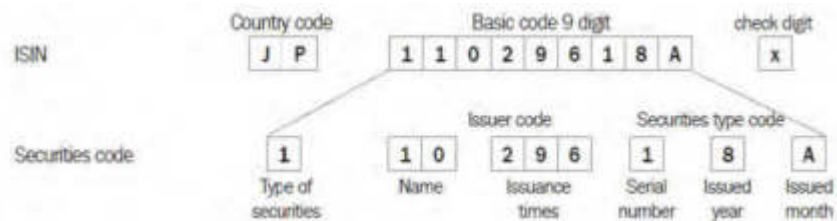
Issuance of ISIN (International Securities Identification Number) for govern and corporate bonds in ASEAN+3

The ISO 6166 standard provides a uniform structure for a number, known as the ISIN that uniquely identifies securities (bonds). National Numbering Agency (NNA) in each country is responsible for issuing the ISIN of bonds issued in each country.

- ISINs can be issued for foreign currency denominated bonds issued by non-residents as long as the ISIN is issued in the country and registered in a depository of the country.

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ISIN



Country code: ISO 3166 alpha-2

BN, CN, HK, ID, JP, KH, KR, LA, MM, MY, PH, SG, TH, and VN in ASEAN+3

Basic code (9 digits): the nine digits (characters) are taken up by local number. For example, "Shin Shoken code (New security code)" in Japan, and CUSIP in US.

Check digit: a number calculated in accordance with the modulus 10 "Double-Add-Double" formula

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Allocation of ISIN for government and corporate bonds in ASEAN+3

The ANNA recommendations state that the NNAs should allocate ISINs within 24 hours following the request and also making the ISIN available to users at the same time.

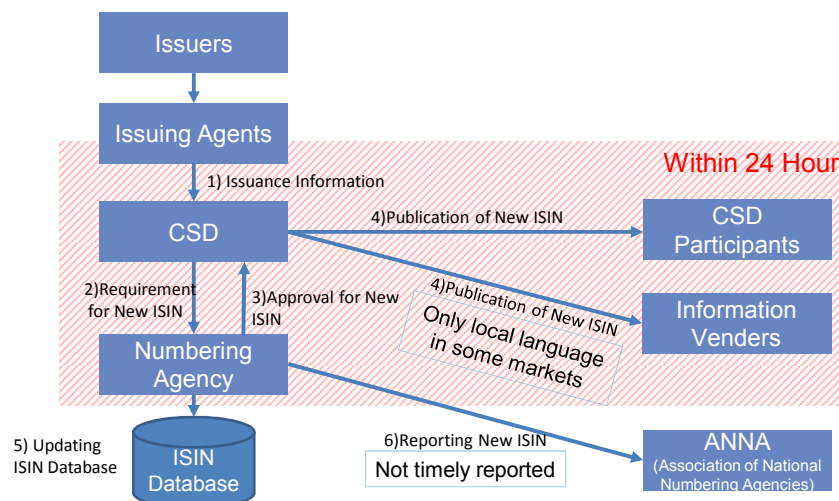
	National Numbering Agency (NNA)
CN	China Securities Regulatory Commission
HK	Hong Kong Exchanges and Clearing Ltd.
ID	Indonesian Central Securities Depository (KSEI)
JP	Tokyo Stock Exchange
KR	Korea Exchange
MY	Bursa Malaysia
PH	Philippine Stock Exchange, Inc.
SG	Singapore Exchange Limited
TH	Thailand Securities Depository
VN	Vietnam Securities Depository

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Allocation of ISIN

SF2 raises two key issues related ISIN.

- ISIN to be available within 24 hour following the request of issuance
- Information sharing of ISIN code with investors in other markets

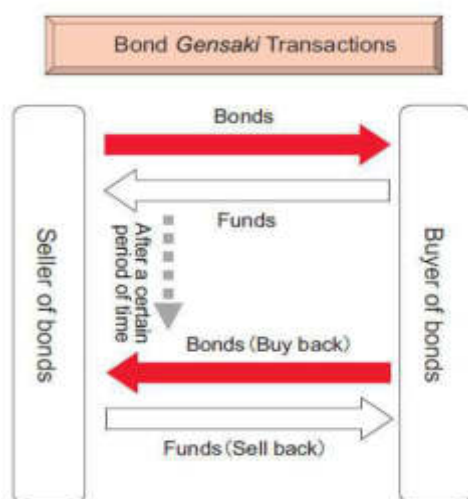


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Study on Collateral and Repo Services

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Scheme of Bond *Gensaki* Transaction

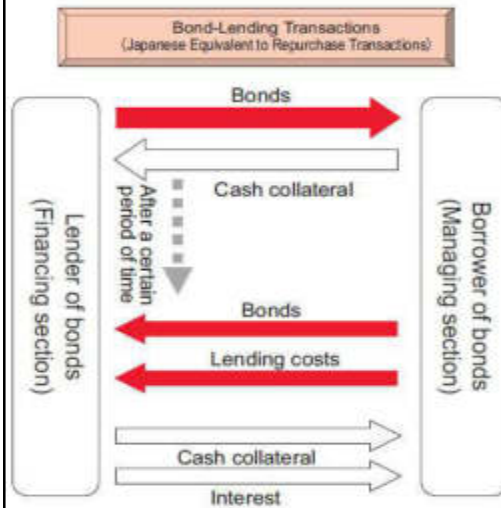


<Definition of Bond *Gensaki* Transaction>

Bond *Gensaki* Transactions are JGB sales transactions in which the traded bonds are traded back in the opposite direction on a date and at a price specified in an agreement concluded in advance between the parties to the transaction.

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Scheme of Bond Lending Transaction



<Definition of Bond-Lending Transaction>

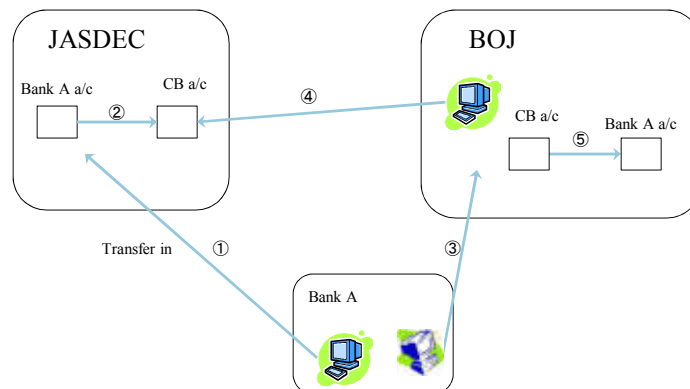
In a Bond-Lending Transaction, one party (the lender) lends bonds to a second party (the borrower). After a specified period, the borrower returns bonds of the same kind and in the same amount to the lender, thereby settling the lending transaction.

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Collateral management and intraday liquidity facility

Government bond can be used as collateral automatically

Corporate bond as eligible collateral



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Collateral and Repo

Findings

1. Sell and buy back instead of pledge style repo
2. GMRA (General Master Repurchase Agreement) prevails

Current status

1. Survey and Discussions about collateral and repo are not sufficient.
2. Cooperation with SRO WG is desired.

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Draft Policy Recommendations

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Policy Recommendations

1. When bond settlement infrastructures including pre-settlement matching system (PSMS), bond settlement book-entry system of CSD, and central bank RTGS system come to the period of re-construction of the system, the proposed reference DVP model shall be honored.
2. Establishing National Numbering Agency (NNA) is encouraged if there is no NNA in a country/economy in ASEAN+3. The countries/economies which have already established NNAs shall support the countries which are trying to have NNA cooperating with Association of National Numbering Agency (ANNA).
3. Institutional framework in both regulatory side and market side needs to be established for the purpose of standardization (ISO 20022).

Remaining Challenges

- Account structure of each CSD is different market by market and CSD by CSD mainly because of regulatory differences including tax. (for the time being, it is very difficult to standardize it). Also, markets which adopt omnibus account may have additional requirements for a specific case.
- User requirements and market practices including legal and regulatory issues still need to be harmonized and standardized.

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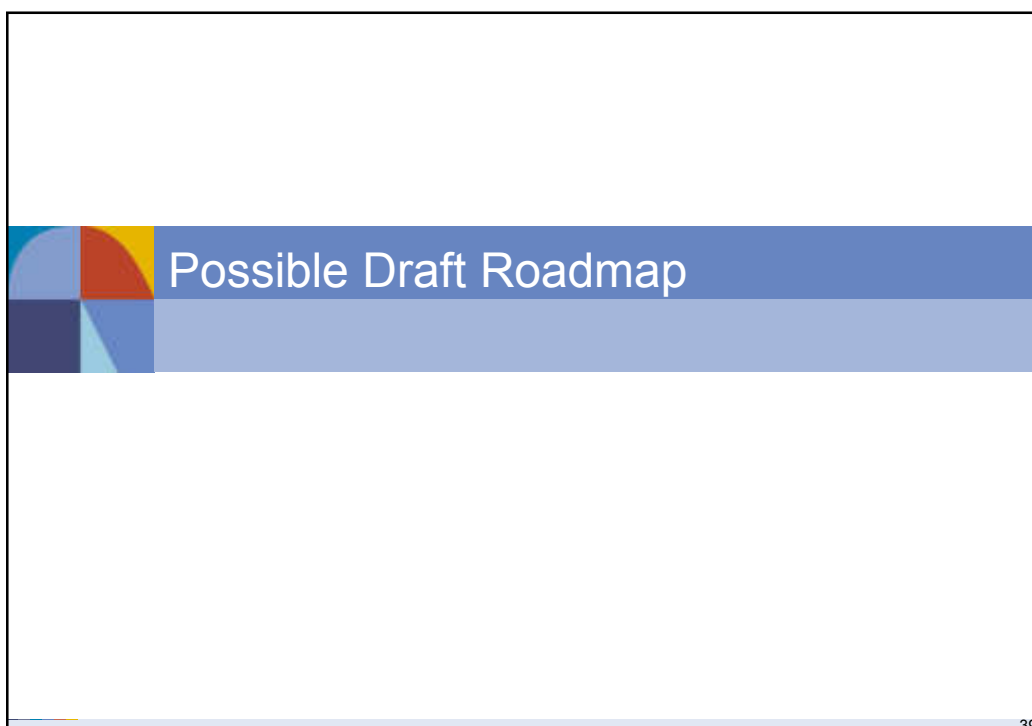
ISO 20022 Standard from ASEAN + 3



International standards (such as ISO20022) will be the focal point and hub of local standards.

Source: ABMF SF2.

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Possible roadmap for the implementation of cross-border STP by developing bond market infrastructures in ASEAN+3 (Preliminary draft image)

A preliminary draft of possible roadmap for the implementation of cross-border STP by harmonizing message flows and by standardizing message items including numbering and coding in ASEAN+3 is shown as follows.

Current status of cross-border STP in ASEAN+3 as of August 2014 is to be shared by ABMF SF2 members and experts.

Current status of cross-border STP in each economy is shown based on the information obtained from members and experts.

Color	Explanation
Green	Cross-border STP ready
Blue	Cross-border STP ready with conditions
Yellow	Not ready but scheduled
Orange	Not clear and need to be confirmed
Red	Not ready yet

Significant trend for bond market infrastructures adopting ISO 20022 in ASEAN+3

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1. Message flow harmonization

- A) RTGS
Real time gross settlement is used for both bond settlement and cash settlement.
- B) DVP
Delivery versus payment is secured.
- C) Central Bank Money
Central bank money is used for cash settlement.
- D) STP
In order to implement straight through processing (STP), data are transferred from pre-settlement matching system to cash settlement system through securities settlement system.
- E) Affirmation and Notification
Quality of data transferred and processed is confirmed when the data are entered by different party. Also, results of processes in infrastructures are informed to participants appropriately.
- F) PS-Matching
Pre-settlement matching is automated by pre-settlement matching system (PSMS). Other than PSMS, pre-settlement matching by forward dated data entry on S-1 is available.

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1. Message flow harmonization

	CSD	Name of Bond Settlement System	Inst.	Message flow						
				RTGS	DVP	Central bank money	STP	Affirm. & Notific.	PS-match.	Overall
CN	CCDC	CBGS	G/C	Y	Y(2008)	Y	Y	Y	Y	Y
CN	CSDCC	MNS	G/C	N	Y	N	Y	Y	Y	N
CN	SHCH	SHCH-SSS	C	Y	Y	Y	Y	Y	Y	Y
HK	HKMA	CMU	G/C	Y	Y	Y	Y	Y	Y	Y
ID	BI	BI-SSSS	G	Y	Y	Y	Y (2015)	Y	Y (2015)	Y (2015)
ID	KSEI	C-BEST	C	Y	Y	Y (2017)	Y	Y	Y	Y (2017)
JP	BOJ	BOJ-NET JGB Service	G	Y	Y	Y	Y (2017)	Y	Y (2017)	Y (2017)
JP	JASDEC	BETS	C	Y	Y	Y	Y	Y	Y	Y
KR	KSD	SSS/SAFE+	G/C	Y	Y	Y	Y/N	N	N	N
MY	BNM	RENTAS SSTS	G/C	Y	Y	Y	Y (2017)	Y	Y (2017)	Y (2017)
PH	BTr	BTr-ROSS	G	Y	Y	Y	Y	Y	Y	Y
PH	PDTC	PDTC Depository	G/C	Y	Y	Y	Y	Y	Y	Y
SG	MAS	MEPS plus SGS	G	Y	Y	Y	N	Y	N	N
SG	CDP	DCSS	C	Y	Y	Y	Y	Y (2015)	Y (2015)	Y (2015)
TH	TSD	PTI	G/C	Y	Y	Y	Y/N	Y	N	N
VN	VSD	VSD-BES	G/C	Y (201X)	Y (201X)	Y (201X)	Y (201X)	Y (201X)	Y (201X)	Y (201X)

PH: Interface between BTr and its participants are provided by PDS Group. The above information is based on PDS Group. The schedule needs to be confirmed at the ABMF SF2.
Information about CN, HK, KR, SG (MAS), and TH need to be updated.

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2. International Standard for message items of Securities Settlement System (SSS)

- A) ISO15022
ISO15022 is adopted for the messages related to bond settlement
- B) ISO20022
ISO20022 is adopted for the messages related to bond settlement
- C) ISIN (adoption)
ISIN is adopted (full membership of NNA exists)
- D) ISIN (allocation)
ISIN is allocated within 24 hours after issuance and notified to members within the day
- E) BIC
BIC can be used. This include conversion by using table with proprietary codes.
- F) Character code set
Unicode (UTF-8) is adopted.
- G) Communication protocol
TCP/IP is adopted as communication protocol
- H) Inauguration current system
Inauguration year of current bond settlement system
- I) Reconstruction period
Plausible go-live year of reconstruction based on the assumption of ADB Consultant for ABMF SF2

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2. International Standard for message items of Securities Settlement System (SSS)

	CSD	Name of Bond Settlement System	Inst.	Standardization of Message items (SSS)							System renewal	
				ISO	ISIN (adoption)	ISIN (allocation)	BIC	Charac. Code set	Comm protocol	Overall	Inauguration current system	Reconstruct . period
				ISO15022	ISO20022							
CN	CCDC	CBGS	G/C	N	Y	Y	Y	Y	Y	Y	-	
CN	CSDCC	MNS	G/C	N	N	N	N	Y	Y	N	Nov. 2011	
CN	SHCH	SHCH-SSS	C	Y	Y	N	N	Y	Y	N	Dec 2011	
HK	HKMA	CMU	G/C	Y	N	Y	Y	Y	Y	Y	Mar. 1990	
ID	BI	BI-SSSS	G	Y	Y (201X)	Y	Y	Y	Y	Y (201X)	Mar 2003	2018
ID	KSEI	C-BEST	C	Y	Y (2016)	Y	Y	Y (2016)	Y	Y (2016)		2016
JP	BOJ	BOJ-NET JGB Service	G	N	Y (2016)	Y (2016)	Y (2016)	Y	Y	Y (2016)	1990/Jan 2001	FY2015
JP	JASDEC	BETS	C	Y	Y	Y	Y	Y	Y	Y		Jan. 2014
KR	KSD	SSS/SAFE+	G/C	N	N	Y	N	Y/N	Y	N	Nov 2011	
MY	BNM	RENTAS SSTS	G/C	Y (2017)	Y (2017)	Y	Y	Y (2017)	Y	Y (2017)	Jul 1999	2019
PH	BTr	BTr-ROSS	G	Y (2015)	Y (2015)	Y (2015)	Y (2015)	Y	Y	Y (2015)	Nov 1996	
PH	PDTC	PDTC Depository	G/C	Y (2015)	Y (2015)	Y (2015)	Y (2015)	Y	Y	Y (2015)	Mar 1995	
SG	MAS	MEPS plus SGS	G	Y	N	Y	Y	Y	Y	Y	Dec 2006	
SG	CDP	DCSS	C	Y (2015)	Y (2015)	Y	Y (2015)	Y	Y	Y (2015)	-	2015
TH	TSD	PTI	G/C	Y	N	Y	Y	Y	Y	Y	Oct 2007	
VN	VSD	VSD-BES	G/C	Y (2014)	Y (2016)	Y	Y	Y (2016)	Y	Y (2016)	-Jun 2010	May. 2014

PH: Interface between BTr and its participants are provided by PDS Group. The above information is based on PDS Group. The schedule needs to be confirmed at the ABMF SF2.
Information about CN, HK, KR, SG (MAS), and TH need to be updated.

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3. International Standard for message items of Cash Settlement (RTGS) System

- A) ISO15022
ISO15022 is adopted for the messages related to bond settlement
- B) ISO20022
ISO20022 is adopted for the messages directly related to bond settlement.
- C) BIC
Business identifier code is adopted for financial institution identification.
- D) Character code set
Unicode (UTF-8) is adopted for character code set.
- E) Communication protocol
TCP/IP is adopted for communication protocol.
- F) Inauguration current system
Inauguration year of current cash settlement system
- G) Reconstruction period
Plausible go-live year of reconstruction

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3. International Standard for message items of Cash Settlement (RTGS) System

	Operator	Name of the System	Standardization of Message Items (RTGS)						System renewal	
			ISO messages		BIC	Char. Code set	Commun. protocol	Overall	Inauguration current system	Reconstruction period
			ISO15022	ISO20022						
CN	PBOC	CNAPS	N	Y (2014)	Y	Y	Y	Y	Apr 2002	
HK	HKMA	CHATS	Y	N	Y	Y	Y	Y	Dec 1996	
ID	BI	BI-RTGS	Y	Y (201X)	Y (2014)	Y	Y (2014)	Y (201x)	Nov 2000	2015
JP	BOJ	BOJ-NET	N	Y (2016)	Y (2016)	Y	Y	Y (2016)	1987, Nov 2011	FY2015
KR	BOK	BOK-Wire	N	N	Y	Y	Y	N	Apr 2009	
MY	BNM	RENTAS IFTS	Y (2017)	Y (2017)	Y(2017)	Y	Y	Y(2017)	Jul 1999/2004/2011	2017
PH	BSP	PhilPaSS	Y	Y (2015)	Y	Y	Y	Y (2015)	1995/Dec 2002	2015
SG	MAS	MEPS plus	Y	N	Y	Y	Y	Y	Dec 2006	
TH	BOT	BAHTNET	Y	N	Y	Y	Y	Y	Dec 2001/2012	
VN	BIDV		N	N	N	N	N	N	2010	

VN: SBV is planning to be cash settlement operator adopting ISO 20022.
Information about CN, HK, KR, SG (MAS), and TH need to be updated.

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2014

Harmonization and standardization of bond settlement infrastructures

1. Phase3 Study
 - Harmonization and standardization within ASEAN+3 (consensus building)
 - Survey on repo and collateral from the view point of cross-border transactions
 - Policy recommendations
 - Phase3 report to ABMI TF3 (to be endorsed by ASEAN+3 Finance Ministers and Central Bank Governors' Meeting)
2. Co-operating with CSIF to implement CSD-RTGS Linkage

2015

Further harmonization and standardization of bond settlement infrastructures

1. Institutional framework
 - Discussion on establishing institutional framework for international standard (ISO 20022) both in regulator (central bank) side and market fractioned side in ASEAN+3
2. Cross-border collateral and repo
 - Survey on issues related cross-border collateral and repo concerning market practices and actual market demands
3. Co-operating with CSIF to implement CSD-RTGS Linkage

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2016-17

Implementation of ASEAN+3 standard including ISO20022

1. Establishing institutional framework for international standard (ISO 20022) both in regulator side and market fractioned side in ASEAN+3
2. Roadmap in each economy to implement harmonization and standardization

2018-19

Harmonization and Standardization in ASEAN+3

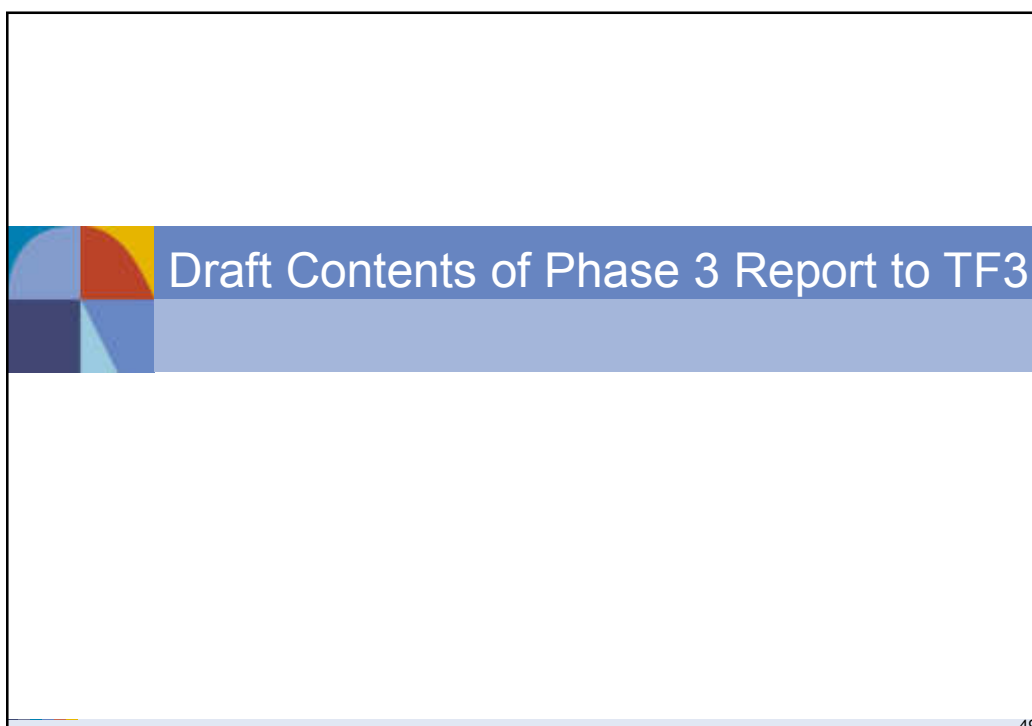
1. Harmonization and standardization in line with Implementation of CSD-RTGS Linkage
2. Discussion on future issues

After 2020

Expanding CSD-RTGS Linkage

1. Expanding CSD-RTGS Linkage from Market participants perspective
2. Integrated solutions from Market participants perspective

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Phase3 Report (preliminary draft)

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| 2. Methodology and Approach of the Survey | 8.1 Review of Phase2 study |
| 3. Reference Model about DVP Settlement | 8.2 Harmonization of Market Practices |
| 4. Message Items Related to DVP Settlement | 9. Technical Assistance for BCLM Countries |
| 4.1 Overview of Message Items | 10. Roadmap towards |
| 4.2 Settlement Instruction | Harmonization and Standardization |
| 4.3 Settlement Confirmation | 11. Policy Recommendations |
| 4.4 Settlement Status Advice | 12. Next Phase of ABMF |
| 4.5 Financial Institution Credit Transfer | |
| 4.6 Credit/Debit Notification | |
| 5. Pre-settlement Matching | [Appendix] |
| 5.1 Findings on Settlement Matching | 1. Questionnaire |
| 5.2 Recommendation for Settlement Matching | |
| 6. ISIN | |
| 6.1 Key Issues Related ISIN | |
| 6.2 Recommendation for ISIN from Cross-border Perspective | |
| 7. Collateral and Repo | |

Thank you so much



This PowerPoint slides are made solely for the discussions of the 16th ABMF SF2 on 2 September 2014. Views expressed are those of the presenter and do not necessarily reflect those of the Asian Development Bank or any other organizations.

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E-mail: inuit@nttdata.co.jp

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Session 7

Collateral without Damage

- A pioneering industry approach
based on partnership

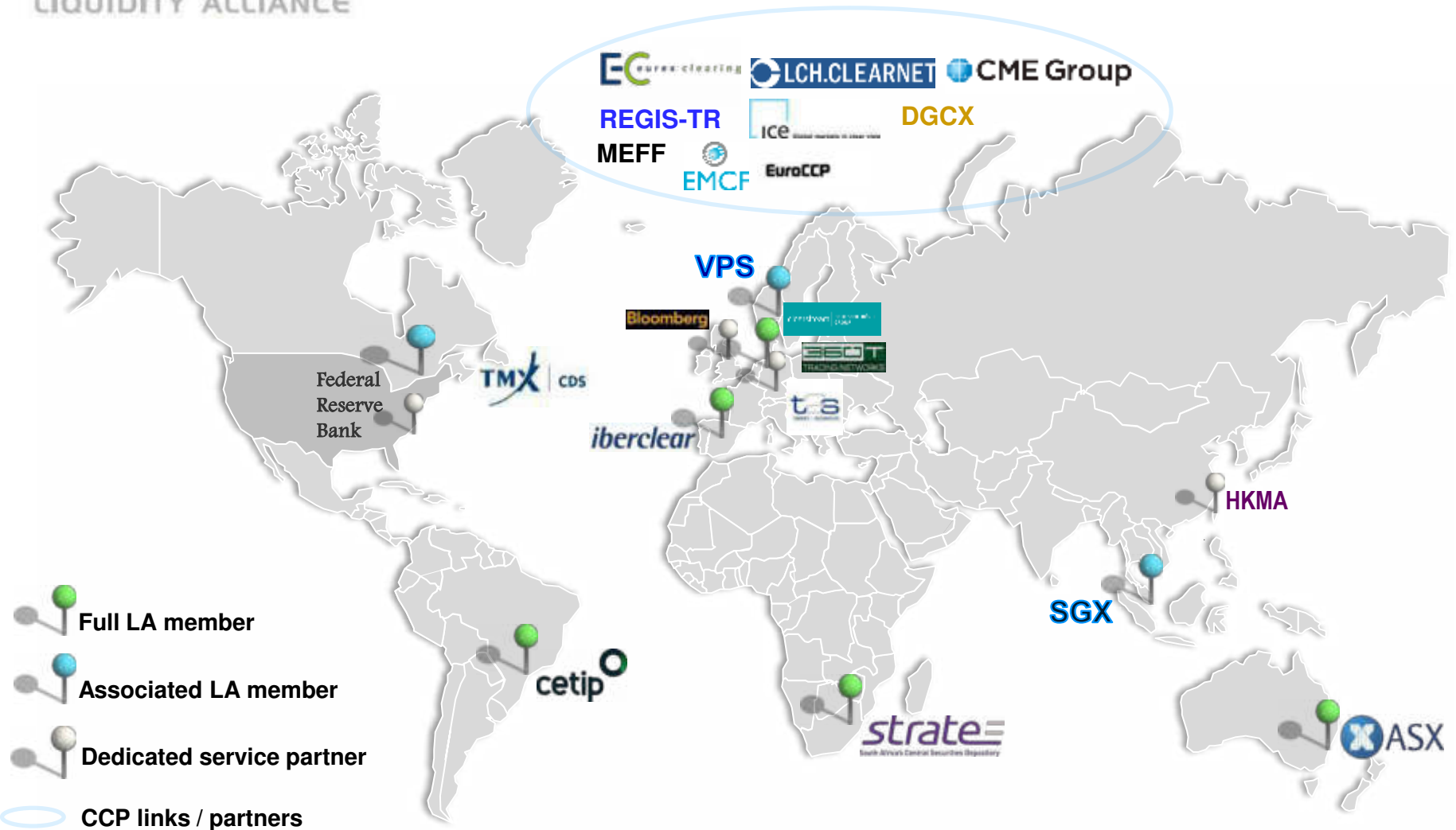
by Mr. Stefan Lepp, Clearstream

GLOBAL PARTNERSHIPS WITH INFRASTRUCTURE PROVIDER

Bridge globally fragmented collateral demand (exposures) with globally fragmented collateral without creating new systemic risks → **Liquidity Alliance**



LIQUIDITY ALLIANCE



Session 8

(Information Session)

Securities numbering including
allocation of ISIN

- How to establish NNA (for BN,
KH, LA, MM)

by Mr. Dan Kuhnel, ANNA




ANNA numbers the world
Association of National Numbering Agencies srl




The role of ANNA in the International Capital Markets - Financial Instrument identifiers -

Dan Kuhnel – ANNA Chairman
16th ASEAN+3 Bond Market Forum (ABMF)

Hong Kong – September 1 & 2, 2014



Agenda



- Overview of ANNA**
 - Who are we?
 - Objectives
 - ANNA Membership and Organisation
 - ANNA Service Bureau Overview
- ANNA's role in Cross-Border Standardisation**
 - The Power of ISO Standards
 - Overview of ISO Financial standards
- Evolution towards ANNA membership**
 - Steps to establishing an NNA
 - Benefits of ANNA membership

ANNA numbers the world 2



ANNA – Who are we?

- Belgian co-operative (scrl) incorporated in 1992;
 - Initially comprised of the 22 “ISIN” founding members countries – those that were involved in the drafting of the ISO 6166 (ISIN) standard;
 - One member – one vote principle. Market size and/or # of ISINs do not factor into Association decisions;
 - ANNA does not appoint entities to act as National Numbering Agencies (NNAs)
 - ISO Registration Authority (RA) for ISO 6166 (ISIN) and ISO 10962 (CFI) and proposed RA for ISO 18774 (FISN).
-
- Today, 22 years later, ANNA has 85 full members and 30 partners representing ISIN adoption/usage in more than 118 countries worldwide;
 - The ISIN can be considered one of the most successful ISO standards - in terms of usage and overall adoption globally.
-
- 2001: ANNA launched the ANNA Service Bureau, the largest global ISIN database
 - Today there are over 26 million ISINs available via the ASB.

ANNA numbers the world

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Association Objectives

- Globally develop and promote standards under ANNA's control
- Commit to work for the benefit of the financial industry
- Codify, classify and make data accessible and available to industry participants
- Contribute to ISO Standards development process
- Ensure timeliness, accuracy and quality in the application of standards
- Fulfil our obligation as an ISO Registration Authority for the ISIN (ISO 6166) and CFI (ISO 10962) standards

ANNA numbers the world

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ANNA Membership Overview

- Total 'Full' ANNA membership (as of 31 August 2014)
- 85 National Numbering Agencies
- Total 'Partner' ANNA membership (as of 31 August 2014)
- 30 National Numbering Agencies
- ISIN/CFI coverage in 122 countries

<u>Overview by Business Segment</u>	Full Members	Partner Members
Stock Exchanges	25	13
Data Vendors	3	0
CSDs/ICSDs/Clearing Houses	49	10
Regulatory Bodies	4	4
Central Banks	4	3
Total	85	30

ANNA numbers the world

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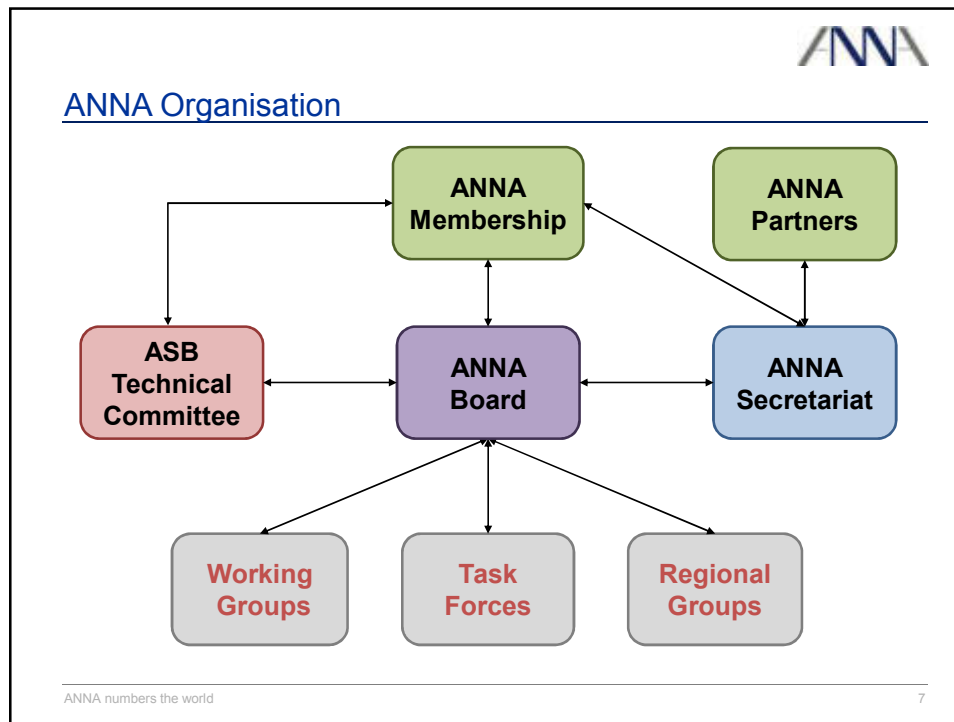



National Numbering Agencies (ASEAN+3 economies)

ASEAN+3 (existing)			
Country Code	National Numbering Agency	Market Segment	Total ISINs allocated (July 2014)
CN	China Securities Regulatory Commission	Regulator	17,778
HK	Hong Kong Exchanges and Clearing Ltd	Stock Exchange	20,404
ID	KSEI - Indonesian Central Securities Depository	CSD	6,117
JP	Tokyo Stock Exchange	Stock Exchange	37,094
KR	Korean Exchange - KRX	Stock Exchange	499,074
MY	Bursa Malaysia	Stock Exchange	8,627
PH	Transitional phase - currently covered by the U.S. NNA	Regulator (Q2/Q3 2015)	1,555
SG	Singapore Exchange Limited	Stock Exchange	2,627
TH	Thailand Securities Depository	CSD	21,068
VN	Vietnam Securities Depository	CSD	2,622
ASEAN+3 economies (pending NNA appointment)			
Country Code	National Numbering Agency	Substitute NNA	ISINs assigned (July 2014)
BN	Brunei Darussalam	Germany	3
KH	Cambodia	Germany	1
LA	Lao People's Democratic Republic	Germany	1
MM	Myanmar	Germany	1

ANNA numbers the world

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ANNA Service Bureau (ASB) – Global ISIN database

- **2001 – formation of a global ISIN database utilising digital internet connections;**
- **Jointly operated by SIX Financial (Switzerland) and CUSIP Global Services (United States) on behalf of ANNA and its' members;**
- **ASB acts as a central hub to receive and consolidate ISIN, CFI and defined financial instrument related data from the ANNA members and partners;**
- **ANNA now has the largest consolidated database of ISIN + related data that exists anywhere!**

ANNA numbers the world

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Evolution of the ANNA Service Bureau (ASB)

As of July 31, the ASB database contained:

- 26,019,254 ISINs of which 8,610,100 are active instruments
- 23,116,301 CFIs of which 7,989,944 are active instruments

The ASB provides the following benefits and features:

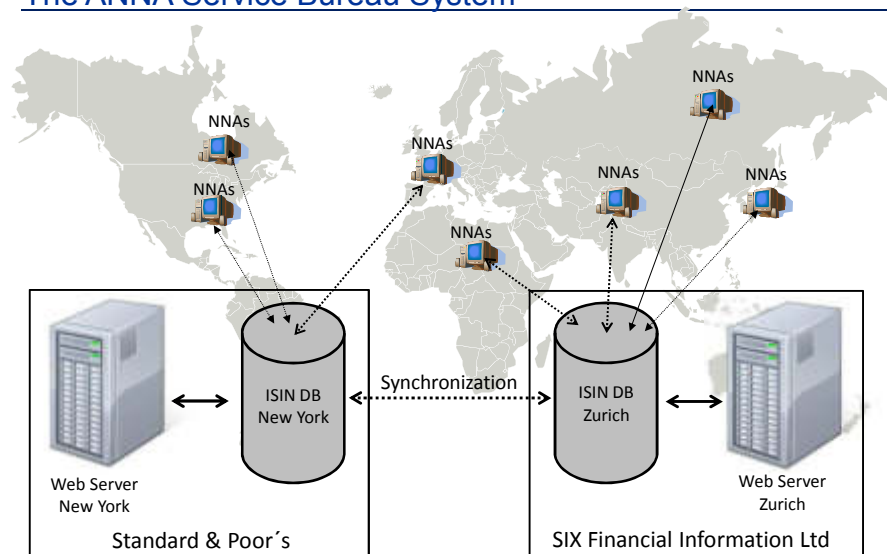
- Fully supported, robust ISIN products and services available via multiple feeds (database and web query tools) and frequencies (including daily)
- Worldwide customer/data quality support
- Centralized administration of data
- Robust database storage and disaster recovery models
- Proven technology and global communication support

ANNA numbers the world

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The ANNA Service Bureau System



ANNA numbers the world



Agenda

Overview of ANNA

- Who are we?
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- ANNA Service Bureau Overview

ANNA's role in Cross-Border Standardisation

- The Power of ISO Standards
- Overview of ISO Financial standards

Evolution towards ANNA membership

- Steps to establishing an NNA
- Benefits of ANNA membership

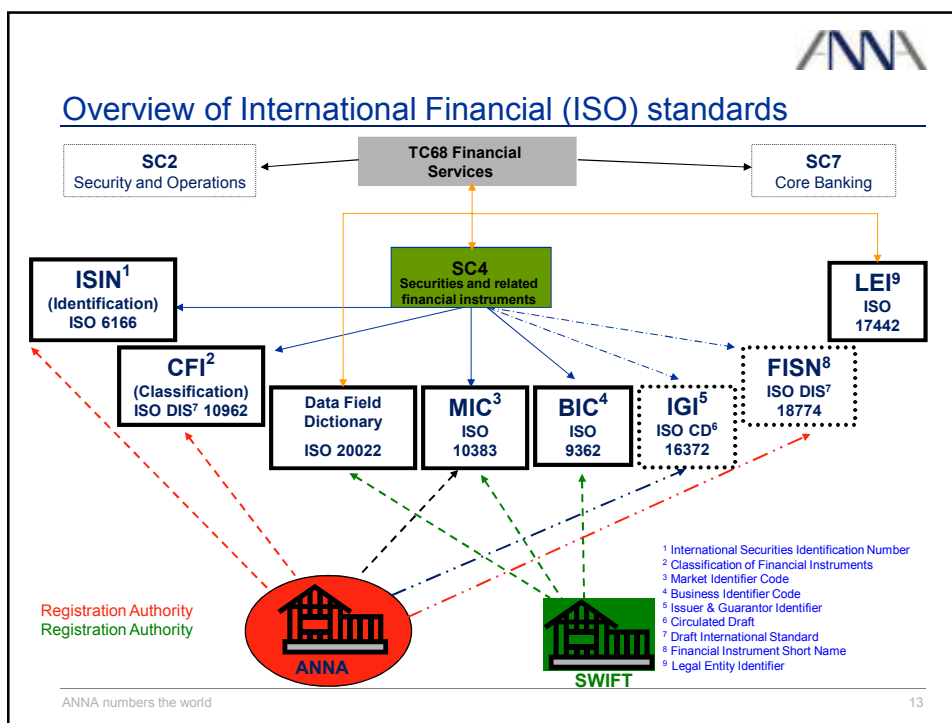


The Power of ISO Standards

Standard protocols for trading, clearing and – most importantly – identifying financial instruments, allow vast amounts of information to be conveyed among different institutions and different time zones in fractions of a second.

Standards bring a baseline level of efficiency – and an accepted way of doing things – to nearly every form of commerce. Where standards do not exist, chaos and risk often reigns.

Much like a common spoken language, a standard may best be described as an accepted means of communication. In the financial markets, it applies to everything from corporate action messaging to transmission protocols to instrument identifiers.



Existing ISO Financial Standards

- **(ISO 6166) International securities identification numbering system (ISIN)** provides a uniform structure for a number, known as the ISIN, that uniquely identifies fungible financial instruments. Financial instruments subject to ISIN allocation include equities, debt instruments, entitlements (rights and warrants), futures, options and many other instruments.
- The latest **version of the ISO Standard 6166** was adopted and implemented effective **1 Aug 2014**
 - The ISIN consists of:
 - a **prefix** using the alpha-2 country code
 - the **basic number**, which is nine characters in length
 - a **check digit**
 - Examples**
 - DE0007100000** DaimlerChrysler AG
 - XS1093825583** Bank of China Ltd (Sydney)

ANNA numbers the world

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Existing ISO Financial Standards cont'd

- **CFI Classification of Financial Instruments (ISO 10962)**

The CFI code system provides a set of classification codes which can be used by all market participants in an electronic data processing environment and permits electronic communication between participants.

- **New version** commences ISO voting process 1st October 2014

Structure:

- ✓ The CFI reflects characteristics that are defined when a financial instrument is issued and remains unchanged during its entire lifetime.
- ✓ The CFI consists of six alphabetical characters
- ✓ The first character indicates the highest level of classification (categories) the second is the group, and the remaining letters show special attributes of the group.



Existing ISO Financial Standards cont'd

- **LEI Legal Entity Identifier (ISO 17442) - a unique identifier associated with a single legal entity.**

LEI Scope and Coverage:

- ✓ all financial intermediaries
- ✓ banks and finance companies
- ✓ all entities that issue equity, debt or other securities for other capital structures
- ✓ all entities listed on an exchange
- ✓ all entities that trade stock or debt, investment vehicles, including mutual funds, pension funds and alternative investment vehicles constituted as corporate entities or collective investment agreements (including umbrella funds as well as funds under an umbrella structure, hedge funds, private equity funds, etc.)
- ✓ all entities under the purview of a financial regulator and their affiliates, subsidiaries and holding companies
- ✓ counterparties to financial transactions



ISO Financial Standards in Preparation

▪ FISN Financial Instrument Short Name (ISO 18774)

The FISN incorporates the issuer short name and the abbreviated characteristics for the financial instrument. It has a maximum length of **35 alphanumeric** characters.

The FISN is composed of:

- ✓ an **issuer name** with a maximum length of **15 alphanumeric characters**.
To ensure uniformity, the same issuer short name should be used for different financial instruments of the same issuer.
- ✓ a **"I"** as the **delimiter** between issuer name and instrument description
- ✓ an **instrument description** with a maximum length of **19 alphanumeric characters**, assuming that the available length of the issuer name has been fully used. In the event that all the 15 characters have not been used in the issuer short name, the remaining space may be used to describe the characteristics of the financial instrument.

The FISN shall be assigned upon issuance of the related financial instrument together with ISIN (ISO 6166) and CFI (ISO 10962)

ANNA numbers the world

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Agenda

Overview of ANNA

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ANNA's role in Cross-Border Standardisation

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- Overview of ISO Financial standards

Evolution towards ANNA membership

- Steps to establishing an NNA
- Benefits of ANNA membership

ANNA numbers the world

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Steps to establishing a National Numbering Agency (NNA)

1. **Jurisdiction's Capital Market endorses the move to adopted ISO standards for financial instruments**
2. **Regulator or market supervisory body appoint the entity to act as the NNA for that jurisdiction**
 - ANNA recommends only one entity is appointed
3. **Application to ANNA when entity is in a position to start allocating ISIN and CFI**
 - Partnership application first – valid for a maximum transition period of 2 years
 - Application is voted on by full members of ANNA
4. **Upon successful adherence to Partnership requirements – application for full membership can be made**
 - Application is voted on by full members of ANNA
5. **Documents/Agreements to be executed**
 - ANNA's Articles of Incorporation
 - Partnership Agreement (only applicable for Partnership)
 - Application for membership (only applicable for Full membership)
 - Letter of Understanding (only applicable for Full membership)
 - Membership Guidelines (for Full members and Partners)

*Membership Guidelines are regularly updated and approved at General Meetings



Benefits of ANNA Membership

- **Being a member of ANNA within the global Capital Markets:**
 - ✓ Ensures involvement and participation in a truly global Financial Market Association
 - ✓ Presents the chance to be involved in the development and evolution of international standards that will have a direct impact on your local market and its' participants
 - ✓ ANNA members are actively involved not only in ISIN and ISIN related matters but also the developments of CFI, FISN and LEI – all important ISO standard security identifiers for the future
- **ISO Standards drive market efficiency, clearing/settlement and STP automation:**
 - ✓ Over the last 30+ years, ISIN has been adopted as the security identification standard for clearing, settlement and financial instrument identification in most countries throughout the world
 - ✓ 85 full members and 30 partner members share, promote and adhere to this common vision



Benefits of ANNA Membership cont'd

- **The NNA's local market will gain more visibility in the global financial marketplace;**
 - ✓ Enables stronger cross-border flows (in and out)
- **Due to agreements amongst all ANNA members, each NNA has unrestricted access to all other member's ISINs and defined data elements;**
- **Local market participants will have more efficient and faster access to standardised "ISO" identifiers;**
 - ✓ a positive impact on attracting new investors (domestic and international)
 - ✓ assists in developing a robust capital market that can be accessed by international investors
- **Presents opportunities to share experiences, knowledge and know-how with other ANNA's members through Country Reports, Regional reports and Task Force/Working Group activities.**
 - ✓ Each NNA can benefit in terms of growth & development whilst improving market efficiencies

ANNA numbers the world

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Comments? Questions?

For further information – please consult:

www.anna-web.com

Dan Kuhnel

Tel: +852 3966 5623

Email: dan.kuhnel@euroclear.com

ANNA numbers the world

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Session 9

(Information Session)

Progress Report of Cross-border
Settlement Infrastructure Forum

by Mr. Hsiao Chink Tang, CSIF

Progress Report of Cross-border Settlement Forum (CSIF)

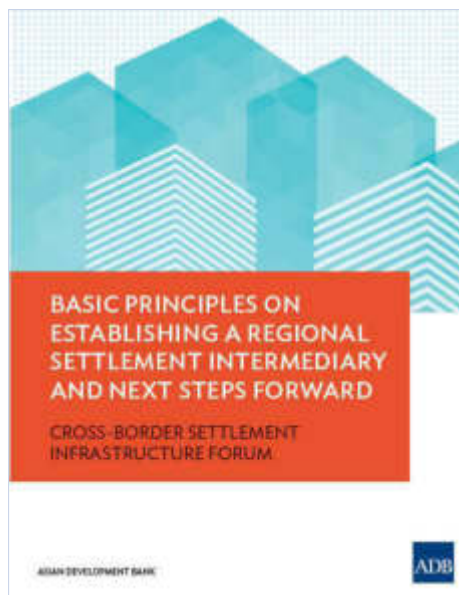
The 16th ABMF SF2 Meeting
2 September 2014
Hong Kong, China

Taiji Inui, CSIF Consultant
Hsiao Chink Tang, ADB

Contents

1. Objective
2. Overview of regional settlement infrastructure (RSI) models
3. Basic principles guiding the choice of RSI model
4. Recommendations
5. CSD-RTGS linkage model
6. Next steps

1. Objective



To provide an overview of the activities in CSIF -- report is available at:

<http://www.adb.org/publications/basic-principles-establishing-regional-settlement-intermediary-next-steps>

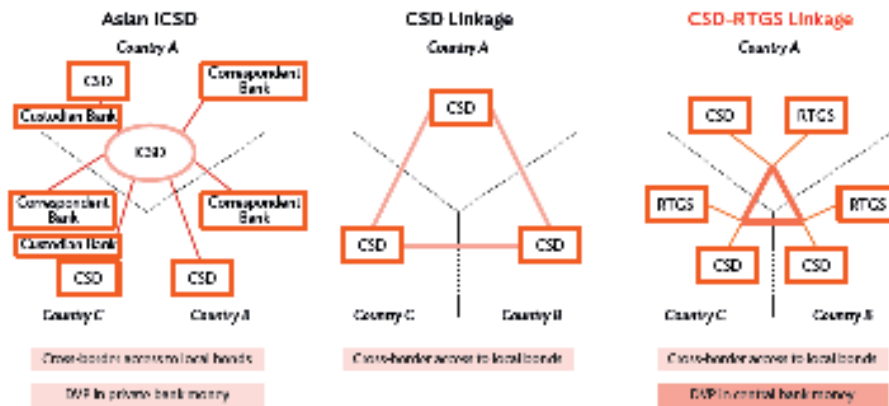
Endorsed by the ASEAN+3 Finance Ministers and Central Bank Governors, May 2014

"We **welcomed** the recommendations submitted by the CSIF and the direction of developing **implementation roadmap** of **CSD-RTGS linkages as short-term and medium-term goal** and **integrated solution as long-term goal** for making it possible to deliver securities smoothly and safely versus payment across borders.

We are of the view that this is a practical and efficient approach to advance regional settlement infrastructure that promotes cross-border securities transactions in the region".

Source: Joint Statement of the 17th ASEAN+3 Finance Ministers' Meeting, Astana, Kazakhstan, 3 May 2014.

2. Overview of RSI models



3. Basic Principles on establishing an RSI model

1. Domesticity and cost efficiency: Use existing infrastructure.
2. Safety: Cash settlement should use central bank money where possible.
3. Flexibility: Each country can join when ready.
4. Accessibility: Small and large local financial institutions should benefit.
5. Gradual integration: Bilateral links first, possible centralized link later.
6. Consistency and collaboration with other initiatives: Such as other ASEAN initiatives.
7. Standardization: Of market practices and technical aspects.
8. Harmonization of rules and regulations: That hinder cross-border transactions.

4. Recommendations

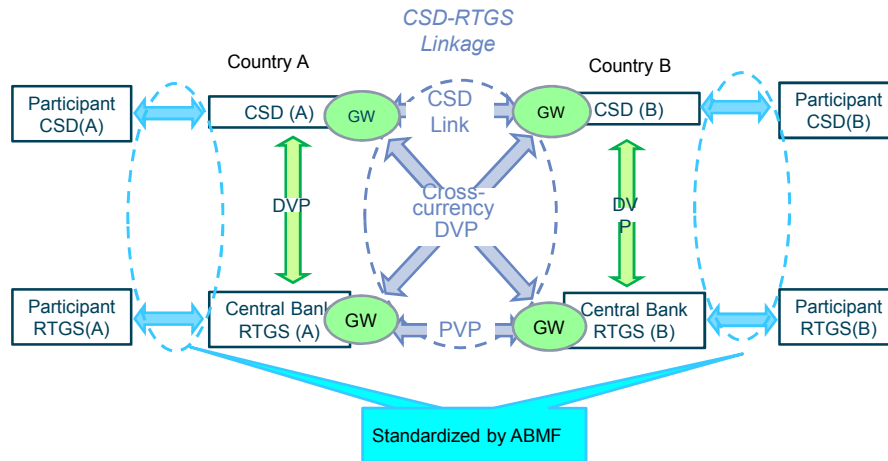
1. Countries to establish cross-border bilateral linkages of national CSDs and RTGS systems when ready.
2. Countries should adopt the Basic Principles on establishing RSI.
3. Countries should continue other efforts to facilitate standardization, harmonization of rule and regulation to facilitate cross-border bonds transactions.
4. As a long-term perspective, practical integrated solution is possible.

5. CSD-RTGS Linkage model

The CSD-RTGS Linkage model bilaterally connects CSDs and RTGSs of two markets. It aims to facilitate:

1. funding of foreign currency using local bonds as collateral e.g., cross-currency repo;
2. issuance of Eurobond e.g., dim sum bond, shogun bond; and
3. cross-border investment in local bonds.

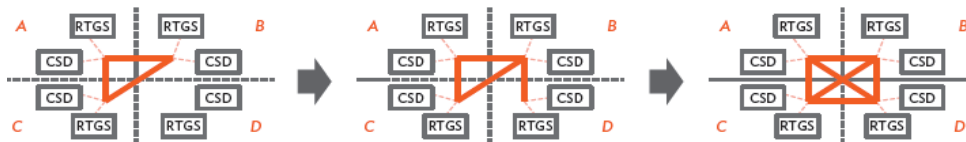
SF2 and CSD-RTGS Linkage



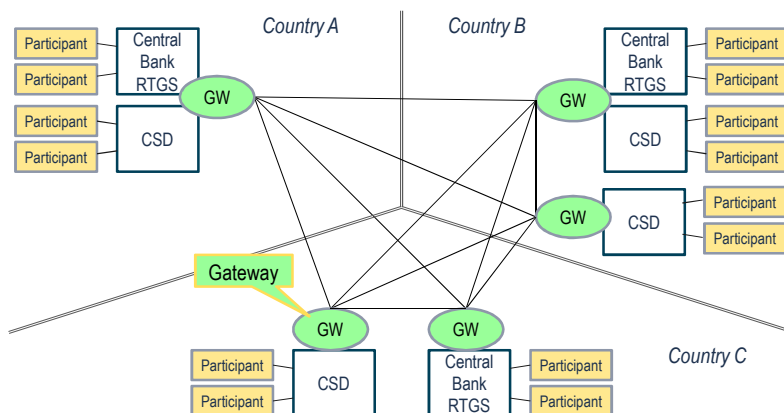
Source: Based on BOJ.

Key features of CSD-RTGS linkages – Flexible Implementation

1. Each country chooses when to participate.



2. And how to participate



Source: Based on BOJ.

Note: GW is an equipment (device) that connects networks and convert messages. It has no central hub (equal footing for all countries). And countries can have several GWs. Standardization of message format such per the DVP settlement mechanism is crucial to minimize costs.

6. Next Steps

1. Undertake requirements study for the gateway and others.
2. Implement bilateral CSD-RTGS linkage desktop study by volunteering members to check viability and feasibility of the model.
3. Develop a guideline for CSD-RTGS linkages covering legal, technical, and operational aspects.
4. Draw up an roadmap as a short-term and medium-term goal for implementation by 2018, and a long-term goal of an integrated solution in accordance with the Basic Principles by around 2020.

Note: Close communication and collaboration with ABMF SF2 and other regional initiatives are essential to achieve a wide-range of standardization and further efficiency.

Thank you



These slides are made solely for the discussions at the 16th ABMF SF2 in Hong Kong, China. Views expressed are those of the presenters and do not necessarily reflect those of the Asian Development Bank or any other organizations.



Session 10

Work Plan and Other Issues
of SF2

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.

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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

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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)

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Thank You

ADB

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

For further information

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Dr. Taiji Inui, ADB Consultant: Inuit@nttdata.co.jp
Mr. Matthias Schmidt, ADB Consultant: macschmidt@me.com

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Session 12

Linking the Asian capital markets
with the international eco sytem

by Mr. Olivier Grimonpont,
Euroclear



Linking the Asian Capital Markets With the International Eco System

Development of Offshore RMB Bond Markets

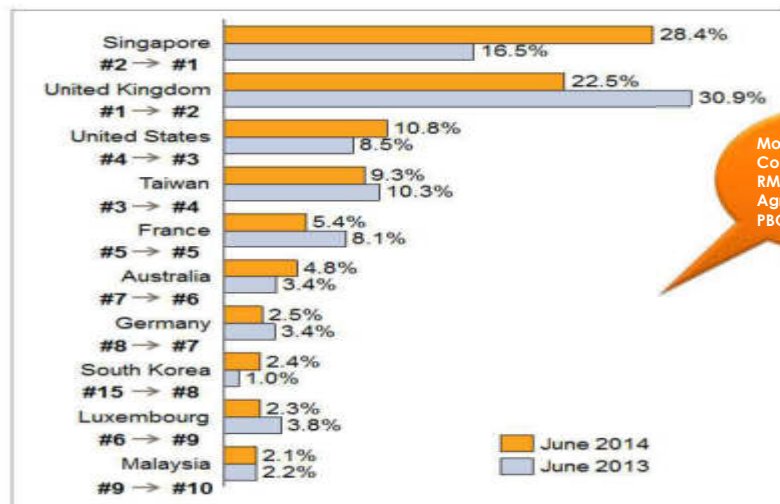


Olivier Grimonpont
General Manager and Regional Head, Asia Pacific, Euroclear Bank
2nd September 2014

1



Top 10 Offshore CNY Centres (Ex. Hong Kong)



More Than 20 Countries Signed RMB Swap Agreements With PBOC

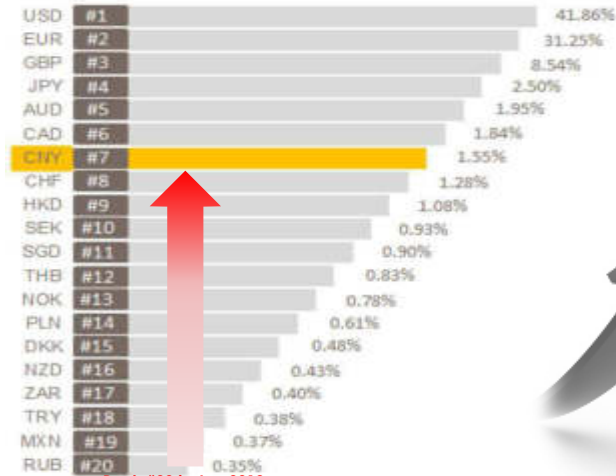
Source: SWIFT

2



7th Most Used Payment Currency

June 2014



Rank #20 in Jan 2012

Source: SWIFT

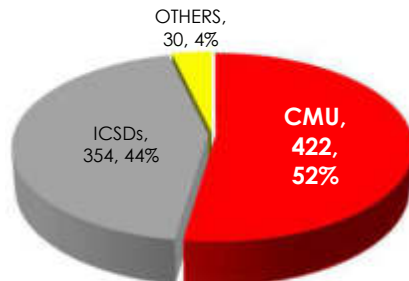


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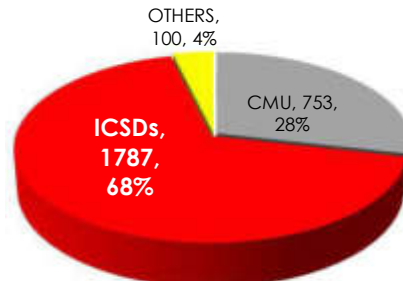


Offshore CNY Bond Markets

Outstanding
(CNY Bio)



Issuance
(Number of Securities)



Source: Euroclear Bank, and CMU as at August 2014

4



Top 10 Issuers by Issuance Amount

Hong Kong (CMU)

Rank	Issuer	Issuance Amount (CNY Bio)	No. of Securities
1	MOF of PRC	68.5	25
2	BOC (HK)	30.1	95
3	CCB	25.1	58
4	ABC	23.6	78
5	BOCom	15.5	54
6	CDB (HK)	14.1	38
7	CDB	13.0	12
8	CCB (HK)	10.5	55
9	EXIM Bank	10.0	8
10	ICBC (HK)	8.2	32

Source: CMU, as at August 2014

ICSD

Rank	Issuer	Issuance Amount (CNY Bio)	No. of Securities
1	ABC (HK)	32.5	114
2	CCB (HK)	25.3	68
3	ICBC (LUX)	23.2	54
4	CCB (AU)	18.7	33
5	BEA (HK)	10.8	46
6	BOC (SG)	10.7	42
7	CCB (SG)	10.6	32
8	CDB (HK)	7.6	27
9	BOC (AU)	6.9	35
10	ABC (SG)	6.8	26

Source: Euroclear Bank, as at July 2014

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Top 10 Issuers by Number of Securities

Hong Kong (CMU)

Rank	Issuer	No. of Securities	Issuance Amount (CNY Bio)
1	BOC (HK)	95	30.1
2	ABC	78	23.6
3	CCB	58	25.1
4	CCB (HK)	55	10.5
5	BOCom	54	15.5
6	Wing Lung Bank	45	7.8
7	CDB (HK)	38	14.1
8	ICBC (HK)	32	8.2
9	MOF of PRC	25	68.5
10	BEA	23	3.6

Source: CMU, as at August 2014

ICSD

Rank	Issuer	No. of Securities	Issuance Amount (CNY Bio)
1	BOC (HK)	204	5.7
2	HSBC (HK)	152	3.4
3	ABC (HK)	114	32.5
4	CCB (HK)	68	25.3
5	KGI ALLIANCE (BVI)	67	0.2
6	ICBC (LUX)	54	23.2
7	SCB (HK)	53	1.2
8	BNP PARIBAS (HK)	48	0.8
9	DBS (SG)	47	0.8
10	BEA(HK)	46	0.8

Source: Euroclear Bank, as at July 2014

6



Interoperability and International Standards

Issuers want **global reach** and **lowest cost**

Investors want **ease of access** and **highest return**



Interoperability
&
International
Standards

Market forces
will allow best
possible deal for
both parties



Post-trade made easy