

Meeting Summary
16th ASEAN+3 Bond Market Forum (ABMF) Meeting
1-2 Sep 2014, Hong Kong

I. Background and Key Results of the Meeting

1. (Background) The 16th ASEAN+3 Bond Market Forum (ABMF) meeting was held on 1-2 September 2014 in Hong Kong; the meeting was kindly hosted by the Hong Kong Monetary Authority (HKMA) and ADB, and supported by Bank of China (Hong Kong), Clearstream and Euroclear. Around 110 ABMF members, experts, and observers participated in the meeting. The meeting agenda can be found in Attachment 1. All meeting materials have been uploaded to the ABMF website.

2. (New members and representatives) The chairs welcomed Bank of China (Hong Kong) as a new National Expert for Hong Kong, for both Sub-Forum 1 and Sub-Forum 2; BOC (HK) expects to contribute in particular in the area of RMB bond issuance. Bank of Japan was welcomed as a new National Expert for Japan for Sub-Forum 2, a change from its previous status as an Observer. The chairs introduced Mr Katsuyuki Tomizawa as the new representative of JMOF to ABMF and ABMI. As previously announced, Mr Shinji Kawai had left ADB in June to return to Bank of Japan, and a new leader of the ADB Secretariat for ABMF was in the process of being appointed.

3. (SF1 update on AMBIF implementation) ADB Consultants presented findings from the ongoing SF1 market visits in relation to markets' readiness for an implementation of AMBIF (ASEAN+3 Multi-currency Bond Issuance Framework) and discussions with potential issuers on possible pilot issues; focus markets included Thailand and Malaysia, but also the Philippines and Indonesia, with Singapore and Hong Kong reviewed as typical listing platforms. Discussions with policy bodies, regulatory authorities and market participants had been very encouraging and results would be compiled as an AMBIF Implementation Guideline for each market, after review and input from stakeholders. These issuance manuals, together with the revised ADRB documentation recommendation, would support the priority target of pilot issue(s). Some observations from the market visits were tabled for feedback and further discussions among members (please refer to Section III.).

4. (SF2 progress and issues on transaction standardisation, DVP model and technology roadmap) ADB Consultants briefly reviewed the completed Phase 2 Report, and detailed progress of the Phase 3 activities on harmonisation and standardisation, namely i) message flows and message items, ii) efforts on securities numbering, iii) possible policy recommendations, iv) a draft roadmap to implement cross-border STP, including known or planned infrastructure changes and the adoption of ISO20022. Additional efforts on the study of cross-border collateral and repo services would be necessary to draw appropriate conclusions.

5. (ABMF Bond Market Guide update exercise) Members adopted a change to the ABMF Bond Market Guide (BMG) update exercise in Phase 3, both due to a lack of bandwidth but also substantial additional market information having become available through market visits and activities by members in recent months. ADB

Secretariat encouraged members to provide any additional information before the end of the year or to commence the review of the existing BMGs if not yet done so.

6. (Information sessions) Besides holding the regular SF1 and SF2 discussions, members benefited from a number of information sessions, i) on Hong Kong's Offshore RMB bond market by Bank of China (Hong Kong), ii) Clearstream introducing a pioneering approach to cross-border collateral management, iii) ANNA explaining how to establish a National Numbering Agency, iv) ADB Secretariat updating members on progress in the Cross-border Settlement Infrastructure Forum (CSIF), and v) on linking the Asian capital markets with the international eco system by Euroclear.

7. (SRO meeting) On the sideline of the AMBF meeting, the 9th ASEAN+3 Self-Regulatory Organization (SRO) working group meeting was held on 1 Sep 2014 participated by SROs and observers from PRC, Hong Kong, Indonesia, Japan, Korea, Malaysia, Philippines, Thailand, and Viet Nam. The participants shared, reviewed and discussed the trading rules and conventions presently observed by its member institutions, resulting in a significant reference document. Details of the regulatory process for Korean government bond issuance were also shared. Information in the ongoing study of repo markets and services in the ASEAN+3 economies was still being updated, and interest in the outcome has increased among members and other interested parties.

8. (CSIF Meeting) Following the ABMF Meeting, HKMA also hosted the 4th Meeting of the Cross-border Settlement Infrastructure Forum (CSIF) on 3 Sep 2014, co-chaired by Bangko Sentral ng Pilipinas (BSP) and KSD. Members reviewed the Progress Report endorsed by the Finance Ministers and Central Bank Governors' Meeting, and discussed the significance, benefits and opportunities for the possible cross-border infrastructure models put forward in the recommendations. The key agenda item was an update on the proposed linkage between CSDs and RTGS systems across borders and a possible roadmap for its implementation, including case studies from Bank of Japan and HKMA. Members also updated each other on planned or scheduled bond market infrastructure changes in their respective markets, aimed at improving efficiency and achieving (further) standardisation, a good validation of the technology roadmap expected as one critical output of ABMF Sub-Forum 2.

II. Next Steps

9. (SF1) Focus of work in the next few months will be to conclude an AMBIF implementation by providing AMBIF Implementation Guidelines for each market of interest, and to connect issuers with markets for possible pilot issues. Members recognised that the implementation of AMBIF would largely be in the hand of the private sector, with ABMF providing support to policy bodies, regulatory authorities and market participants on features and benefits of AMBIF. In addition, SF1 would focus on collecting additional information and data needed for the update of the Bond Market Guide by about the end of 2014, with a target to have completed input files for edit and layout work in the first quarter of 2015.

10. (SF2) The focus for the next few months would be to present to stakeholders, including firstly ABMI, then finance ministers and central bank governors, a clear

picture about standardisation efforts and opportunities in the region through the proposed DVP model, technology roadmap and other policy recommendations; these would include:

- ✓ Adoption or implementation of ISO20022 initiatives
- ✓ Review and possible enhancements to market practices
- ✓ Concluding on the most suitable or preferable DVP reference model
- ✓ Concluding on a technology roadmap, by incorporating all known, planned or scheduled changes to bond market infrastructures
- ✓ Producing other relevant policy recommendations, including on standardization of message formats and items, and cross-border repo and collateral management.

11. (BCLMV knowledge support) Knowledge support for BCLMV economies to develop local currency bond markets would be done on a needs basis, and would follow specific requests from individual markets. No particular activities have been agreed at this point. However, a number of comments and questions from BCLMV market members during the 16th ABMF Meeting indicated a preference – and requirement - for the continuation of the BCLMV support programme.

12. (Next ABMF meetings) In principle, the 17th ABMF Meeting would be due in about early December, to check progress on AMBIF Implementation and technology roadmap efforts, respectively; while ADB invited potential hosts to come forward, this may not be possible anymore due to the limited lead time. Depending on members availability, up to three ABMF Meetings are planned for 2015: in Q1, to finalise reporting to ABMI and Deputies meetings, in Q2 to review and finalise the draft Phase 3 reports, and a final meeting in Q3, to conclude on Phase 3 proceedings and chart the path going forward.

Attachments: 1. 16th ABMF meeting agenda

15th ASEAN+3 Bond Market Forum (ABMF) Meeting
Auditorium B & C Asian Development Bank HQ
6 ADB Avenue, Mandaluyong City, Manila, Philippines
18 March 2014

| DATE&TIME | PROGRAM |
|--------------------|--|
| 17 Mar 2014 | |
| 18:30 | Welcome Dinner (Hosted by Asian Development Bank) (Venue: 2 nd Floor, Executive Dining Room, ADB HQ) |
| 18 Mar 2014 | |
| 08:30 – 09:00 | Registration |
| 09:00– 09:10 | Welcoming Remarks by Treasurer Rosalia V. de Leon, Bureau of Treasury (Phils.) |
| 09:10– 09:20 | Key Note Speech by VPKM Bindu Lohani, Asian Development Bank |
| 09:20– 09:30 | Phase 2 Report Launch |
| | SF1 |
| 09:30– 09:35 | Opening Remarks by Mr. Koji Ito, SF1 Chair |
| 09:35– 11:00 | <p>Session 1: SF1 Presentation & Discussion (1) ADB Secretariat, Prof. Shigehito Inukai, Mr. Matthias Schmidt</p> <ol style="list-style-type: none"> 1. SF1 Phase 2 Report Complete 2. Phase 3 Work Plan <ol style="list-style-type: none"> (1) Phase 3 Work Approach (2) AMBIF Implementation Guideline <i>Include: Progress on AMBIF Documentation Board discussion</i> (3) Plan for Pilot Issues (4) Selected Engagement / Market Visits (5) Update of Bond Market Guides (as a task) 3. Progress in Small Working Group discussion (Mr. Kobayashi, JMOF) 4. Update on Bond Market Guides 2014 (with comments from Mr. Alex Kech, SWIFT) <ol style="list-style-type: none"> (1) Progress update / feedback received (2) Preliminary draft for Cambodia and Myanmar (3) Possible way forward and timeline 5. Q&A |
| 11:00– 11:20 | Coffee break |
| 11:20– 12:45 | Session 2: SF1 - Discussion on Work Plan for Phase 3 (continued) - Q&A |
| 12:45 – 12:55 | Wrap up of SF1 discussion by ADB Secretariat |

| DATE&TIME | PROGRAM |
|---------------|---|
| 12:55 – 13:00 | Closing Remarks by Mr. Koji Ito, SF1 Chair |
| 13:00 – 14:30 | Lunch (Venue: 2 nd Floor, Executive Dining Room, ADB HQ) - Change seating arrangement |
| | SF2 |
| 14:30– 14:35 | Opening Remarks by Mr. Jong Hyung Lee, SF2 Chair |
| 14:35 – 16:00 | Session 3: SF2 Presentation & Discussion (1) 1. Phase 3 Work Plan (ADB secretariat, Dr. Taiji Inui) 1) DVP reference model 2) ISIN and ISO20022 implementation 3) Standardization Roadmap 4) Study on cross-border collateral & repo - Presentation (Issues and challenges for development of cross-border collateral & repo in Asia (Eric Chng, Bank of New York Mellon) - Presentation (Experiences in developing Repo market (Mr. Kuei-Hua Wu, ADB Sec; Ms. Dong-Shin Sohn, KSD; Mr. Ryuichi Shiina, JASDA) - Cross-border use of financial collateral: introduction to a questionnaire (Mr. Erwin Nierop, ADB) |
| 16:00– 16:20 | Coffee break |
| 16:20– 18:00 | Session 4: SF2 Presentation & Discussion (2) (continue) - Q&A |
| 18:00– 18:25 | Wrap up of SF2 discussion and others by ADB Secretariat - Upcoming events (meetings, study visits, etc) |
| 18:25– 18:30 | Closing Remarks by Mr. Jong Hyung Lee , SF2 Chair |
| 19:00 | Farewell Dinner (Hosted by The Bureau of Treasury and the PDS Group) (Venue: Nostalg Ballroom, 5 th Floor, Oakwood Premiere, Joy Nostalg Center Manila, 17 ADB Avenue, Ortigas Avenue, Pasig City) |