

## 17<sup>th</sup> ASEAN+3 Bond Market Forum (ABMF) Meeting

**Venue: Auditorium A & B**  
**1<sup>st</sup> Floor, Asian Development Bank HQ**  
**6 ADB Avenue, Mandaluyong City, Manila, Philippines**  
**22-23 January 2015**

DATE&TIME	PROGRAM
<b>22 January 2015</b>	<b>DAY 1: Sub Forum 2 (SF2) meeting</b>
08:30 - 09:00	<i>Registration</i>
09:00 - 09:10	<b>Welcome Remarks</b> by Mr. Noritaka Akamatsu, Asian Development Bank
09:10 - 09:15	<b>Opening Remarks</b> by Mr. Jong Hyung Lee , SF2 Chair
09:15 - 10:20	<b>Session 1: Progresses of implementation of international standards</b> by Dr. Taiji Inui, ADB Secretariat - Update of ISO 20022 implementation plan in ASEAN+3 markets - Confirmation of ISIN allocation procedure in ASEAN+3 markets
10:20 - 10:50	<b>Session 2: Outline of Phase 3 Report</b> by Dr. Taiji Inui, ADB Secretariat
10:50 - 11:10	<i>Coffee break</i>
11:10 -11:30	<b>Session 3: AMBIF and settlement of AMBIF bonds</b> by ADB Secretariat team - Updates on AMBIF discussion and issues related to settlements
11:30 -12:15	<b>Session 4: Introduction of Financial Services Standardization in Asia</b> by ADB Secretariat team - ISO TC68 and Asia's involvement in ISO
12:15 - 13:15	<i>Lunch (EDR Coffee Lounge, 2<sup>nd</sup> Floor)</i>
13:15 - 14:30	<b>Session 5: ISO 20022 management process and governance</b> - UK experience of financial services standardization - ISO and its governance - ISO 20022 RMG and registration procedure - Involvement of market experts by Mr. James Whittle, UK Payments Council

DATE&TIME	PROGRAM
14:30 - 15:15	<b>Session 6: Function and importance of National Market Practice Group</b> by Mr. Taketoshi Mori, Bank of Mitsubishi-Tokyo UFJ - Functions and activities of National Market Practice Group
15:15 - 15:30	- <i>Coffee break</i>
15:30 - 16:45	<b>Session 7: Proposal of Re-organization of SF2 and establishment of a New Group under CSIF of TF4</b> by Mr. Satoru Yamadera, ADB Secretariat - Functions of the new group - Membership - Standardization and market practice
16:45 - 17:00	<b>Wrap up of SF2 discussion and others</b> by ADB Secretariat -Next ABMF meeting
17:00 – 17:10	<b>Closing Remarks</b> by Mr. Jong Hyung Lee , SF2 Chair
18:00 – 20:00	<b><i>Dinner hosted by ADB (Auditorium Gallery)</i></b>
<b>23 January 2015</b>	<b>DAY 2: Sub Forum 1 (SF1) meeting</b>
08:30 - 09:00	<i>Registration</i>
09:00 - 9:10	<b>Opening Remarks</b> by Mr. Koji Ito, SF1 Chair
09:10 - 10:10	<b>Session 1: Presentation of the AMBIF common document</b> by ADB Secretariat team - Explanation of core elements to be recognized as AMBIF - Discussion and endorsement of the common document
10:10 - 11:15	<b>Session 2: Validation of the implementation guideline for selected markets (JP, MY, PH, TH, HK, SG)</b> by ADB Secretariat team - Explanation of AMBIF issuance procedures in each market
11:15 - 11:30	<i>Coffee break</i>
11:30 - 12:00	<b>Session 3: Remaining issues for other markets to be included in AMBIF</b> by ADB Secretariat team - Steps way forward to be recognized as AMBIF markets
12:00 - 12:30	<b>Session 4: How to Implement Pilot Issuance: Approach to attract potential issuers and potential Investors</b> by ADB Secretariat team - Potential issuers and potential investors - Issues to be tackled to attract and facilitate intra-regional investors

DATE&TIME	PROGRAM
12:30 - 13:30	<i>Lunch (EDR Coffee Lounge, 2<sup>nd</sup> Floor)</i>
13:30 - 15:00	<b>Session 5: Re-organization of ABMF</b> by Mr. Satoru Yamadera, ADB Secretariat -Objective of the re-organization -Works to be done under the new ABMF - AMBIF document management and issue-focused working group(s)
15:00 - 15:15	<i>Coffee break</i>
15:15 – 16:15	<b>Session 6: How to support Regional SRO under ABMF</b> - Issues to be discussed by SRO as the next step - Issues to be supported by ABMF
16:15 - 16:45	<b>Session 7: Revision of Bond market Guides</b> by ADB Secretariat team -Tour-de-table discussion and collection of information from national members
16:45 - 17:00	<b>Wrap up of SF1 discussion and others</b> by ADB Secretariat -Next ABMF meeting
17:00 - 17:10	<b>Closing Remarks</b> by Mr. Koji Ito, SF1 Chair

## **Session 1: Progresses of implementation of international standards**

by Dr. Taiji Inui, ADB Secretariat

- Update of ISO 20022 implementation plan in ASEAN+3 markets
- Confirmation of ISIN allocation procedure in ASEAN+3 markets



**17<sup>th</sup> ABMF SF2:**

**Session1:Progress of Implementation of International Standards**  
– Update of ISO 20022 Implementation Plan in ASEAN+3  
– Confirmation of ISIN Allocation Procedure in ASEAN+3

22 January 2015 in Manila

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

# Agenda

1. Update of ISO 20022 Implementation Plan in ASEAN+3
  - Adoption of International Standards in ASEAN+3
  - Examples of ISO 20022 Messages and Items

## **Tour de table session after presentation**

- **Could you check and update the “Adoption of International Standards in ASEAN+3 (slide 3 & 4), please?**
- **Could you comment on the ISO 20022 messages and items (slide 12 & 13), please?**

2. Confirmation of ISIN Allocation Procedure in ASEAN+3
  - ISIN allocation flows for government bond and corporate bond in ASEAN+3

## **Tour de table session after presentation**

- **Could you check and correct the flows, please?**

# Adoption of International Standards in ASEAN+3 (CSD) – to be confirmed

	CSD	Name of System	Inst.	Standardization of Message items (SSS)							System renewal	
				ISO ISO15022	ISO20022	ISIN	BIC	Charac. Code set	Comm protocol	Overall	Current system	Reconstruct. period
BN	AMBD	NPSS	G/C		Y (201X)			Y (2015)	Y (2015)			201x
CN	CCDC	CBGS	G/C	N	Y	Y	Y	Y	Y	Y	2013	
CN	CSDC	MNS	G/C	N	Y (201X)	Y (201X)	Y	Y	Y	Y (201X)	Nov. 2011	
CN	SHCH	SHCH-SSS	C	N	Y (201X)	Y (201X)	Y	Y	Y	Y (201X)	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(2016)	Y	Y	Y(2016)		2016
JP	BOJ	BOJ-NET JGB Service	G	N	Y (2015)	Y (2015)	Y (2015)	Y	Y	Y(2015)	1990/ 2001	2015
JP	JASDEC	BETS	C	Y	Y	Y	Y	Y	Y	Y	Jan. 2014	
KH	CSX	-	G/C	N								
KR	KSD	SSS/SAFE+	G/C	N	Y (201X)	Y	Y	Y (201X)	Y	Y (201X)	Nov 2011	
LA	BOL	-	G/C	N								
MM	CBM	-	G/C	N	Y (2015)			Y (2015)	Y (2015)			2015
MY	BNM	RENTAS SSTS	G/C	Y (2017)	Y (2017)	Y	Y (2017)	Y	Y	Y(2017)	Jul 1999	2017
PH	BTr	BTr-ROSS	G	Y (2015)	Y (2015)	Y (2015)	Y (2015)	Y	Y	Y (2015)	Nov 1996	2015
PH	PDTC	PDTC Depository	G/C	Y (2015)	Y (2015)	Y (2015)	Y (2015)	Y	Y	Y (2015)	Mar 1995	2015
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	2019
VN	VSD	VSD-BES	G/C	Y(2014)	Y(2016)	Y	Y (2016)	Y	Y	Y (2016)	May. 2014	2016

# Adoption of International Standards in ASEAN+3 (RTGS) – to be confirmed

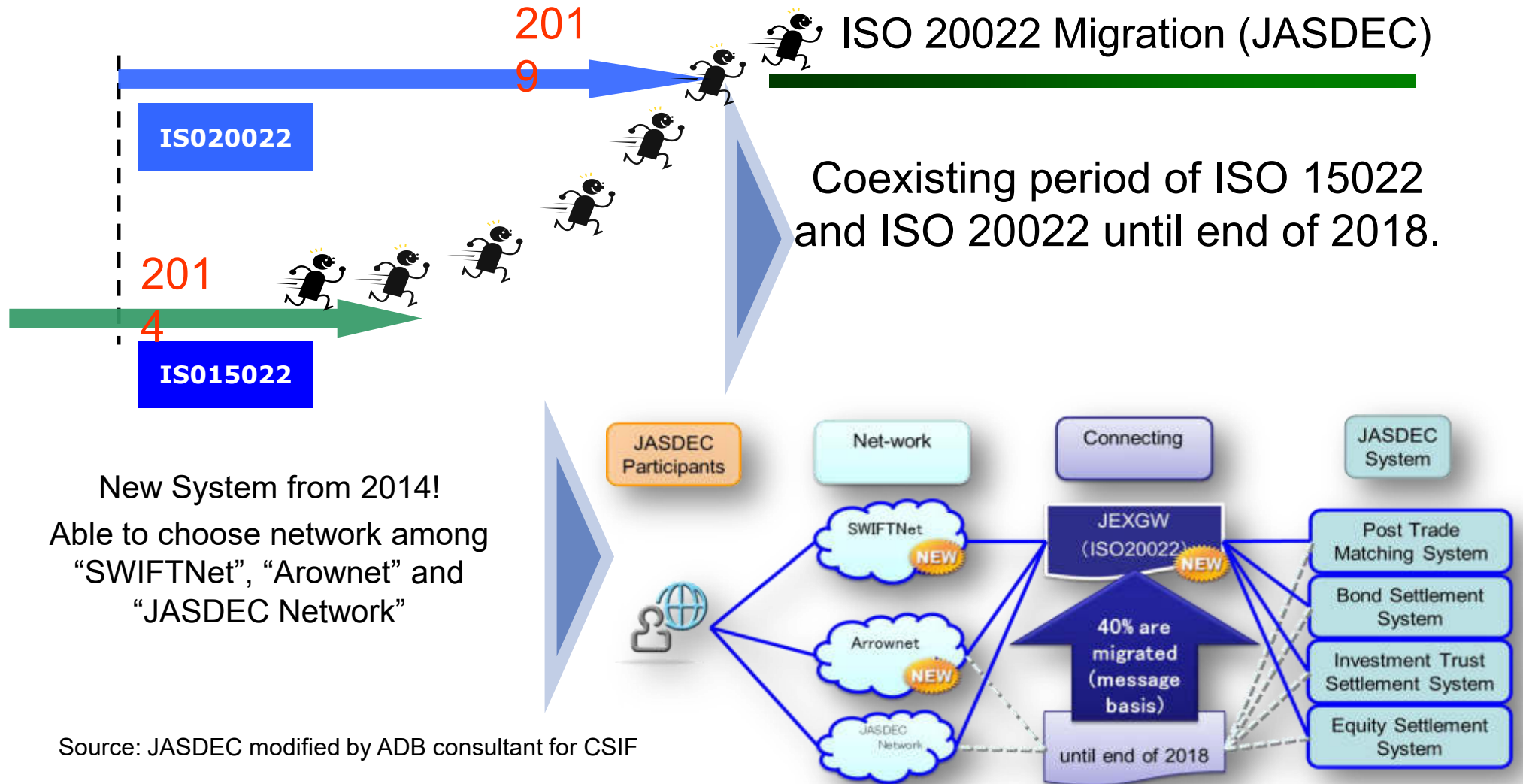
	Operator	Name of the System	Standardization of Message Items (RTGS)						System renewal	
			ISO messages ISO15022	ISO20022	BIC	Char. Code set	Commun. protocol	Overall	Inauguration current system	Reconstruction period
BN	AMBD	-	N	Y (2015)		Y (2015)	Y (2015)			
CN	PBOC	CNAPS	N	Y (2014)	Y	Y	Y	Y	2014	
HK	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 (2015)	Y (2015)	Y	Y	Y (2015)	1987, Nov 2011	2015
KH	NBC	-	N							
KR	BOK	BOK-Wire	N	Y (201X)	Y	Y	Y	Y (201X)	Apr 2009	
LA	BOL	-	Y							
MM	CMB	-	N	Y (2015)		Y (2015)	Y (2015)			2015
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	2015
TH	BOT	BAHTNET	Y	N	Y	Y	Y	Y	Dec 2001/2012	2019
VN	SBV (BIDV)		N	Y (201X)	Y (201X)	Y (201X)	Y (201X)	Y (201X)	2010	201X



- ① ISO15022: ISO15022 is adopted for the messages related to bond settlement
- ② ISO20022: ISO20022 is adopted for the messages related to bond settlement
- ③ ISIN (adoption): ISIN is adopted (full membership of NNA exists)
- ④ ISIN (allocation): ISIN is allocated within 24 hours after issuance and notified to members within the day
- ⑤ BIC: BIC can be used. This includes conversion by using table with proprietary codes.
- ⑥ Character code set: Unicode (UTF-8) is adopted.
- ⑦ Communication protocol: TCP/IP is adopted as communication protocol
- ⑧ Inauguration current system: Inauguration year of current bond settlement system
- ⑨ Reconstruction period: Plausible go-live year of reconstruction based on the assumption of the ADB Consultant

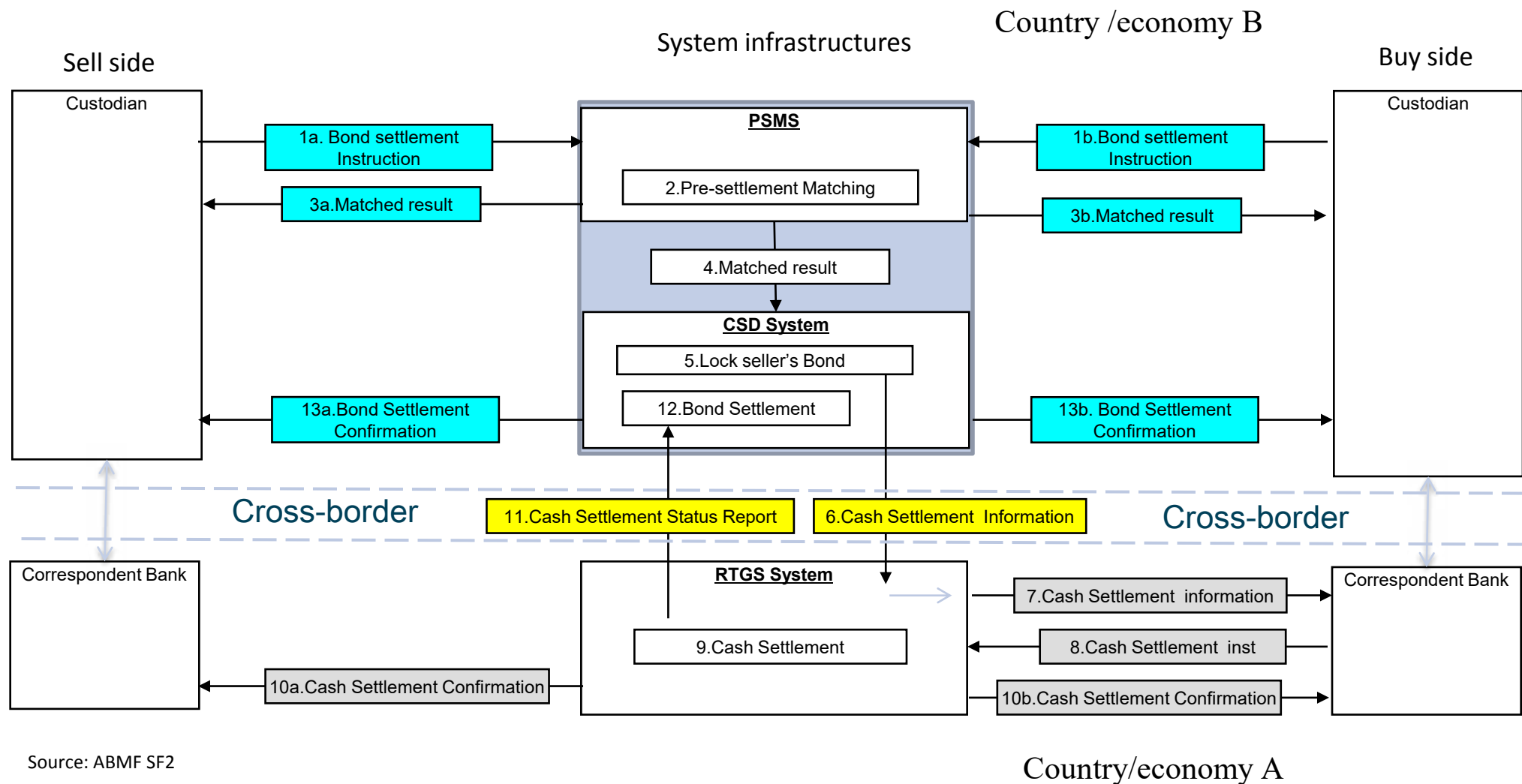
Color	Explanation
	Cross-border STP ready (ISO 20022)
	Cross-border STP ready (ISO 15022)
	Not ready but decided
	Not clear and need to be confirmed
	Not ready yet

# Migration from ISO 15022 to ISO 20022 in JASDEC



Source: JASDEC modified by ADB consultant for CSIF

# Draft reference DVP Flow (a model to start discussions)



ISO15022 and etc.			ISO20022 Messages		
<u>Bond</u> <u>Settlement</u> <u>Instructing</u>	MT541 Receive against Payment		sese.023 Securities Settlement Transaction Instruction		APMT,RECE
	MT543 Deliver against Payment		sese.023 Securities Settlement Transaction Instruction		APMT,DELI
<u>Bond</u> <u>Settlement</u> <u>Confirmation</u>	MT545 Receive against Payment Confirmation		sese.025 Securities Settlement Transaction Confirmation		
	MT547 Deliver against Payment Confirmation		sese.025 Securities Settlement Transaction Confirmation		
<u>Matched</u> <u>Result</u>	MT548 Transaction Status Advice		sese.024 Securities Settlement Transaction Status Advice		
<u>Cash</u> <u>Settlement</u> <u>Instruction</u>	MT202 Credit Transfer Instruction		pacs.009 Cash Settlement Transaction Instruction		
<u>Cash</u> <u>Settlement</u> <u>Status Report</u>	MT900 Confirmation of Debit		camt.054 Bank to Customer Debit Credit Notification		Debit
	MT910 Confirmation of Credit		camt.054 Bank to Customer Debit Credit Notification		Credit

## 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.

## Message items for matched result sese.024

Message Items	Definition
Transaction Identification	Provides unambiguous transaction identification information.
Matching Status	Provides the matching status of the instruction (Matched or un-matched).
Safekeeping Account	Account to or from which a securities entry is made.
Financial Instrument Identification	Financial instruments 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).
Settlement Date	Date and time at which the securities are to be delivered or received.
Securities Movement Type	Specifies if the movement on a securities account results from a deliver or a receive instruction.
Payment	Specifies how the transaction is to be settled, for example, against payment.
Receiving Settlement Parties	Identifies the chain of receiving settlement parties (such as BIC).
Delivering Settlement Parties	Identifies the chain of delivering settlement parties (such as BIC).
Other item	Please specify any other items by inserting lines.

## Message items for securities settlement confirmation sese.025

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).
Effective 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.

## Message items for cash settlement instruction pacs.009

Message Items	Definition
Message Identification	Point to point reference, as assigned by the instructing party, and sent to the next party in the chain to unambiguously identify the message.
Creation Date Time	Date and time at which the message was created.
Number Of Transactions	Number of individual transactions contained in the message.
Settlement Method	Method used to settle the payment instructions.
End to End Identification	Unique identification, as assigned by the initiating party, to unambiguously identify the transaction.
Transaction Identification	Unique identification, as assigned by the first instructing agent, to unambiguously identify the transaction that is passed on, unchanged, throughout the entire interbank chain.
Interbank Settlement Amount	Amount of money moved between the instructing agent and the instructed agent.
Debtor and/or Debtor Agent - BICFI	Financial institution that owes an amount of money to the (ultimate) financial institutional creditor.
Creditor and/or Creditor Agent – BICFI	Financial institution that receives an amount of money from the financial institutional debtor.

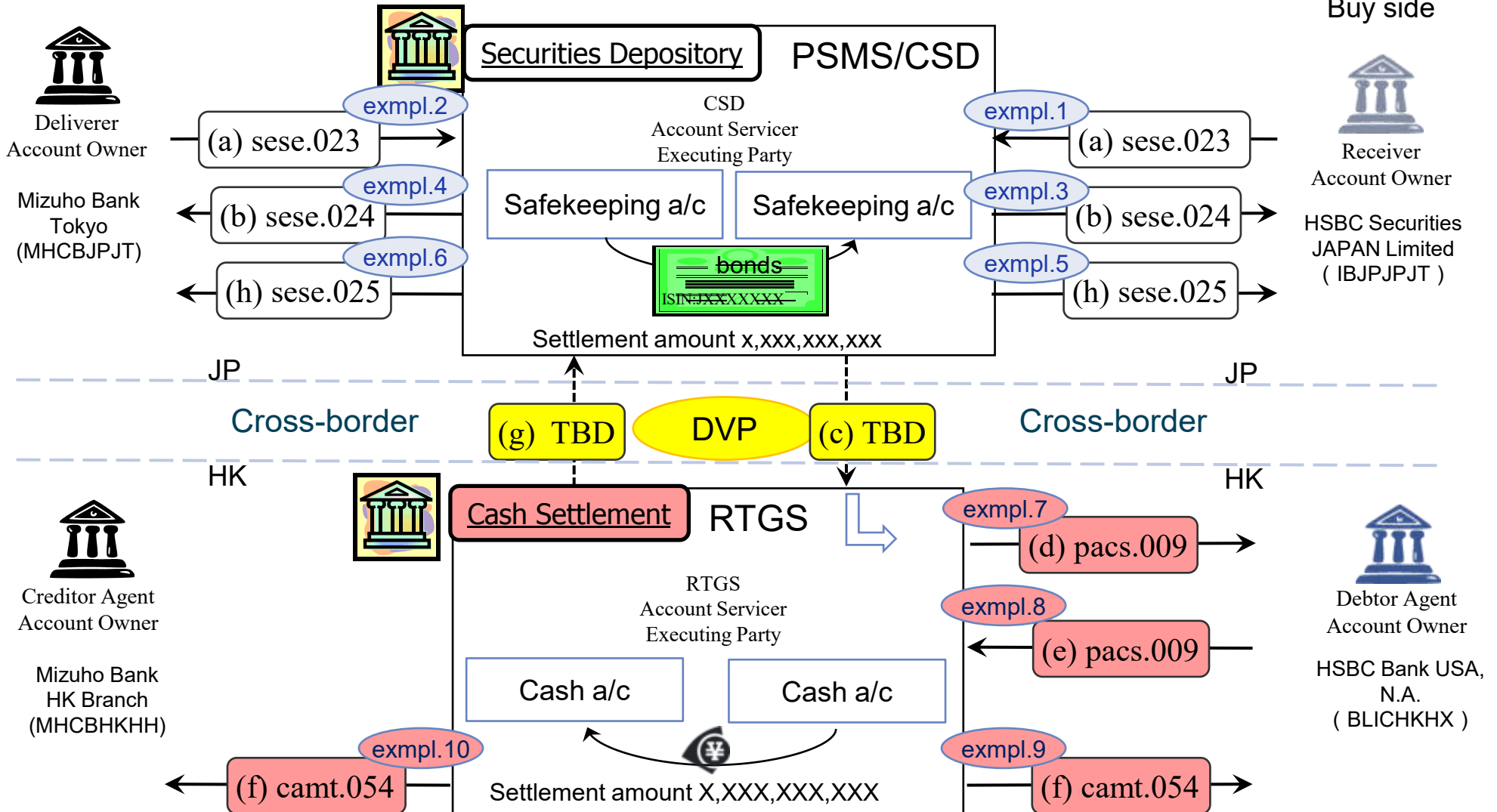


## Message items for cash settlement confirmation camt.054

Message Items	Definition
Message Identification	Point to point reference, as assigned by the account servicing institution, and sent to the account owner or the party authorized to receive the message, to unambiguously identify the message.
Creation Date Time	Date and time at which the message was created.
Identification	Unique identification, as assigned by the account servicer, to unambiguously identify the account notification.
Creation Date Time	Date and time at which the message was created.
Account	Unambiguous identification of the account to which credit and debit entries are made.
Amount	Amount of money in the cash transaction.
Credit Debit Indicator	Indicates whether the entry is a credit or a debit entry.
Status	Status of an entry on the books of the account servicer.
Bank Transaction Code	Set of elements used to fully identify the type of underlying transaction resulting in an entry.

# ISO 20022 MX messages (possible examples)

Sell side



# Cash Settlement Information/Instruction pacs.009 (preliminary basis for discussions)

Message Element	ISO 20022 Multiplicity	XML Tag	Type	Definition	example 7	example 8
FinancialInstitutionCreditTransferV03 (pacs.009.001.03)		<FinInstnCdTrf>				
GroupHeader	[1..1]	<GrpHdr>		Set of characteristics shared by all individual transactions included in the message.		
MessageIdentification	[1..1]	<MsgId>	Text	Point to point reference, as assigned by the instructing party, and sent to the next party in the chain to unambiguously identify the message.&#xAUUsage:The instructing party has to make sure that MessageIdentification is unique per instructed party for a pre-agreed period.	HKMA0001	HSBCHK0001
CreationDateTime	[1..1]	<CreDtIm>	DateTime	Date and time at which the message was created.	2014/7/15T11:30:30	2014/7/15T11:30:30
NumberOfTransactions	[1..1]	<NbOfTx>	Text	Number of individual transactions contained in the message.	1	1
SettlementInformation	[1..1]	<SttmInf>		Specifies the details on how the settlement of the transaction(s) between the instructing agent and the instructed agent is completed.		
SettlementMethod	[1..1]	<SttmMtd>	CodeSet	Method used to settle the batch of payment instructions.	CLRG	CLRG
CreditTransferTransactionInformation	[1..*]	<CdtTrfTxInf>		Set of elements providing information specific to the individual credit transfer(s).		
PaymentIdentification	[1..1]	<PmtId>		Set of elements used to reference a payment instruction.		
EndToEndIdentification	[1..1]	<EndToEndId>	Text	Unique identification, as assigned by the initiating party, to unambiguously identify the transaction. This identification is passed on, unchanged, throughout the entire end-to-end chain.&#xAUUsage:The end-to-end identification can be used for reconciliation or to link tasks relating to the transaction. It can be included in several messages related to the transaction.&#xAUUsage:In case there are technical limitations to pass on multiple references, the end-to-end identification must be passed on throughout the entire end-to-end chain.	HSBCTK005REC02	HSBCTK005REC02
TransactionIdentification	[1..1]	<TxId>	Text	Unique identification, as assigned by the first instructing agent, to unambiguously identify the transaction that is passed on, unchanged, throughout the entire interbank chain.&#xAUUsage:The transaction identification can be used for reconciliation, tracking or to link tasks relating to the transaction on the interbank level.&#xAUUsage:The instructing agent has to make sure that the transaction identification is unique for a pre-agreed period.	HSBCTK005REC02	HSBCTK005REC02
InterbankSettlementAmount	[1..1]	<IntBkSttmAm>	Amount	Amount of money moved between the instructing agent and the instructed agent.	HKD 452,000	HKD 452,000
Debtor	[1..1]	<Dbtr>		Financial institution that owes an amount of money to the (ultimate) financial institutional creditor.		
FinancialInstitutionIdentification	[1..1]	<FinInstnId>		Unique and unambiguous identification of a financial institution, as assigned under an internationally recognised or proprietary identification scheme.		
BICFI	[0..1]	<BICFD>	IdentifierSet	Code allocated to a financial institution by the ISO 9362 Registration Authority as described in ISO 9362 "Banking - Banking telecommunication messages - Business identifier code (BIC)".	BJPJPJT	BJPJPJT
DebtorAgent	[0..1]	<DbtrAg>		Financial institution serving an account for the creditor.		
FinancialInstitutionIdentification	[1..1]	<FinInstnId>		Unique and unambiguous identification of a financial institution, as assigned under an internationally recognised or proprietary identification scheme.		
BICFI	[0..1]	<BICFD>	IdentifierSet	Code allocated to a financial institution by the ISO 9362 Registration Authority as described in ISO 9362 "Banking - Banking telecommunication messages - Business identifier code (BIC)".	BLCHKHX	BLCHKHX
CreditorAgent	[0..1]	<CdtAg>		Financial institution serving an account for the creditor.		
FinancialInstitutionIdentification	[1..1]	<FinInstnId>		Unique and unambiguous identification of a financial institution, as assigned under an internationally recognised or proprietary identification scheme.		
BICFI	[0..1]	<BICFD>	IdentifierSet	Code allocated to a financial institution by the ISO 9362 Registration Authority as described in ISO 9362 "Banking - Banking telecommunication messages - Business identifier code (BIC)".	MHCBHKHH	MHCBHKHH
Creditor	[1..1]	<Cdt>		Financial institution that receives an amount of money from the financial institutional debtor.		
FinancialInstitutionIdentification	[1..1]	<FinInstnId>		Unique and unambiguous identification of a financial institution, as assigned under an internationally recognised or proprietary identification scheme.		
BICFI	[0..1]	<BICFD>	IdentifierSet	Code allocated to a financial institution by the ISO 9362 Registration Authority as described in ISO 9362 "Banking - Banking telecommunication messages - Business identifier code (BIC)".	MHCBJPJT	MHCBJPJT

# Cash Settlement Confirmation camt.054 (preliminary basis for discussions)

Message Element				ISO 20022 Multiplicity	XML Tag	Type	Definition	Example 9	Example 10
BankToCustomerDebitCreditNotificationV03 (camt.054.001.03)					<BkToCsmDbtCdNtfctn>				
GroupHeader				[1..1]	<GrpHdr>		Common information for the message.		
Message Identification				[1..1]	<MsgId>	Text	Point to point reference, as assigned by the account serving institution, and sent to the account owner or the party authorised to receive the message, to unambiguously identify the message.&#xA Usage: The account serving institution has to make sure that Message Identification is unique per account owner for a pre-agreed period.	HKMA0001	HKMA0001
CreationDate Time				[1..1]	<CreDtTm>	Date Time	Date and time at which the message was created.	2014-7-15T11:30:45	2014-7-15T11:30:45
Notification				[1..*]	<Ntfctn>		Notifies debit and credit entries for the account.		
Identification				[1..1]	<Id>	Text	Unique identification, as assigned by the account server, to unambiguously identify the account notification.	100001	100001
CreationDate Time				[1..1]	<CreDtTm>	Date Time	Date and time at which the message was created.	2014-7-15T11:30:40	2014-7-15T11:30:40
Account				[1..1]	<Acct>		Unambiguous identification of the account to which credit and debit entries are made.		
Identification				[1..1]	<Id>		Unique and unambiguous identification for the account between the account owner and the account server.		
Other				[1..1]	<Othr>		Unique identification of an account, as assigned by the account server, using an identification scheme.		
Identification				[1..1]	<Id>	Text	Identification assigned by an institution.	200	100
Entry				[0..1]	<Ntry>		Set of elements used to specify an entry in the debit credit notification.&#xA Usage: At least one reference must be provided to identify the entry and its underlying transaction(s).		
Amount				[1..1]	<Amt>	Amount	Amount of money in the cash entry.	HKD 452,000	HKD 452,000
CreditDebitIndicator				[1..1]	<CdtDbtInd>	CodeSet	Indicates whether the entry is a credit or a debit entry.	CRDT	DBIT
Status				[1..1]	<Sts>	CodeSet	Status of an entry on the books of the account server.	BOOK (booked)	BOOK (booked)
BankTransactionCode				[1..1]	<BkTxCd>		Set of elements used to fully identify the type of underlying transaction resulting in an entry.		
Proprietary				[0..1]	<Prtry>		Bank transaction code in a proprietary form, as defined by the issuer.		
Code				[1..1]	<Cd>	CodeSet	Proprietary bank transaction code to identify the underlying transaction.	(to be discussed)	(to be discussed)
EntryDetails				[0..1]	<NtryDtls>		Provides details on the entry.		
TransactionDetails				[0..1]	<TxDtls>		Provides information on the underlying transaction(s).		
CreditDebitIndicator				[1..1]	<CdtDbtInd>	CodeSet	Indicates whether the transaction is a credit or a debit transaction.	CRDT	DBIT
RelatedParties				[0..1]	<RltdPtys>		Set of elements used to identify the parties related to the underlying transaction.		
Debtor				[0..1]	<Dbtr>		Party that owes an amount of money to the (ultimate) creditor.		
Identification				[0..1]	<Id>		Unique and unambiguous identification of a party.		
Organisation Identification				[1..1]	<OrgId>		Unique and unambiguous way to identify an organisation.		
AnyBIC				[0..1]	<AnyBIC>	IdentifierSet	Code allocated to a financial institution or non financial institution by the ISO 9362 Registration Authority as described in ISO 9362 &quot;Banking - Banking telecommunication messages - Business identifier code (BIC)&quot;.	BJPJPJT	BJPJPJT
DebtorAgent				[0..1]	<DbtrAgnt>		Financial institution serving an account for the creditor.		
Financial Institution Identification				[1..1]	<FinInstnId>		Unique and unambiguous identification of a financial institution, as assigned under an internationally recognised or proprietary		
BICFI				[0..1]	<BICFI>		Code allocated to a financial institution by the ISO 9362 Registration Authority as described in ISO 9362 &quot;Banking - Banking telecommunication messages - Business identifier code (BIC)&quot;.	BLCHKHX	BLCHKHX
CreditorAgent				[0..1]	<CdrAgnt>		Financial institution serving an account for the creditor.		
Financial Institution Identification				[1..1]	<FinInstnId>		Unique and unambiguous identification of a financial institution, as assigned under an internationally recognised or proprietary		
BICFI				[0..1]	<BICFI>		Code allocated to a financial institution by the ISO 9362 Registration Authority as described in ISO 9362 &quot;Banking - Banking telecommunication messages - Business identifier code (BIC)&quot;.	MHCBKHH	MHCBKHH
Creditor				[0..1]	<Cdr>		Party that owes an amount of money to the (ultimate) creditor.		
Identification				[0..1]	<Id>		Unique and unambiguous identification of a party.		
Organisation Identification				[1..1]	<OrgId>		Unique and unambiguous way to identify an organisation.		
AnyBIC				[0..1]	<AnyBIC>	IdentifierSet	Code allocated to a financial institution or non financial institution by the ISO 9362 Registration Authority as described in ISO 9362 &quot;Banking - Banking telecommunication messages - Business identifier code (BIC)&quot;.	MHCBJPJT	MHCBJPJT

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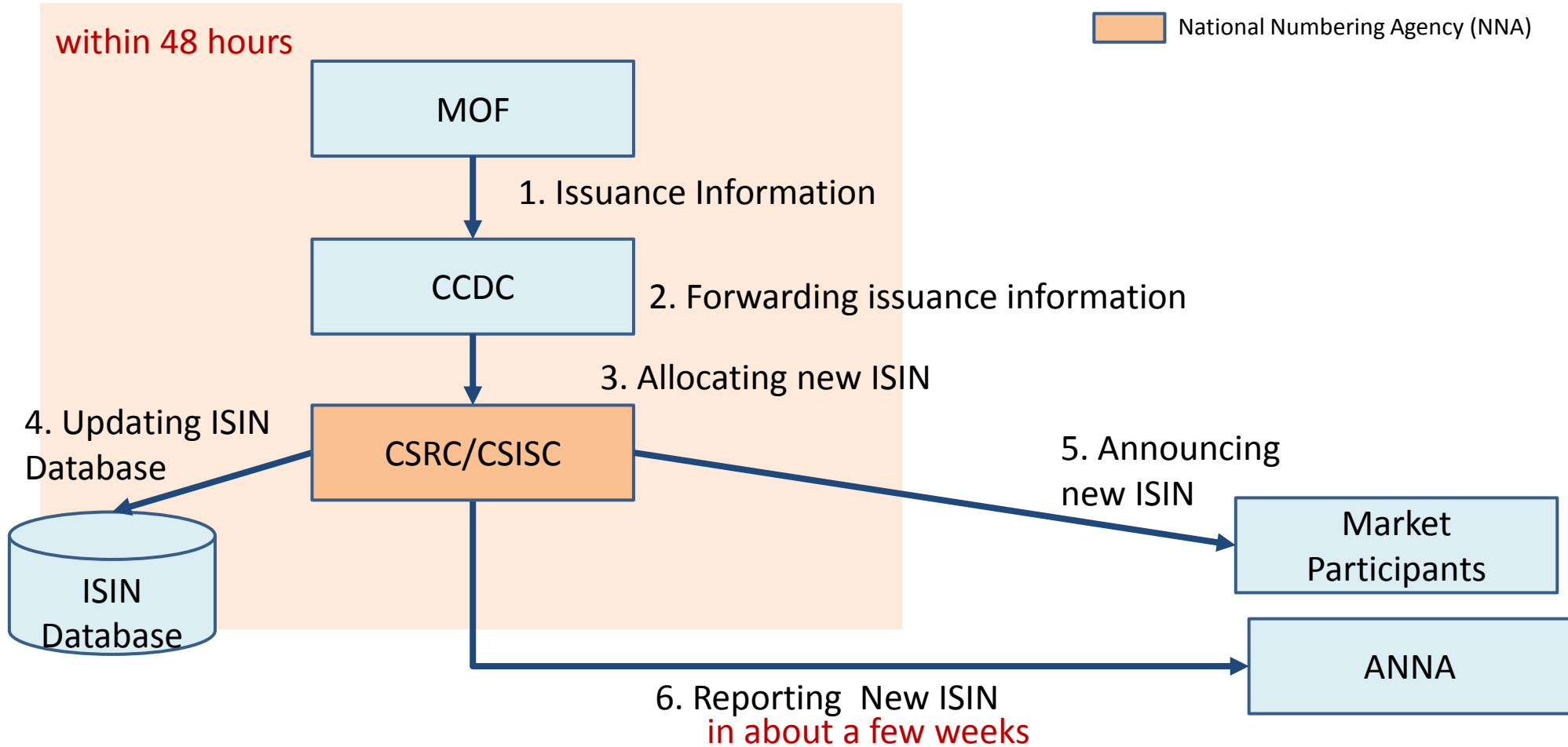
	ISO member	TC68 member	RMG	PSEG	SSEG
BN	Correspondent member (ABCI)				
KH	Correspondent member (ISC)				
CN	Full member (SAC)	Participant member	Member (PBOC)		
HK	Correspondent member (ITCHKSAR)	Observing member			
ID	Full member (BSN)				
JP	Full member (JISC)	Participant member	Member (BOJ)	Member (BOJ, Zenginkyo, NTT Data, JPMC, BTMUFI)	Member (BOJ, JASDEC, Mizuho CB, BTMUFI, NTT Data)
KR	Full member (KATS)	Participant member	Member (KFTC and KATS)	Member (KFTC)	
LA	Subscriber member (DISM)				
MY	Full member (DSM)	Observing member			
MM	Correspondent member (MSTRD)				
PH	Full member (BSP)	Observing member			
SG	Full member (SPRING SG)	Participant member	Member (Standard Chartered Bank, Deutsch Bank)	Member	Member (Standard Chartered Bank)
TH	Full member (TISI)	Observing member			
VN	Full member (STAMEQ)				

# Typical Flow and Possible Example of Bond Numbering

- Government Bond and Corporate Bond -



# (Government Bond) Typical Flow of Bonds Numbering (CN)



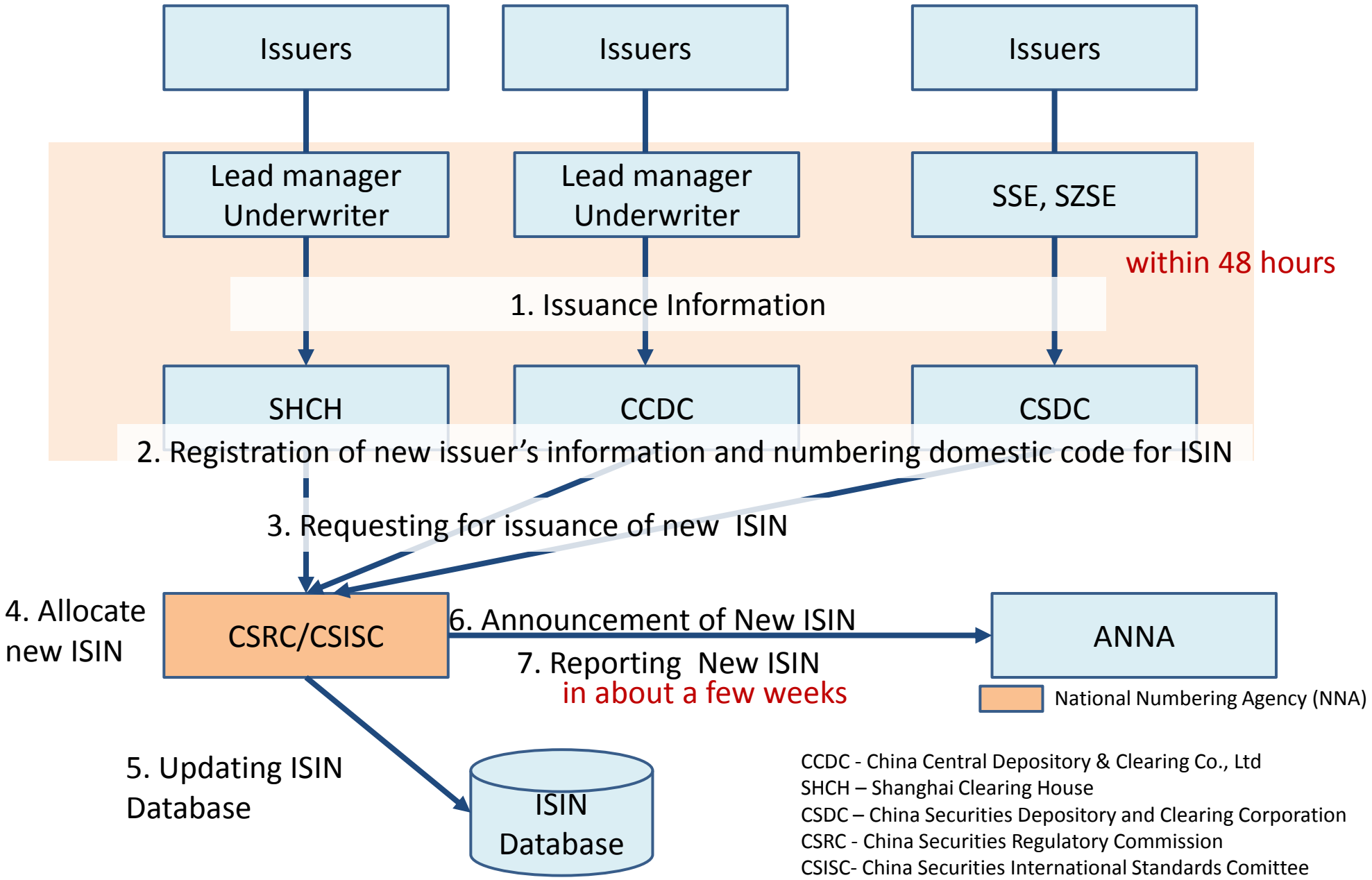
CCDC - China Central Depository & Clearing Co., Ltd  
CSISC: China Securities International Standards Committee  
CSRC - China Securities Regulatory Commission  
ANNA - Association of National Numbering Agencies

## (Government Bond) Typical Flow of Numbering (CN)

1. MOF as the issuer directly sends issuance information to CCDC.
2. CCDC numbers domestic code for the bond traded in Interbank market and forwards the information of the bond to CSRC/CSISC to allocate new ISIN.
3. CSRC/CSISC allocates ISIN within 48 hours for CSRC.
4. CSRC/CSISC updates ISIN database.
5. CSRC/CSISC publishes to market participants.
6. CSRC/CSISC reports new ISIN to ANNA (in a few weeks).

Note: China Securities Information Technology Services (CSITS) actually allocates ISIN for CSRC/CSISC as IT service provider.

# (Corporate Bond ) Typical Flow of Numbering (CN)




CCDC - China Central Depository & Clearing Co., Ltd  
SHCH – Shanghai Clearing House  
CSDC – China Securities Depository and Clearing Corporation  
CSRC - China Securities Regulatory Commission  
CSISC- China Securities International Standards Committee  
ANNA - Association of National Numbering Agencies

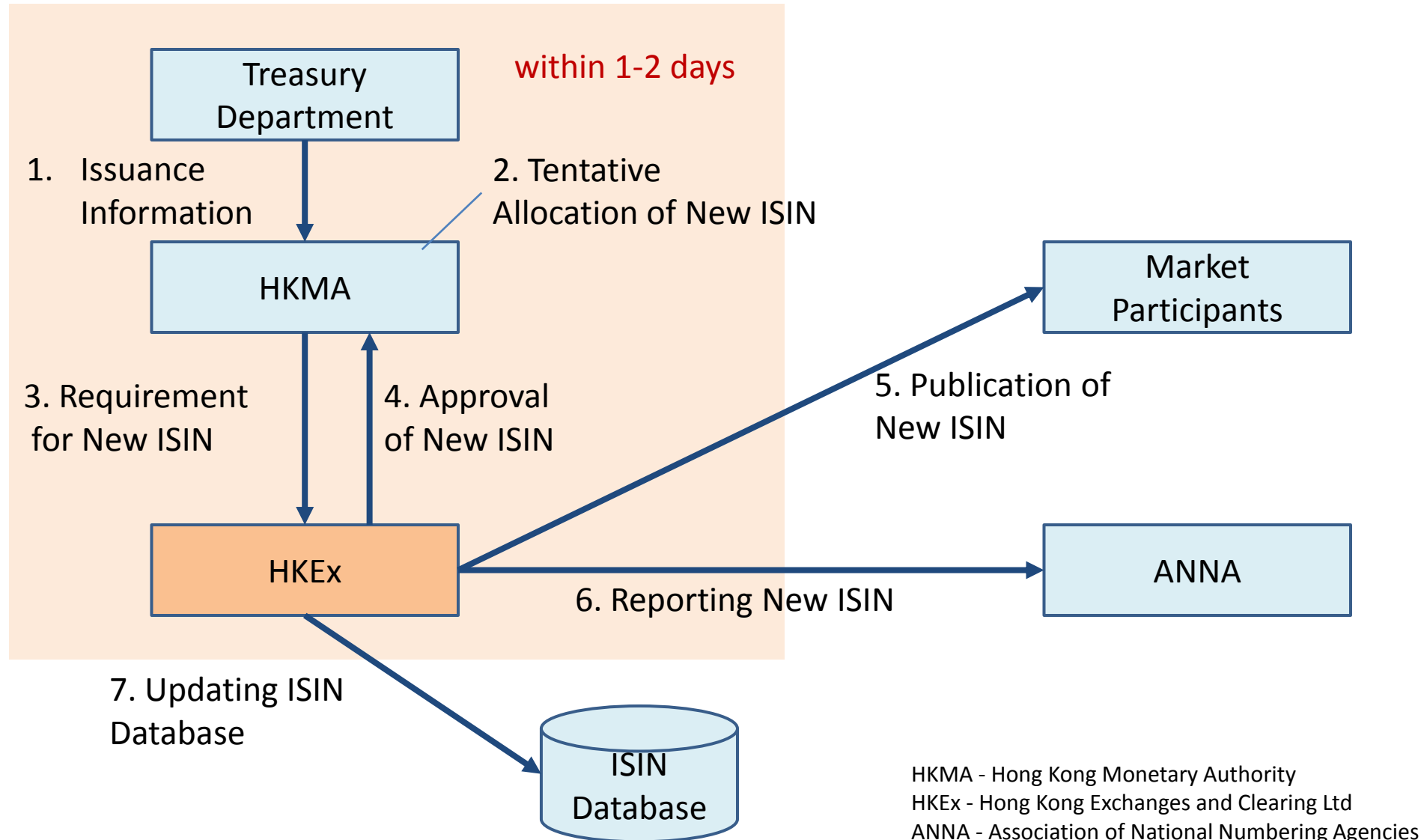
## (Corporate Bond ) Typical Flow of Numbering (CN)

1. Lead manager (underwriter) which is issuance agent sends issuance information to one of CSDS (SHCH, CCDC, or CSDC) depending on the type of the bond.
2. Each CSD registers new issuer's information and numbering domestic code for ISIN.
3. Each CSD requests to issue new ISIN to CSRC/CSISC as the National Numbering Agency (NNA) in China.
4. CSRC/CSISC allocates ISIN within 48 hours.
5. CSRC/CSISC updates ISIN database.
6. CSRC/CSISC announces new ISIN on its website.
7. CSRC/CSISC reports new ISIN to ANNA (in a few weeks).

Note: China Securities Information Technology Services (CSITS) actually allocates ISIN for CSRC/CSISC as IT service provider.

# (Government Bond )Typical Flow of Bonds Numbering (HK)

 National Numbering Agency (NNA)



## (Government Bond) Typical Flow of Bonds Numbering (HK)

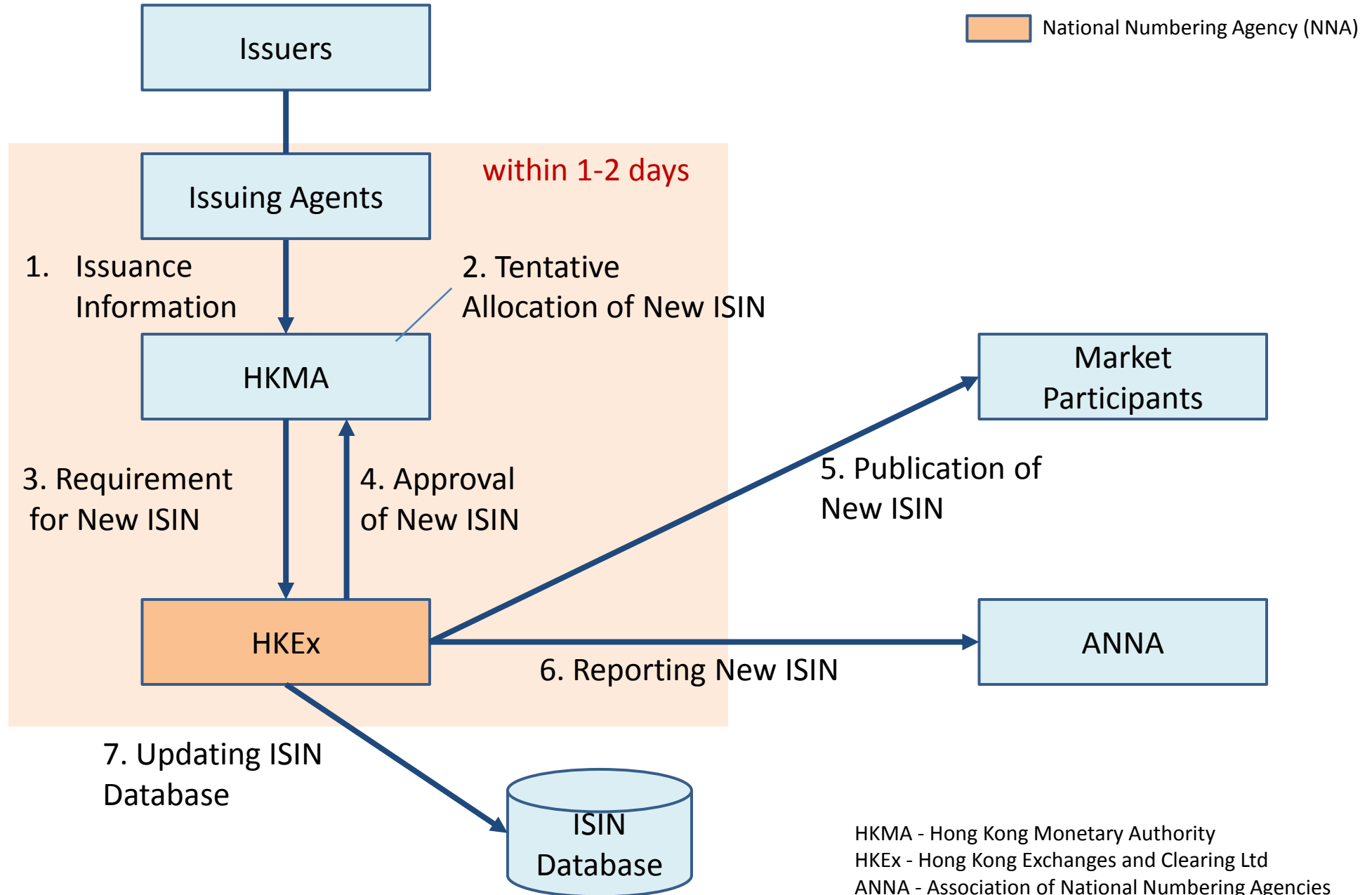
1. Treasury Department sends issuance information to HKMA.
2. HKMA tentatively allocates new ISIN.
3. HKMA requests an approval of new ISIN to HKEx.
4. HKEx approves ISIN within 1-2 days.
5. HKEx posts new ISIN on HKEx website on the third preceding evening of listing day.
6. HKEx reports new ISIN to ANNA.
7. HKEx updates ISIN database.

[note]

- ❑ Market participants in other economies can identify the relevant ISIN from the ISIN database published in the HKEx and ANNA Service Bureau websites. Then the market participants can obtain the exact information from the prospectus and terms sheet of the corresponding ISIN from the HKEx website.

< Go to the next page.>

# (Corporate Bond) Typical Flow of Bonds Numbering (HK)



## (Corporate Bond ) Typical Flow of Bonds Numbering (HK)


1. Treasury Department sends issuance information to HKMA.
2. HKMA tentatively allocates new ISIN.
3. HKMA requests an approval of new ISIN to HKEx.
4. HKEx approves ISIN within 1-2 days.
5. HKEx posts new ISIN on HKEx website on the third preceding evening of listing day.
6. HKEx reports new ISIN to ANNA.
7. HKEx updates ISIN database.

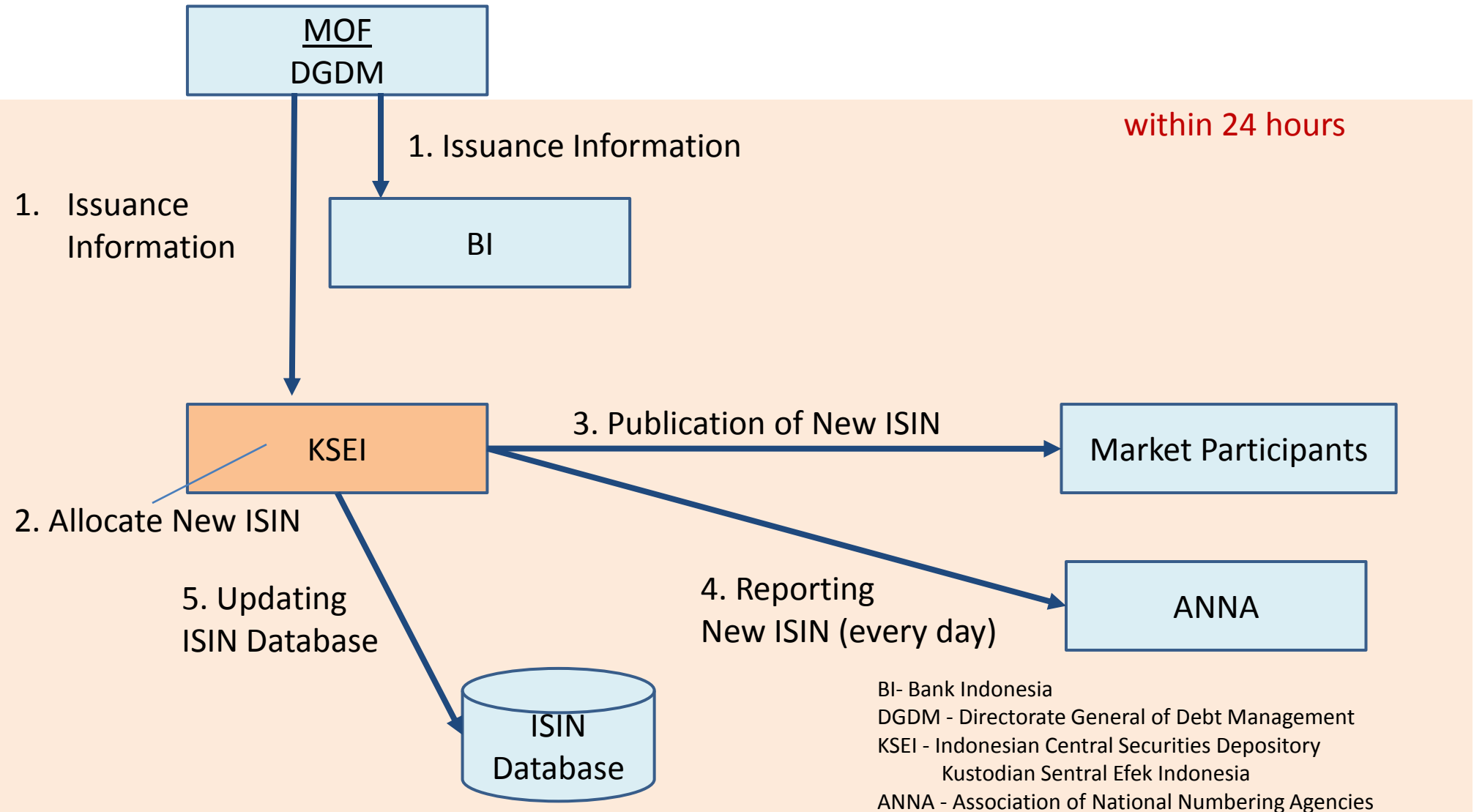
[note]

- ❑ Market participants in other economies can identify the relevant ISIN from the ISIN database published in the HKEx and ANNA Service Bureau websites. Then the market participants can obtain the exact information from the prospectus and terms sheet of the corresponding ISIN from the HKEx website.



# (Government Bond) Typical Flow of Bonds Numbering (ID)

 National Numbering Agency (NNA)




## (Government Bond) Typical Flow of Bonds Numbering (ID)

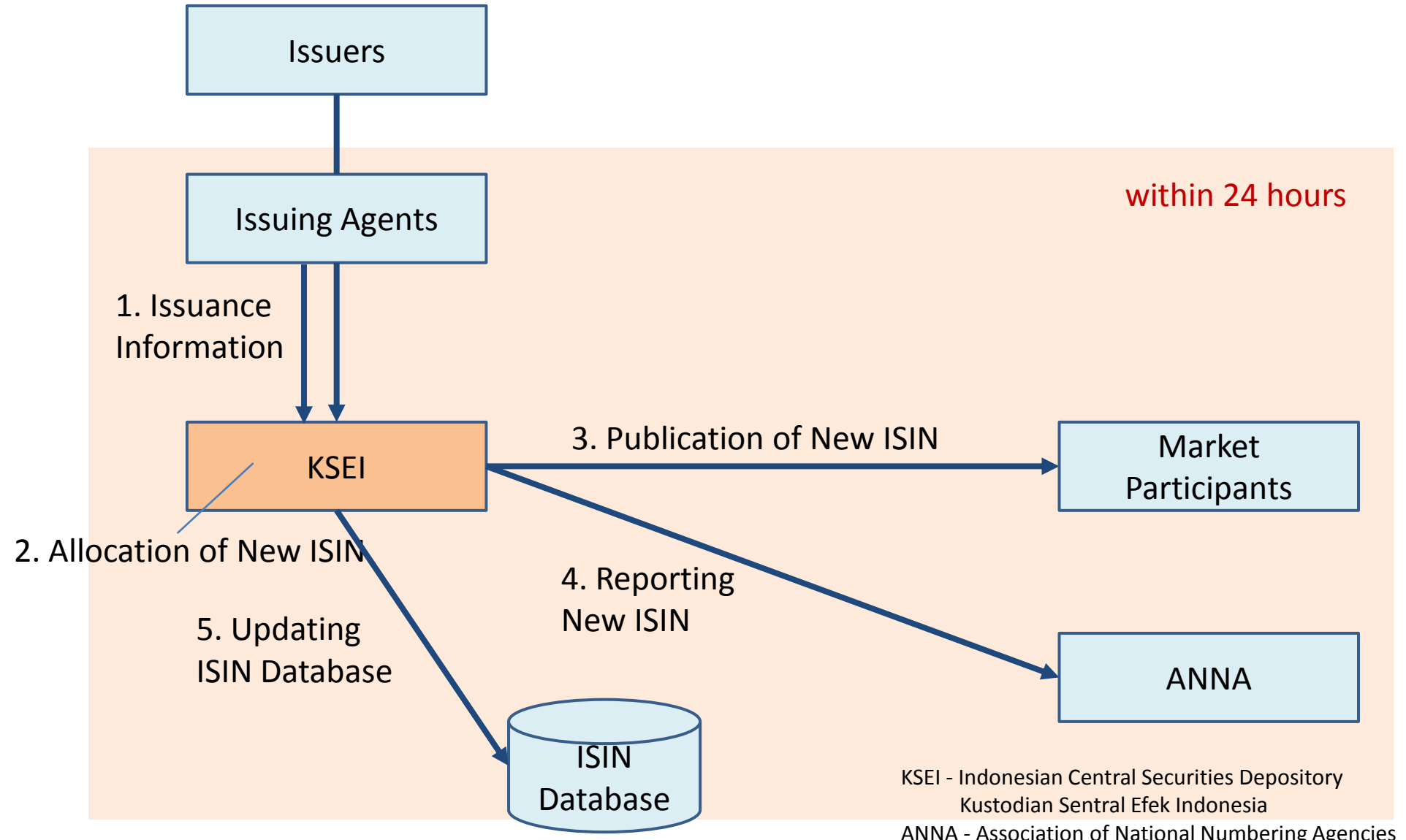
1. MOF sends issuance information to BI and KSEI.
2. KSEI allocates and releases new ISIN within 24 hours.
3. KSEI announces new ISIN to KSEI's members (securities companies and custodian banks) and DGDM by e-mail and posts on KSEI website.
4. KSEI reports new ISIN to ANNA every day.
5. KSEI automatically updates ISIN database.

[note]

- ▣ KSEI provides ISIN information on KSEI's website. Non-resident investors can get ISIN information from this website in English, too.

# (Corporate Bond) Typical Flow of Bonds Numbering (ID)

 National Numbering Agency (NNA)



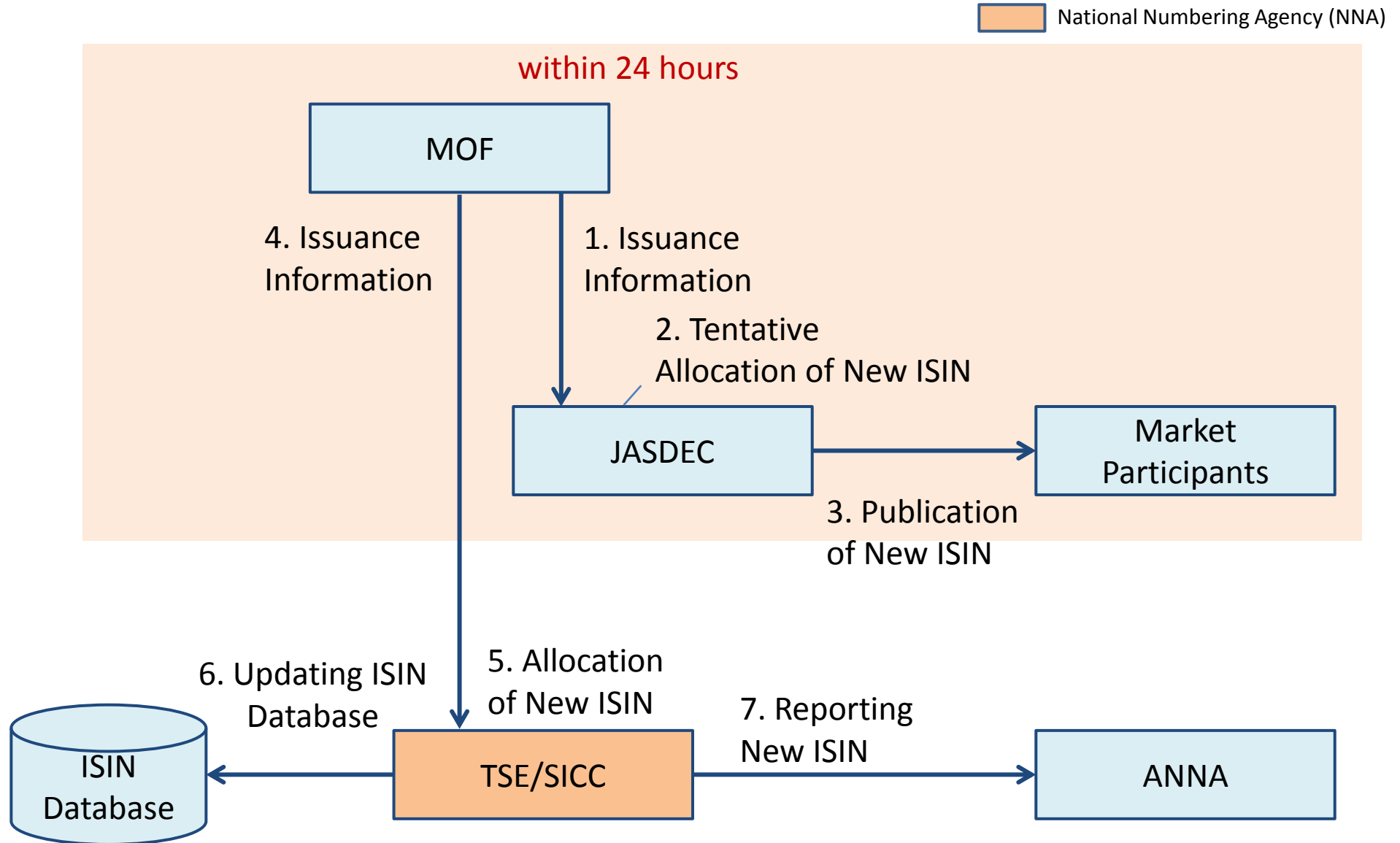
## (Corporate Bond) Typical Flow of Bonds Numbering (ID)

1. Issuance agent or Issuer sends issuance information to KSEI.
2. KSEI allocates ISIN within 24 hours.
3. KSEI announces new ISIN to KSEI's members (securities companies and custodian banks) and Issuer by e-mail and posts on KSEI website.
4. KSEI reports new ISIN to ANNA every day.
5. KSEI automatically updates ISIN database.

[note]

- ▣ KSEI provides ISIN information on KSEI's website. Non-resident investors can get ISIN information from this website in English, too.

# (Government Bond) Typical Flow of Bonds Numbering (JP)



BOJ – Bank of Japan  
SICC – Securities Identification Code Committee  
ANNA - Association of National Numbering Agencies

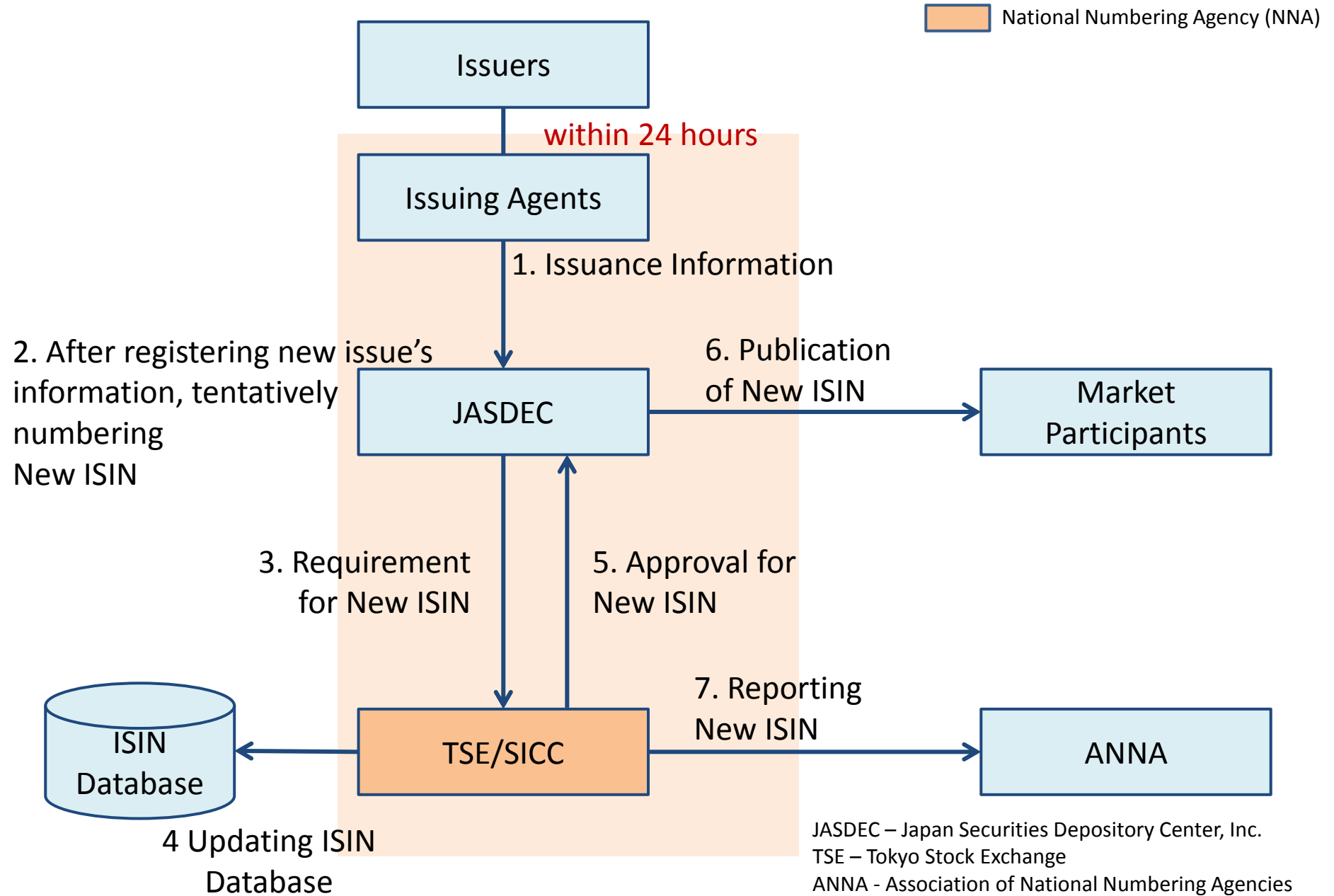
## (Government Bond) Typical Flow of Bonds Numbering (JP)

1. JASDEC obtains issuance information from MOF.
2. JASDEC tentatively allocates new ISIN.
3. JASDEC announces new ISIN to market participants.
4. TSE/SICC obtains issuance information from MOF.
5. TSE/SICC allocates new ISIN.
6. TSE/SICC updates ISIN database.
7. TSE/SICC reports new ISIN to ANNA.

[note]

Government bonds will adopt ISIN on October 2015. Business flow of numbering may change.

# (Corporate Bond ) Typical Flow of Bonds Numbering (JP)



## (Corporate Bond ) Typical Flow of Bonds Numbering (JP)

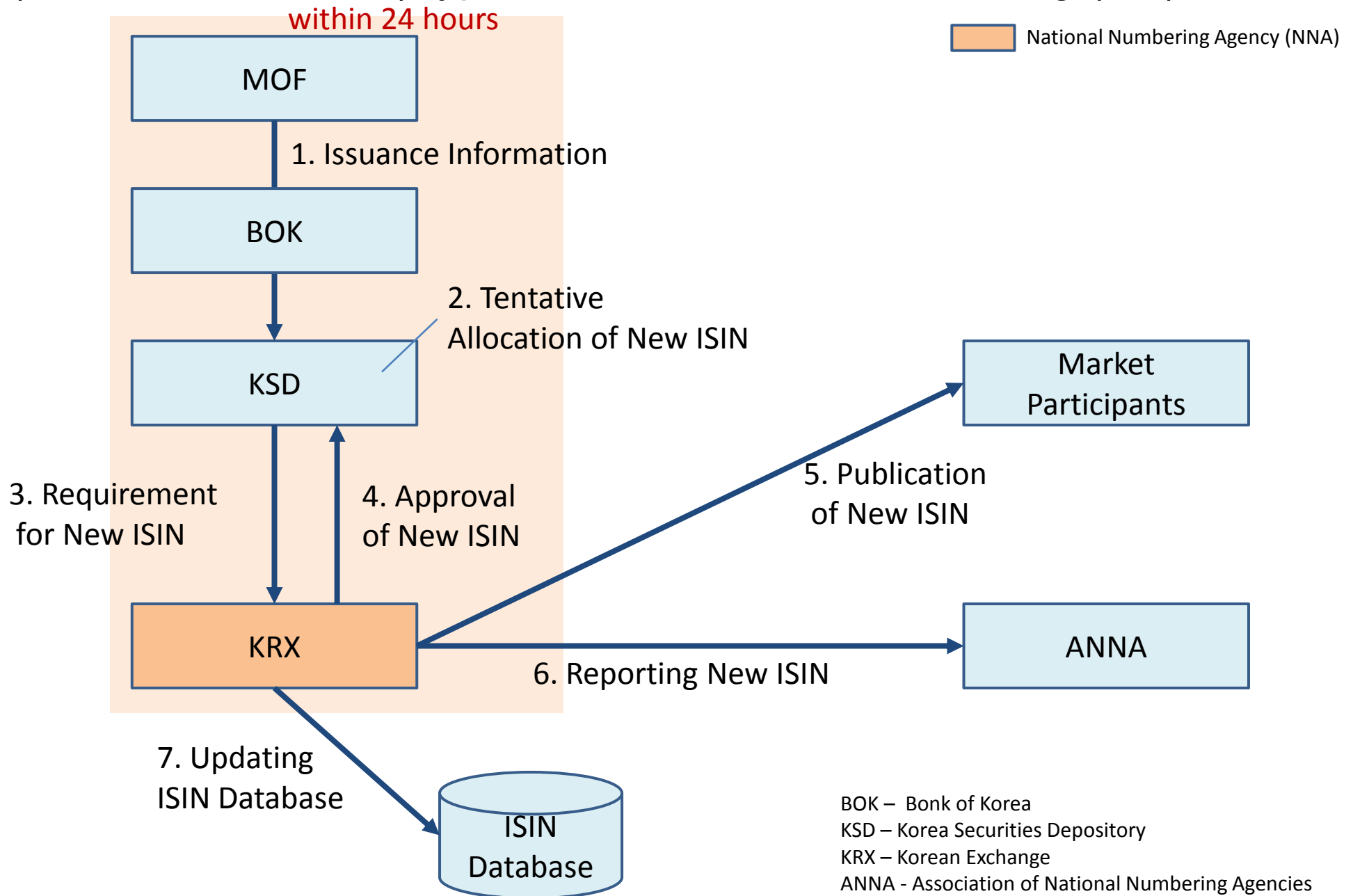
1. Issuance agent sends issuance information to JASDEC.
2. After registering new issue's information, tentatively numbering New ISIN
3. JASDEC requests new ISIN to SICC.
4. TSE/SICC updates ISIN database.
5. TSE/SICC approves for new ISIN within 24 hours.
6. JASDEC announces new ISIN to market participants 4 times in a day and posts new ISIN on the JASDEC website once in a day.
7. TSE/SICC reports new ISIN to ANNA.

[note]

Corporate bonds has already adopted ISIN.



# (Government Bond) Typical Flow of Bonds Numbering (KR)



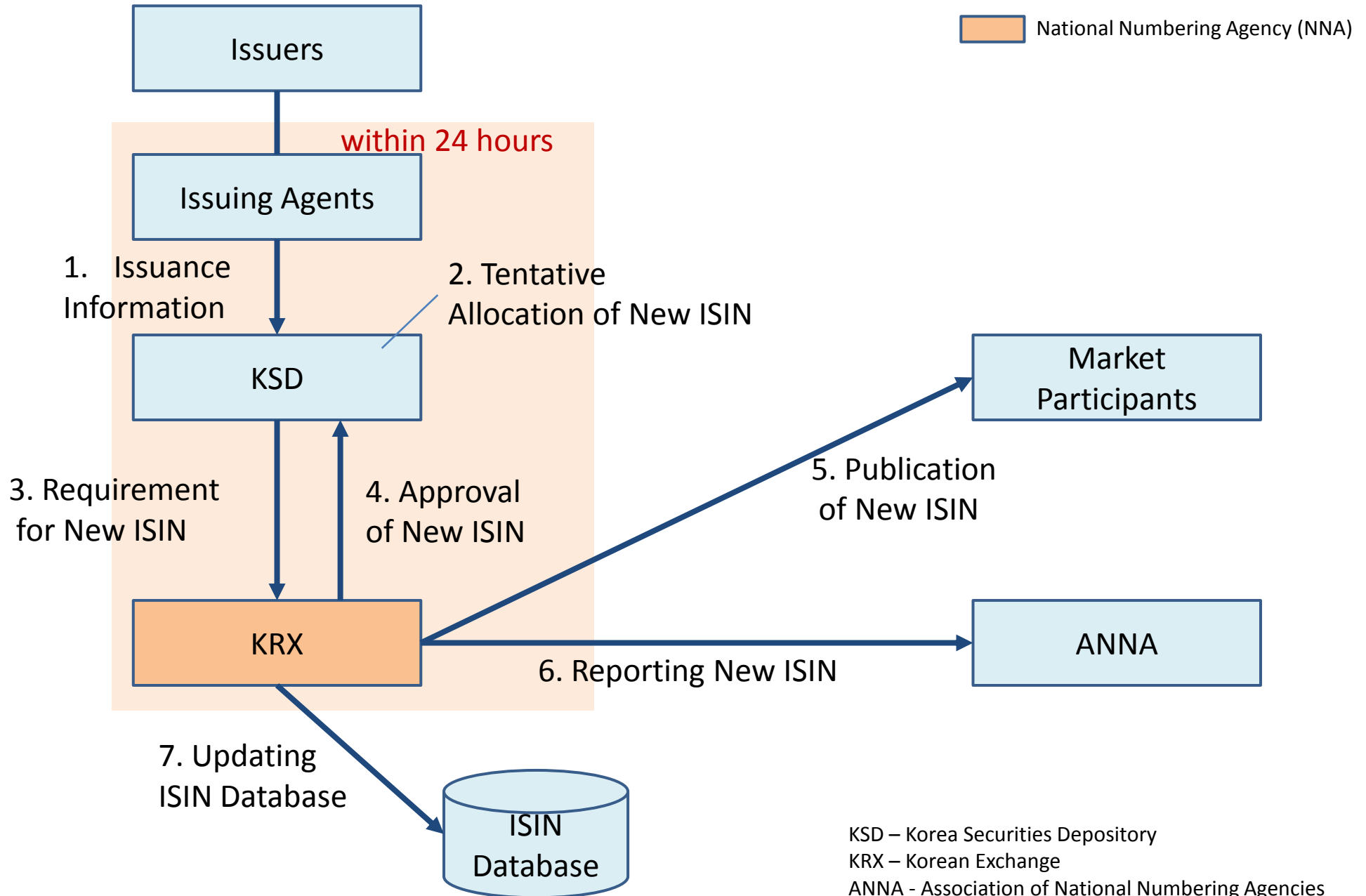
## (Government Bond) Typical Flow of Bonds Numbering (KR)

1. MOF sends issuance information to KSD through BOK.
2. KSD tentatively allocates new ISIN.
3. KSD requests an approval of new ISIN to KRX.
4. KRX approves ISIN within 24 hours.
5. KRX posts new ISIN on the KRX website at 6 p.m. every day.
6. KRX reports new ISIN to ANNA.
7. KRX updates ISIN database.

[notes]

- ❑ Provided that all submitted data and documentation is correct, ISIN is allocated within the day of application.
- ❑ In case of KSD-registered bonds, ISIN must be allocated before issuance.

# (Corporate Bond ) Typical Flow of Bonds Numbering (KR)



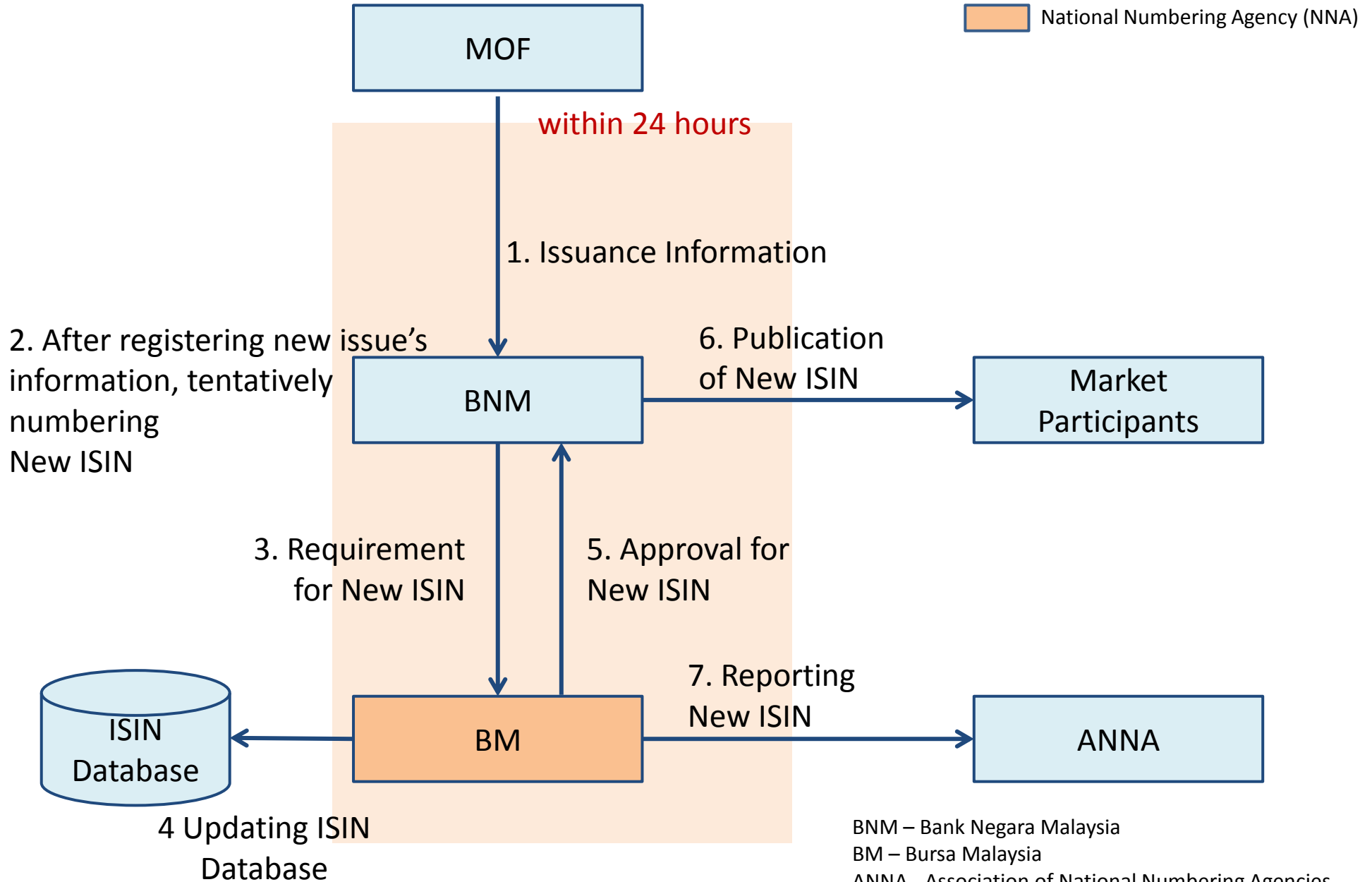
## (Corporate Bond ) Typical Flow of Bonds Numbering (KR)

1. Issuance agent sends issuance information to KSD.
2. KSD tentatively allocates new ISIN.
3. KSD requests an approval of new ISIN to KRX.
4. KRX approves ISIN within 24 hours.
5. KRX posts new ISIN on the KRX website at 6 p.m. every day.
6. KRX reports new ISIN to ANNA.
7. KRX updates ISIN database.

[notes]

- ❑ Provided that all submitted data and documentation is correct, ISIN is allocated within the day of application.
- ❑ In case of KSD-registered bonds, ISIN must be allocated before issuance.

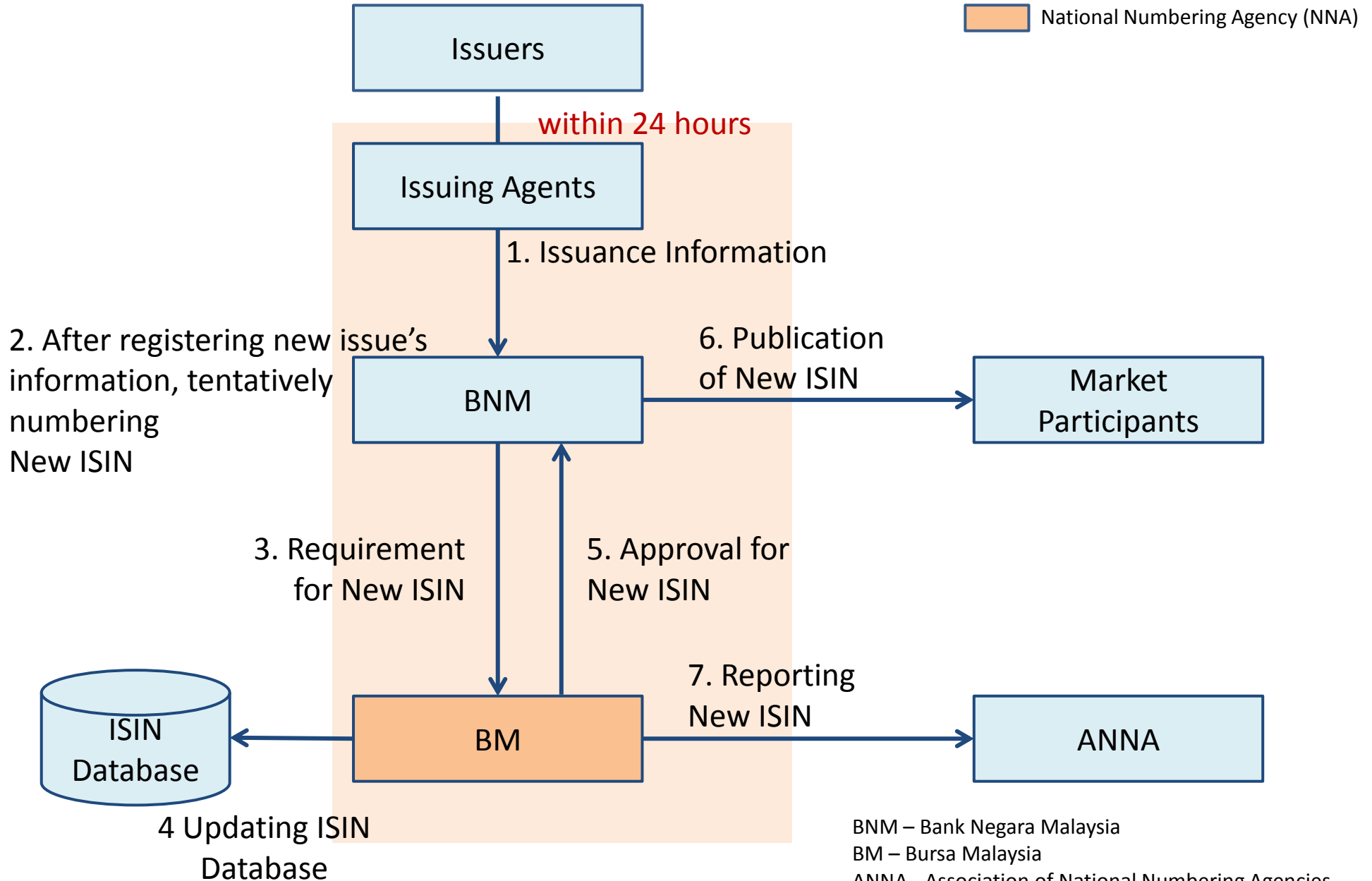
# (Government Bond) Typical Flow of Bonds Numbering (MY)



## (Corporate Bond ) Typical Flow of Bonds Numbering (MY)

1. MOF sends issuance information to BNM.
2. After registering new issue's information, BNM tentatively numbering New ISIN
3. BNM requests new ISIN to BM.
4. BM updates ISIN database.
5. BM approves for new ISIN within 24 hours.
6. BNM announces new ISIN to market participants and posts new ISIN on the BNM website.
7. BM reports new ISIN to ANNA.

# (Government Bond) Typical Flow of Bonds Numbering (MY)




## (Corporate Bond ) Typical Flow of Bonds Numbering (MY)

1. Issuer agent sends issuance information to BNM.
2. After registering new issue's information, BNM tentatively numbering New ISIN
3. BNM requests new ISIN to BM.
4. BM updates ISIN database.
5. BM approves for new ISIN within 24 hours.
6. BNM announces new ISIN to market participants and posts new ISIN on the BNM website.
7. BM reports new ISIN to ANNA.



# (Government Bond) Typical Flow of Bonds Numbering (PH)

 National Numbering Agency (NNA)

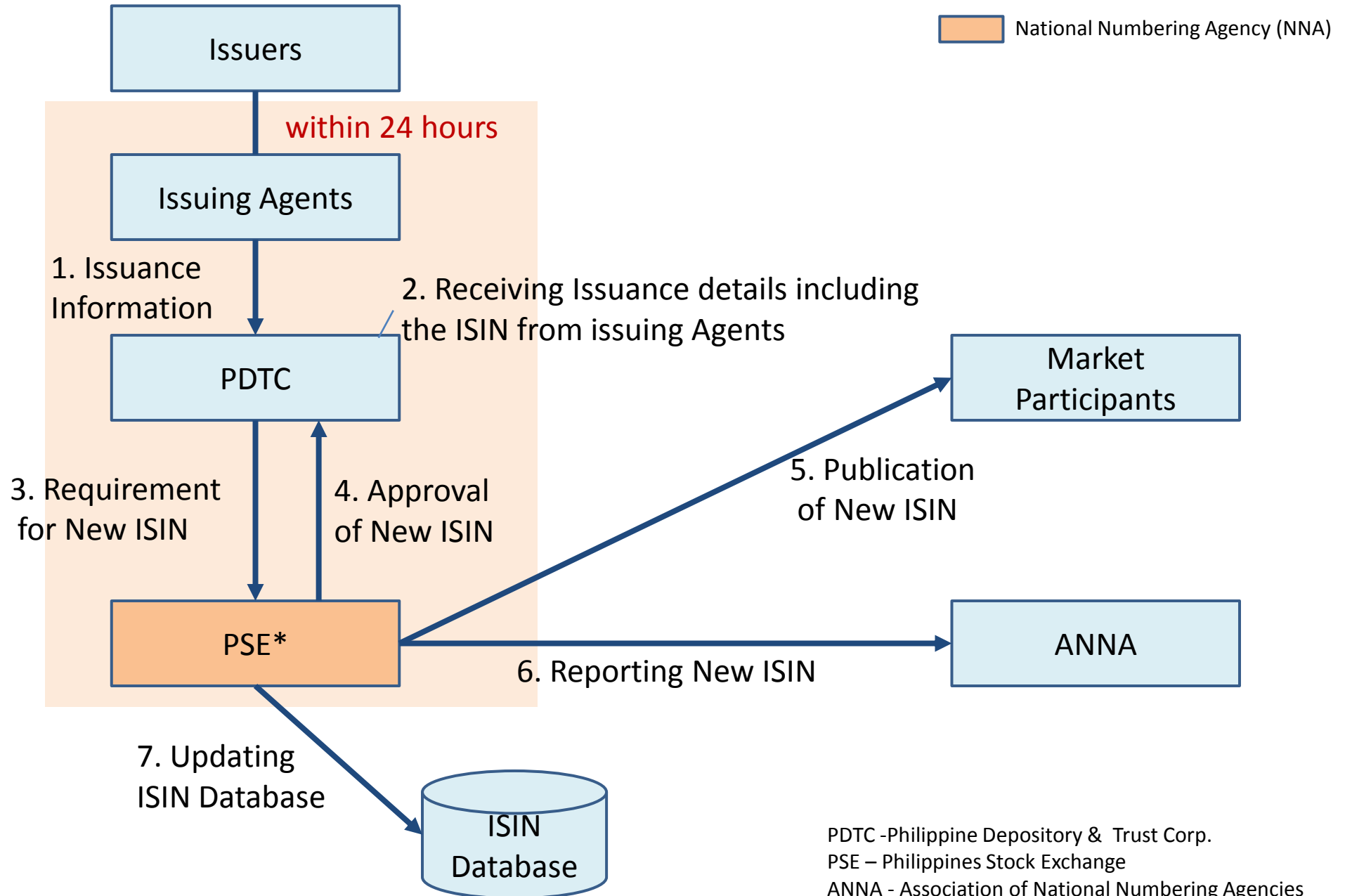
ISIN is not allocated to government bond in PH for the time being.

## (Government Bond) Typical Flow of Bonds Numbering (PH)

[note]

ISIN is not allocated to government bond in PH for the time being.

# (Corporate Bond ) Typical Flow of Bonds Numbering (PH)



\* SEC may take over the NNA from PSE.


## (Corporate Bond ) Typical Flow of Bonds Numbering (PH)

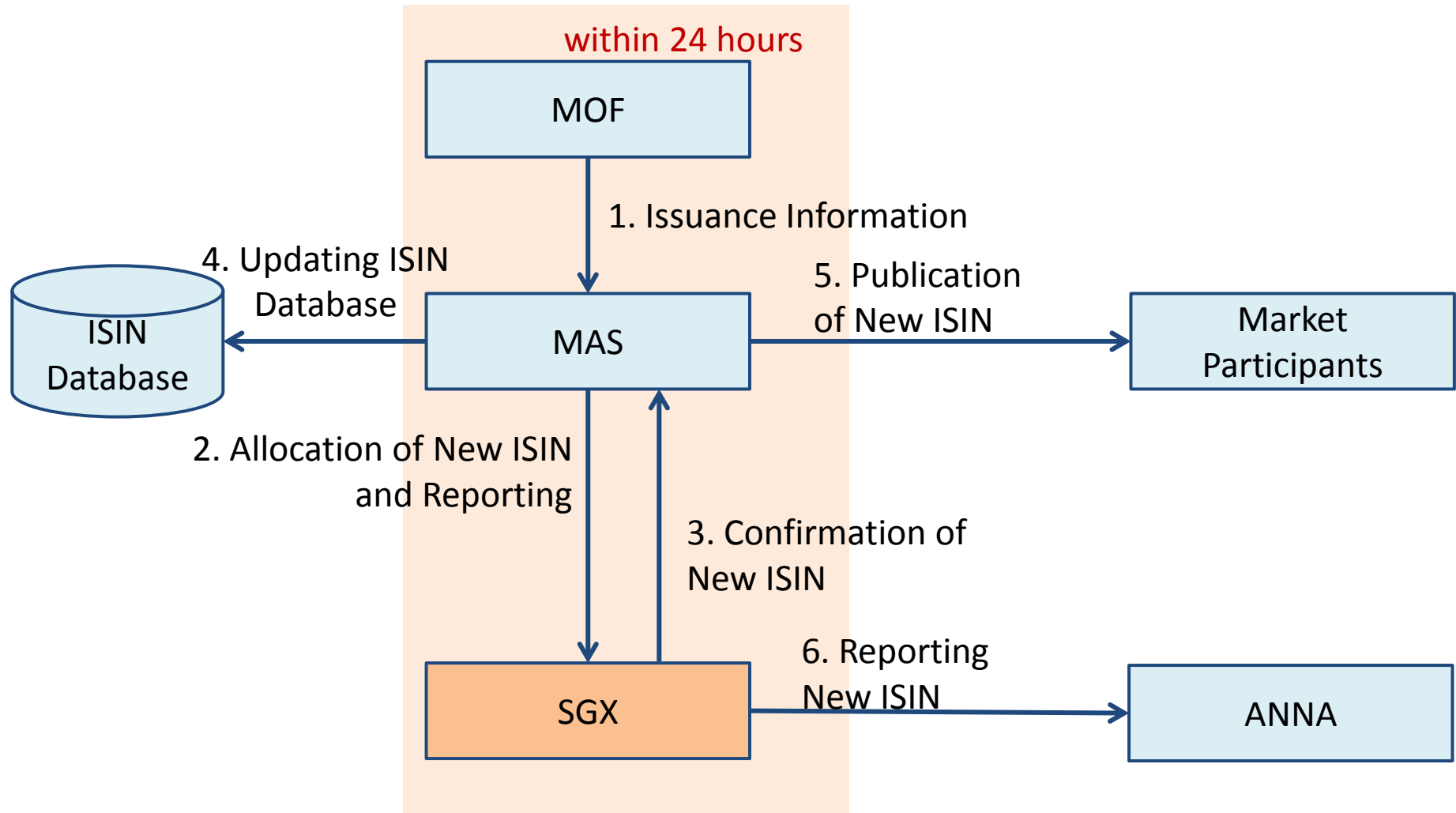
1. Issuance agent sends issuance information to PDTC.
2. PDTC Receiving Issuance details including the ISIN from issuing Agents.
3. PDTC requests a new ISIN to PSE.
4. PSE approves ISIN within 24 hours.
5. PSE announces new ISIN to market participants.
6. PSE reports new ISIN to ANNA.
7. PSE updates ISIN database.

[note]

ISIN is not allocated to government bond in PH currently.

# (Government Bond) Typical Flow of Bonds Numbering (SG)

 National Numbering Agency (NNA)



MAS – Monetary Authority of Singapore  
SGX –Singapore Exchange Ltd.,  
ANNA - Association of National Numbering Agencies

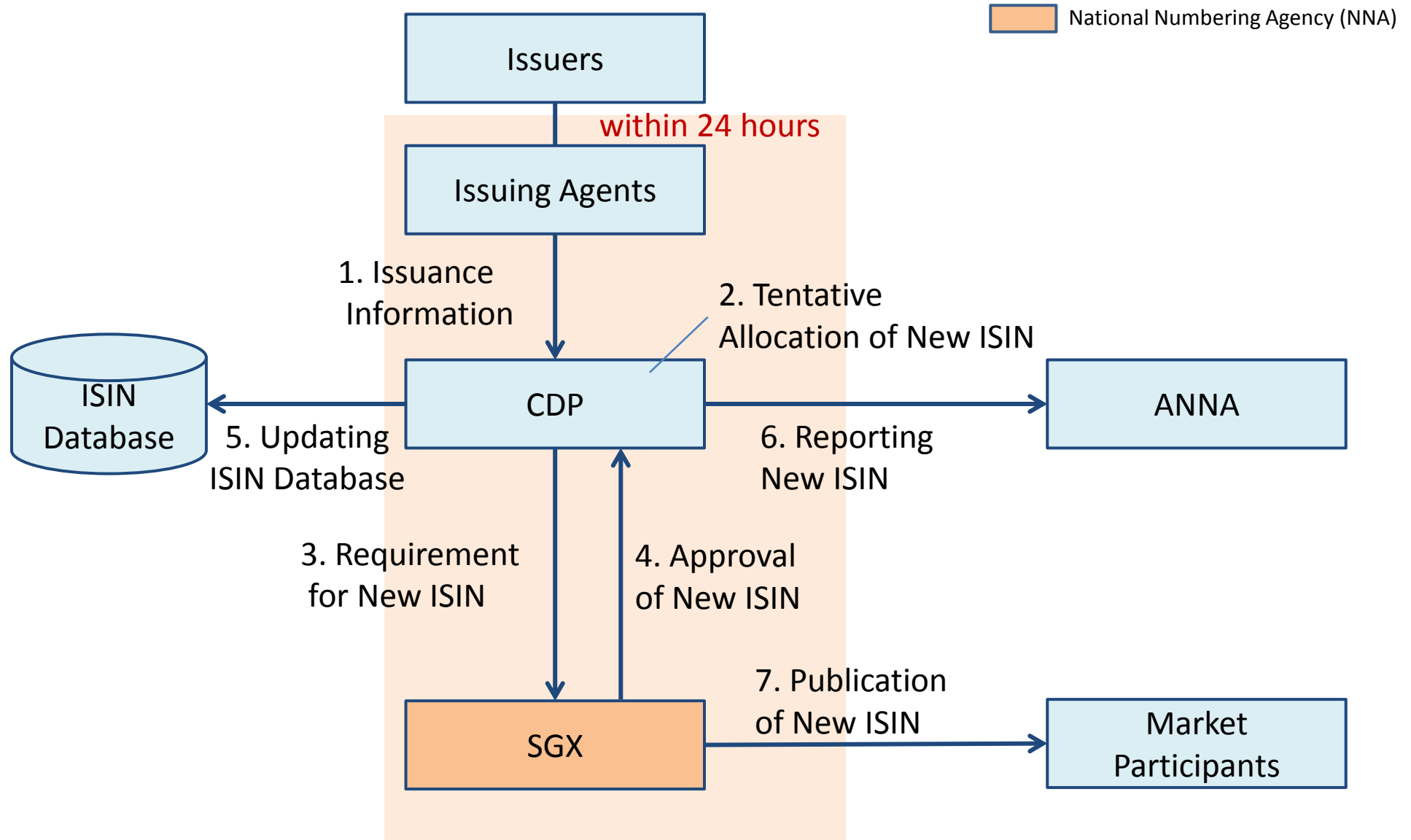
## (Government Bond) Typical Flow of Bonds Numbering (SG)

1. MOF sends issuance information to MAS.
2. MAS allocates new ISIN and report to SGX within 24 hours.
3. SGX confirms ISIN.
4. MAS updates ISIN database.
5. MAS posts a daily ISIN file on the MAS website.
6. SGX submits to ANNA a monthly report about ISIN.

[issue]

- ❑ (ISIN) (ISO 6166) is used in conjunction with place of trade and country to uniquely identify an instrument. BIC (ISO 9362) will be made compulsory. SGX plans to improve this further to add CFI (Classification of Financial Instruments) (ISO 10962) to supplement ISIN.

# (Corporate Bond ) Typical Flow of Bonds Numbering (SG)



CDP –Central Depository (Pte.) Ltd,  
SGX –Singapore Exchange Ltd.,  
ANNA - Association of National Numbering Agencies

## (Corporate Bond ) Typical Flow of Bonds Numbering (SG)

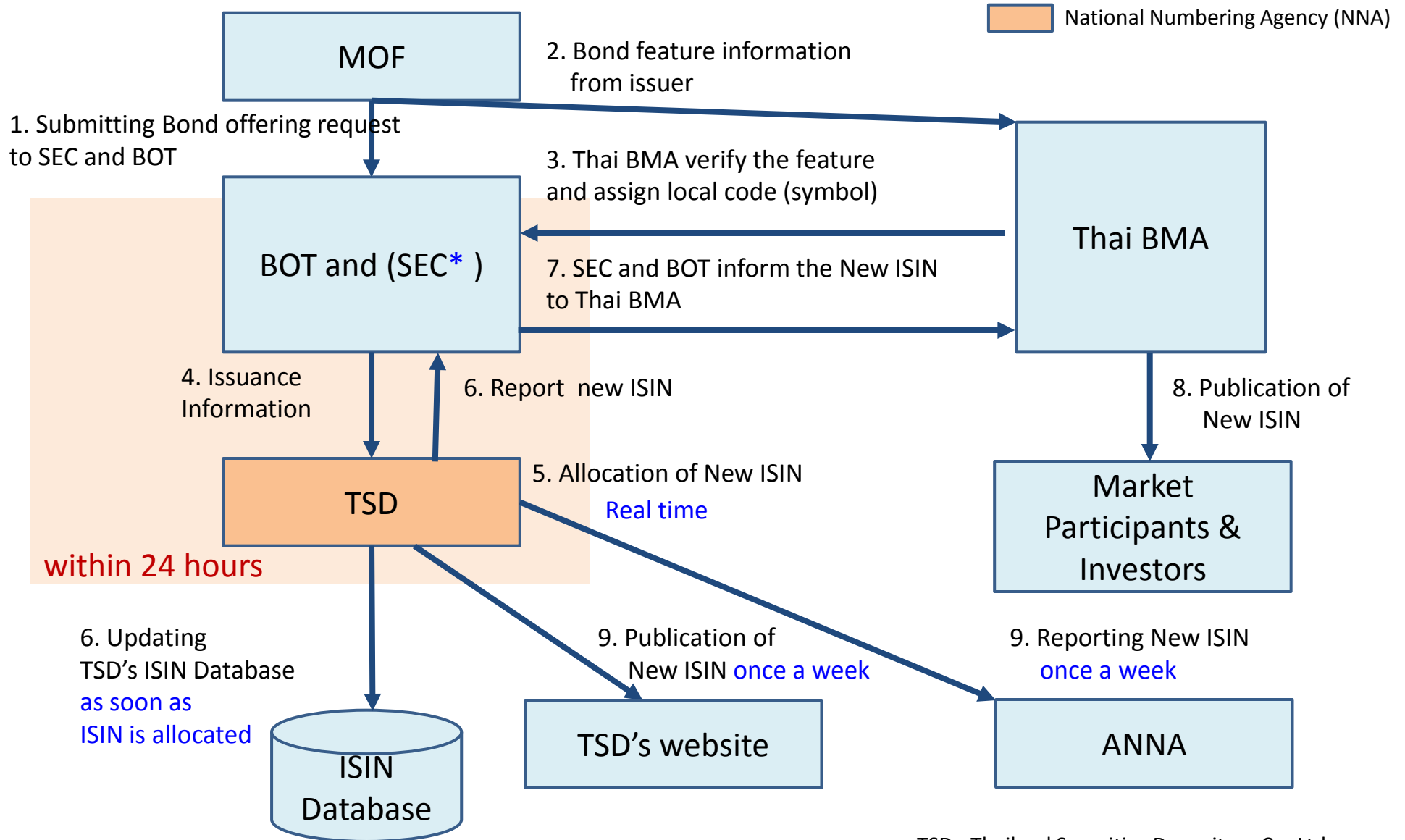
1. Issuance agent sends issuance information to CDP.
2. CDP tentatively allocates new ISIN.
3. CDP requests new ISIN to SGX.
4. SGX approves ISIN within 24 hours.
5. CDP updates ISIN database.
6. CDP submits to ANNA a monthly report about ISIN.
7. GX posts a daily ISIN file on the SGX website.

[issue]

- ❑ (ISIN) (ISO 6166) is used in conjunction with place of trade and country to uniquely identify an instrument. BIC (ISO 9362) will be made compulsory. SGX plans to improve this further to add CFI (Classification of Financial Instruments) (ISO 10962) to supplement ISIN.



# (Government Bond) Typical Flow of Allocation of ISIN (TH)



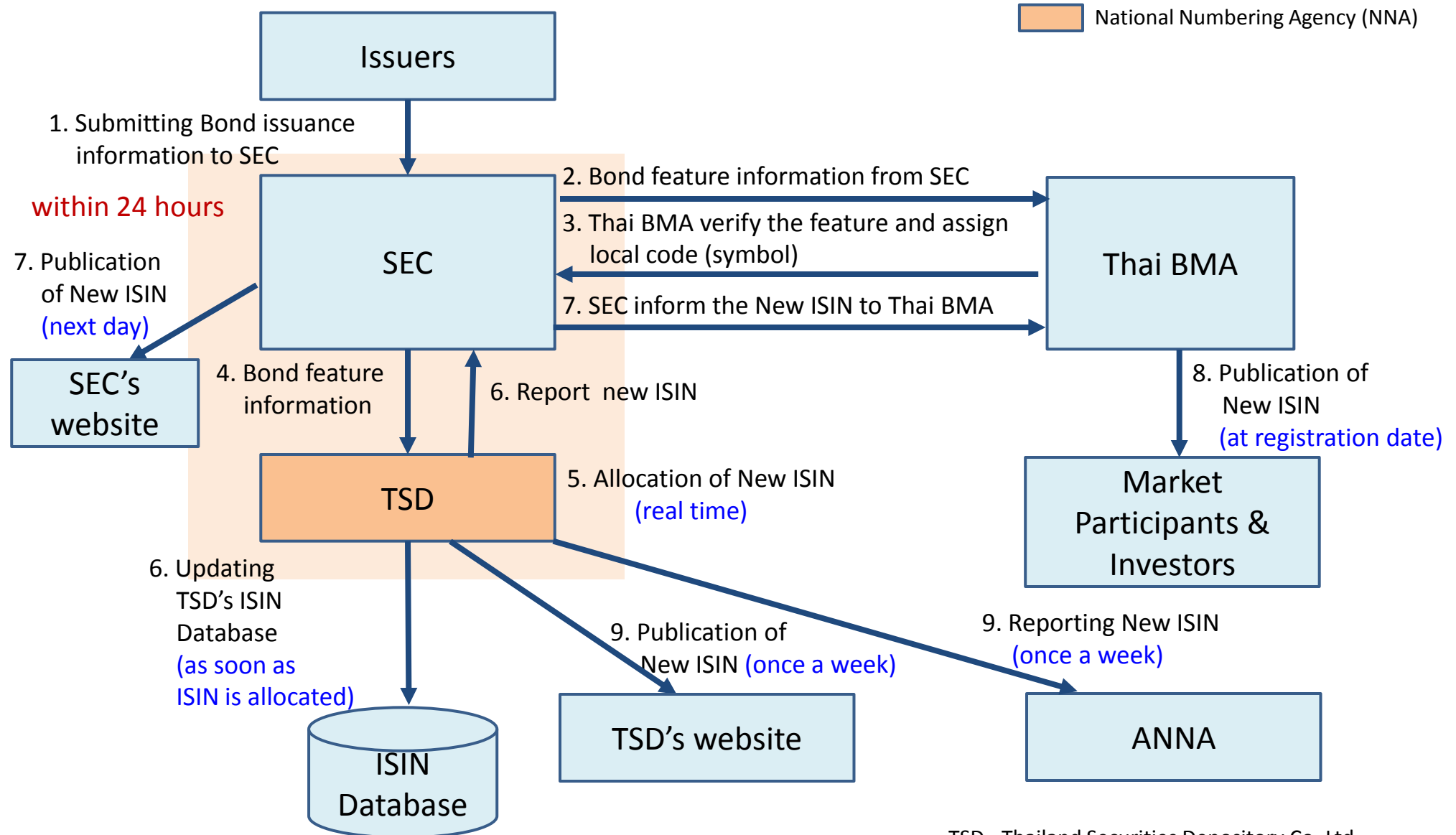
\*SEC takes a role as an ISIN requester for both equity and bond

TSD - Thailand Securities Depository Co.,Ltd  
ANNA - Association of National Numbering Agencies

## (Government Bond) Typical Flow of Bonds Numbering (TH)

1. MOF submits bond offering request form to SEC and BOT.
2. MOF submits bond feature information to Thai BMA.
3. After verifying the information, Thai BMA assigns local bond code (symbol) and informs it to SEC and BOT.
4. SEC & BOT forward bond issuance information to TSD.
5. TSD allocates ISIN as soon as receives bond feature information from SEC or BOT.
6. TSD reports the new ISIN to SEC and BOT and updates TSD's ISIN database.
7. SEC and BOT inform the new ISIN to Thai BMA.
8. Thai BMA publishes new ISIN including bond feature information to its website as well as inform it to market participants and investors.
9. TSD reports new ISIN to ANNA and publishes on its website once a week.

# (Corporate Bond ) Typical Flow of Allocation of ISIN (TH)



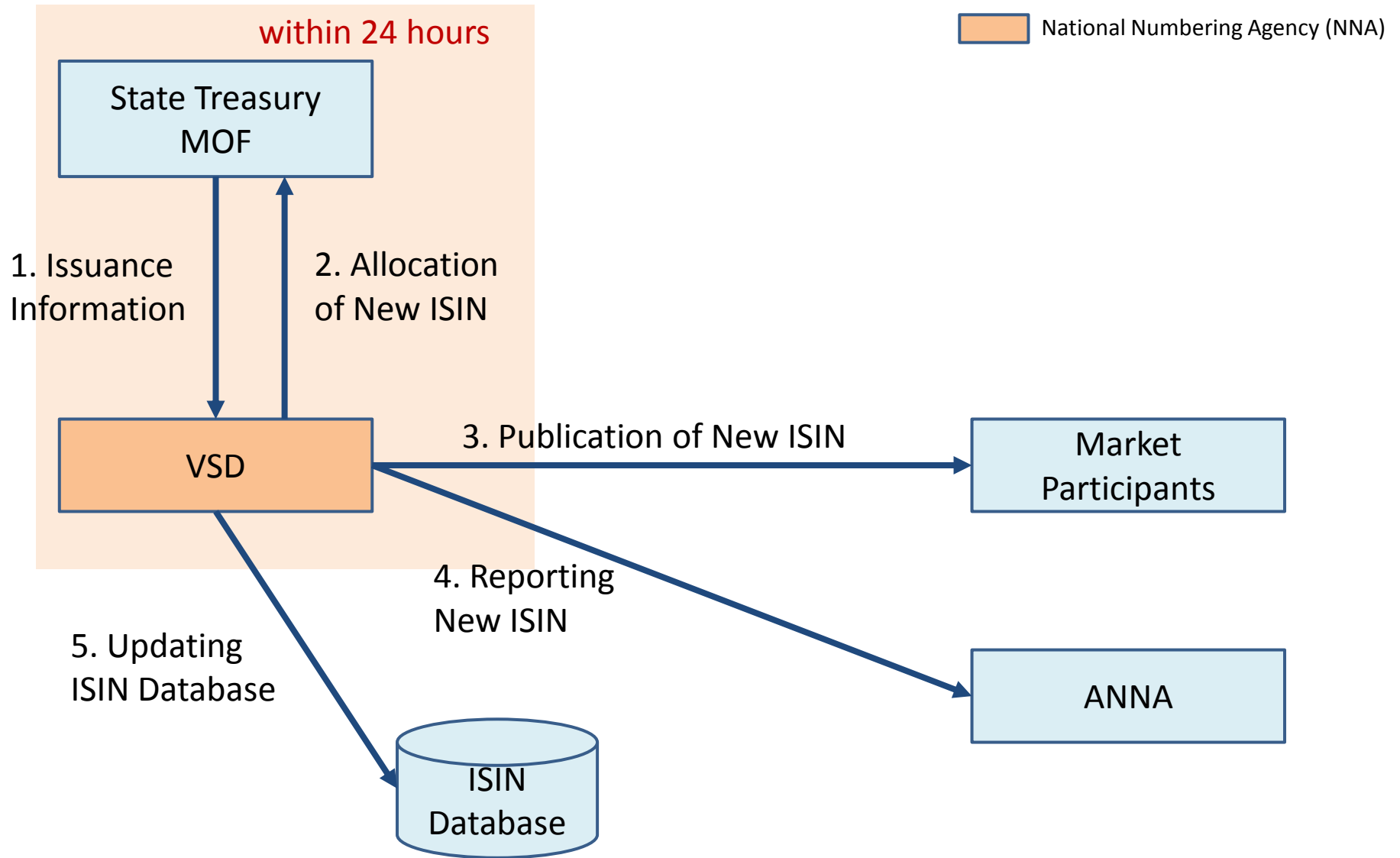
\* SEC takes a role as an ISIN requester for both equity and bond (with maturity greater than 270 days)

TSD - Thailand Securities Depository Co.,Ltd  
ANNA - Association of National Numbering Agencies

## (Corporate Bond ) Typical Flow of Bonds Numbering (TH)

1. Issuer submits bond issuance information to SEC.
2. SEC send bond feature information to Thai BMA.
3. After verifying the information, Thai BMA assigns local bond code (symbol) and informs it to SEC.
4. SEC forward bond feature to TSD.
5. TSD allocates ISIN as soon as receiving bond feature information from SEC.
6. TSD reports the new ISIN to SEC and updates TSD's ISIN database as soon as the new ISIN is allocated.
7. SEC inform the new ISIN to Thai BMA and publish on SEC's website (next day after receiving the new ISIN).
8. Thai BMA publishes new ISIN (at registration date) including bond feature information to its website as well as inform it to market participants and investors.
9. TSD reports new ISIN to ANNA and publishes on its website once a week.

# (Government Bond) Typical Flow of Bonds Numbering (VN)



VSD – Vietnam Securities Depository  
ANNA - Association of National Numbering Agencies

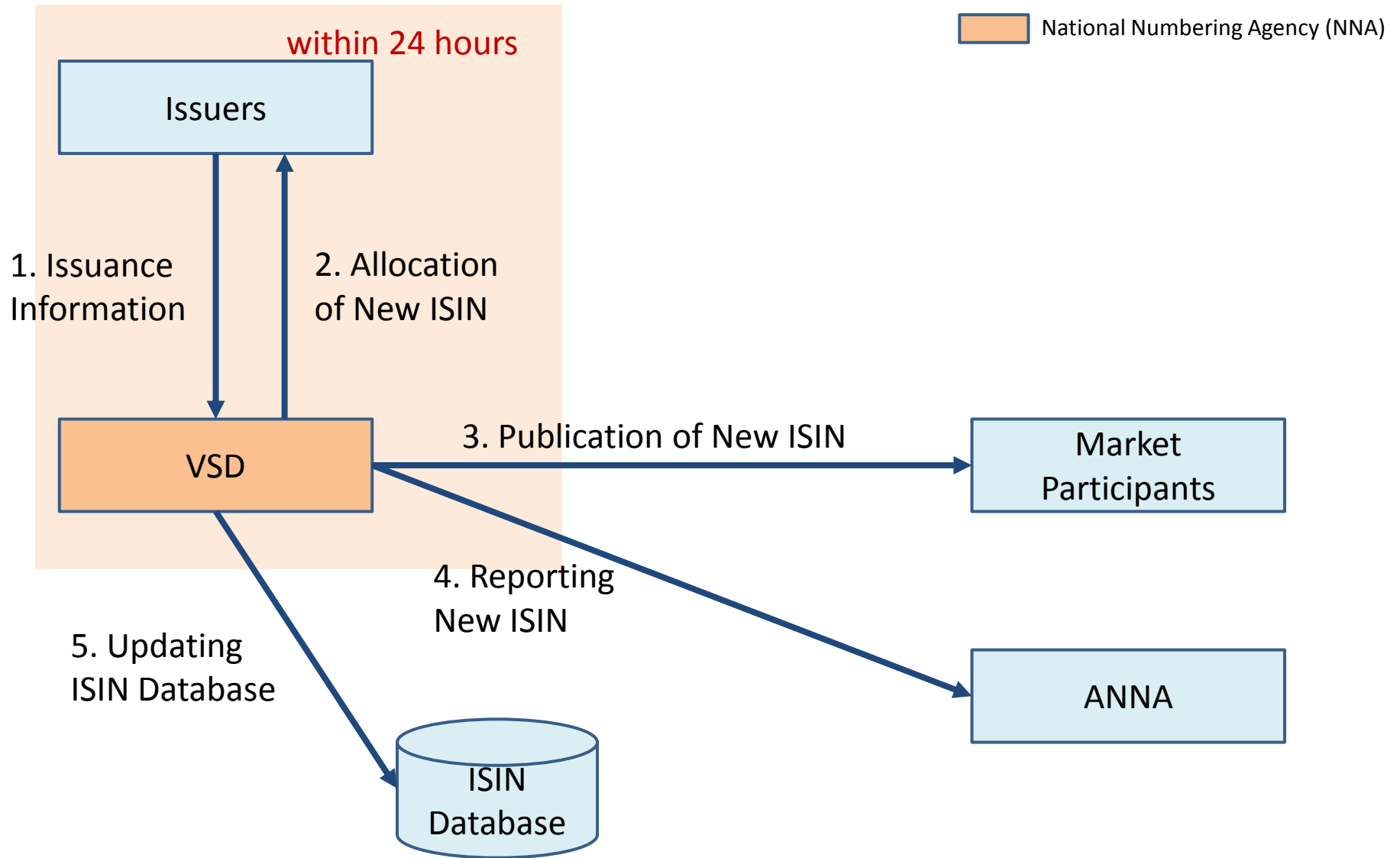
## (Government Bond) Typical Flow of Bonds Numbering (VN)

1. State Treasury (MOF) sends issuance information to VSD.
2. VSD allocates ISIN within 24 hours.
3. VSD sends a written notice to the two exchanges and VSD's members and posts ISIN on VSD website.
4. VSD reports new ISIN to ANNA.
5. VSD updates ISIN database.

[notes]

- It takes one day for issuing new bonds code from issuance information to updating code database. Detailed information:
  - T day: day of bond offering
  - T+1: VSD registers, allocates bond codes (local code and ISIN) and updates into the database
  - T+2: day of bond issuance
- Information of ISIN is uploaded onto VSD's website for investors and market participants' reference. For specific information on ISIN allocation, investors could refer to the Guideline on securities code allocation issued with Decision 149/QD-VSD dated 21st August 2012 by VSD.

# (Corporate Bond ) Typical Flow of Bonds Numbering (VN)



VSD – Vietnam Securities Depository  
ANNA - Association of National Numbering Agencies

## (Corporate Bond ) Typical Flow of Bonds Numbering (VN)

1. Issuer sends issuance information to VSD.
2. VSD allocates ISIN within 24 hours.
3. VSD sends a written notice to the two exchanges and VSD's members and posts ISIN on VSD website.
4. VSD reports new ISIN to ANNA.
5. VSD updates ISIN database.

[notes]

- ❑ It takes one day for issuing new bonds code from issuance information to updating code database. Detailed information:

T day: day of bond offering

T+1: VSD registers, allocates bond codes (local code and ISIN) and updates into the database

T+2: day of bond issuance

- ❑ Information of ISIN is uploaded onto VSD's website for investors and market participants' reference. For specific information on ISIN allocation, investors could refer to the Guideline on securities code allocation issued with Decision 149/QD-VSD dated 21st August 2012 by VSD.



## National Numbering Agency (NNA) and Allocation of ISIN in ASEAN+3

	National Numbering Agency (NNA)	Allocation of ISIN	Availability in English
CN	China Securities Regulatory Commission (CSRC)/ China Securities International Standards Committee (CSISC)	Within 48 hour	No
HK	Hong Kong Exchanges and Clearing Ltd. (HKEx)	Within 48 hour	Yes
ID	Indonesian Central Securities Depository (KSEI)	Within 24 hour	Yes
JP	Tokyo Stock Exchange (TSE)/ Securities Identification Code Committee (SICC)	Within 24 hour	No
KR	Korea Exchange (KRX)	Within 24 hour	No
MY	Bursa Malaysia (BM)	Within 24 hour	Yes
PH	Philippine Stock Exchange, Inc. (PDEX)	Within 24 hour	Yes
SG	Singapore Exchange Limited (SGX)	Within 24 hour	Yes
TH	Thailand Securities Depository (TSD)	Within 24 hour	Yes
VN	Vietnam Securities Depository (VSD)	Within 24 hour	No

Note: National Numbering Agency (NNA) should allocate ISIN within 24 hours following the request and making the ISIN available to users at the same time in each economy. Proprietary securities number is generally allocated by each CSD.

## Comments from international experts

- ① Information on the new issue does not need to come from the issuer themselves..in many cases this may be provided to the NNA by an appointed agent of the issuer (Lead Manager, Issuing and Paying Agent etc)
- ② ISIN database - there is an obligation of each ANNA member to feed new issues information + amendments to existing issues + cancellations of existing issues to the ANNA Global ISIN database (the ANNA Service Bureau).
- ③ Reporting of the ISIN (+ indicative data about the security) is to be fed in a quasi-simultaneous timeframe to the market and to ANNA

# Thank you so much



This PowerPoint slides are made solely for the discussions of the 17<sup>th</sup> ABMF SF2 on 22 January 2015. 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](mailto:inuit@nttdata.co.jp)

**Session 2: Outline of Phase 3 Report**  
by Dr. Taiji Inui, ADB Secretariat



**17<sup>th</sup> ABMF SF2:**

## **Session2:Outline of Phase 3 Report**

22 January 2015 in Manila

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

Interim Report for Implementing  
Harmonization and Standardization  
of Bond Market Infrastructures  
in ASEAN+3

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#### 2.2 Concept of Harmonizing DVP Flows

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Appendix 8: Reference

Appendix 9: Information Sessions of ABMF SF2

Appendix 10: Respondent Institutions during Sub-Forum2 Country Visits

Appendix 11: Abbreviations

- 
-

# Figure 1 Outline of Activities of ABMF-SF2

## Implementation of cross-border STP in ASEAN+3

### Phase 1

- ① Survey on bond market infrastructures in ASEAN+3
- ② Survey on DVP flows from trade to settlement of government bonds

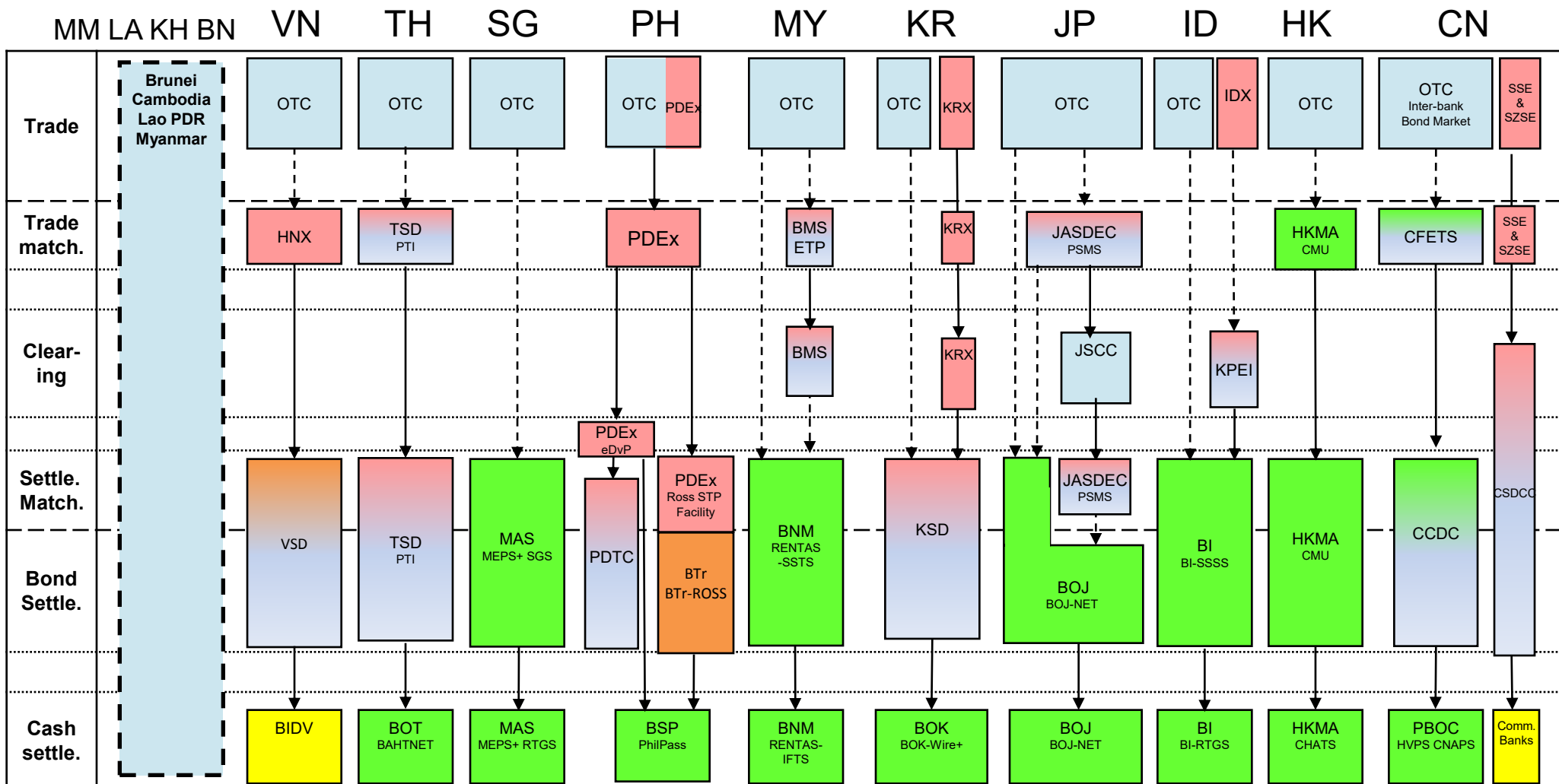
### Phase 2

- ① Survey on not only government but also corporate bond
- ② Add interest payment and redemption flows in addition to DVP flows
- ③ Conduct fit & gap analyses with the international standard
- ④ Propose policy recommendation and roadmap

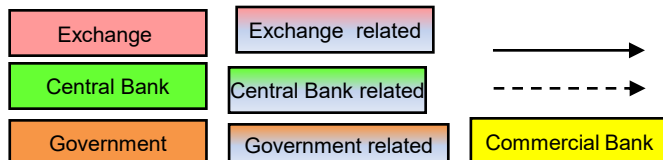
### Phase 3

- ① Harmonize and standardize bond trade and settlement flows and message items in ASEAN+3
- ② Survey on cross-border DVP, collateral, and repo

# Figure 2 ASEAN+3 Government Bond Market Diagram



NOTE:



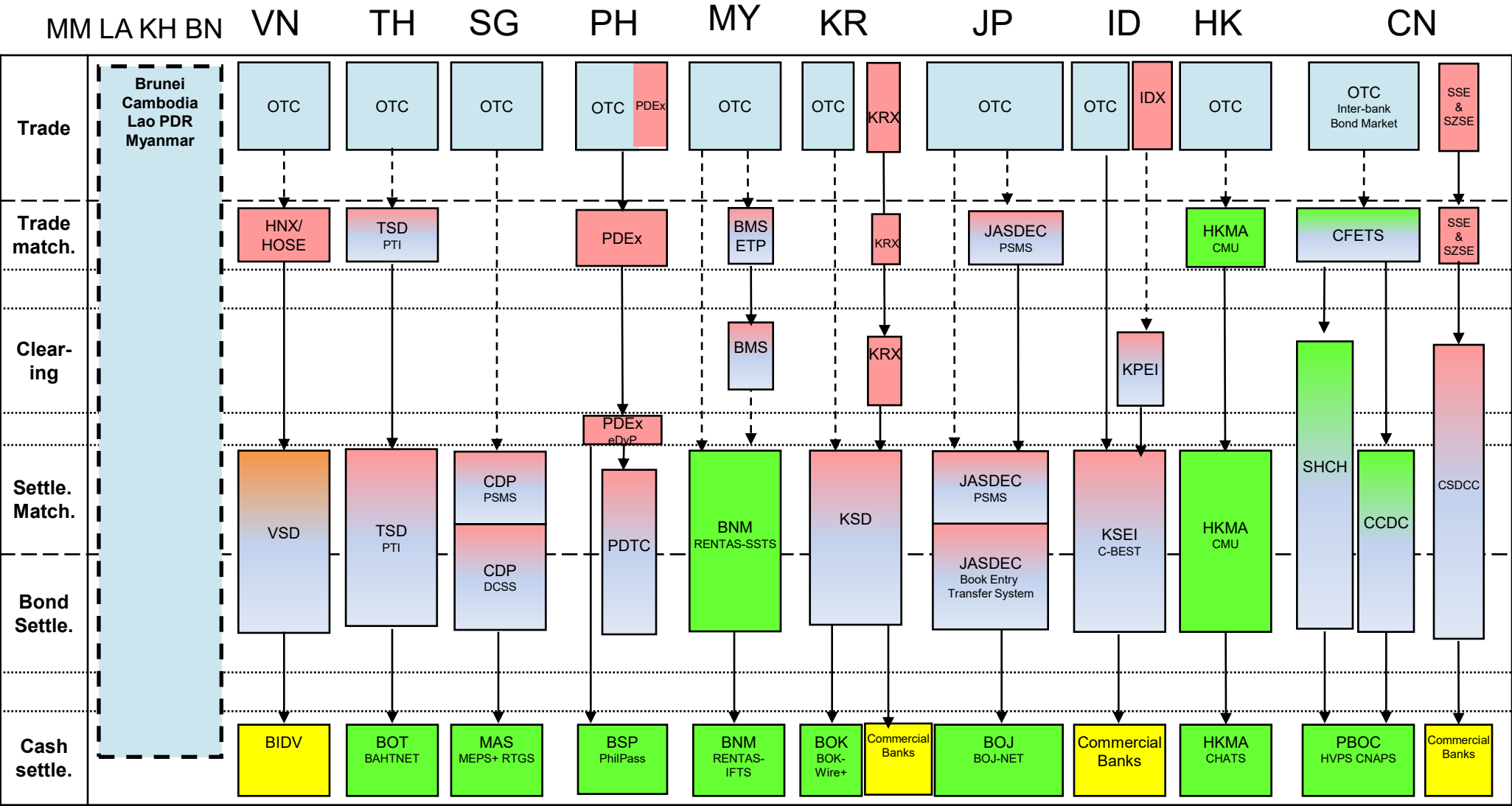
—————> Direct intersystem connection

- - - - -> Indirect connection . Trade data (bond settlement instructions) are entered to CSD by agent custodians.

\* This diagram shows entities which is involved in major types of transactions.

\*\* Retail bond market is not included in this diagram.

Figure 3 ASEAN+3 Corporate Bond Market Diagram



NOTE:

Exchange Market	Exchange related	→	Direct intersystem connection
Central Bank	Central Bank related	- - - - -	Indirect connection . Trade data (bond settlement instructions) are entered to CSD by agent custodians.
Government	Government related		
	Commercial Bank		

\* This diagram shows entities which is involved in major types of transactions.  
\*\* Retail bond market is not included in this diagram.

Figure 4 Government Bond Interest Payment Related Entities

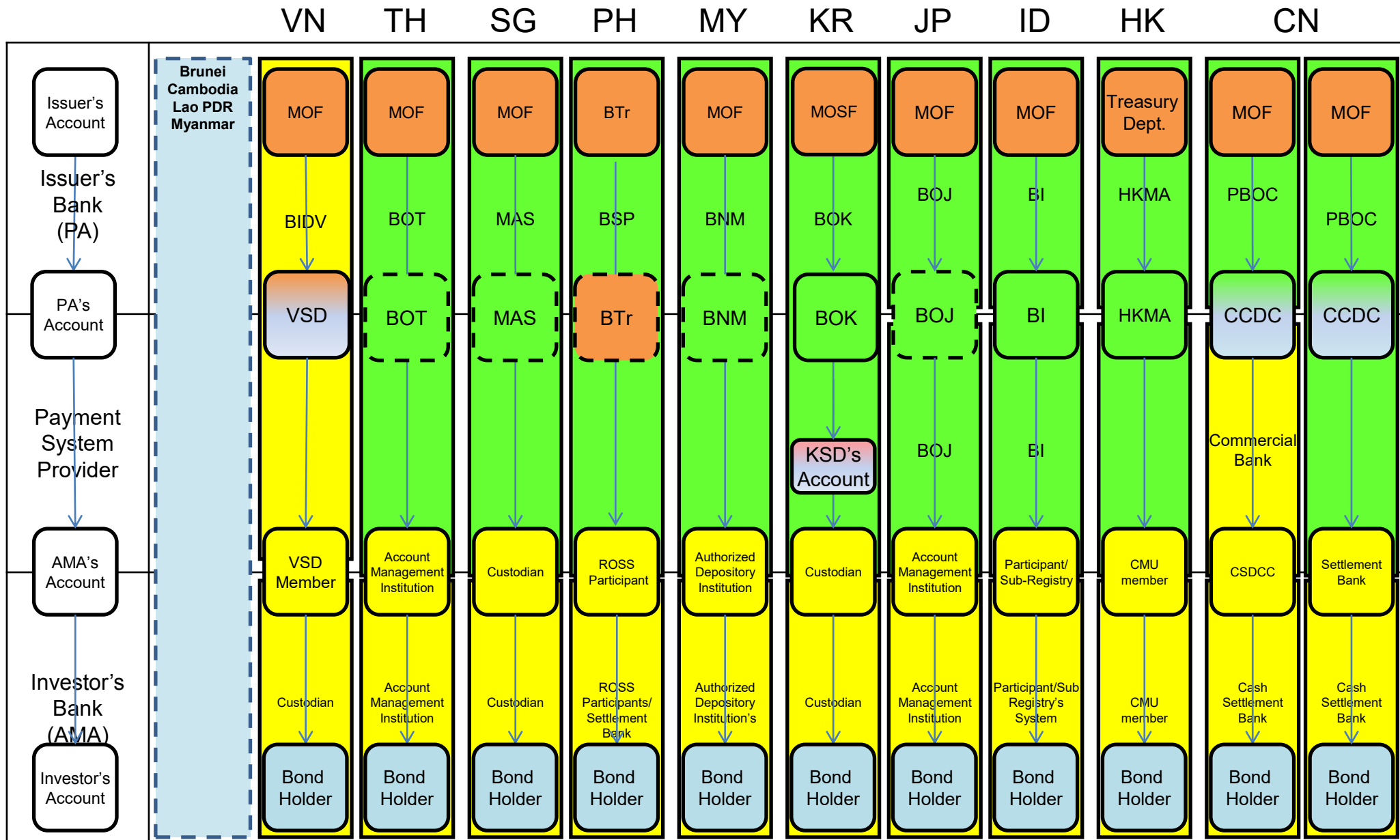
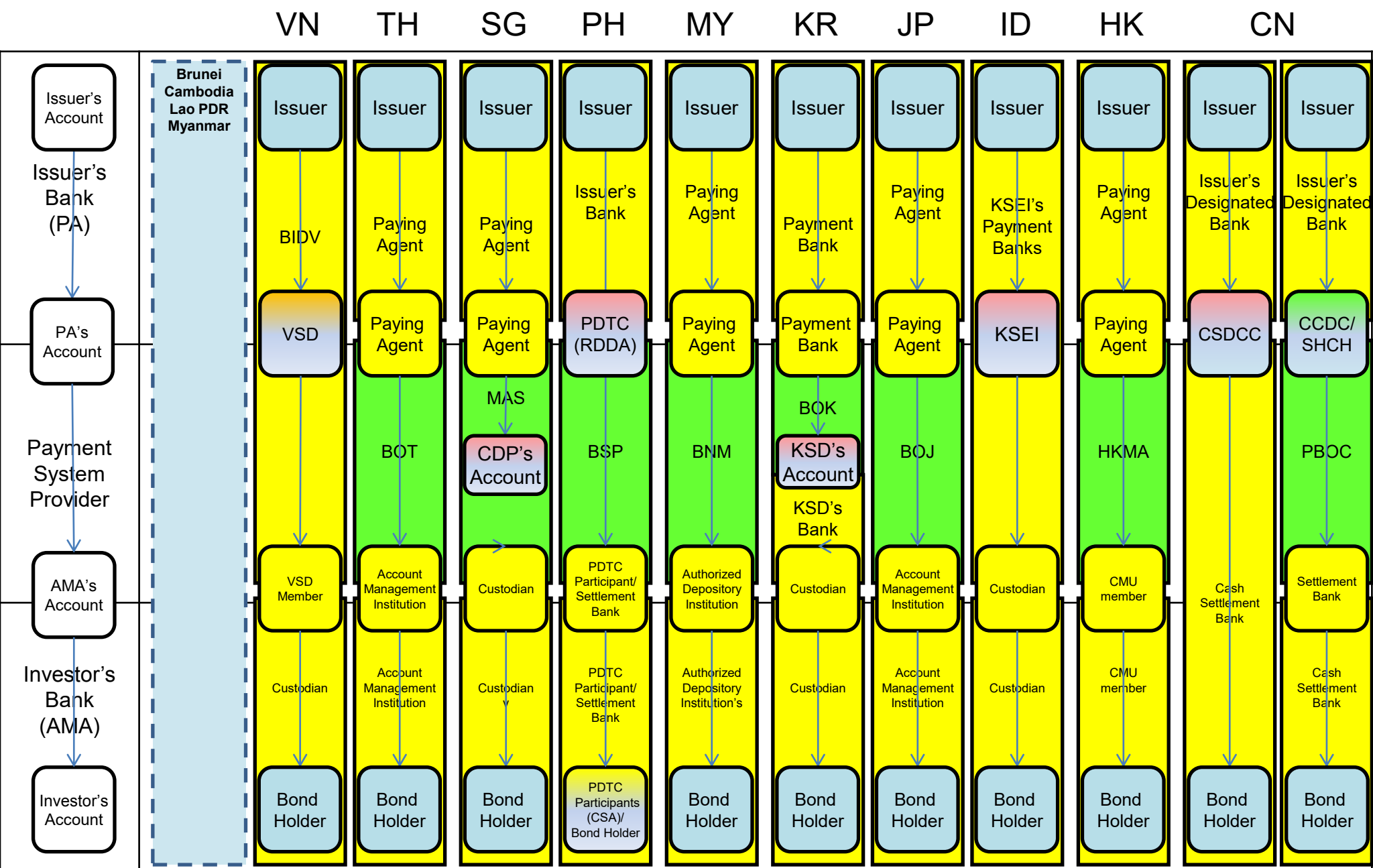


Figure5 Corporate Bond Interest Payment Related Entities



# Figure 6 Possible Roadmap of phase 3

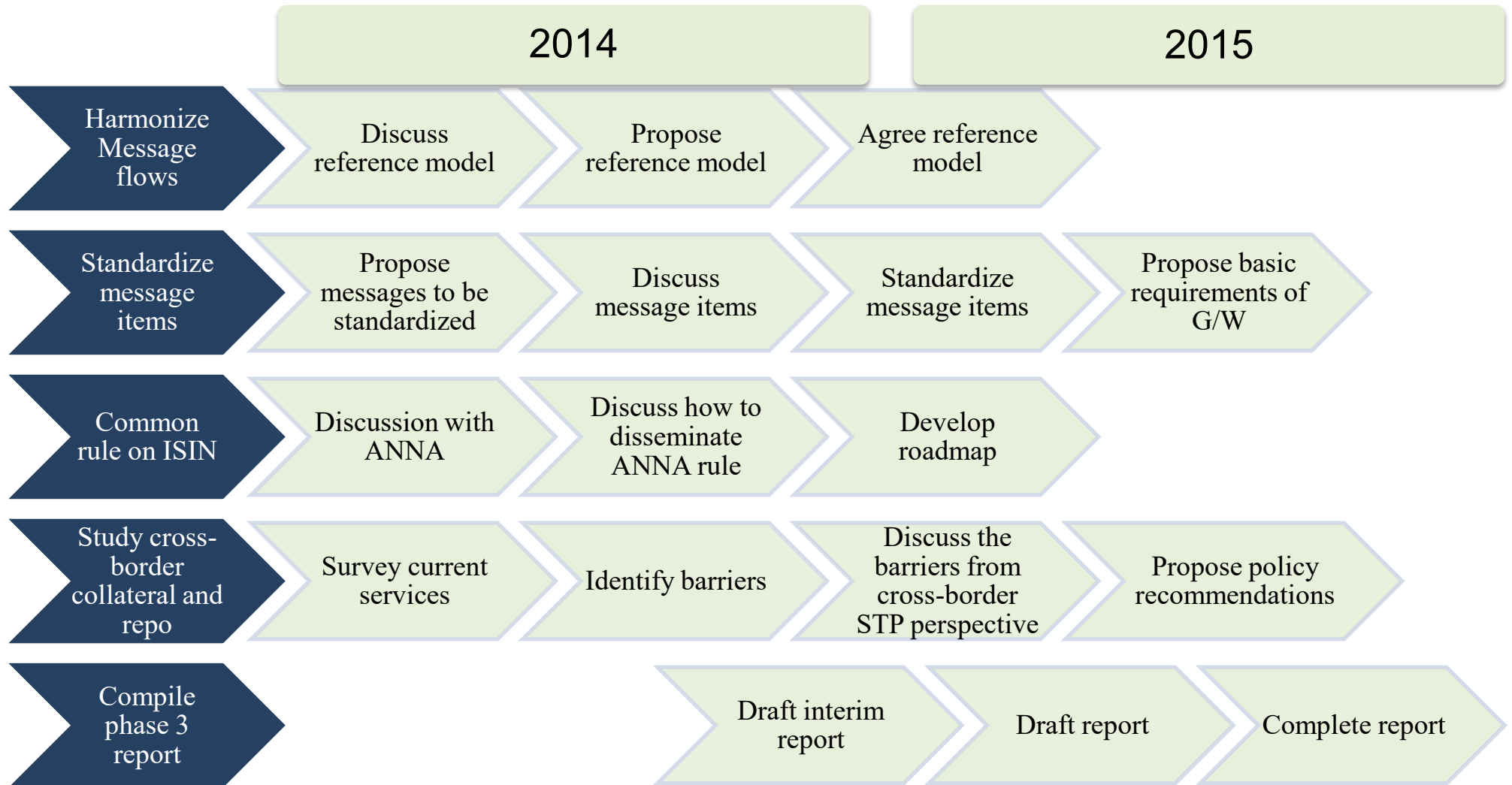


Figure 7: Schedule of ABMF SF2

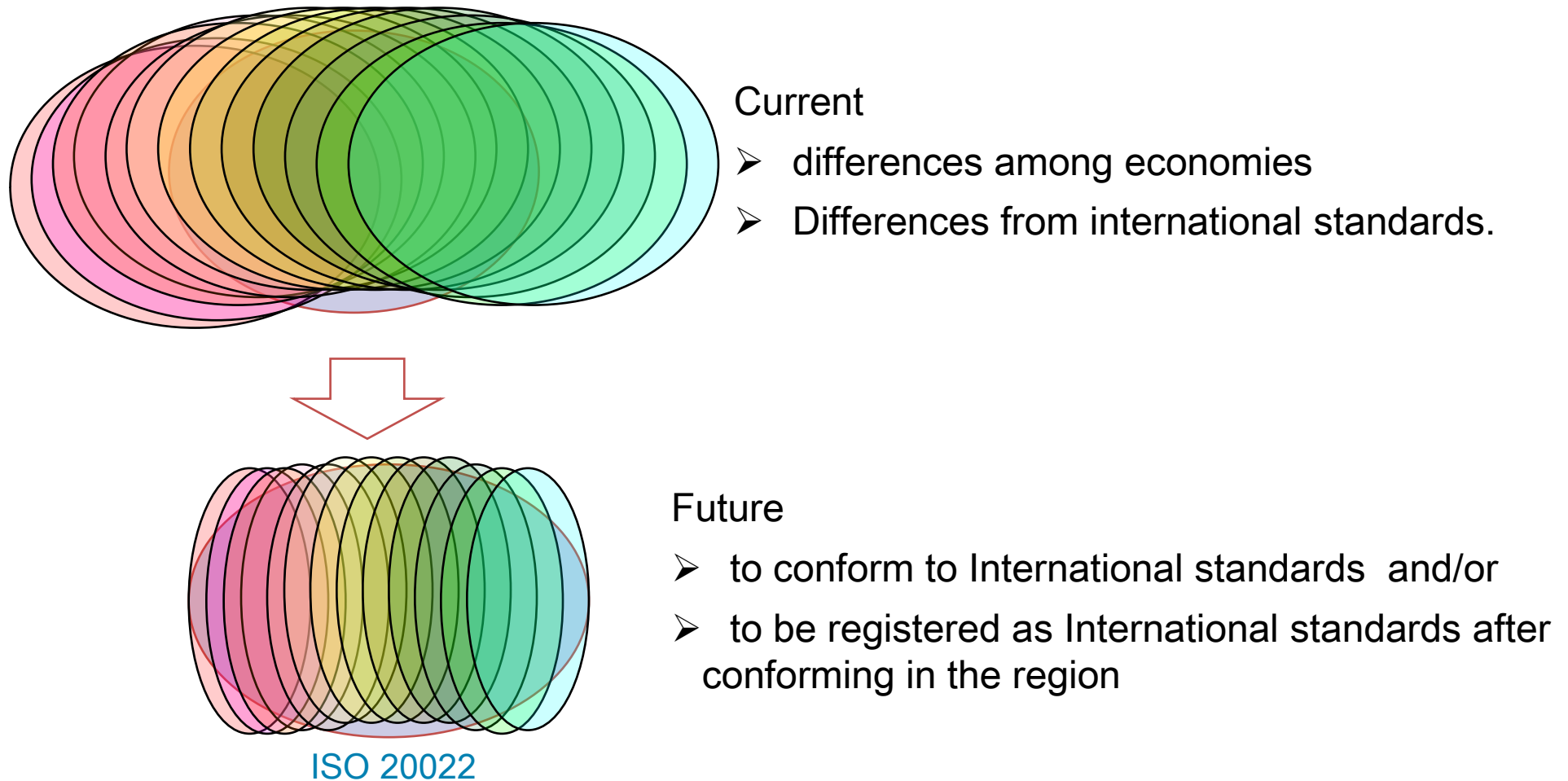
		Meeting Schedule	Tasks
2014	Jan		Preparation for Questionnaire Items
	Feb		
	Mar	15 <sup>th</sup> ABMF SF2 in Manila, Philippines	Reply to Questionnaire from Each Economy
	Apr		
	May		Survey on Message Items
	Jun	Economy Visits (PH,MY,ID)	
	Jul		
	Aug		Drafting the Report and Supplement Surveys
	Sep	16 <sup>th</sup> ABMF SF2 in Hong Kong Economy Visits (HK)	
	Oct		
	Nov		
	Dec		
2015	Jan	17 <sup>th</sup> ABMF SF2 in Manila, Philippines	Interim Report
	Feb		
	Mar		



# Harmonization and Standardization of Message Flows and Items

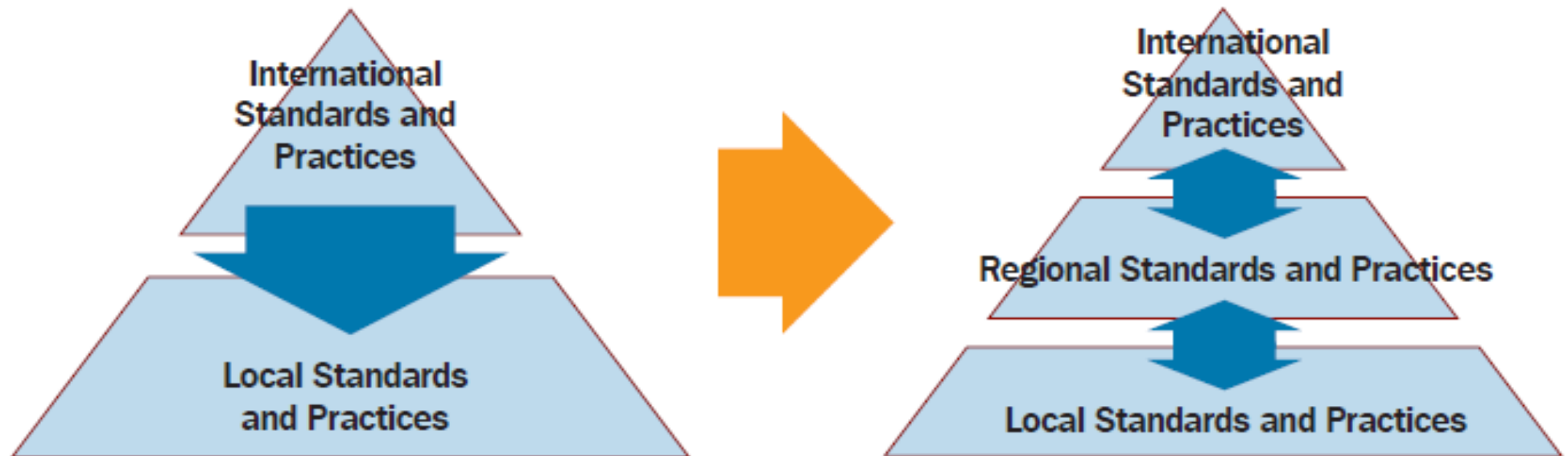
Figure XX Possible Goals of Sub-Forum 2

## ASEAN+3 proprietary practices



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

## ISO 20022 Standard from ASEAN + 3



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

Source: ABMF SF2.

# ISO 20022

**RMG:**

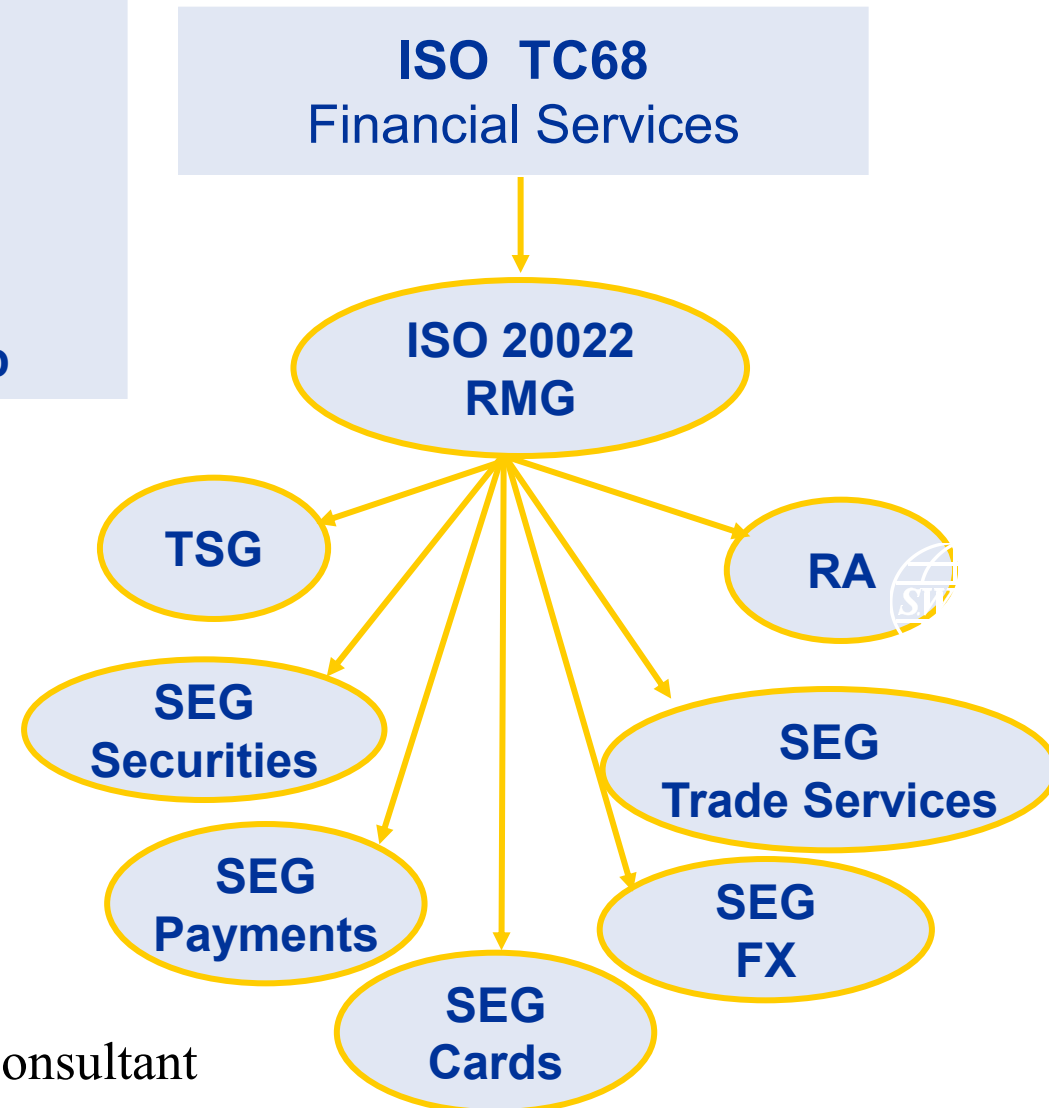
**Registration Management Group**

**PSEG:**

**Payment Standard Evaluation Group**

**SSEG:**

**Securities Standard Evaluation Group**

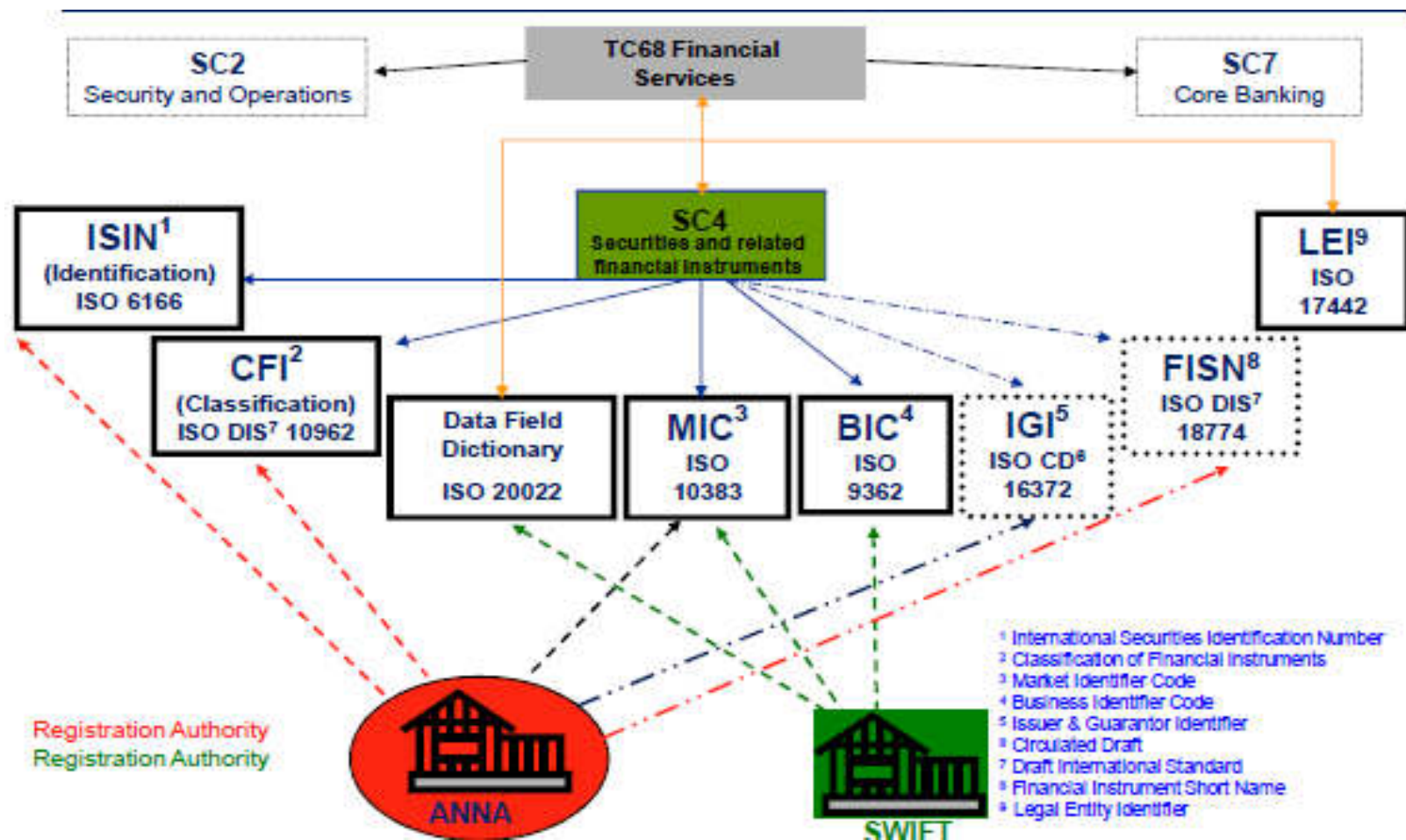


## Current status of membership to ISO 20022 related organizations from ASEAN+3

	<b>ISO member</b>	<b>TC68 member</b>	<b>RMG</b>	<b>PSEG</b>	<b>SSEG</b>
BN	Correspondent member (ABCI)				
CN	Full member (SAC)	Participant member	Member (PBOC)		
HK	Correspondent member (ITCHKSAR)	Observing member			
ID	Full member (BSN)				
JP	Full member (JISC)	Participant member	Member (BOJ)	Member (BOJ, Zenginkyo, NTT Data, JPMC, BTMUFI)	Member (BOJ, JASDEC, Mizuho CB, BTMUFI, NTT Data)
KH	Correspondent member (ISC)				
KR	Full member (KATS)	Participant member	Member (KFTC and KATS)	Member (KFTC)	
LA	Subscriber member (DISM)				
MM	Correspondent member (MSTRD)				
MY	Full member (DSM)	Observing member			
PH	Full member (BSP)	Observing member			
SG	Full member (SPRING SG)	Participant member	Member (Standard Chartered Bank, Deutsch Bank)	Member	Member (Standard Chartered Bank)
TH	Full member (TISI)	Observing member			
VN	Full member (STAMEQ)				

Source: ISO Website modified by ADB consultant

# International Securities Identification Number (ISIN)

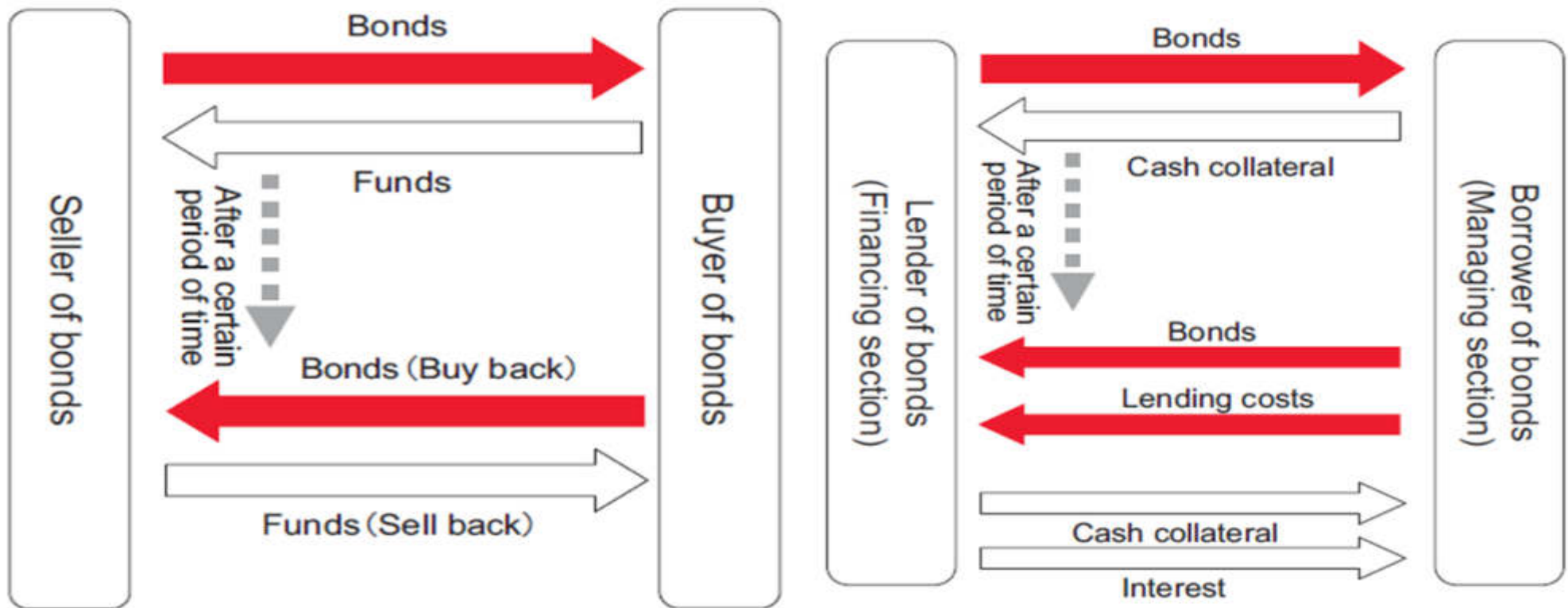


Source: ANNA modified by ADB consultant

# Collateral and Repo Transaction



## “Sell and Buy-Back Repo” versus “Pledge or Borrowing & Lending”



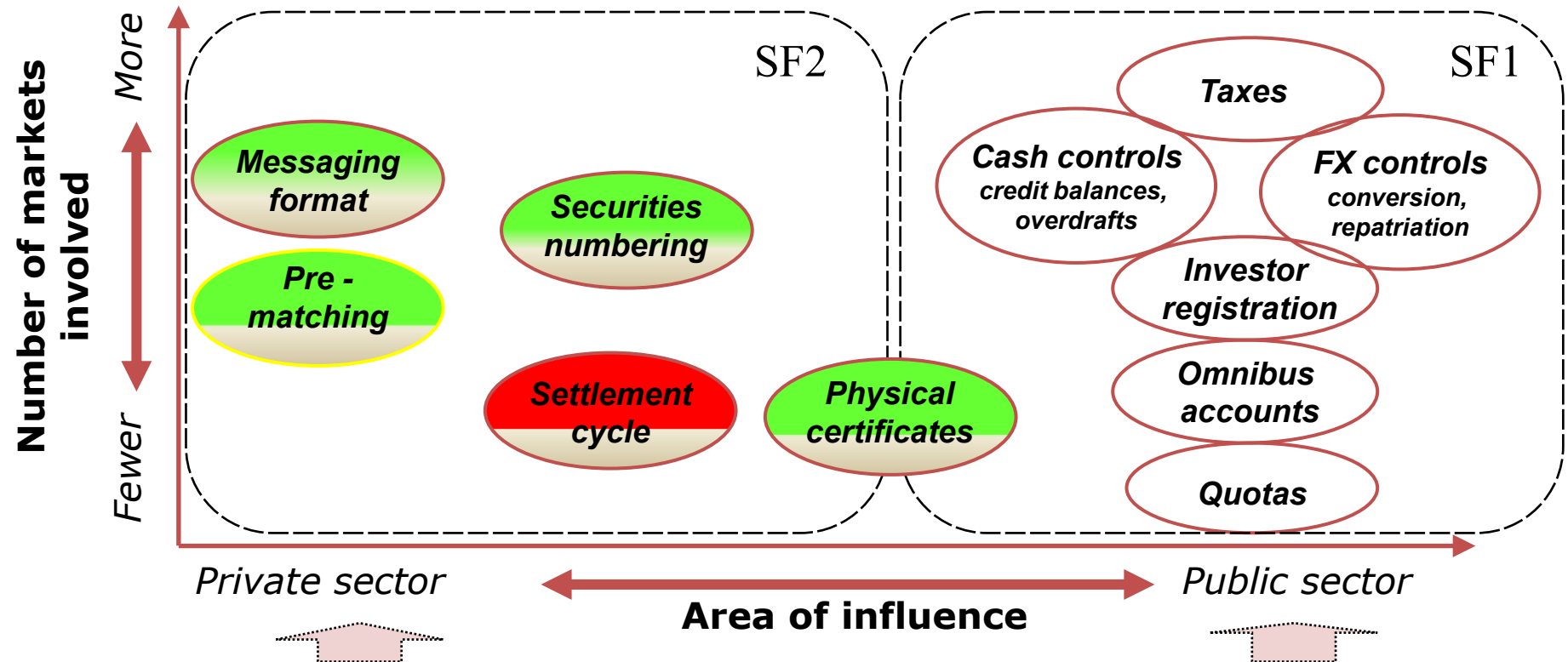
Source: Ministry of Finance Japan modified by ADB consultant

# Repurchase Transaction

	Sale & Purchase	Pledged / Borrowing & Lending
CN	<ul style="list-style-type: none"> <li>( Interbank market )</li> <li>• Outright Repo : 3.4% of trade volume.</li> <li>• A transfer of ownership occurs</li> </ul>	<ul style="list-style-type: none"> <li>( Interbank market )</li> <li>• Pledged Repo: 96.6% of trade volume</li> <li>• Non-transfer of ownership</li> </ul>
HK	<ul style="list-style-type: none"> <li>• Classic Repo</li> </ul>	<ul style="list-style-type: none"> <li>• Borrowing and lending market exists, but is not clear whether it is used as an alternative to Repo.</li> </ul>
ID	<ul style="list-style-type: none"> <li>• Sell/Buy-back 50-70%</li> <li>• Classic-asset Blocking 20-40%</li> </ul>	<ul style="list-style-type: none"> <li>• Not exist</li> </ul>
JP	<ul style="list-style-type: none"> <li>• Gensaki Transactions (sale and purchase): 20% share in Repo market</li> </ul>	<ul style="list-style-type: none"> <li>• Bond Borrowing and Lending used as an alternative to Repo(Cash Collateralized Repo): approx. 80% share in Repo market</li> </ul>
KR	<ul style="list-style-type: none"> <li>• [OTC Repo] Most Repos are so-called “Classic Repo” that combines spot sale and forward buy in a single contract. Sell/Buy-back type Repo is almost non existent.</li> <li>• [Exchange Repo] Only Classic Repo</li> </ul>	<ul style="list-style-type: none"> <li>• Borrowing and lending market exists, but is not used as an alternative to Repo</li> </ul>
MY	<ul style="list-style-type: none"> <li>• Classic Repo and Sell/Buy-back</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>
PH	<ul style="list-style-type: none"> <li>• Classic Repo with 3rd party collateral management.</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>
SG	<ul style="list-style-type: none"> <li>• Real Repo (transfer of ownership )</li> </ul>	<ul style="list-style-type: none"> <li>• Not exist</li> </ul>
TH	<ul style="list-style-type: none"> <li>• Most repos are in the form of “classic Repo” while “sell &amp; buy back” is not popular because there is no tax incentive.</li> </ul>	<ul style="list-style-type: none"> <li>• securities borrowing and lending exists but not active.</li> </ul>
VN	<ul style="list-style-type: none"> <li>• All repos are in form of “classic Repo”</li> </ul>	<ul style="list-style-type: none"> <li>• Not exist</li> </ul>

Source: SRO WG modified by ADB consultant

## Review of Barriers



### **Improve information flows in the markets**

**SF1**

*Timely information, uniform disclosure, price transparency, market statistics, information on corporate actions and legal information such as bankruptcy and insolvency laws.*

Source: GOE Report modified by ADB consultant

# Policy Recommendations

## 1) Harmonization of message flow

- DVP Model 1 of BIS definition shall be adopted for bond settlement in ASEAN+3, whenever the market infrastructures (such as CSD and RTGS systems) in each country/economy reach the period of reconstruction of the systems.
- Less liquid instrument (bond) shall be locked (earmarked) first, and after transferring more liquid instrument (fund) which means after completing cash settlement, locked bond shall be released to complete DVP settlement.

## 2) Adoption of International Standards

- International Standards shall be adopted when the market infrastructures (CSD and RTGS systems) reach the period of reconstruction. Followings are the examples of the International Standards to be adopted.

Message standard: ISO 20022

Financial Institution Identifier: ISO 9362 (BICFI)

Securities Numbering: ISO 6166 (ISIN)

Country Code: ISO 3166-1

Currency Code: ISO 4217

### 3) Standardization of Message Items

- Essential (minimum) message items to effect DVP settlement shall be standardized based on ISO 20022. Following messages and their items are proposed as preliminary basis for further discussions of standard message items.

Bond settlement instruction: sese.023

Matched result: sese.024

Bond settlement confirmation: sese.025

Cash settlement information/instruction: pacs.009

Cash settlement confirmation: camt.054

### 4) Facilitating Standard Evaluation Groups

- It is advised that each country/economy which does not have ISO 20022 Securities Standard Evaluation Group (SSEG) and Payment Standard Evaluation Group (PSEG) establish the groups by joining to Technical Committee 68 (TC68) as a participating member when the country/economy becomes ready to contribute to the decision making processes related to ISO 20022.

## 5) Establishing National Numbering Agency (NNA)

- ABMF SF2 has been promoting to adopt International Securities Identification Number (ISIN) as the standard securities numbering in ASEAN+3. Also, considering the importance of the standardization of securities numbering for cross-border STP, it is advised that each country/economy which doesn't have National Numbering Agency (NNA) yet shall establish it when the country becomes the stage to issue significant amount of bonds.

## 6) Cross-border collateral and repo service

- Further survey may be necessary for collateral and repo services. For the time being, ABMF SF2 recommends adopting sell and buy back repo. Sell and buy back is the standard of repo transaction all over the world and Global Master Repurchase Agreement (GMRA) support legal aspect concerning introduction of repo into the market. In a sell and buy back repo, payment of tax on coupon payment is complex. It is ideal that there is no tax on coupon payment for securities transactions inside ASEAN+3.

## 7) Market Practices

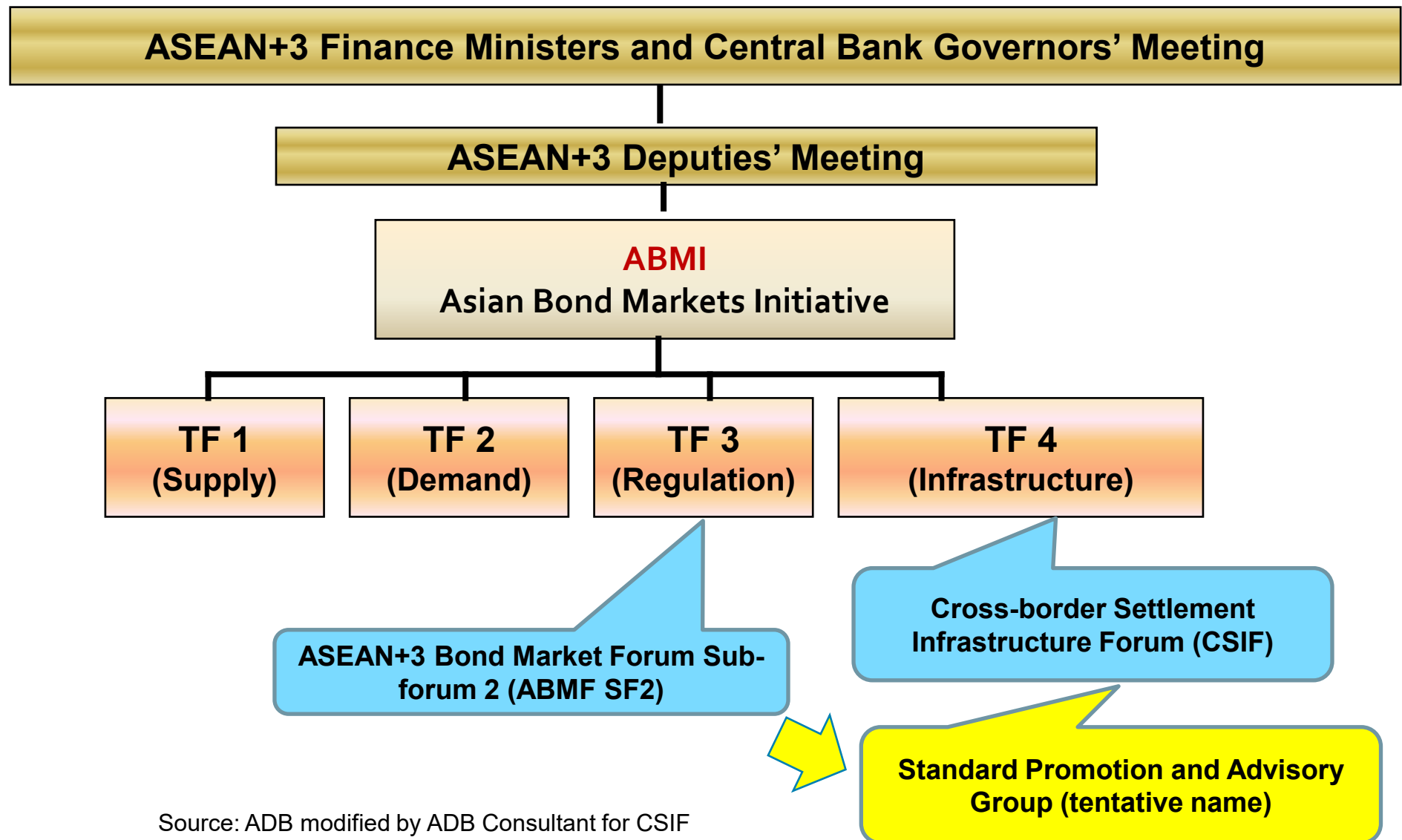
- Market practices are regarded as one of the most important issues to be harmonized and tried to find solutions by ABMF SF2. However, no significant outcome is obtained for the time being. It is recommended that further survey may be necessary to implement cross-border STP in particular to support CSD-RTGS Linkages.

## 8) Reorganization of ABMF SF2

- Supporting CSIF which is trying to implement CSD-RTGS Linkages (RSI) in ASEAN+3 is one of the most important missions of ABMF SF2. ABMF SF2 is expected to support defining user requirements and standardizing related messages of CSD-RTGS Linkages. Therefore, it is recommended that a new group “Standard Promotion and Advisory Group (tentative name)” shall be established under CSIF by reorganizing ABMF SF2.



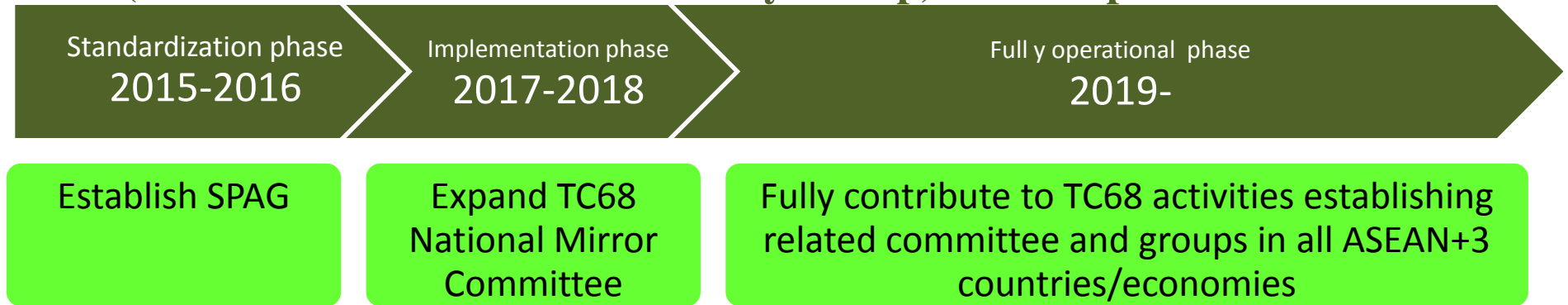
Figure 9



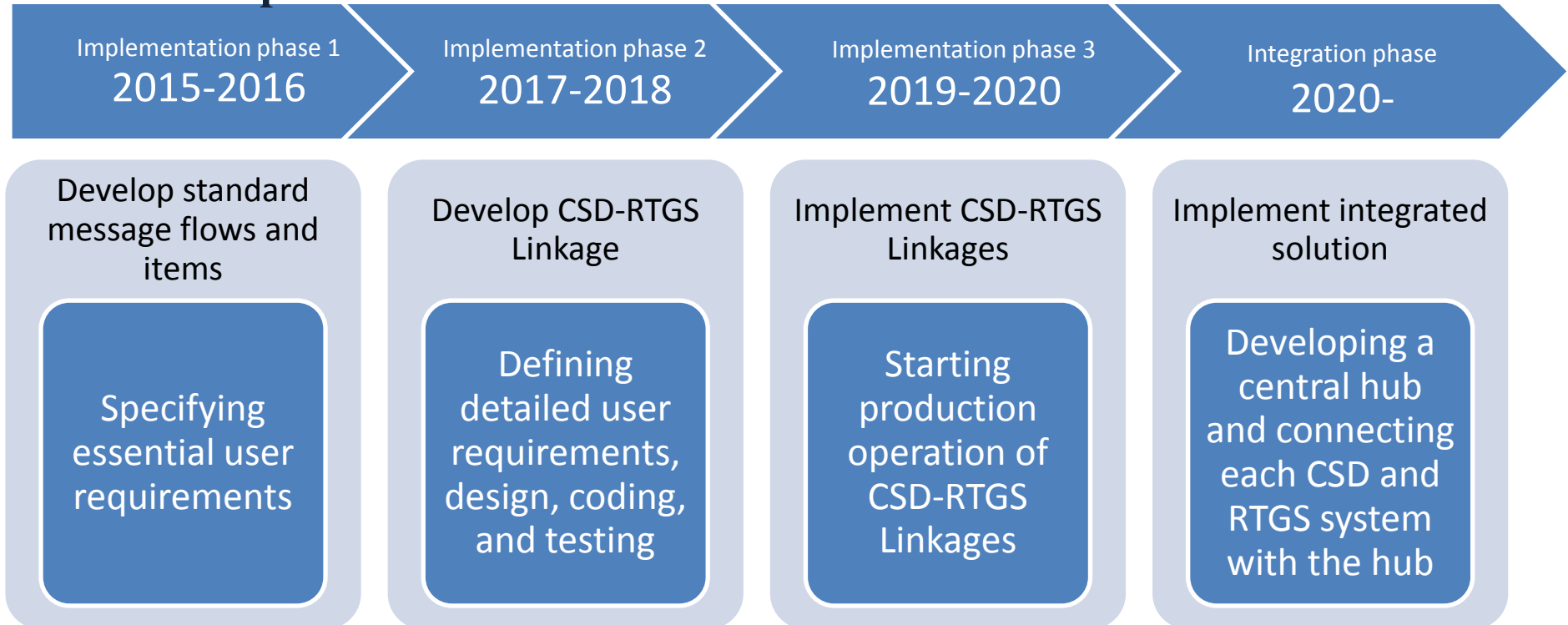
# Roadmap of SPAG

- in line with that of CSIF -

## SPAG (Standard Promotion and Advisory Group) Roadmap



## CSIF Roadmap



# Thank you so much



This PowerPoint slides are made solely for the discussions of the 17<sup>th</sup> ABMF SF2 on 22 January 2015. Views expressed are those of the presenter and do not necessarily reflect those of the Asian Development Bank or any other organizations.

Taiji Inui ADB consultant for ABMF SF2,  
NTT DATA Corporation  
Phone: +81-50-5547-1282  
E-mail: [inuit@nttdata.co.jp](mailto:inuit@nttdata.co.jp)

### **Session 3: AMBIF and settlement of AMBIF bonds** by ADB Secretariat team

- Updates on AMBIF discussion and issues related to settlements

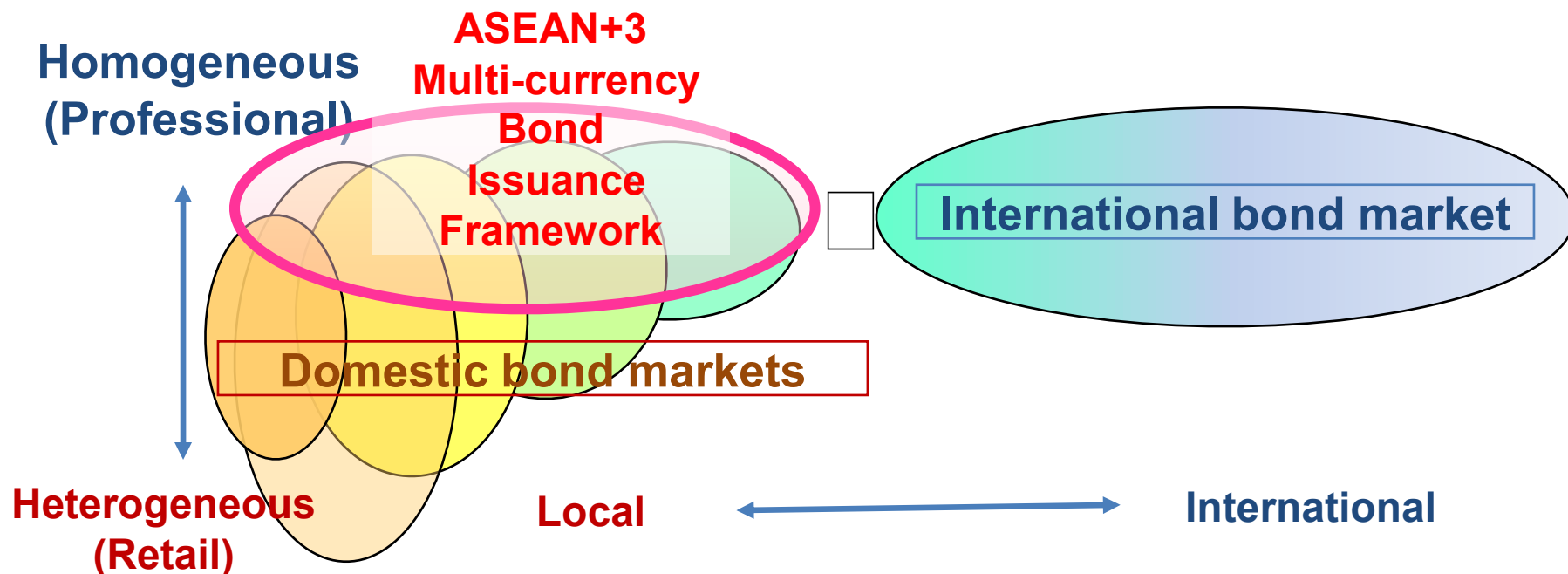
# **Session 3:**

# **AMBIF and settlement of AMBIF bonds**

ASEAN+3 Bond Market Forum SF2  
*22 January 2015*

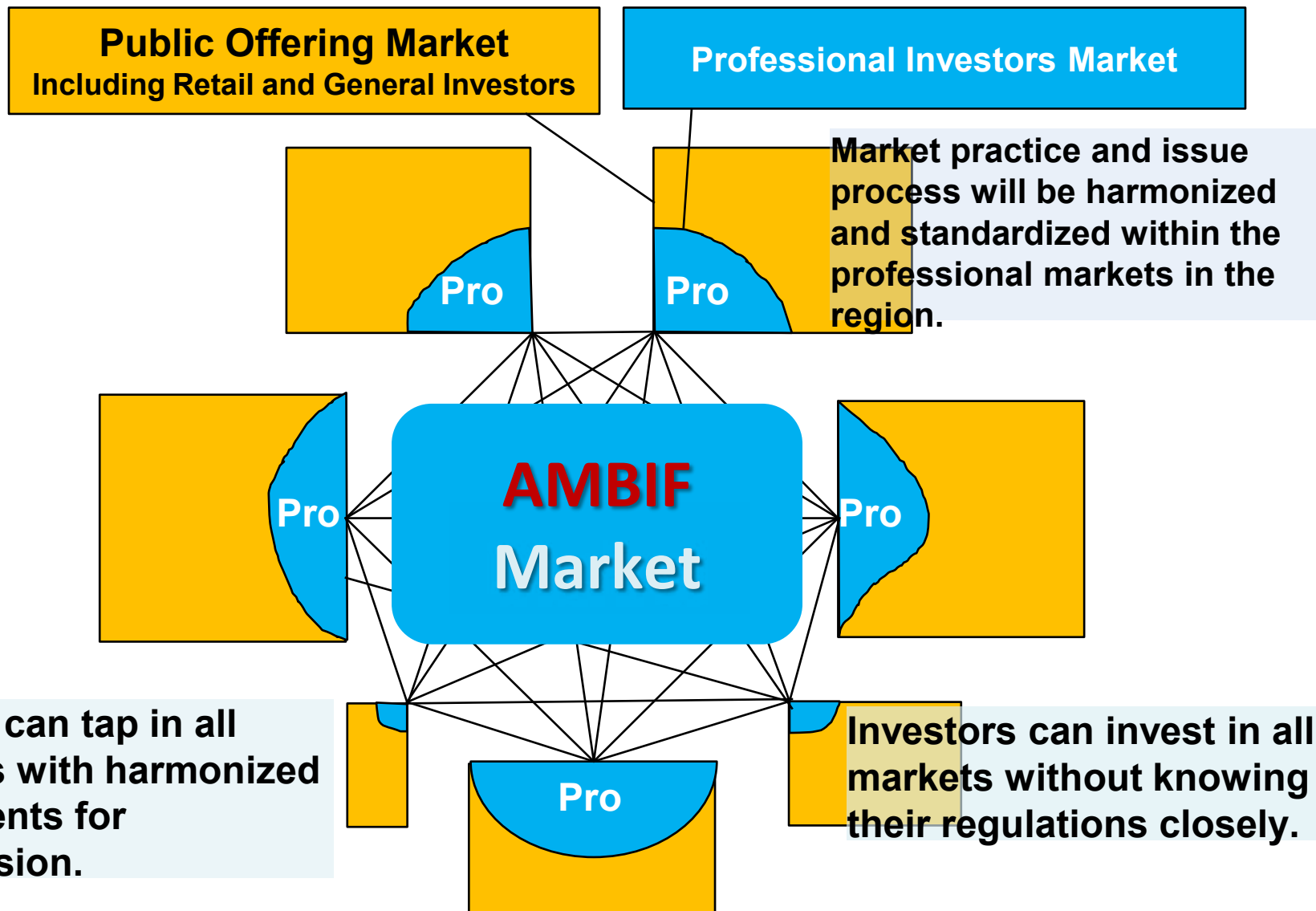
Satoru (Tomo) Yamadera,  
Principal Financial Sector Specialist,  
RSDD, ADB

# AMBIF as a regional nexus



- ❖ By focusing on the professional markets, where the rules are more or less the same, we can create the common bond issuance framework in the region by taking applicable international bond market practices as a reference.

# Image of AMBIF Market



# AMBIF Elements

AMBIF Elements	Brief Description
✓ Domestic Settlement	Bonds/notes are settled at a National CSD in ASEAN+3
✓ Harmonized Documents for Submission (Single Submission Form)	Common approach of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information along with ADRB recommendation needs to be included.
✓ Registration or profile listing at ASEAN+3 (Place of continuous disclosure)	Information on bonds/notes and issuer needs to be disclosed continuously in ASEAN+3. Registration or listing authority function is required to ensure continuous and quality disclosure.
✓ Currency	Bonds/notes are denominated in currencies normally issued in domestic bond markets of ASEAN+3
✓ Scope of Issuer	Resident of ASEAN+3
✓ Scope of Investors	Professional investors defined in accordance with applicable laws and regulations or market practice in each market in ASEAN+3



# AMBIF concept of governing law

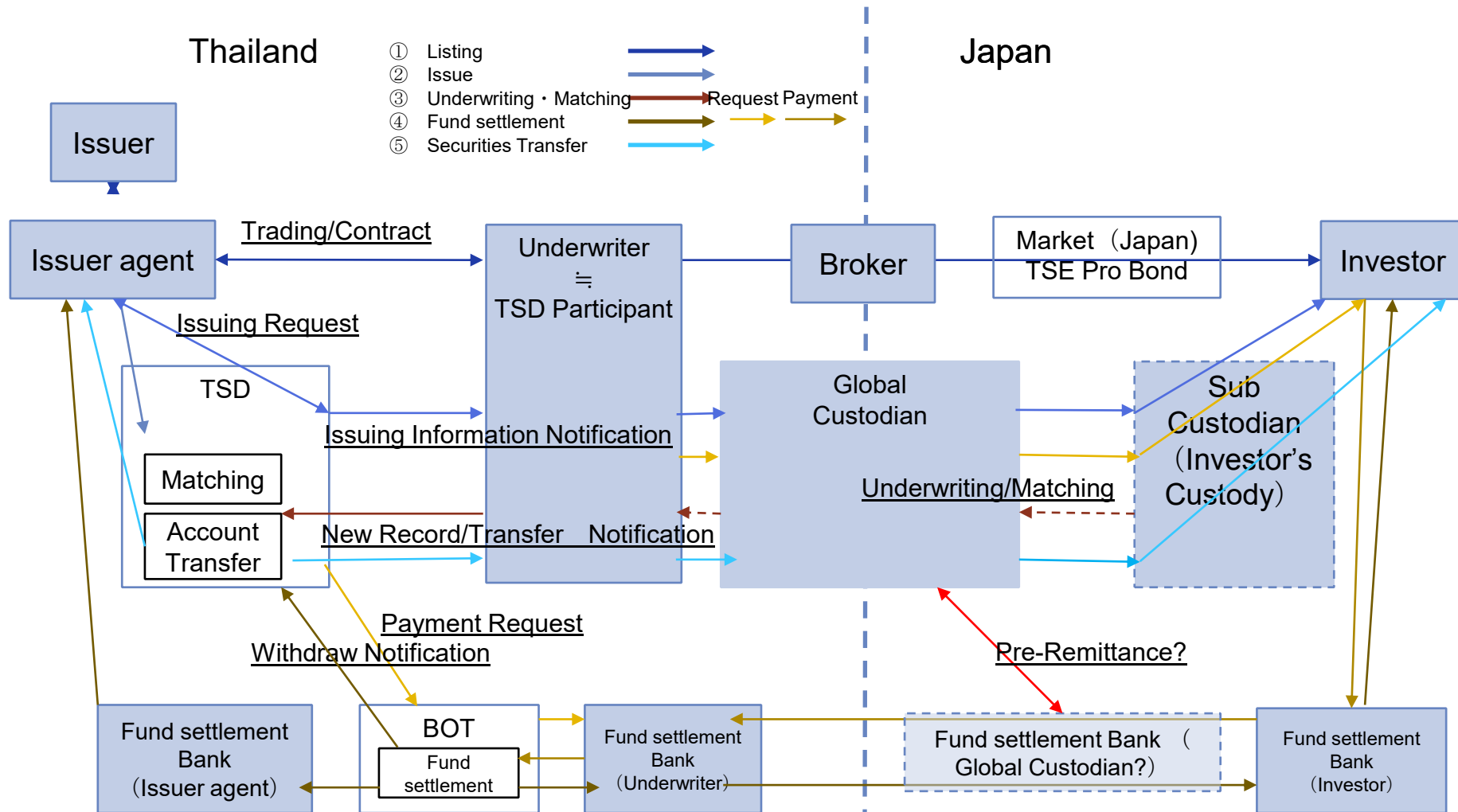
- One of the biggest challenges of AMBIF is how to coordinate governing law and jurisdiction for the parties involved since AMBIF bond is a domestic bond (a “National CSD in ASEAN+3” settled bond).
- Based on the information collected to produce the ASEAN+3 Bond Market Guide, the markets below can be coordinated if we focus on professional participants. Governing law of settlement and issuance needs to be local but the governing law of contract parties could be English-equivalent/closer due to market practice or agreed.

	Place of issuance	Law related with issuance and settlements	Governing law of the contract parties	Currencies issued
	<i>ICSD (EC, CS)</i>	<i>English</i>	<i>English or agreed law</i>	<i>Euro-USD, -JPY, -CNY</i>
<b>AMBIF Bond</b>	<b>HK</b>	<b>HK</b>	<b>HK, English or agreed</b>	<b>HKD, USD*, JPY*</b>
	<b>JP</b>	<b>JP</b>	<b>JP law (But regarded English equivalent/closer due to market practice)</b>	<b>JPY, USD*</b>
	<b>KR</b>	<b>KR</b>	<b>KR law or agreed law</b>	<b>KRW, USD*</b>
	<b>MY</b>	<b>MY</b>	<b>MY, English or agreed</b>	<b>MYR, USD*</b>
	<b>PH</b>	<b>PH</b>	<b>PH, US, English or agreed</b>	<b>PHP, USD*</b>
	<b>SG</b>	<b>SG</b>	<b>SG, English or agreed</b>	<b>SGD, USD*, JPY*, CNY*</b>
	<b>TH</b>	<b>TH</b>	<b>TH or agreed law</b>	<b>THB, USD*</b>

\* These are foreign-currency denominated domestic bonds .

- AMBIF bonds are domestic bonds, thus, the laws/regulations related to issuance and settlements have to be the ones at the issuance place.
  - ✓ If issued in Thailand, it needs to be governed by Thai law.
- AMBIF bonds are domestic bonds, but can be listed and offered at the ASEAN+3 markets where the bonds are not issued and settled.
  - ✓ For example, a TH AMBIF bond is normally registered at Thai BMA, but it can be listed at SGX or/and TSE if the issuer wants to do so to attract more investors outside Thailand.
  - ✓ In this case, transaction process is the same as the ordinary process of foreign investor's purchase of Thai Baht-denominated bonds through custodians.
- In the future, as AMBIF transactions grow, CSD linkages may be considered to facilitate the transactions.

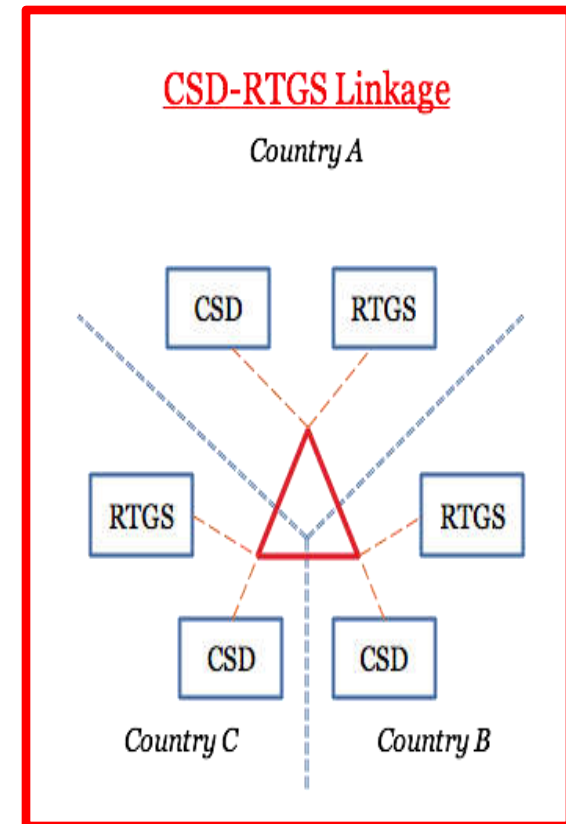
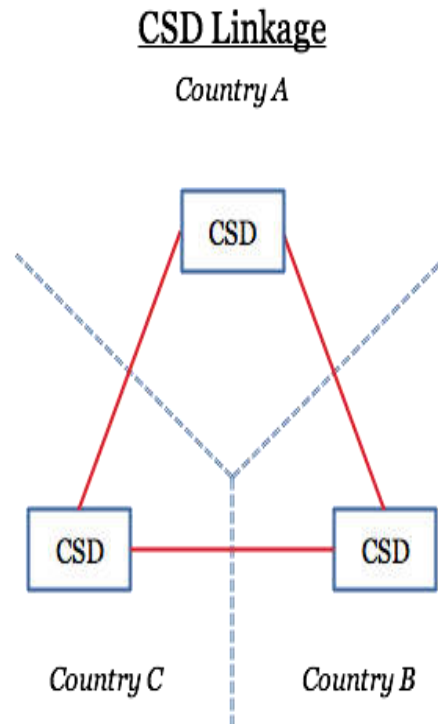
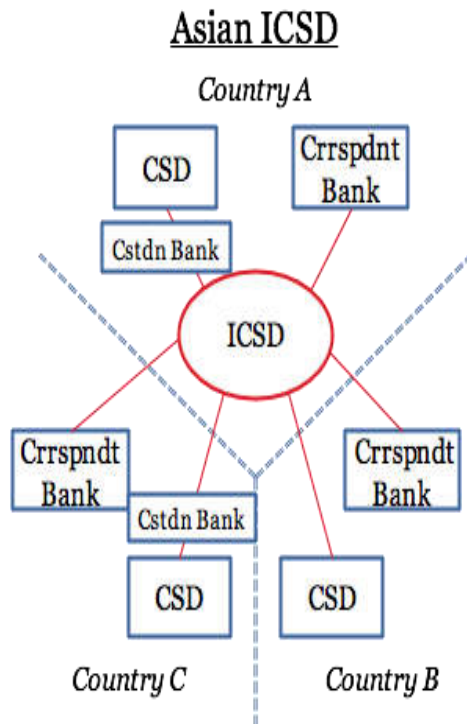
# Example of JP and TH





## CSD-RTGS Linkage

Linkage among national CSDs and real time gross settlement (RTGS) systems operated by Central Banks.



**Session 4: Introduction of Financial Services  
Standardization in Asia**  
by ADB Secretariat team

- ISO TC68 and Asia's involvement in ISO

# **Session 4:**

# **Introduction to Financial Services Standardization**

ASEAN+3 Bond Market Forum SF2  
*22 January 2015*

Satoru (Tomo) Yamadera,  
Principal Financial Sector Specialist,  
RSDD, ADB

- What is ISO?
- What financial services standards are created by ISO?
- How is a standard created?
- Why should we take part in the standardization process?

# What is ISO?

- **ISO (International Organization for Standardization)** is an independent, non-governmental membership organization.
- 166 member countries who are the national standards bodies around the world, with a Central Secretariat that is based in Geneva, Switzerland.
- ISO has published more than 19,500 International Standards covering almost every industry, from technology, to services including finance, to agriculture and healthcare.





# Technical Committee 68

Committee	Title
ISO/IEC JTC 1	Information technology
ISO/IEC JPC 2	Joint Project Committee - Energy efficiency and renewable energy sources - Common terminology
ISO/TC 1	Screw threads
ISO/TC 2	Fasteners
ISO/TC 4	Rolling bearings
ISO/TC 5	Ferrous metal pipes and metallic fittings
ISO/TC 6	Paper, board and pulps
ISO/TC 8	Ships and marine technology
ISO/TC 10	Technical product documentation
ISO/TC 11	Boilers and pressure vessels
ISO/TC 12	Quantities and units
⋮	
ISO/TC 68	Financial Services
ISO/TC 69	Applications of statistical method
⋮	

# What financial standards are created by ISO?

- ISO 4217 Codes for the representation of currencies and funds
- ISO 6166 International Securities Numbering System (ISIN)
- ISO 9362 Business identifier code (BIC)
- ISO 9564 Personal Identification Number (PIN)
- ISO 10383 Codes for exchanges and market identification (MIC)
- ISO 10962 Classification of Financial Instruments (CFI code)
- ISO 13616 International bank account number (IBAN)
- ISO 15022 Scheme for messages (Data Field Dictionary)
- ISO 20022 Universal financial industry message scheme
- ISO 17442 Legal Entity Identifier (LEI)

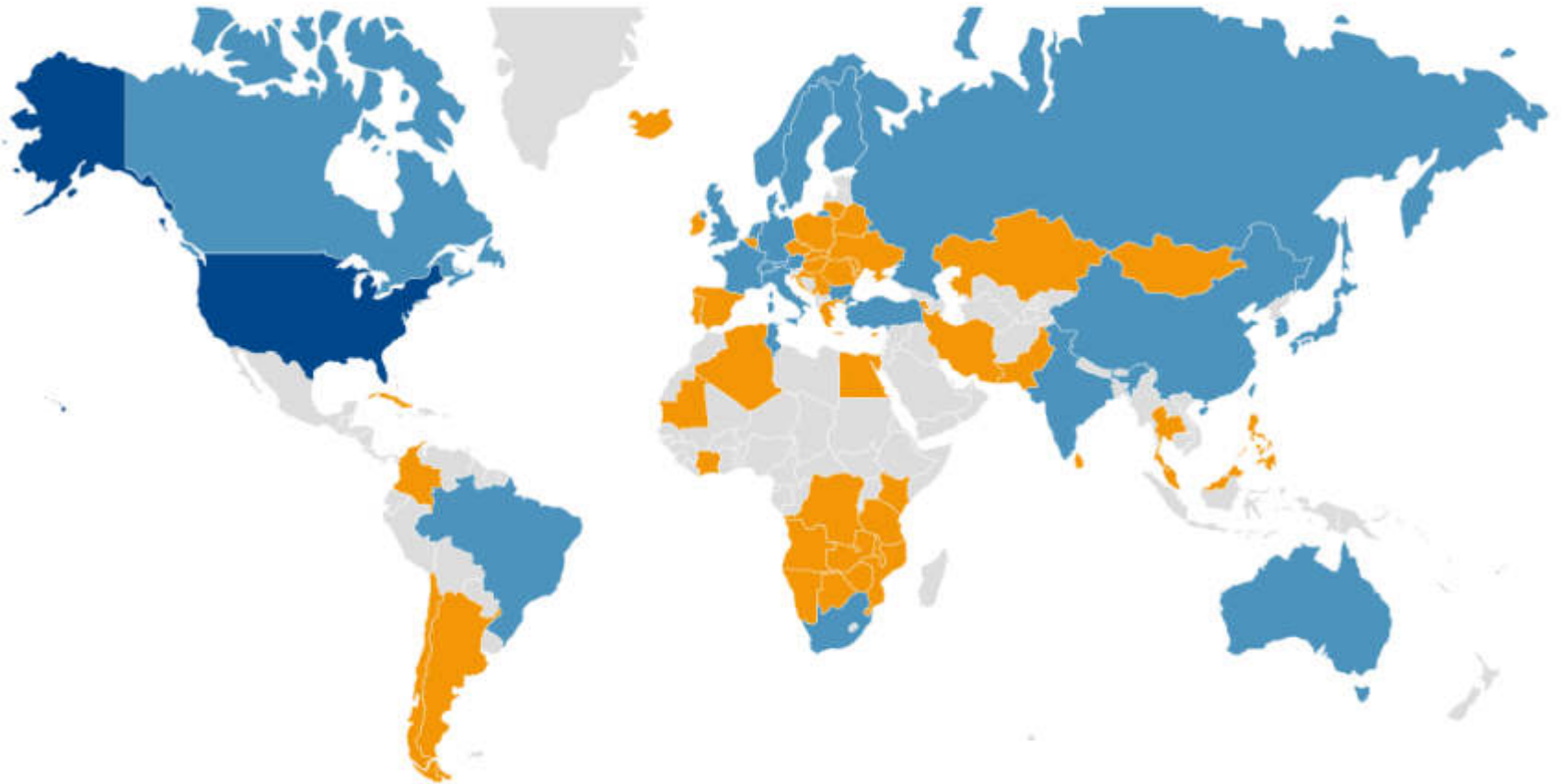
# How is a standard created?

- To create a standard, it has to go through certain procedures defined by ISO.
  - WG discussion, then, the committee decision
- A standard is created by voting by the ISO members.
  - 2/3 majority of 'Yes' and less than 1/4 of 'No' votes

# Why should we take part in the ISO process?

- ISO discussion and an ISO standard is decided and created by voting, hence, Asian representation matters.
- It is likely for us to propose a new standard based on our market practice. It is desirable we secure enough representation and enough votes to push our opinion through ISO process.
- ISO standards may have certain legal effect under WTO Agreement on Technical Barriers to Trade.

## ISO/TC 68 - Financial services



**Secretariat: USA**

**Participating countries: 27, Observing countries: 51**

	ISO member	TC68 member	RMG	PSEG	SSEG
BN	Correspondent member (ABCI)				
KH	Correspondent member (ISC)				
CN	Full member (SAC)	Participant member	Member (PBOC)		
HK	Correspondent member (ITCHKSAR)	Observing member			
ID	Full member (BSN)				
JP	Full member (JISC)	Participant member	Member (BOJ)	Member (BOJ, Zenginkyo, NTT Data, JPMC, BTMUFI)	Member (BOJ, JASDEC, Mizuho CB, BTMUFI, NTT Data)
KR	Full member (KATS)	Participant member	Member (KFTC and KATS)	Member (KFTC)	
LA	Subscriber member (DISM)				
MY	Full member (DSM)	Observing member			
MM	Correspondent member (MSTRD)				
PH	Full member (BSP)	Observing member			
SG	Full member (SPRING SG)	Participant member	Member (Standard Chartered Bank, Deutsch Bank)	Member	Member (Standard Chartered Bank)
TH	Full member (TISI)	Observing member			
VN	Full member (STAMEQ)				

## **Session 5: ISO 20022 management process and governance**

by Mr. James Whittle, UK Payments Council

- UK experience of financial services standardization
- ISO and its governance
- ISO 20022 RMG and registration procedure
- Involvement of market experts

# **ISO 20022 Management process and governance**

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**17th ASEAN+3 Bond Market Forum (ABMF) Meeting**

22nd January 2015

Asian Development Bank



# Summary agenda

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- My background in industry and at ISO
- What is ISO and how does it operate
- Experiences of ISO and standardisation from the UK market
- ISO 20022 processes and governance
- Summary and questions



International  
Organization for  
Standardization

# My role with banks and at ISO

---

- I work for a private sector bank funded industry body that works to develop and maintain the payments infrastructure in the United Kingdom
- My role includes responsibility for industry standards which are critical to the successful operation of the payments market infrastructure in the U.K.
- Regulation is increasing driving change and industry standards are crucial to enabling the regulatory objectives of competition, innovation and end-user benefits
- Standards are considered by industry to be a matter that is ***deeply collaborative***
- My team is funded by the commercial banks present in the UK market to engage with standards activities this gives benefit to the industry in a number of ways
- I am convenor of the ISO 20022 Registration Management Group and chaired ISO group that developed the Legal Entity Identifier standard. I have also acted as Head of Delegation to ISO Financial Services for the UK

# ISO and its governance

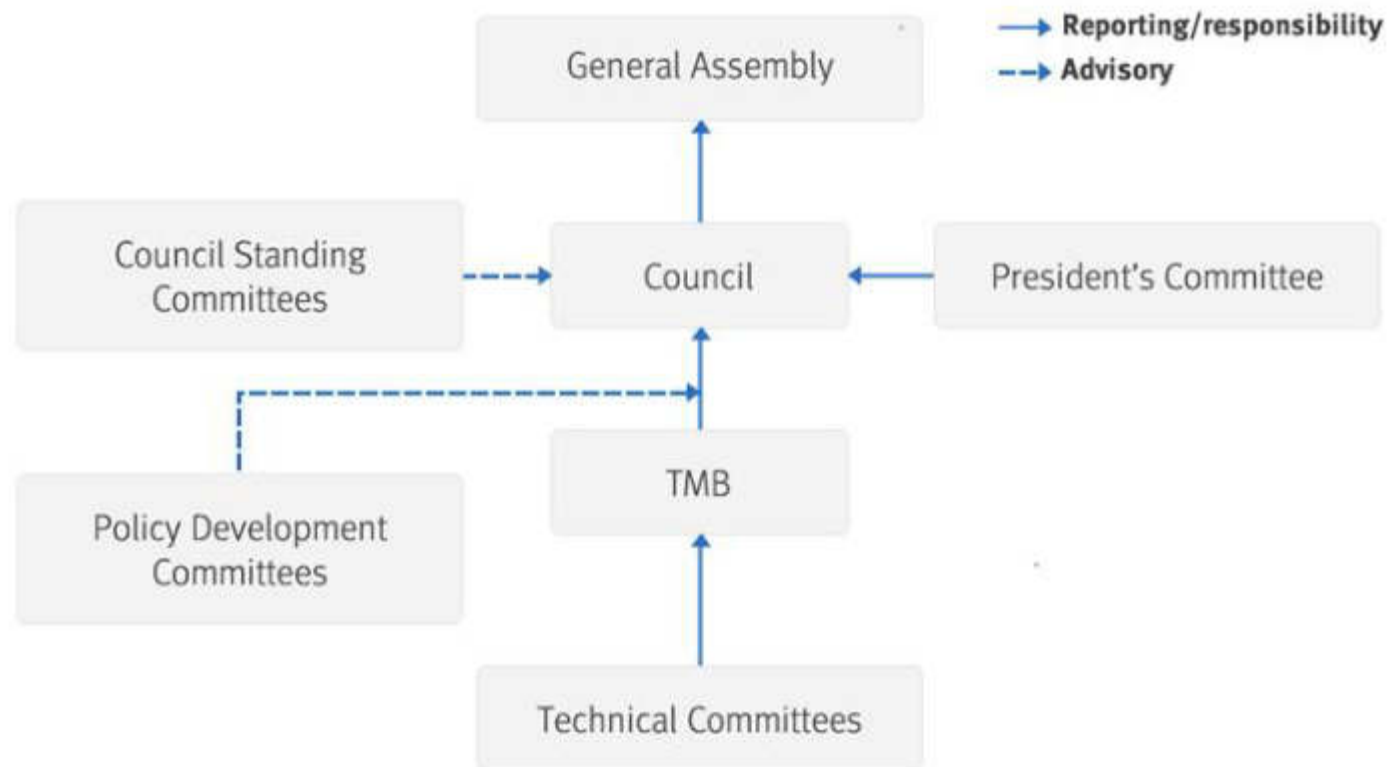
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# What is ISO?

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- ISO is an independent, non-governmental organization made up of members from the **national standards bodies** of 165 countries
- Members play a vital role in how ISO operates through the General Assembly that decides strategic objectives
- There are three member categories. Each enjoys a different level of access and influence over the ISO system
  - Full member
  - Subscriber member
  - Correspondence member
- Central Secretariat in Geneva, Switzerland, coordinates the system directed by the Secretary General

# ISO governance structure



The Secretary General is a member of the President's Committee, reports to the President and to Council and receives advice from the policy and advisory groups (who also advise Council). The Central Secretariat is responsible for supporting the governance and policy and advisory structure and the operations of ISO.

# How does ISO work?

---

- ISO standards are developed by the people that need them, through a consensus process. Experts from all over the world develop the standards that are required by their sector. These experts are proposed by national members
- ISO develops technical standards in many areas including technology, product safety, energy management. More than 19000 ISO standards are published
- The work is divided between Technical Committees (TC)
- The development process is carried out through experts participating in committees and working groups
- Agreement/approval of a standard reflects a double layer of consensus – first within the industry (market players) and then with the ISO country members

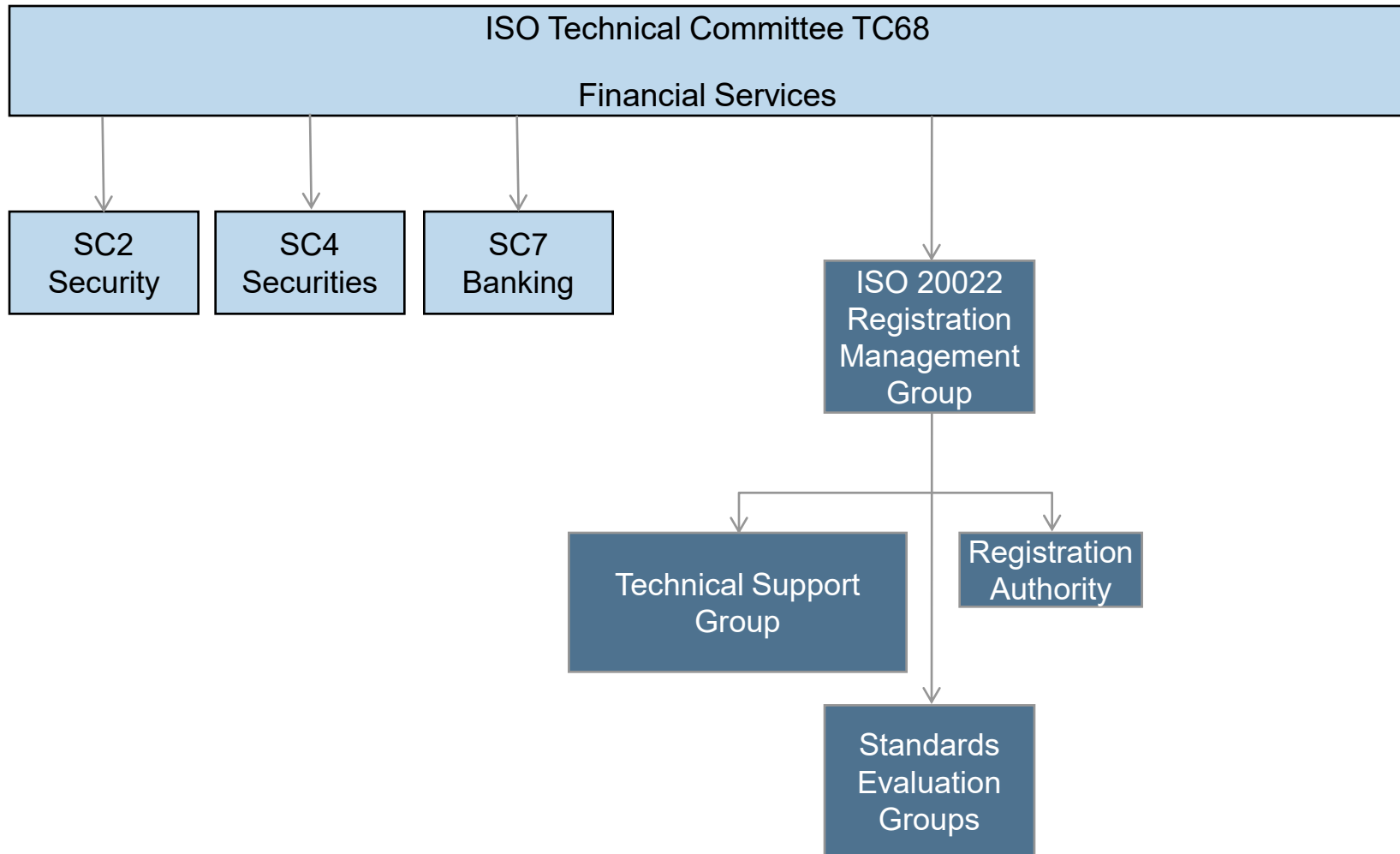
# Membership Structure

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- Country Members
  - Through national standards bodies
  - Two levels of country membership
    - P (participating)
    - O (observing)
- Liaison Organizations (external)
- International or broadly based regional organizations working or interested in similar or related fields
- Three liaison levels
  - A (to participate at the TC or SC levels and their working groups)
  - B (to receive information about the TC, SCs and/or their WGs. Mainly for intergovernmental organizations)
  - D (to participate at the WG level only)

# ISO Standards for Financial Services

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International  
Organization for  
Standardization



# ISO Governance and decision making

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- Develops international standards through worldwide network of national standards bodies
- Work performed within Technical Committees (TCs), their subcommittees (SCs) and working groups (WGs)
- 163 National Standards Bodies are represented within the ISO Framework
- ISO develops standards in many areas including technology, product safety, energy management. More than 19000 published standards in ISO collection
- The ISO standards development process is carried out through experts participating in committees and working groups
- Agreement/approval of a standard reflects a double layer of consensus – first within the industry (market players) and then across ISO member countries



# UK experience of financial services standardisation

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Why are we committed to industry standards?

- Industry standards are critical to the safe operation of the payments industry.
- Strategic benefits:
  - **Reduced operational cost** – improve operational efficiency and reduce indirect costs
  - **Reduced cost of compliance and risk management** – reduce indirect costs associated with operational and legal compliance testing and maintenance
  - **Improved Integrity at less cost** – interoperability across networks and infrastructure
  - **Greater service provider choice at reduced cost** – Open standards will improve the range and choice of service providers
  - **Faster cheaper industry innovation** – easier to re-use and extend common services, reducing time to market
  - **End user benefits** – Common standards for payments aid straight through processing and simplification of back office operations

# UK experience of financial services standardisation

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Our policy principles are:

- Adopt Global, European, or domestic standards, in that order, over proprietary standards
- The UK should seek to play an active (as opposed to passive) role in developing new global / European standards relevant to the banking and payments industry, and where appropriate engage with corporate representative bodies
- Standards should be designed to cover the complete end-to-end payment transaction chain, including customer initiation and notification / reconciliation, as well as identification and authentication
- Convergence between different standards organisations should be encouraged as part of a wider consolidation process
- Standards development must result in practical solutions that seek to minimise business impact on the adopters, with due consideration given to legacy migration issues

# UK experience of financial services standardisation

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Committed to ISO 20022 :

- The capability to extend both payment and remittance data in support of emerging requirements, such as enhanced data or fraud intelligence data sharing
- Improved industry interoperability between counterparties both within the UK and cross-border in other markets/currencies. Reducing the complexity, cost and risk of data manipulation and conversion in the inter-bank space and between banks and end-users
- Improved payments resilience via cross scheme interoperability for scheme participants, and easier redirection of payment flows irrespective of payment type for end-users, particularly in times of crisis or during service disruptions
- Reduced barriers to entry to the UK payments infrastructure supply market
- Reduced barriers to entry to the UK payments by challenger banks

# UK experience of financial services standardisation

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Our role:

- Operate and fund the UK national committee for financial services standardisation under contract to the national standards body (BSI). In this role we are neutral and bound by BSI governance and act in their name
- Lead the engagement between UK financial services industry and ISO and often act as Head of Delegation to ISO for the U.K.
- Contribute expertise and lead key activities at ISO for the benefit of industry – convenor of ISO 20022 Registration Management Group, Chair of ISO Standards Advisory Group, Chair of ISO 17442 LEI working group
- Represent UK industry interests
- Contribute to and uphold good governance following ISO principles

# UK experience of financial services standardisation

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My personal observations:

- Being actively engaged at ISO is a benefit for the UK banks
- The national engagement process with industry is important
- ISO has developed improved trust with regulators and competent authorities
- As an industry body trust and good governance is paramount
- ISO 20022 methodology adds value, although it can appear technically challenging
- Industry standards are, in the main, **not** a technical matter but should be considered a business issue

# ISO 20022 Registration Management Group

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# ISO 20022 RMG

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- The RMG is the highest ISO 20022 registration body: it monitors the overall registration process and has oversight of the RA. It reports directly to ISO TC68 and is the umbrella organisation that deals with all matters ISO 20022.
- The RMG membership is senior industry experts nominated by ISO member countries or category A liaison organisations (29 members plus India becoming active).

Australia	Japan	Euroclear
Austria	Korea	European Central Bank (ECB)
Brazil	The Netherlands	European Payments Council (EPC)
Canada	Norway	FIX Protocol Ltd
China	Singapore	IFX Forum
Denmark	South Africa	ISDA/FpML
Finland	Sweden	ISITC
France	Switzerland	SWIFT
Germany	UK	VISA International
Italy	US	

**ROLE - Promote and support the involvement of financial service actors to facilitate the registration and maintenance of high quality globally relevant ISO 20022 compliant business models for exchange of information for financial services.**

**Essential activities of the RMG in support of this objective are to:**

- oversee the 20022 Registration Authority (RA)
- ensure the Registration Process operates effectively and responds to technical and business challenges in support of the RA including the set up/disbandment of sub-groups (for example Standards Evaluation Groups)
- review and approve Business Justifications to manage the business scope of the ISO 20022 repository seeking to achieve full coverage of financial services activities
- provide a contact point for any organisation wishing to engage with the standard.
- proactively communicate on all matters ISO 20022.



# ISO 20022 RMG Mission

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**MISSION - To ensure that ISO 20022 is a trusted standard providing high quality business models for exchange of information for financial services.**

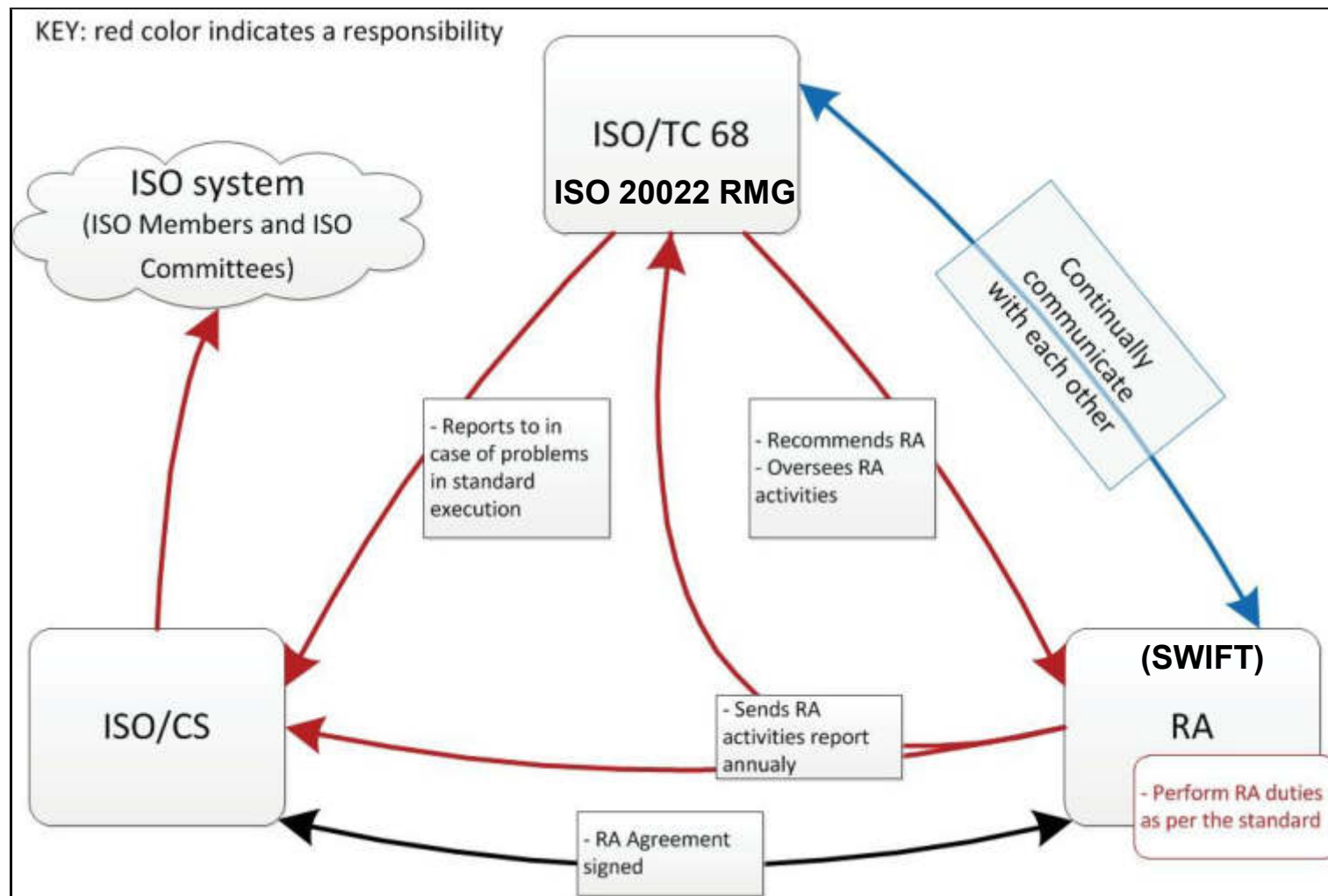
**The key dimensions in support of this mission that the RMG must strive to deliver are:**

**Continuous engagement** – Trust that the registration process, and the management of that process, is open, accessible and founded on a fair, reasonable, and non-discriminatory governance model

**Effectiveness and efficiency** – An efficient registration process that produces high quality ISO 20022 compliant deliverables in a sustainable, timely and accessible manner

**Delivery** – Ensure that the registration process produces deliverables that are relevant to the business needs of financial services

# ISO 20022 Registration Authority





# ISO 20022 RMG registration

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- The RMG plays a critical role in the registration process, so wide and representative engagement from industry is really important
- The key document that the RMG focuses on is the Business Justification that describes the scope and need for new ISO 20022 messages
- These Business Justifications are in fact like a proposal from a community of users who are expressing a need to define ISO 20022 messages
- The critical role of the RMG membership is to avoid overlapping scope of ISO 20022 messages, and to manage the resources needed for the registration process (1 month)
- The submitting organisation retains any Intellectual Property Rights
- The Standards Evaluation Groups are critical in that they evaluate the ISO 20022 messages from a business perspective. Again wide representative engagement from industry is really important (max. 3 months)
- Messages become available in the ISO 20022 repository after Evaluation and the status of a submission is fully transparent

# ISO 20022 RMG maintenance





# ISO 20022 RMG and registration

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My observations as RMG convenor:

- Industry engagement in the ISO 20022 registration process has two-fold benefits
  - Balance of industry interests
  - Wide body of knowledge to speed up regional developments
- It needs to be easier to get involved in ISO 20022 and simpler to undertake development work
- Embracing regional market practices and being clear that ISO is a voluntary industry standards body not a compliance body
- Reducing the technical barriers
- Continue to building trust, openness and inclusivity of participation
- Wider benefits of industry collaboration
- Engagement from the Asian markets is really important to the future success of the ISO 20022 standard



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Conclusions and questions

# THANK YOU FOR YOUR INVITATION

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DRIVING CHANGE IN UK PAYMENTS

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## **Session 6: Function and importance of National Market Practice Group**

by Mr. Taketoshi Mori, Bank of Mitsubishi-Tokyo UFJ

- Functions and activities of National Market Practice Group

The background features a grayscale map of East Asia, including parts of China, Japan, and Korea. A large, solid red diagonal shape cuts across the left side of the slide, partially obscuring the map.

22th Jan 2015

**17<sup>th</sup> ABMF Meeting**

**Securities Market Practice Group/  
National Market Practice Group  
Function and Importance**

**Bank of Tokyo-Mitsubishi UFJ  
Taketoshi Mori**



Bank of Tokyo-Mitsubishi UFJ  
MUFG

# Agenda

1. Securities Market Practice Group (SMPG) function and organization
2. SMPG accomplishment and global document
3. National Market Practice Group (NMPG) role
4. Asia Pacific Regional Market Practice Group (APAC RMPG)
5. Updates APAC RMPG and Activity 2015

# 1. Securities Market Practice Group (SMPG)

- The Securities Market Practice Group was established in July 1998 with a focus on defining market practices for the securities industry based on existing ISO messages for Trade Initiation/Confirmation, Settlements, Reconciliation and Corporate Actions. SMPG's goal is to provide the community of ISO 15022 and ISO 20022 securities message users with a global market practice on the usage of these messages.
- SMPG has been extremely successful in creating globally agreed harmonised market practices which, integrated with ISO standards has brought the securities industry closer to achieving Straight Through Processing (STP).
- SMPG is open to all securities players – through participation in a National Market Practice Group (NMPG) – interested in creating globally-agreed market practices for the securities industry. NMPGs are established in about 40 countries. SMPG is a non-funded industry group that only functions thanks to the dedication and assistance of the local experts active in the NMPGs. Delegates of SMPG represent their market and not their own institution.
- SMPG is focused on enhancing the current securities industry practices. This group realizes the benefit of industry utilities and other industry groups in dictating conformance to standards and market practices. As such, there is active dialogue between the SMPG and other industry groups/organizations (ie, OMGEO, ECSDA, ACSDA, ISITC, ISSA, etc).

# 1.SMPG Organization



Steering Committee

National Market Practice  
Groups and Convenors

Broker/dealers, investment  
managers, custodians,  
depositories, regulators, and  
vendors

# 1. SMPG Steering Committee



**Chair**  
**Vice Chair**  
**General Secretary &  
Program Director**  
***Regional Directors:***  
**Americas**

**EMEA**

**Asia/Pacific**

**Karla McKenna (US)**  
**Rudolf Siebel (DE)**  
**Jacques Littre (SWIFT)**

**Jason Brasile (US)**

**Armin Borrie (DE)**  
**Christine Strandberg (SE)**

**Taketoshi Mori (JP)**  
**Anthony Sim (SG)**

# 1.SMPG hierarchy



**SMPG Members are almost ISO20022 SEG Members**





# 1. Securities Market Practices

(Background)

- Market Practice Rules for existing securities messaging standards, have been historically defined after industry participants have implemented the standards.
- To further complicate industry information flows, each industry participant defined these rules separately and differently. This has resulted in an inefficient exchange of information, whereby standards and their associated market practice rules have been interpreted and implemented differently by every industry participant in each geographic market.
- This inefficient exchange of information within and across different markets has limited Straight-Through-Processing (STP) in the securities industry.

# 1.SMPG Process

- The SMPG is open to all participants interested in creating globally agreed market practices for the securities industry. This objective includes the harmonisation of non-regulated geographic differences, as well as consistent implementation by securities industry participants for processing within and across all markets. 2 physical meetings per year of the SMPG as well as periodic conference calls, cover issues ranging from "standardised methods of informing custodians to transfer securities" resolution of cross matching at central securities depositories", to the creation of NMPGs in non-participating countries or the development of multi-year project plans.
- The detail process begins with the NMPGs' analysis and documentation of local practices. SMPG then collates common elements, specifies additional country requirements, and identifies further opportunities for harmonisation of non-regulated differences. After final review and refinement by the SMPG, the documents are published on this site.
- To date SMPG has produced a significant number of market practice recommendations within Trade Initiation/Confirmation, Settlement, Reconciliation and Corporate Actions. Additionally, SMPG has since expanded to define market practices for the Investment Funds industry.

# 2.SMPG Accomplishments

Some of the key market practices defined includes:

- Comprehensive Place of Settlement Listing and corresponding market practice usage
- Common Element listing of values for Settlement
- Initial Public Offering( IPO)
- Statement of Holdings and Transaction
- Block Trades
- Status Message and Pending Transaction recommendation
- Repo – One message vs. Two message
- Corporate Action Event Interpretation Grid
- Proxy Scenarios Successfully recommend use of the new suite of Proxy Messages in 20022
- Consistent Usage and Placement of Key Data Elements for Corporate Action Events ('the DvsE Guidelines')
- Corporate Action Notification, Instruction, Confirmation and Status market practices
- Order, Execution, Allocation and Trade Confirmation market practices
- Etc...

# 2.SMPG Global Document Example

## ( IPO Document )

### Scope and Definitions

#### Introduction:

An **initial public offering (IPO)** is a type of public offering where shares of stock in a company are sold to the general public, on a securities exchange, for the first time. It is an invitation to the public to make investments in the company by its promoters. The company can raise money by issuing either debt or equity.

#### Background:

This IPO Global Market Practice is a spinoff from the India IPO Market Practice which was drafted in August 2012 to meet **the needs of the India market** with the increasing number of IPO transactions. Subsequently, it was discussed and agreed at **the Osaka SMPG meeting in October 2012** to build a global IPO market practice because there is a global need for it. At the Frankfurt SMPG meeting which followed in April 2013, there were further clarifications on the requirements for the global market practice to be a more general one covering the global business process of IPOs.

#### Scope:

The scope of this document is to describe the market practice for **the general process flows in a typical IPO transaction** with a focus on the key players involved – the Investor, the Custodian, the Lead Manager and the CSD. The document aims to take into consideration identified practices **in global markets and to harmonise them into a standard global market practice for IPO**. The financial instruments covered in this market practice are equities and bonds.

## Actors and Roles

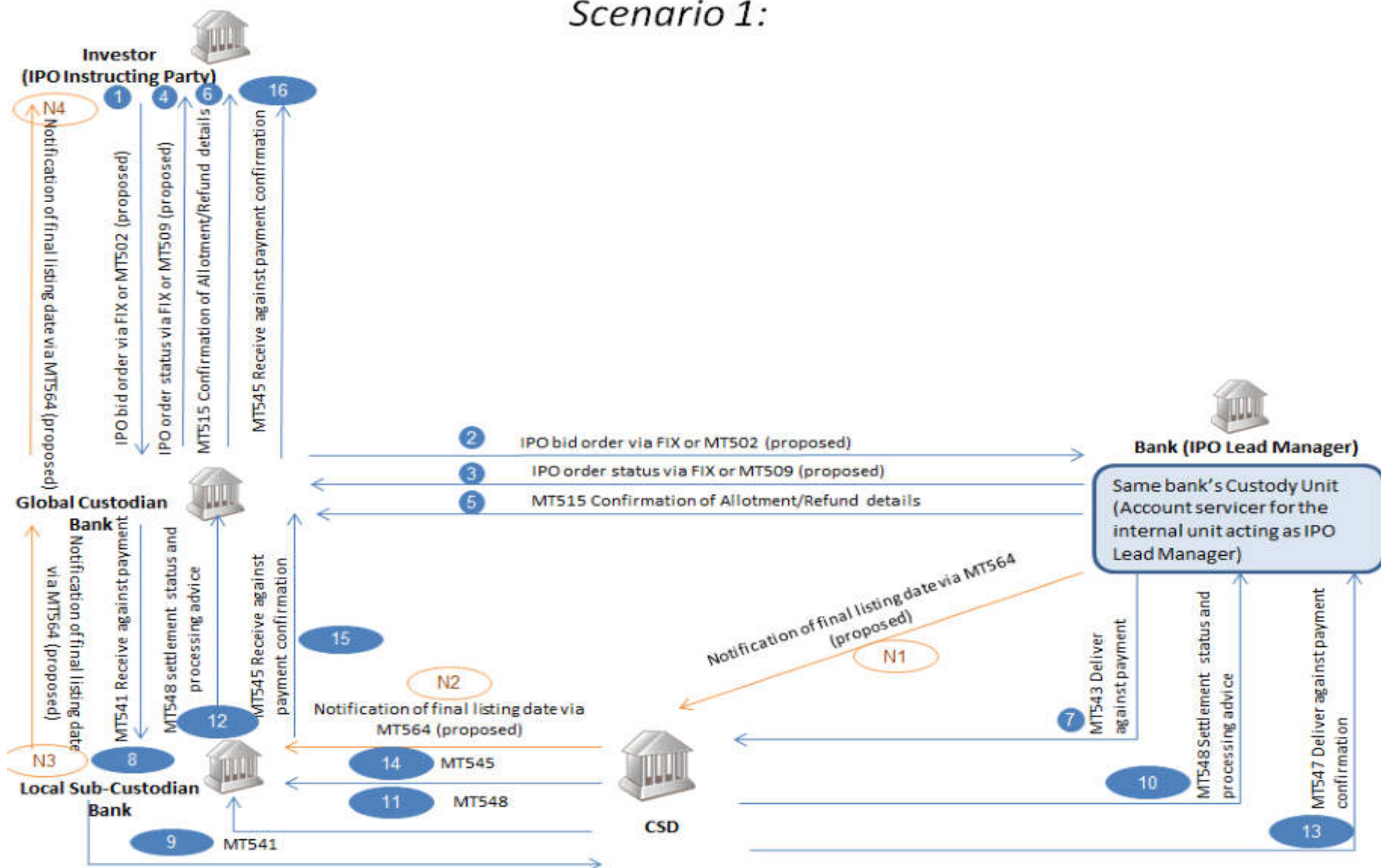
•An IPO is a complex process involving a number of parties and its success depends on these parties involved.

This section describes the actors and roles involved in the IPO process and in **BOLD** are the main actors detailed in the market practice document.

Actors	Roles
Investors (Investment banks, brokerage houses, mutual funds, hedge funds, insurance companies etc.)	<ul style="list-style-type: none"> <li>• <b>IPO Instructing Party</b></li> </ul>
Custodians (Global and Sub-custodians)	<ul style="list-style-type: none"> <li>• <b>IPO Subscription Executing Party</b></li> <li>• <b>Account Servicer for the Investor</b></li> </ul>
Brokers (eg. in Germany, Brazil)	<ul style="list-style-type: none"> <li>• <b>Connects the IPO issuing company to the stock market and potential investors</b></li> </ul>
Lead Managers	<ul style="list-style-type: none"> <li>• <b>Establishes the schedule of the issue</b></li> <li>• <b>Takes up the due diligence of IPO issuing company's operations/management/business plans/legal etc.</b></li> <li>• <b>Handles post issue activities including management of escrow accounts, intimation of allocation and dispatch of refunds to bidders etc.</b></li> <li>• <b>Coordinates with the Registrar to ensure follow up so that the flow of applications received, processing of the applications and other matters till the basis of allotment is finalised, dispatch security certificates and refund orders completed and securities listed</b></li> </ul> <p><b>Note: There can be more than 1 Lead Manager for big IPOs. However, for the purpose of this Global IPO MP, 1 Lead Manager is considered for illustration. Its role remains the same regardless of the number of Lead Managers involved.</b></p>
Central Securities Depository (CSD)	<ul style="list-style-type: none"> <li>• <b>Provides settlement and clearing services</b></li> <li>• <b>Keeps a central register of subscription applications for IPOs, amending subscription applications as per allocation rules or instructions from issuers or their agents, and ultimately crediting of newly issued instruments to subscribers</b></li> </ul>
Underwriters	<ul style="list-style-type: none"> <li>• <b>Responsible for pricing, selling and organizing the issue</b></li> </ul>
Registrar	<ul style="list-style-type: none"> <li>• <b>Finalises the list of eligible allottees after deleting the invalid applications</b></li> <li>• <b>Ensures that the corporate action for crediting of shares to the applicants' security account is done and the dispatch of refund orders to those applicable are sent</b></li> <li>• <b>Holds the IPO issuing company's register and issues share certificates</b></li> </ul>

## Activity Diagrams

### Scenario 1:



## **Business Data Requirements**

### **I.IPO bid order instruction**

<b>Business elements</b>	<b>Additional information</b>
<b>Message reference</b>	<b>16x</b>
<b>Price</b>	<b>Bid price(s)</b>
<b>Quantity of financial instrument</b>	<ul style="list-style-type: none"><li>• Bid quantity</li><li>• Expressed as units/face amount</li></ul>
<b>Payment Amount</b>	<b>Bid cash settlement amount used to derive the appropriate quantity of financial instrument to be bought</b>
<b>Multiple bids option</b>	<b>When and if applicable (depending on the market)</b>
<b>Identification of the financial instrument</b>	<ul style="list-style-type: none"><li>• ISO 6166 International Securities Identification Number [ISIN] (preferred)</li><li>• Other numbering schemes may be used</li><li>• Name of the IPO/subscription</li></ul>
<b>Expiry date</b>	<b>Date on which an order expires</b>
<b>Value date</b>	<b>For the settlement of the payment amount</b>
<b>Party details</b>	<b>Lead Manager/Broker etc.</b>
<b>Safekeeping account to be credited</b>	<b>-</b>
<b>Account name</b>	<b>-</b>
<b>Cash account</b>	<b>Cash account to be debited</b>
<b>Revision/Cancellation of an existing bid</b>	<b>Provide message reference number of the last instruction</b>

# 3.NMPG role



- Open to all securities market participants
- IMIs, broker / dealers, custodian banks, central securities depositories, regulators...
- Discuss and agree on local harmonised market practices (in line with global practices)
- Comment on or propose SMPG global market practice working documents
- Send representation to the 2 global SMPG meetings



### 3.NMPGs – on November 2014

- Austria, Australia, Belgium, Brazil, Denmark, Canada, China, Egypt, Finland, France, Germany, UK and Ireland, Greece, Hong Kong, Iceland, India, Israel, Italy, Japan, Luxembourg, Mexico, Malaysia, New Zealand, Norway, Poland, Portugal, Russia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, The Netherlands, Turkey, Ukraine, United States, Vietnam and the Eurobond Markets.

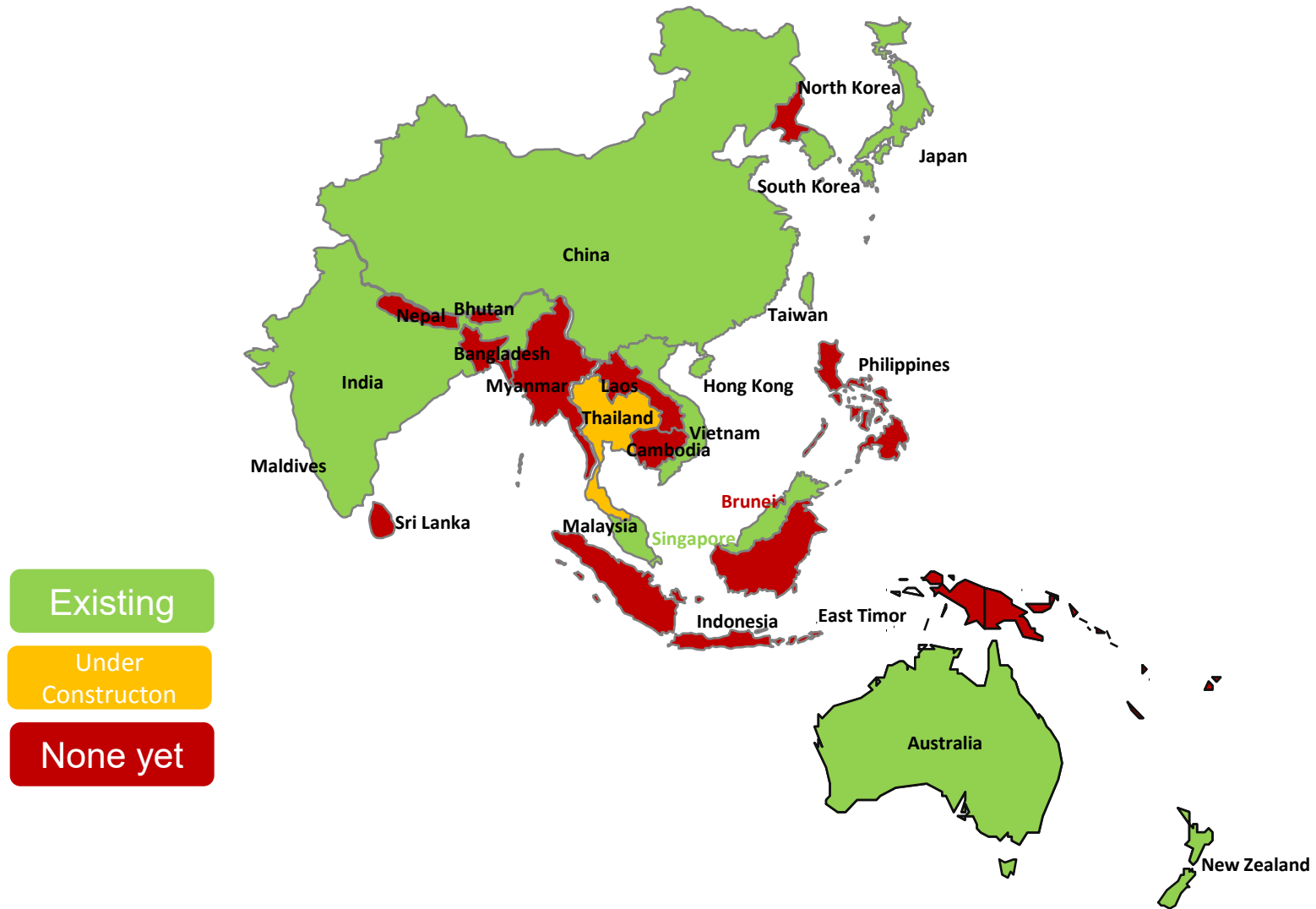
-40 Markets

# 4.APAC RMPG



- Establishment
  - June 2012
- Purpose
  - increase the engagement of the APAC community in global and regional market practice and standards discussion
  - support the creation of National Market Practice Groups (NMPG) in as many APAC countries as possible and provide assistance to the existing ones.
- Organisation
  - Light structure facilitated by SWIFT Standards Singapore (no chair)
  - One physical meeting / year, conference calls
  - Exchange of information and network building in all APAC countries
- Physical Meetings to date
  - 2012 SWIFT Office, Singapore
  - 2013 SWIFT Office, Malaysia
  - 2014 SWIFT Office, Hong Kong
  - 2015 ?

## 4.Existing NMPGs in APAC



# 5.Updates on APAC RMPG



- Overall NMPG Status in APAC

Country	Latest Update (November 2014)	Next Steps (As basis for 2015)
<b>Australia</b>	<ol style="list-style-type: none"> <li>1. ASX's implementation of CA in ISO 20022 has gone live this year.</li> <li>2. CSD is participating in the NMPG.</li> </ol>	Publish MP on MyStandards.
<b>Brunei</b>	<ol style="list-style-type: none"> <li>1. No CSD in country yet.</li> <li>2. Tentative plans in the works to establish CSD next year for bonds settlement under ISO 20022 standards.</li> <li>3. One of the countries in SEA on SWIFT Standards agenda to establish local NMPG. SWIFT Standards has database contacts in country as reference.</li> </ol>	As part of the Brunei CSD implementation, MP will have to be put in place. This will be proposed when the NMPG is launched.
<b>China</b>	<ol style="list-style-type: none"> <li>1. NMPG held its yearly meeting on 21<sup>st</sup> Nov in Xia Men.</li> <li>2. Topics include changes to be implemented for SR2015 for Securities and CA events in China.</li> <li>3. Has not gotten CSD's participation in the NMPG yet.</li> </ol>	Work on MP document publication.
<b>Hong Kong</b>	<ol style="list-style-type: none"> <li>1. Community was previously fragmented with many clubs and working groups running independently. HK NMPG met in August 2013 where meaningful industry groups (HK sub custodian group, the Offshore-CNY WG, broker community, ABMF HK members, APAC RMPG HK representatives, CMU and the HK Exchange) participated.</li> <li>2. Market participants are focused on the Shanghai-HK Stock Connect Program which has recently gone live.</li> <li>3. CSD (CMU = Central Money Markets Unit) is participating to the NMPG.</li> </ol>	To work on Corporate Action EIG matrix.
<b>India</b>	<ol style="list-style-type: none"> <li>1. NMPG in place with mostly custodian participation.</li> <li>2. Has not gotten CSD's participation in the NMPG yet.</li> <li>3. Continued work on the Corporate Action EIG event types.</li> <li>4. Ongoing discussion with the regulator on STP framework.</li> </ol>	Publish Corporate Action EIG matrix.
<b>Indonesia</b>	<ol style="list-style-type: none"> <li>1. Ongoing discussion with KSEI on the benefits of setting up an NMPG. Kickoff meeting targeted in 2015.</li> <li>2. KSEI is interested to participate in the NMPG.</li> <li>3. Interest in establishing a Funds Hub based on ISO 20022 in the market.</li> </ol>	Establish NMPG with SMPG APAC Regional Director and SWIFT Standards in support.

Country	Latest Update (November 2014)	Next Steps (As basis for 2015)
Japan	<ol style="list-style-type: none"> <li>1.NMPG also known as ISITC-Japan. 2 active WGs - S&amp;R (WG A), CA (WG C).</li> <li>2.ISITC-Japan WG A and WG C meets regularly discussing about SMPG issues and Change Requests / country vote for CAT 5 messages.</li> <li>3. JASDEC and TSE participate in the NMPG meetings actively and discuss Japanese MP together. BOJ is also a member of ISITC Japan.</li> </ol>	Same as 2014, regular meetings / review activities planned for 2015.
Korea	<ol style="list-style-type: none"> <li>1. Regularly having 2 meetings per year since 2012. 2 WGs – S&amp;R, CA.</li> <li>2. Lending &amp; Borrowing MP document updated and waiting for the final approval by the members in mid-November.</li> <li>3. CA WG is discussing cash dividend, bonus issue, capita reduction and rights distribution events.</li> </ol> <p>Ongoing discussions in the market on Corporate Action services.</p> <ol style="list-style-type: none"> <li>4. CSD (KSD) is participating to the NMPG.</li> </ol>	Add cash dividend, bonus, capital reduction and rights distribution events in EIG matrix.
Philippines	<ol style="list-style-type: none"> <li>1. A workshop is planned for 2015 for SWIFT to meet up the regulator to talk about ISO 20022.</li> <li>2. Will use the workshop as an opportunity to discuss about the benefits of setting up an NMPG.</li> <li>3. PDTC has previously shown interest to participate in the NMPG.</li> </ol>	Establish NMPG with SMPG APAC Regional Director and SWIFT Standards in support.
Malaysia	<ol style="list-style-type: none"> <li>1. NMPG is active. Last NMPG meeting held in September.</li> <li>2. Central Bank (MyClear) is participating to the NMPG but CSD (Bursa) is not active.</li> </ol>	<p>Seek participation of Bursa to join the NMPG.</p> <p>Use NMPG as a platform for the discussion on Rentas (implementation of ISO 15022 for Fixed Income).</p>
Singapore	<ol style="list-style-type: none"> <li>1. Currently active locally and in international forum.</li> <li>2. Working on publishing the SG CA MP.</li> <li>3. SGX and market participants are working on SGX Phase 1 implementation due 2015.</li> <li>4. Ongoing discussions on Phase 2 of the SGX project which includes Corporate Action and Collateral Management.</li> <li>5. CSD (CDP) is actively participating in the NMPG.</li> </ol>	Publish CA MP in MyStandards.
Taiwan	<ol style="list-style-type: none"> <li>1. Continued discussions with the custodian banks on the TW rights issues event.</li> <li>2. Has not gotten CSD's participation in the NMPG yet.</li> </ol>	Work on MP document publication.
Thailand	<ol style="list-style-type: none"> <li>1. Meeting with the Custodian Club Chair in end November. The discussion included setting up of an NMPG</li> <li>2. TSD is interested to participate in the NMPG.</li> </ol>	Establish NMPG with SMPG APAC Regional Director and SWIFT Standards in support.
Vietnam	<ol style="list-style-type: none"> <li>1. NMPG established in March 2014.</li> <li>2. The Terms of Reference has been finalized and published on the SMPG website.</li> <li>3. 3 WGs have been set up – S&amp;R, CA and Market Access.</li> <li>4. Phase 1 of VSD's implementation of ISO standards rescheduled to 2015. Phase 2 is still in discussion.</li> <li>5. CSD (VSD) is actively participating in the NMPG.</li> </ol>	Work on MP document publication.

# 5.APAC RMPG Activity 2015



What is next? APAC RMPG's objectives for 2015:

- Promote increased involvement in global SMPG (Fall Meeting in SG in Oct) and Standards discussions
- Support of existing NMPGs and creation of new ones? Target - TH, ID and PH.

Invite reps from new NMPGs eg VN, MY, SG. Advance notice to local regulators.

RMPG members to aid to drive the message across on the impt of NMPGs in their resp market. Make use of cust club, intl brokers and dealers.

- Retain current group structure and arrangement. Continued collaboration with ASIFMA, work closely.
- Sharing of info/experience on the ISO 20022 implementation journey eg challenges, pain points, with some explanation on technical details (similar to JASDEC, SGX, ASX).
- Potential a CSD forum (eg tie in with like ABFM meeting )
- CSD participation is important to APAC RMPG

# Questions & Answers

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- ❖ Notification on Risks and Fees for Our Custody Services
- ❖ Adverse changes to the operational and/or financial condition of a financial service provider of securities services could directly result in a potential loss to clients.
- ❖ Custody fees are typically calculated by applying a certain fee rate to the asset balance under custody and a certain amount to the number of transactions. Other fees apply, in addition, to particular types of transactions. Please contact us for further details.
- ❖ BTMU Profile (This notification complies with the Japanese "Financial Instruments and Exchange Law" as of September 30<sup>th</sup>, 2007):

Corporate Name:	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Registration Number:	Director General of the Kanto Local Finance Bureau Registration Number 5
Head Office:	7-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8388 Japan
Main business areas:	Banking business, Registered financial institution business
Member of	Japan Securities dealers Association, The Financial Futures Association of Japan Type II Financial Institution Firms Association
Designated institution for ADR	Japanese Bankers Association: +81-(0)570-017109 +81-(0)3-5252-3772 Financial Instruments Mediation Assistance Center: +81-(0)120-64-5005



## **Session 7: Proposal of Re-organization of SF2 and establishment of a New Group under CSIF of TF4**

by Mr. Satoru Yamadera, ADB Secretariat

- Functions of the new group
- Membership
- Standardization and market practice

# **Re-organization of ASEAN+3 Bond Market Forum (ABMF)**

ABMF Meeting  
SF2 session 7 and SF1 session 5&6  
on 22-23 January 2015

Satoru (Tomo) Yamadera,  
Principal Financial Sector Specialist,  
RSDD, ADB

Established in September 2010 as a common platform to foster standardization of market practices and harmonization of regulations relating to cross-border bond transactions in the region.

The ABMF aims to

- i. assess the existing regulatory frameworks, as identified by the participants, and their recommendations on how to foster harmonization of regulations and market practices that facilitate cross-border bond transactions in the region;
- ii. enhance dialogue between the private sector and ASEAN+3 officials to develop bond markets in the region and improve harmonization, standardization, and integration; and
- iii. provide opportunities to exchange knowledge, expertise, and experience among the private and public sectors in the region.

## Phase 1

- Publication of *the ASEAN+3 Bond Market Guide* as a comprehensive report on bond market in the ASEAN+3 region.
  - Collecting regulatory information and detailed transaction flow information

## Phase 2

- Sub-Forum 1 (SF1): Proposal on *ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF)*.
- Sub-Forum 2 (SF2): Expanding the scope of transaction flow study
  - Cross-border STP through the harmonization and standardization of transaction flows and message items
  - Establishment of *Cross-border Settlement Infrastructure Forum (CSIF)*

## Phase 3

- SF1: Creation of *AMBIF Single Submission Form and Implementation Guidelines* for the markets eligible for AMBIF
- SF2: Roadmap for further standardization in the region with clear timeline for the implementation of ISO 20022 and ISIN

To further develop liquid and well-functioning bond markets, and effectively channel the region's abundant savings for its increasing investment needs, the following issues should be discussed.

## 1) Expansion of AMBIF issuance

### Issuers' perspective

- More standardized issuance requirements and processes  
(e.g.) different rating requirements, different requirements for non-residents

### Investors' perspective

- Further market transparency and liquidity
  - AMBIF price information
  - Inclusion in major bond indexes
  - Differences in accounting standards and credit information

## 2) Further support for regional financial integration efforts

- ❖ Continued support for regional settlement linkages ↔ CSIF
- ❖ Adapting regulatory environment changes

## ❖ Effectiveness

- ABMF has been a very effective platform to exchange knowledge, expertise, and experience among the private and public sector participants in the region.
- More topics needs to be covered by ABMF.
- More experts in the region should be involved.

## ❖ Synergy

- Collaboration with other works under different ABMI TFs is desirable.

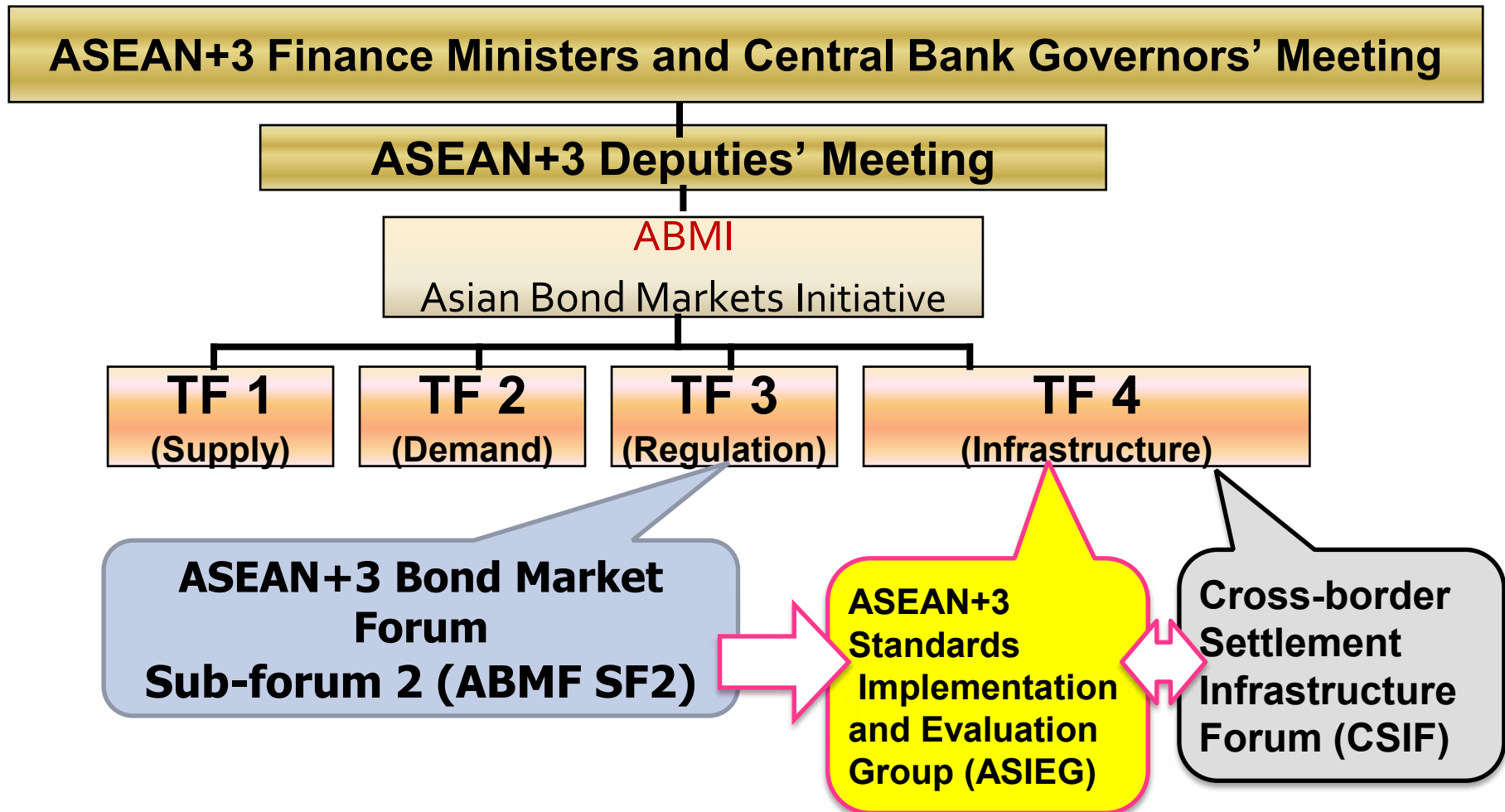
## ❖ Efficiency

- Membership needs to be open, but logistics is becoming more problematic.
- issue-focused ad-hoc group(s) may be better.

# **ASEAN+3 Standards Implementation and Evaluation Group(ASIEG)**

# Proposal of Re-organization

## Establishment of Standard Promotion and Advisory Group (ASIEG)





## ❖ Purpose

- ❑ Promote international standards in financial services to ensure interoperability within/with outside of the region;
- ❑ Support financial market developments and integration of ASEAN+3 to ensure sound and efficient financial transactions within the region

## ❖ Functions

- i. Support developing international and regional standards and market practices in the region;
- ii. Support implementing international and regional standards and market practices in the region;
- iii. Support evaluating an international standard proposal for the region;
- iv. Promote establishment of national standard technical committee and market practice group;
- v. Based on the request by the Cross-border Infrastructure Forum (CSIF), prepare a recommendation and technical advice; and
- vi. Provide technical inputs to CSIF, if necessary, in appropriate manner to facilitate their discussions.

## ❖ Qualification of the members

- ❑ The members are open to experts related to financial transactions and financial services standardization in the ASEAN+3.
- ✓ In practice, the members are expected to come from the financial industry such as commercial banks, custodians, CSDs, and regulators and central banks as well as IT industry or academia.
- ✓ In principle, the membership should be open to experts wishing to participate in ASIEG.
- ✓ ABMF SF2 members are recognized to be eligible for the ASIEG membership.
- ✓ A new member may be recommended by the SF2 members as well as the authorities of ASEAN+3.
- ✓ An expert without recommendation but wishes to be a member shall be checked by ASIEG secretariat for eligibility.

## ❖ Duty and commitment of the members

- ❑ The members are expected to participate discussions regularly.
- ✓ If the member does not participate in the discussions /meetings three times in a row, it is regarded that the member is no longer participating.
- ✓ The member may nominate an alternate for meetings or provide comment/opinion in his/her absence, which will be recognized as his/her participation.
- ✓ If there is an exceptional reason to be considered, the member shall consult the ASIEG secretariat.

## ❖ Status of the members

- ❑ The members shall act independently based on their technical expertise, and shall not represent the institution the member belongs.
- ✓ In principle, the ASIEG member shall not be regarded representing the institution, even if the institution is the member of CSIF. Opinion of the ASIEG member included in ASIEG recommendation or advice shall not bind the institution which the members belong.
- ✓ However, if the member is representing a national standard committee, or nominated by the national authority to represent the country, the opinion of the member shall be regarded as the opinion of the country.

## ❖ Decision making of ASIEG

- ❑ In principle, a decision of ASIEG shall be made by consensus.
- ✓ Given different level of market developments in the region, it would be very difficult to recruit the ASIEG members from all ASEAN+3 countries in equal manner. Therefore, the members need to bear in mind that all interests of all ASEAN+3 member countries shall be reflected appropriately when making a decision.
- ✓ If consensus cannot be reached, in principle, it should be elevated to CSIF.
- ❑ If voting by ASIEG is required in an exceptional case, an approval shall require a 2/3 majority of the members.

Based on the ABMF SF2 recommendations in the Phase 3 report, ASIEG will:

- Support implementation of international and regional standards and market practices
- Support establishing ISO related groups such as:
  - standard evaluation groups for ISO 20022;
    - Payment SEG, Securities SEG, FX SEG, etc.
  - ISO TC68 national mirror committees in ASEAN
    - ✓ To promote ISO 20022 messages suitable for the region, it is necessary to have appropriate representations in ISO. It is desirable to establish ISO TC68 national mirror committees in all ASEAN+3 countries to make our voice heard globally.
- Support Identifying essential user requirements for cross-border transactions and CSD-RTGS linkages other than ISO 20022 messages.

# 2015-2016 Standardization phase

- Establish new “ASEAN+3 Standards Implementation and Evaluation Group ” under ABMI TF4 and migrate activities of ABMF SF2 to the Group
- Establish a common understanding on reference model of DVP flow and standard (minimum) message items for DVP settlement in the region as preliminary basis for discussions
- Promote ISIN and BICFI as standard securities numbering and financial institution identifier in the region, respectively
- Promote awareness of international standards in particular TC68 national mirror group related issues including RMG, SSEG, and PSEG as well as NNA
- Discuss establishment of market practice groups at the regional level as well as national level if possible
- Support CSIF

# 2017-2018 Implementation phase

- Promote and support establishments of ISO TC68 national mirror committees in all ASEAN+3 countries.
- Implement international standards such as ISO 20022 and ISIN in countries/economies where adoption and migration are ready.
- Review the reference model and standard message items by the group members and experts
- Operate and coordinate the regional activities of harmonization and standardization in countries/economies which are ready to contribute to such activities



# 2019- later:

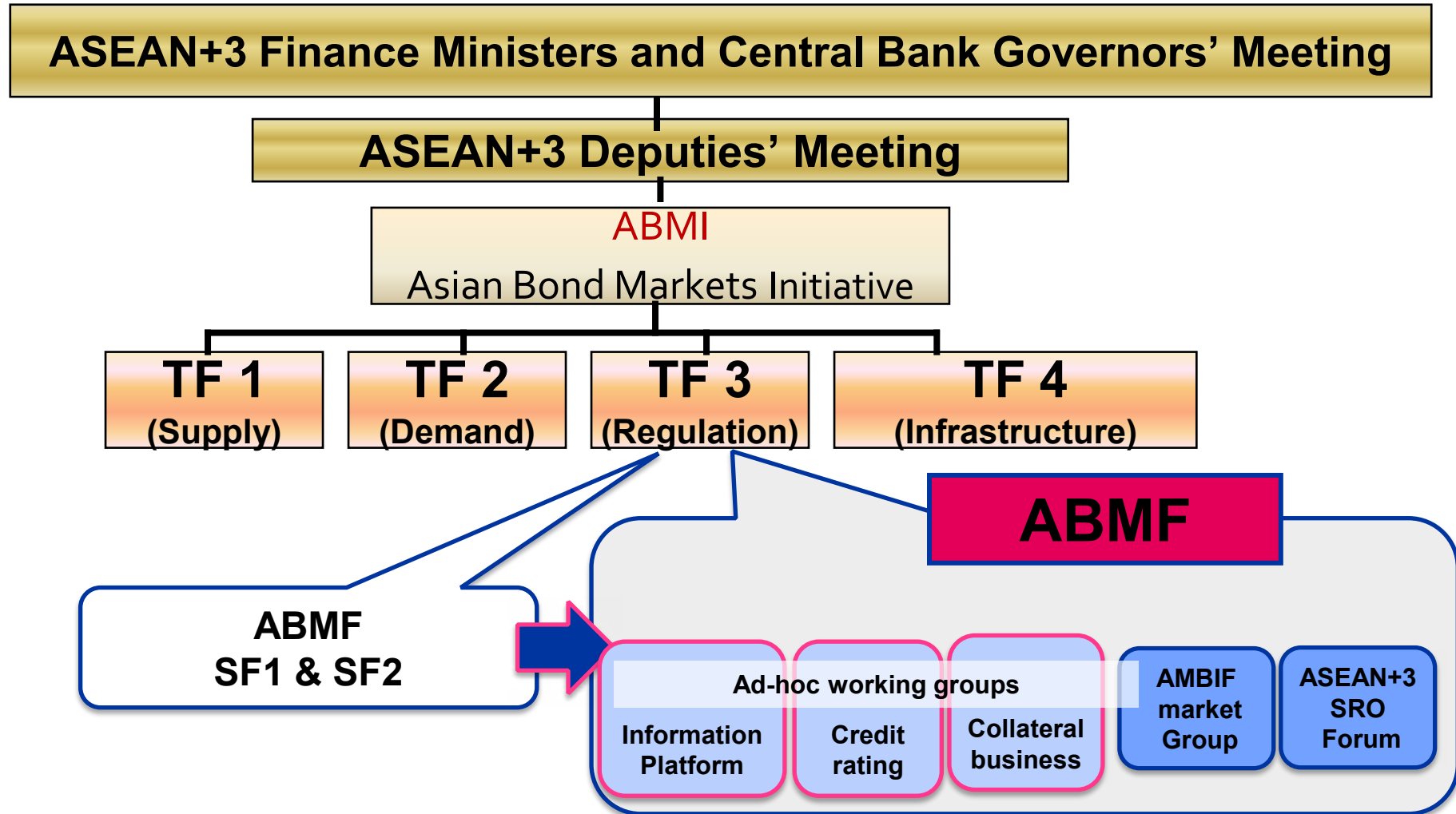
## Fully operational phase

- Contribute to TC68 activities together with established ISO TC68 national mirror committees in ASEAN+3 countries
- Continue to support establishments of ISO TC68 national mirror committees in all ASEAN+3 countries.
- Implement the international standards in all countries/economies in ASEAN+3
- Promote further regional harmonization and standardization in ASEAN+3

# **New ABMF Sub-Forum and working groups**

# Proposal of Re-organization

## Establishment of AMBIF SRO Forum and Ad-hoc working groups



# Possible next ABMF topics

## – preliminary proposal-

- Revisions of Single Submission Form and Implementation Guidelines
  - Support for Self-regulatory Organization
  - Information Platform for AMBIF information dissemination
  - AMBIF bond price information
  - Scope of issuers and investors
  - Use of bond proceeds and AMBIF to promote LCY
- Credit rating
  - Difference in rating requirements
  - Difference in usage and recognition by investors and regulators
  - Credit information sharing
- Regulatory changes and collateral business
  - Collateral usage in ASEAN+3 markets (Fact-finding)
  - Need for cross-border collateral
- Currency risk management for long-term LCY investments

## ❖ Purpose

- Promote AMBIF and expand AMBIF markets
- Support creation of more harmonized bond markets in ASEAN+3

## ❖ Function

- Coordinate among SROs and regulators to harmonize AMBIF bond issuance processes
- Support SROs for managing AMBIF documents

## ❖ Membership (most of SF1 members)

- Registration/listing authorities such as bond market associations, securities dealers associations and stock exchanges.
- Securities regulators and central banks and other authorities involved in the approval process

## ❖ Actions

- Revise the Single Submission Form (SSF) and the Implementation Guidelines (GLs)
- Support dissemination of SSF and the GLs through the websites
- Discuss with regulators for further harmonization of regulatory processes.

## ❖ Objective

Establish common understanding among regulators, rating agencies, and investors how credit rating should be utilized for AMBIF.

## ❖ Issues for discussion

- Difference in rating requirements in the region
- Difference in recognition of rating agencies
- Do these differences need to be harmonized?
- If yes, how?
- If not, how the information on the differences should be provided to the AMBIF professional investors and issuers?

## ❖ Targeted Actions

- Publication of a report and workshop for the relevant stakeholders in the region is desirable.

## ❖ Membership

- Credit rating agencies, regulators, investors

## ❖ Objective

- Conduct a survey on collateral business in ASEAN+3 to study an impact of recent regulatory changes in OTC derivatives and liquidity management
- Recommend necessary regulatory consideration in relation with bond market developments

## ❖ Targeted action

- Workshop with the private sector, central banks and regulators to discuss possible regulatory consideration

## ❖ Membership

- CSDs, ICSDs, commercial banks, investment banks, brokers, and custodians involved in securities collateral business in ASEAN+3.
- Central banks and regulators

## ❖ Purpose

- Support SRO discussion in ASEAN+3
- Support AMBIF markets

## ❖ Function

- Coordinate among SROs for more integrated bond markets in ASEAN+3
- Discuss with regulators for more integrated ASEAN+3 bond markets
- Support AMBIF bond issuance and secondary market arrangements

## ❖ Membership

- SROs in ASEAN+3



## ❖ Objective

- Discuss and propose AMBIF Information Platform as a common market infrastructure to efficiently implement AMBIF for ASEAN+3 economies.

## ❖ Targeted action

- Discuss and propose a plan of AMBIF Information Platform
- Implement the AMBIF Information Platform, where possible, to support AMBIF issuance

## ❖ Membership

- IT vendors
- Information vendors
- Bond pricing agencies
- Possible users of the platform such as financial institutions

## ❖ Questions for discussion

- Are these topics relevant to current market needs?
- Are there any other issues to be discussed under ABMF?
- How can we invite relevant experts to WGs?
- How can we organize a meeting efficiently?

**Thank you**