

19th ASEAN+3 Bond Market Forum (ABMF) Meeting
Auditorium A & B, Asian Development Bank HQ
Manila, Philippines / 17 August 2015

TIME	PROGRAM
09:00 - 09:30	<i>Registration</i>
09:30 - 09:45	Opening Remarks by Mr. Noritaka Akamatsu, Senior Adviser, SDCC, Asian Development Bank
09:45 - 10:45	Session 1: ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) and key standardization efforts under ABMF <i>Presentation by Mr. Satoru Yamadera, Principal Financial Sector Specialist, ADB Secretariat for ASEAN+3 Bond Market Forum (ABMF)</i> - <i>Highlights of the ABMF Phase 3 Reports</i> - <i>Key features of AMBIF to enable multiple cross-border issuance and offering</i> - <i>Standardization efforts under SF2 towards more integrated markets</i> - <i>Q&A</i>
10:45 - 11:45	Session 2: Panel discussion: How would ASEAN+3 move towards more integrated markets? - <i>Panelists:</i> <ul style="list-style-type: none"> • <i>Mr. Ephyro Luis Amatong, Commissioner, Securities and Exchange Commission of the Philippines</i> • <i>Mr. Loong Yeow Boon, Director, Market Development, Treasury & Markets, CIMB (representing ABMF Sub-Forum 1 Vice Chair)</i> • <i>Mr. Boon-Hiong Chan, Head (Market Advocacy, Asia Pacific, MENA, Global Transaction Banking), Deutsche Bank, ABMF International Expert</i> • <i>Mr. Masayuki Tagai, Managing Director (Global Market Infrastructures) JP Morgan Chase, ABMF International Expert</i> - <i>Moderator: Mr. Satoru Yamadera, Principal Financial Sector Specialist (SDCC), ADB</i> - <i>Impact of AMBIF and standardization</i> - <i>Implication for ASEAN financial integration</i> - <i>Remaining challenges</i> - <i>Q&A</i>
End of public session	

TIME	PROGRAM
11:45 – 13:00	<i>Lunch (EDR Coffee Lounge, 2nd Floor)</i>
	Sub-Forum 1 (SF1 Session)
13:00 – 13:10	Opening Remarks by Mr. Koji Ito, SF1 Chair
13:10 – 14:45	Session 3: Reporting on new working groups by ADB Secretariat <ul style="list-style-type: none"> - <i>TOR and Workplan of WG-IP and WG-CBCR</i> - <i>Q&A</i> Presentations related with AMBIF Information Platform <ul style="list-style-type: none"> - The basic concepts of AMBIF IP By Mr. James Yoo, KOSCOM - Setting standard and principles for bond valuation agency By Ms. Chaoqun Wang, Chinabond Pricing Center, CDBC - AMBIF IP: Market Development via Networking By Mr. Shah Zain, Chief Business Officer, BPAM
14:45 – 15:15	Session 4: Next step of AMBIF by ADB Secretariat <i>Workplan (market visits in 2nd half of 2015)</i>
15:15 – 15:30	<i>Coffee Break</i>
	Sub-Forum 2 (SF2 Session)
15:30 – 15:40	Opening Remarks by Mr. Jong Hyung Lee , SF2 Chair
15:40 – 16:30	Session 5: Phase 3 and implementation of standards <ul style="list-style-type: none"> - <i>ISO procedures and drafting of business justification for ISO 20022</i>
16:30 – 17:00	Session 6: Next ABMF meeting and Sibos in Singapore by ADB Secretariat <ul style="list-style-type: none"> - <i>Highlights of the events by Alex Kech</i> - <i>Tentative agenda of ABMF on 15-16 Oct</i>
17:00 – 17:30	Session 7: Next step of ABMF <ul style="list-style-type: none"> - <i>Implementation of international standards</i> - <i>Identification of tax procedures</i> - <i>ABMF activities for 2015 and 2016</i>
17:30 – 17:45	Wrap up by SF1 and SF2 Chairs and ADB Secretariat
18:00 -	Welcome dinner hosted by Mr. Akamatsu <i>Venue: Central Courtyard, 1st Floor, Asian Development Bank</i>

Session 1

**ASEAN+3 Multi-Currency Bond Issuance
Framework (AMBIF) and key standardization
efforts under ABMF**

ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) and key standardization efforts under ASEAN+3 Bond Market Forum

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

1

Outline

- 1. Asian Bond Markets Initiative (ABMI)**
 - Framework
 - Achievements
 - AMBIF and market standardization
- 2. ASEAN+3 Bond Market Forum (ABMF)**
- 3. ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF)**
- 4. Standardization efforts to integrate the markets**
- 5. Next step**

2

Asian Bond Markets Initiatives (ABMI) ADB

(Chairman's Press Release on the Asian Bond Markets Initiative, 7 August 2003)

- ABMI aims to develop efficient and liquid bond markets in Asia, which would enable better utilization of Asian savings for Asian investments.
- The ABMI would also contribute to the mitigation of currency and maturity mismatches in financing.
- ABMI contributes to financial stability by creating multiple channels of financing



3

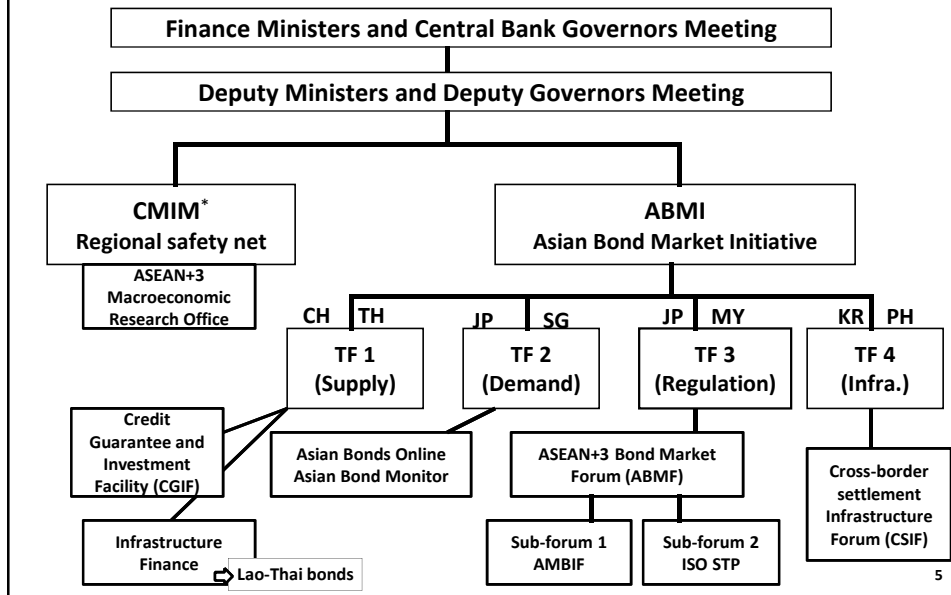
Major milestones of ASEAN+3 to date ADB

07/1997	Asian Currency Crisis, starting from Thailand
02/1997	The first ASEAN+3 Summit
04/1999	The first ASEAN+3 Finance Ministers' Meeting
05/2000	Chiang Mai Initiative (CMI) agreed by ASEAN+3 Finance Ministers
08/2003	Asian Bond Markets Initiative (ABMI) started
05/2004	Launch of Asian Bonds Online (ABO) website under ABMI
11/2004	First publication of Asia Bond Monitor
05/2008	ABMI New Roadmap
03/2010	Chiang Mai Initiative Multilateralization (CMIM) launched
04/2010	Publication of Group of Expert (GOE) Report
10/2010	Establishment of ASEAN+3 Bond Market Forum (ABMF)
11/2010	Establishment of Credit Guarantee and Investment Facility (CGIF)
04/2011	Establishment of ASEAN+3 Macro Economic Research Office (AMRO)
04/2012	First ASEAN+3 Bond Market Guide published
05/2012	ABMI New Roadmap Plus
07/2013	Establishment of Cross-border Settlement Infrastructure Forum (CSIF)
12/2013	ABMF Sub-Forum 2 Phase 2 Report : ASEAN+3 Information on Transaction Flows and Settlement Infrastructures
02/2014	ABMF Sub-Forum 1 Phase 2 Report on the Proposal on ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF)
05/2015	CSIF Progress Report
08/2015	ABMF Phase 3 Reports: Implementation of AMBIF; and Harmonization and Standardization of Bond Market Infrastructure

4

Institutional Framework of ABMI

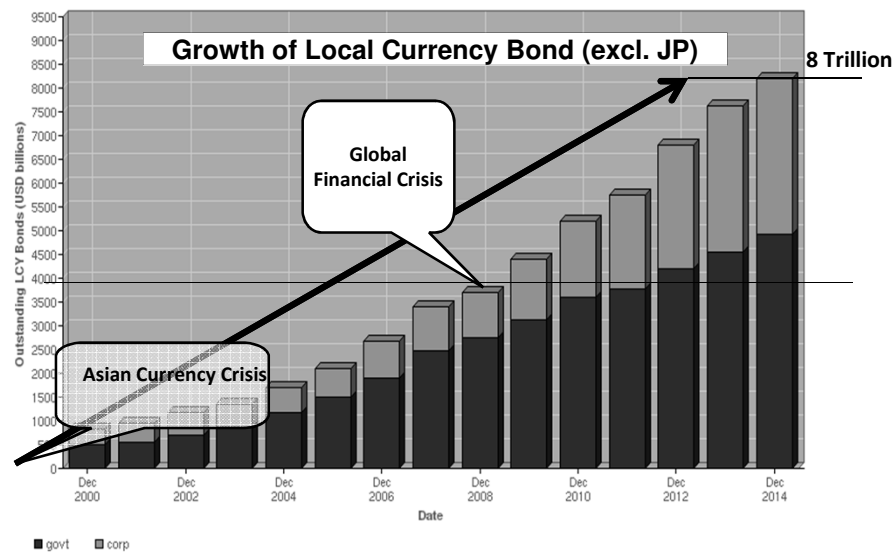
ADB



5

Growth of ASEAN+3 LCY bonds

ADB



Source: Asia Bonds Online

6

Remarkable growth of LCY bond markets ADB

2004					2014				
USD Billion					USD Billion				
in USD Billions		Government	Corporate	Total	in USD Billions		Government	Corporate	Total
Dec-04	KR	319	338	657	Dec-14	CN	3,335	1,856	5,192
Dec-04	CN	599	24	624	Dec-14	KR	701	1,002	1,703
Dec-04	MY	58	39	97	Dec-14	MY	185	131	316
Dec-04	SG	44	36	80	Dec-14	TH	211	70	282
Dec-04	HK	16	62	78	Dec-14	SG	147	95	241
Dec-04	TH	54	12	67	Dec-14	HK	109	85	194
Dec-04	ID	54	6	61	Dec-14	ID	106	18	123
Dec-04	PH	35	1	36	Dec-14	PH	87	17	104
Dec-04	VN	2	0	2	Dec-14	VN	40	1	41
Total		1,181	519	1,700	Total		4,920	3,275	8,196

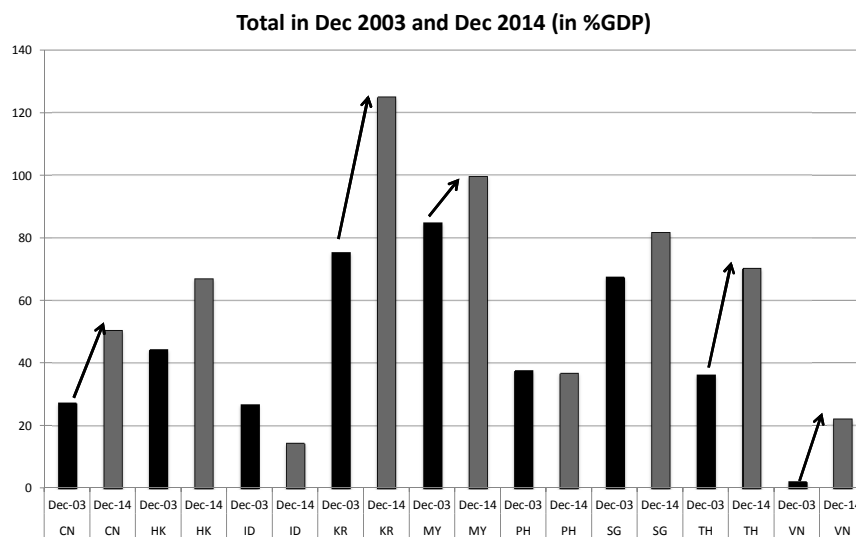
Source: Asia Bonds Online

Government Bond
4.2 times

Corporate Bond
6.3 times

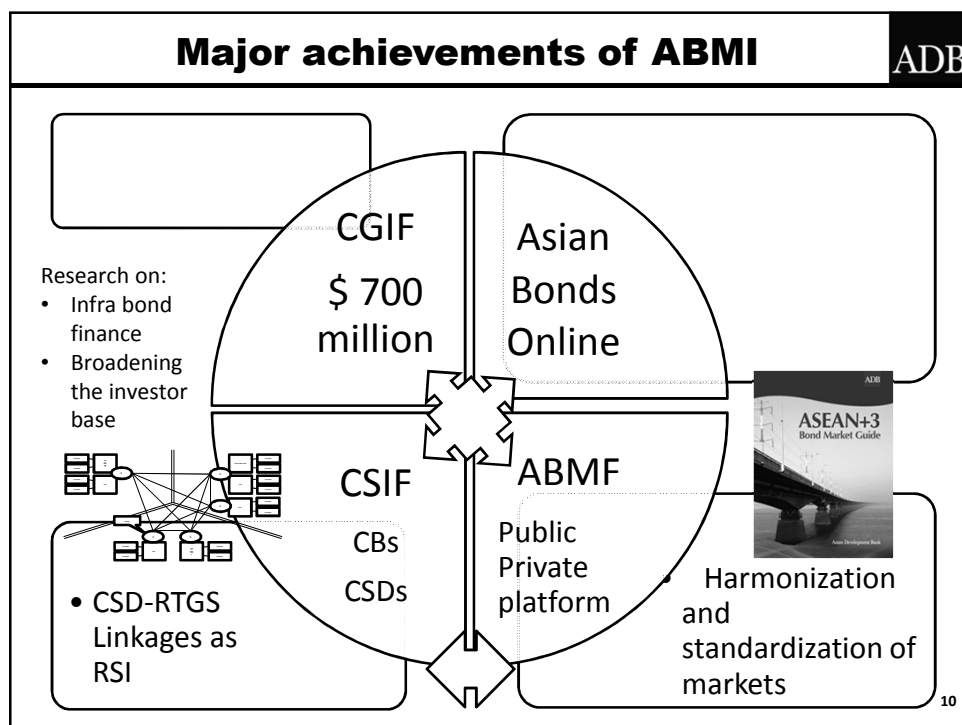
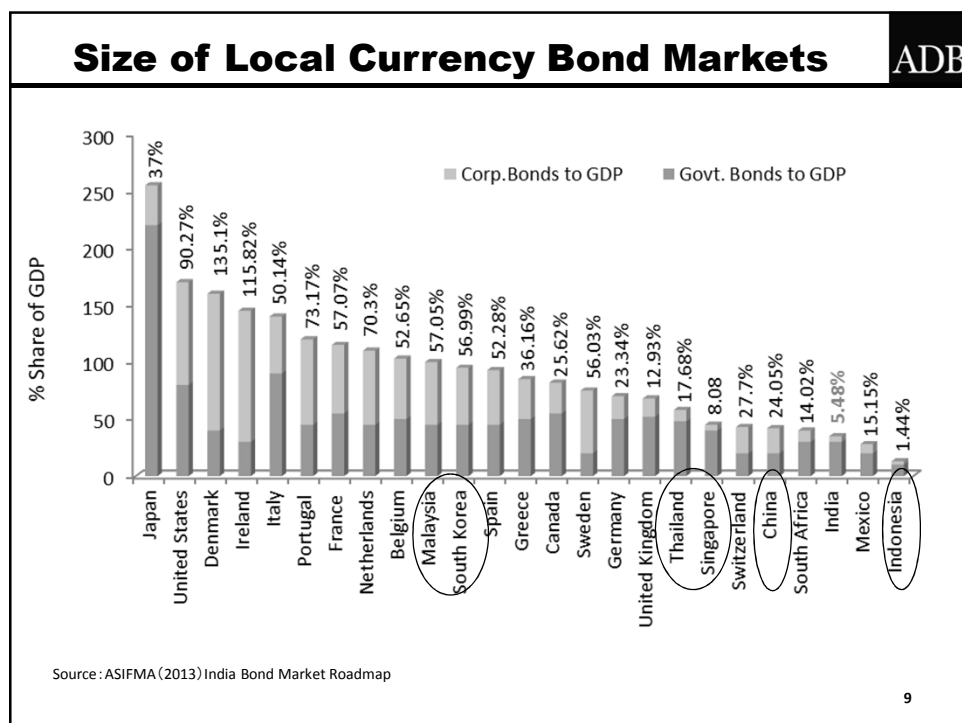
7

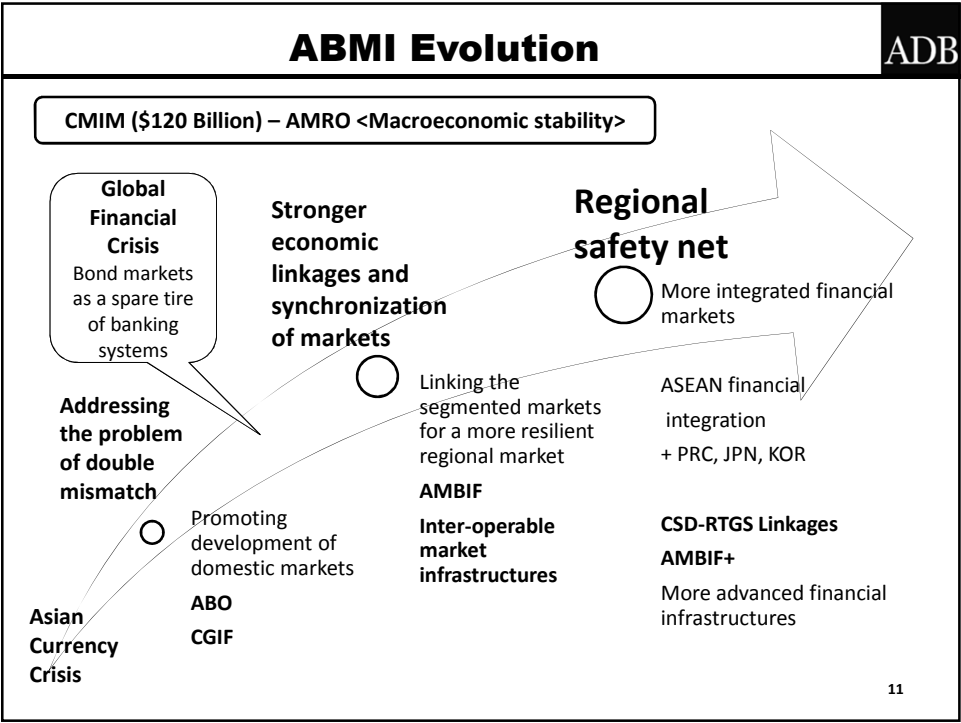
Size of LCY Bond Market in % of GDP ADB



Source: AsianBondsOnline

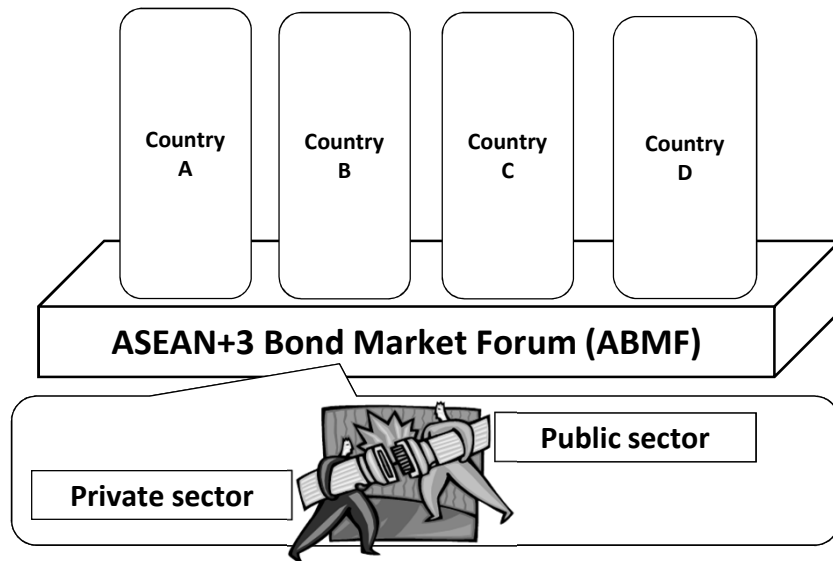
8





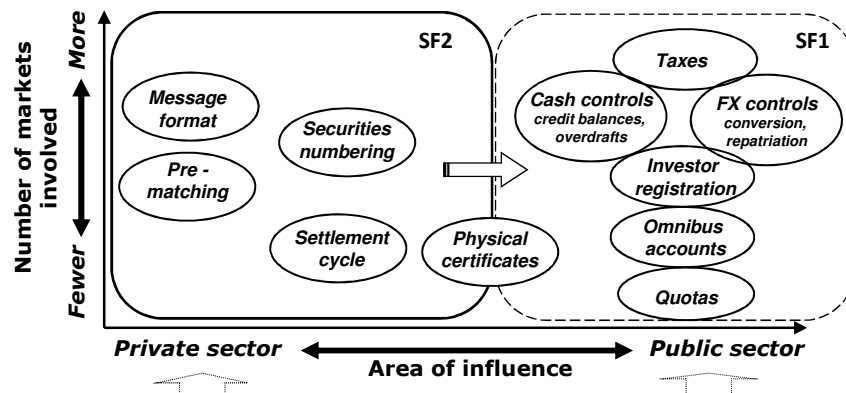
ABMF - As a Common Platform for PP

ADB



Barriers identified by GoE and Progresses

ADB



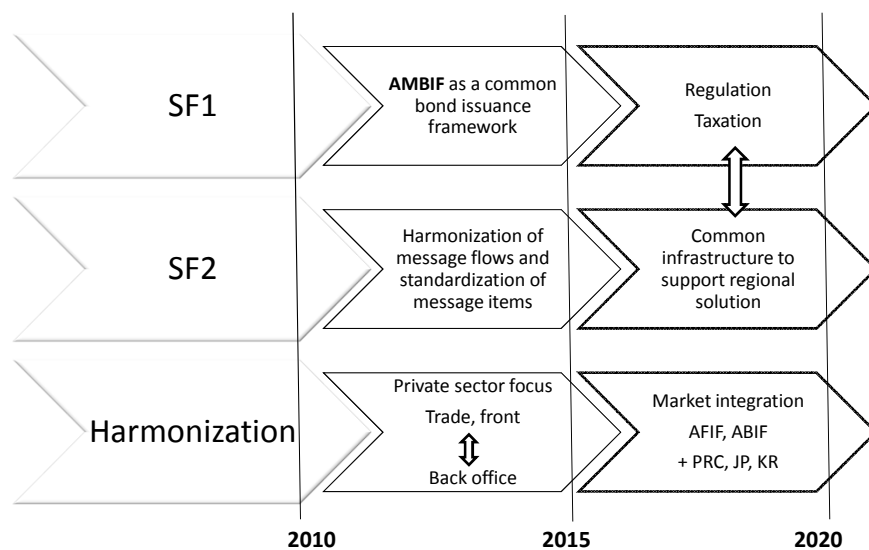
Improve information flows in the markets SF1
Timely information, uniform disclosure, price transparency, market statistics, information on corporate actions and legal information such as bankruptcy and insolvency laws -> ASEAN+3 Bond Market Guide

Source: GOE Report modified by ADB consultant

14

ABMF milestones and next steps

ADB



15

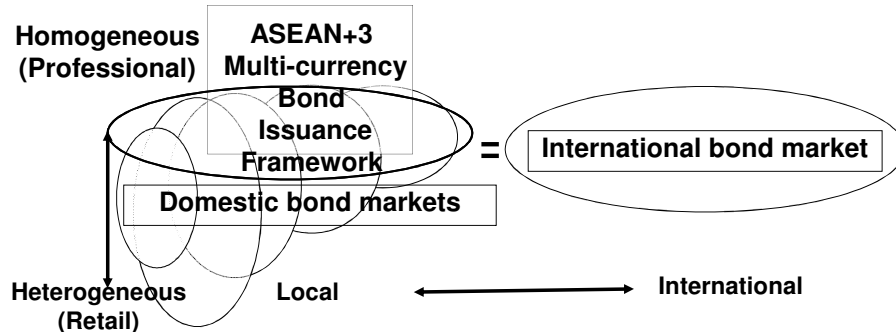
ADB

ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) ABMF SF1

16

AMBIF as a regional nexus

ADB

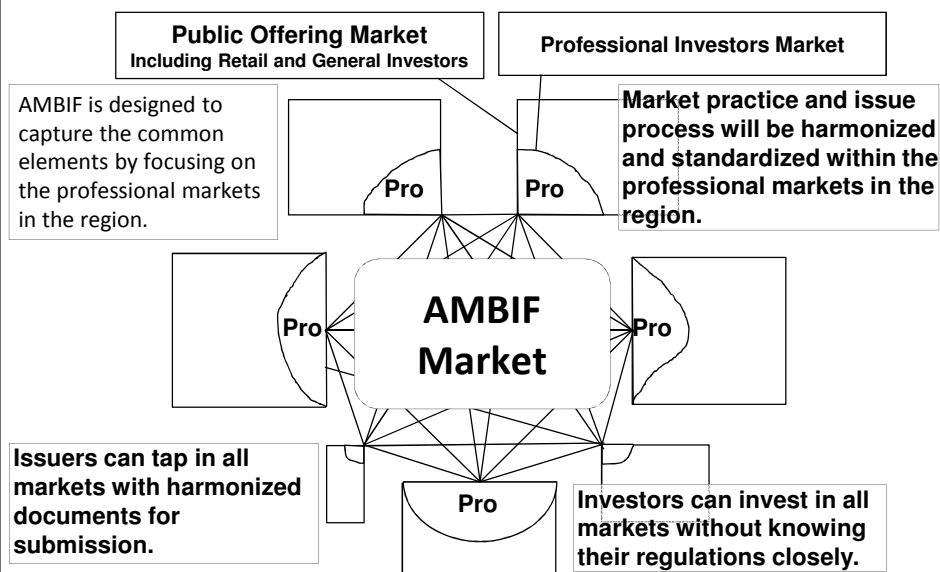


- Due to different degrees of market developments, it is not practical to have a fully standardized bond issuance framework.
- But, common elements may allow connecting the domestic bond markets across the region.

17

What AMBIF can achieve?

ADB



18

AMBIF Elements		ADB
AMBIF Elements (AMBIF Core Components)	Brief Description	
Domestic Settlement	Bonds and notes are settled at a national CSD in ASEAN+3 markets.	
Harmonized Documents for Submission (Single Submission Form)	A common approach is of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information along with an ADRB recommendation needs to be included.	
Registration or profile listing at ASEAN+3 (Place of continuous disclosure)	Information on bonds, notes, and issuers needs to be disclosed continuously in ASEAN+3 markets. Registration or a listing authority function is required to ensure continuous and quality disclosure.	
Currency	The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.	
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 ASEAN+3 market	

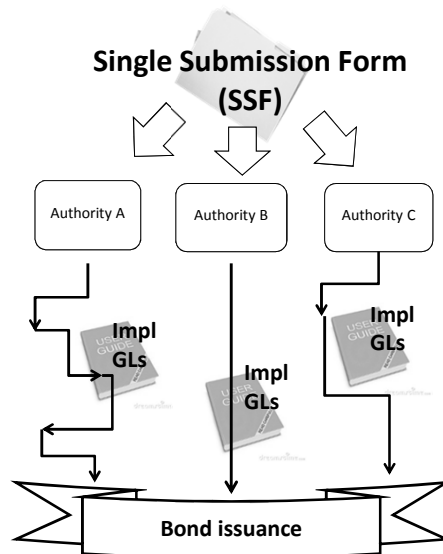
19

Key AMBIF Document (SSF)		ADB
<ul style="list-style-type: none"> • Single Submission Form (SSF) is designed to facilitate an AMBIF bond and note issuance application to regulatory, listing, and registration authorities in each participating market. • SSF is prepared for the benefit of issuers aiming to issue bonds/notes to Professional Investors in multiple ASEAN+3 markets. • But investors can also be benefitted from the standardization of document. 		

20

Key AMBIF documents (Impl GL)

ADB



- SSF should be referenced to the **AMBIF Implementation Guidelines**, which explain specific issuance processes in each market.

- The Implementation Guidelines increase market transparency.
 - Impl GLs should minimize or reduce legal uncertainty.
 - Where a market does not, or no longer, requires the physical submission of documentation, the SSF can serve as a checklist or a guiding template while the Implementation Guidelines should always be able to support issuance application in any form.

21

Additional AMBIF Features

ADB

- ☐ Language of documentation:
 - English
- ☐ Governing law and jurisdiction:
 - Governing law related to settlement needs to be local;
 - However, the governing law and jurisdiction for specific service provisions may be negotiated and agreed between the parties involved in the issuance.
- ☐ Other consideration in the next steps
 - note issuance program
 - credit rating, etc.

22

AMBIF Participating Markets

ADB

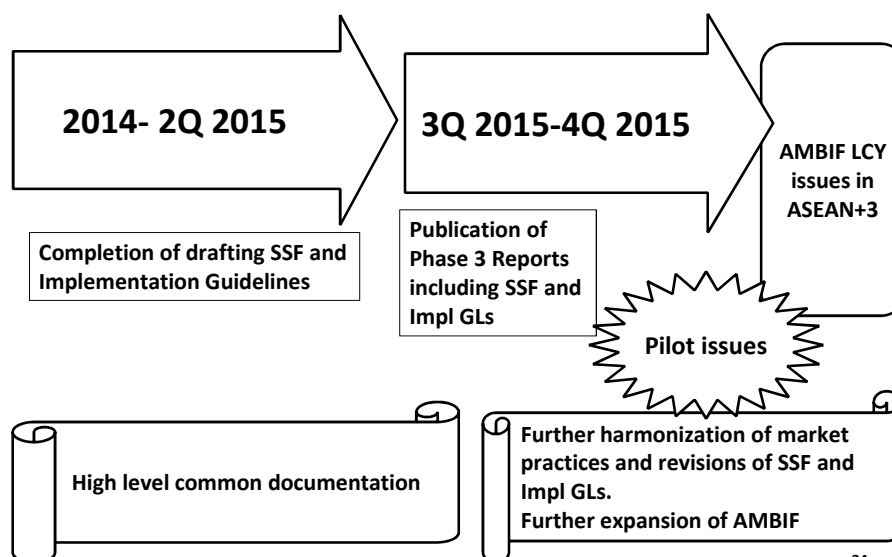
	Place of Issuance	Language for Common Document for Submission	Law Related to Settlement	Governing Law for T&C (e.g. Bankruptcy and Dispute Resolution)	Possible Issuance Currencies
	ICSD	English	English	English	USD*, JPY*, CNY*
AMBIF Markets	Hong Kong, China	English	Hong Kong	Hong Kong, English, or agreed	HKD, CNH, USD*, JPY*, others
	Japan	English	Japanese	Japanese	JPY, USD*, others
	Malaysia	English	Malaysian	Malaysian, English, or agreed	MYR, USD*, CNH*
	Philippines	English	Philippine	Philippines, English, United States, or agreed	PHP, USD*
	Singapore	English	Singapore	Singapore, English, or agreed	SGD, USD*, JPY*, CNH*, others
	Thailand	English	Thai	Thai or agreed	THB, USD*, CNH*
	Republic of Korea	English	Korean	Korean	KRW, USD*
	People's Republic of China	Chinese	Chinese	Chinese	CNY
	Indonesia	Indonesian (and?) English	Indonesian	Indonesian	IDR

* These are foreign-currency denominated domestic bonds .

23

AMBIF Pilot issuance

ADB



24

- **SSF and Implementation guidelines are living documents.**
 - It is still at a very early stage of AMBIF market development. AMBIF Market practices need to be developed along with pilot issuances, with reference to international bond market practices.
 - The developments of market practices in the region need to be reflected in the SSF and Implementation Guidelines.
 - This means that the SSF and Implementation Guidelines will need to be continuously revised in line with the evolution of market practices going forward.
- **AMBIF supports market developments at a very early stage of market creation.**
 - AMBIF sets out necessary conditions to develop a professional market. Approach taken in AMBIF can be introduced in other markets.

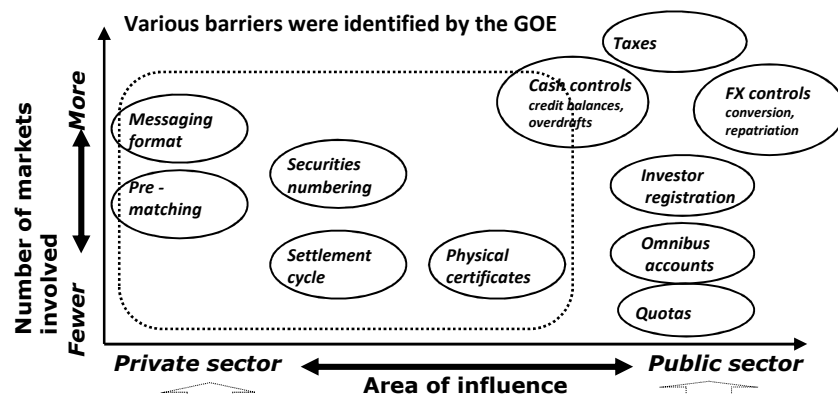
25

Harmonization and Standardization of Bond Market Infrastructures in ASEAN+3 ABMF SF2

26

Market Barriers identified by GOE

ADB



Improve information flows in the markets

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

Source: GOE Report (2010)

27

Work under ABMF

ADB

(Step 1)

Identification of transaction flows of cross-border bond settlement

- ✓ Government bonds
- ✓ Corporate bonds

(Step 2)

Further identification of transaction flows

- ✓ Trades, coupon payment, and redemption

(Step 3)

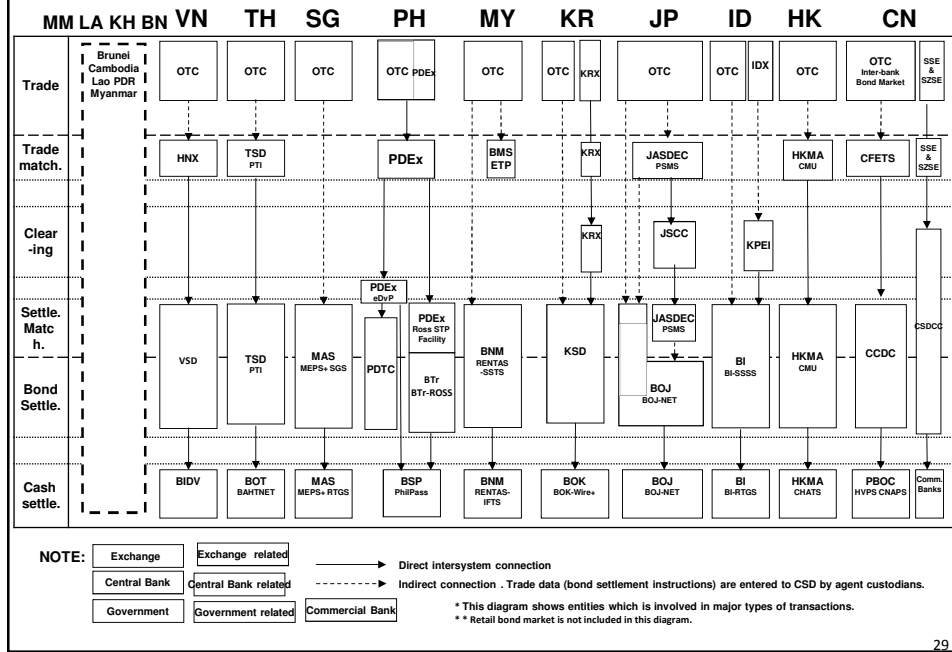
Identification of transactions and message items to be harmonized and standardized

- ✓ Promotion of ISO 20022, BIC and ISIN

- Create awareness of international standards, and support discussion and implementation of international standards.

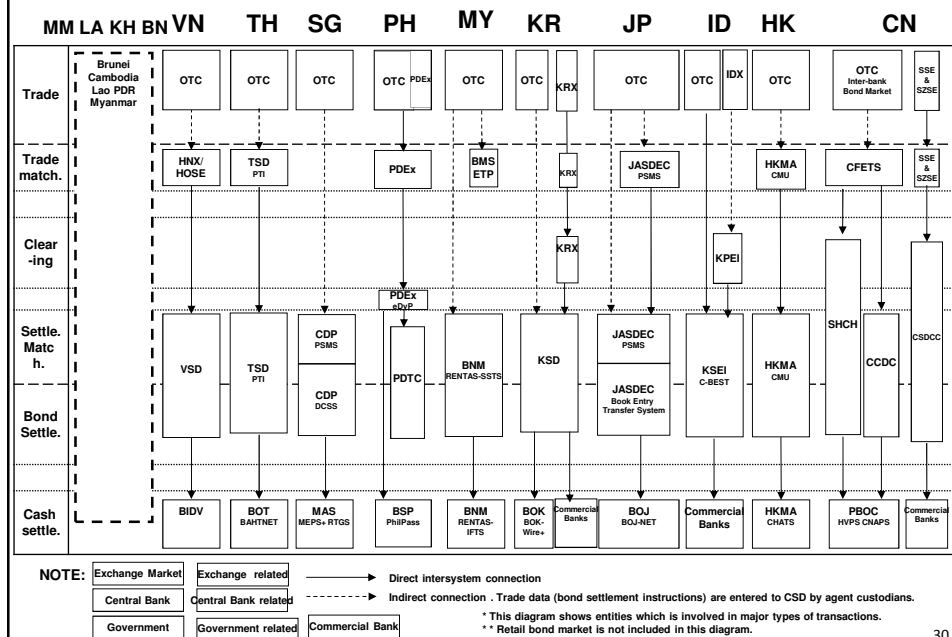
28

Identification of Government Bond Transaction

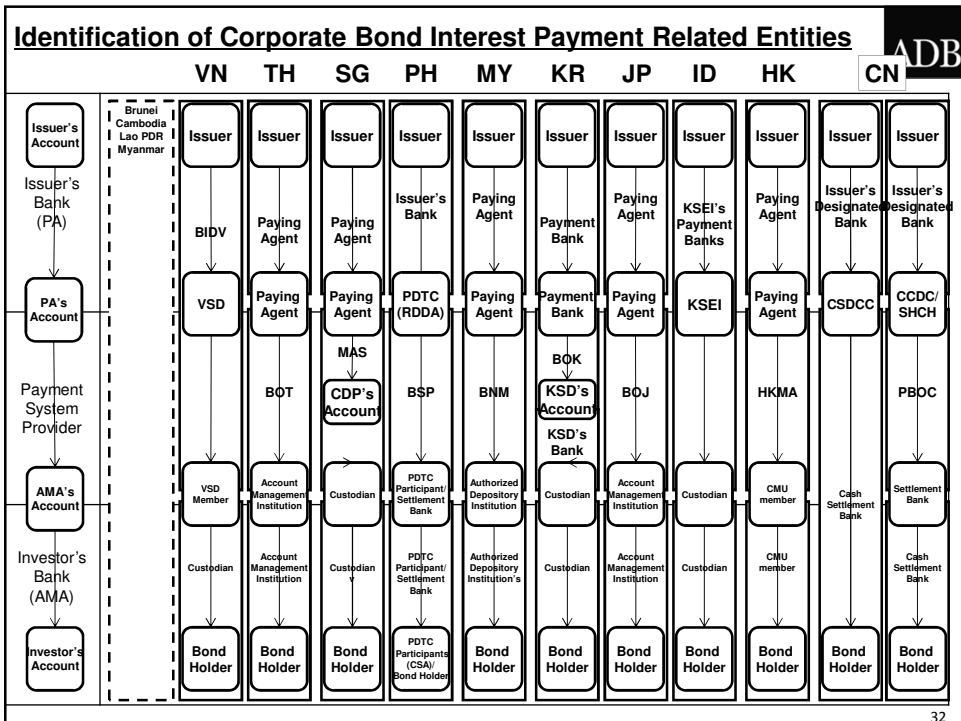
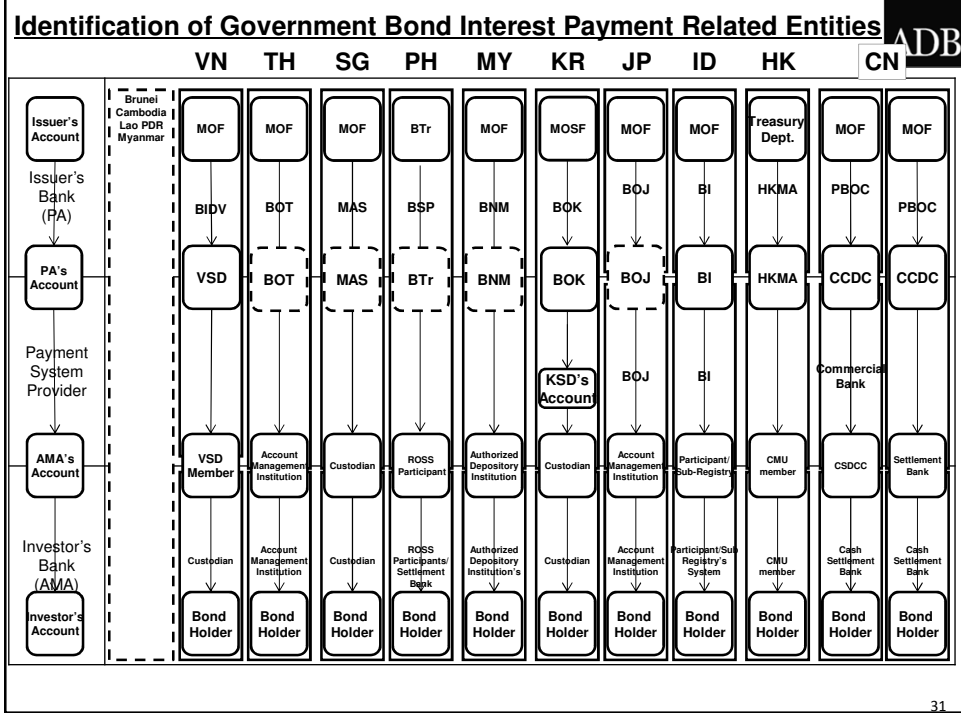


29

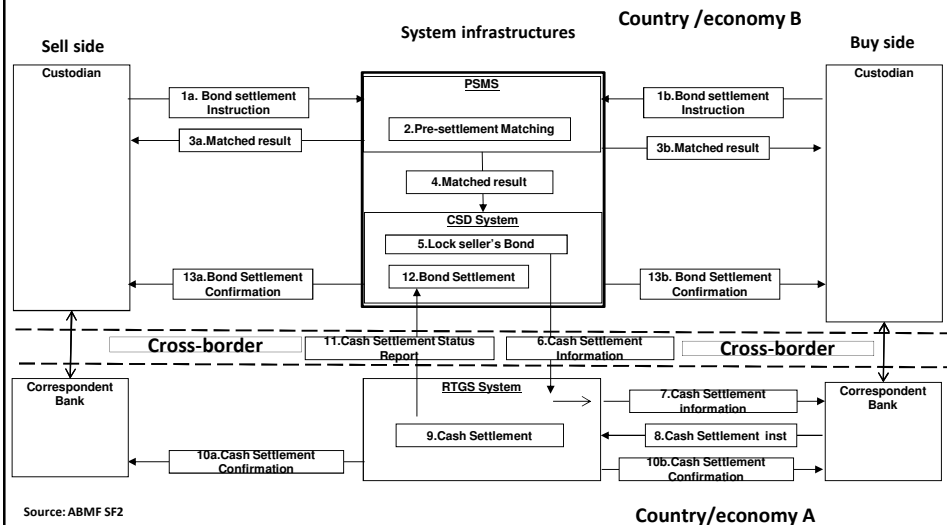
Identification of Corporate Bond Transaction



30



Draft reference DVP Flow (a model to start discussions)



33

Adoption schedule of International Standards by CSDs

ADB

CSD	Name of Bond Settlement System	Inst.	Standardization of Message items (SSS)								System renewal	
			ISO		ISIN	BIC	Charac. Code set	Comm protocol	Overall	Inauguration current system	Reconstruct . period	
			ISO15022	ISO20022								
BN	AMBD	NPSS	G	Y (2016)	Y (201X)	Y	Y	Y	Y (2016)		2016	
BN	(TBD)		C	Y (201X)	Y (201X)	Y	Y	Y	Y (201X)		201X	
CN	CCDC	CBGS	G/C	N	Y	Y	Y	Y	Y	2013		
CN	CSDC	MNS	G/C	N	Y (201X)	Y (201X)	Y	Y	Y (201X)	Nov. 2011		
CN	SHCH	SHCH-SSS	C	N	Y (201X)	Y (201X)	Y	Y	Y (201X)	Dec 2011		
HK	HKMA	CMU	G/C	Y	N	Y	Y	Y	Y	Mar. 1990		
ID	BI	BI-SSSS	G	Y	Y (201X)	Y	Y	Y	Y (201X)	Mar 2003	2018	
ID	KSEI	C-BEST	C	Y	Y (2016)	Y	Y (2016)	Y	Y (2016)		2016	
JP	BOJ	BOJ-NET/GB Service	G	N	Y (2015)	Y (2015)	Y	Y	Y (2015)	1990/Jan 2001	2015	
JP	JASDEC	BETS	C	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 (201X)	Y (201X)	Y (2015)	Y (2015)	Y (201X)		2015	
MY	BNM	RENTAS SSTS	G/C	Y (2016)	Y (2018)	Y	Y (2017)	Y	Y (2018)	Jul 1999	2018	
PH	BTr	BTr-ROSS	G	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	Y	Y (2015)	Mar 1995	2015	
SG	MAS	MEPS+ SGS	G	Y	N	Y	Y	Y	Y	Dec 2006		
SG	CDP	DCSS	C	Y (2015)	Y (2015)	Y	Y (2015)	Y	Y (2015)	-	2015	
TH	TSD	PTI	G/C	Y	N	Y	Y	Y	Y	Oet 2007	2019	
VN	VSD	VSD-BES	G/C	Y	Y (2016)	Y	Y (2016)	Y	Y (2016)	May. 2014	2016	

34

Adoption schedule of IS by CBs

ADB

	Operator	Name of the System	Standardization of Message Items (RTGS)						System renewal	
			ISO messages		BIC	Char. Code set	Commun. protocol	Overall	Inauguration current system	Reconstructi on period
			ISO15022	ISO20022						
BN	AMBD	-	N	Y	Y	Y	Y	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	Y (201X)	Y (201X)	Y (201X)	Y (201X)	Y (201X)		201X
KR	BOK	BOK-Wire	N	Y (201X)	Y	Y	Y	Y (201X)	Apr 2009	
LA	BOL	-	Y		Y	Y	Y	Y		
MM	CMB	-	N	Y (201X)	Y (2015)	Y (2015)	Y (2015)	Y (201X)		2015
MY	BNM	RENTAS IFTS	Y (2016)	Y (2018)	Y (2017)	Y	Y	Y (2018)	Jul 1999/2004/2011	2018
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

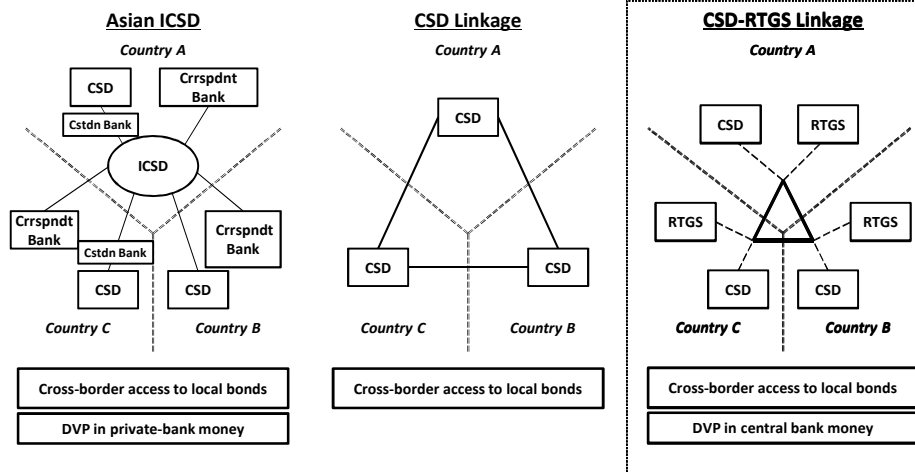
35

CSD-RTGS Linkage as Regional Settlement Intermediary model

ADB

CSD-RTGS Linkage was chosen as the most possible model to implement RSI in ASEAN+3

CSD-RTGS Linkage enables the local bonds to be settled in Delivery versus Payment (DVP) via central bank money, which ensures safety of settlement and is compliant with the international standards as well as being cost-efficient.

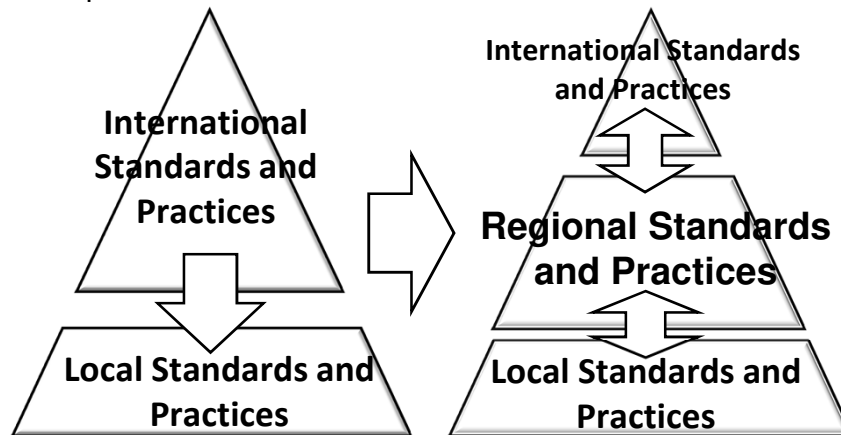


36

Challenges for harmonization

ADB

Global standardization efforts should not be one way; the region needs to be able to create regional standards and practices which will be recognized as international standards and practices

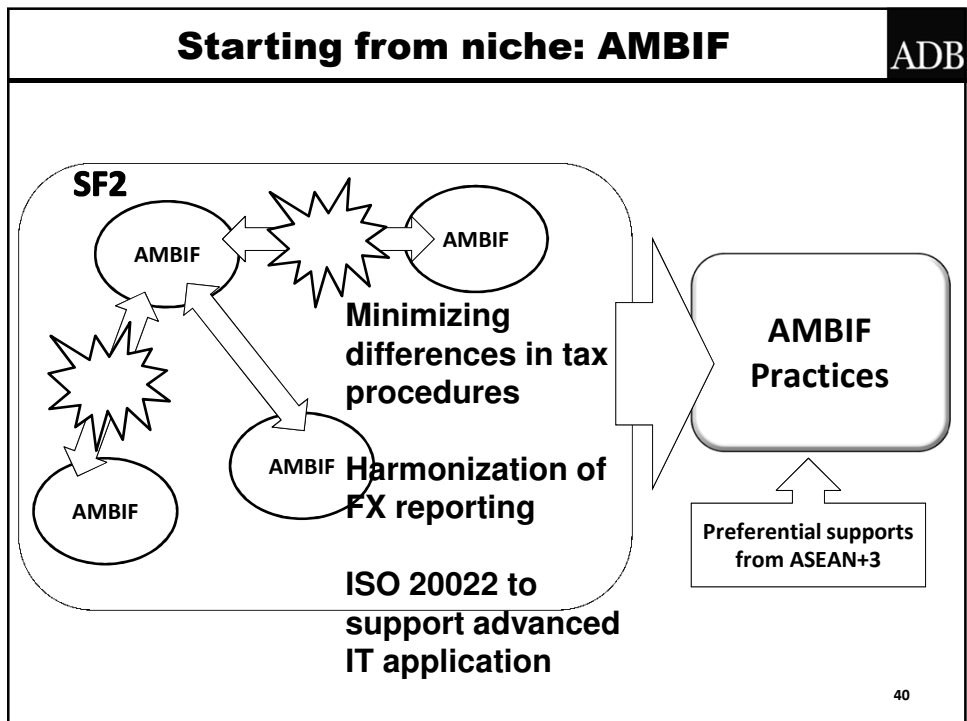
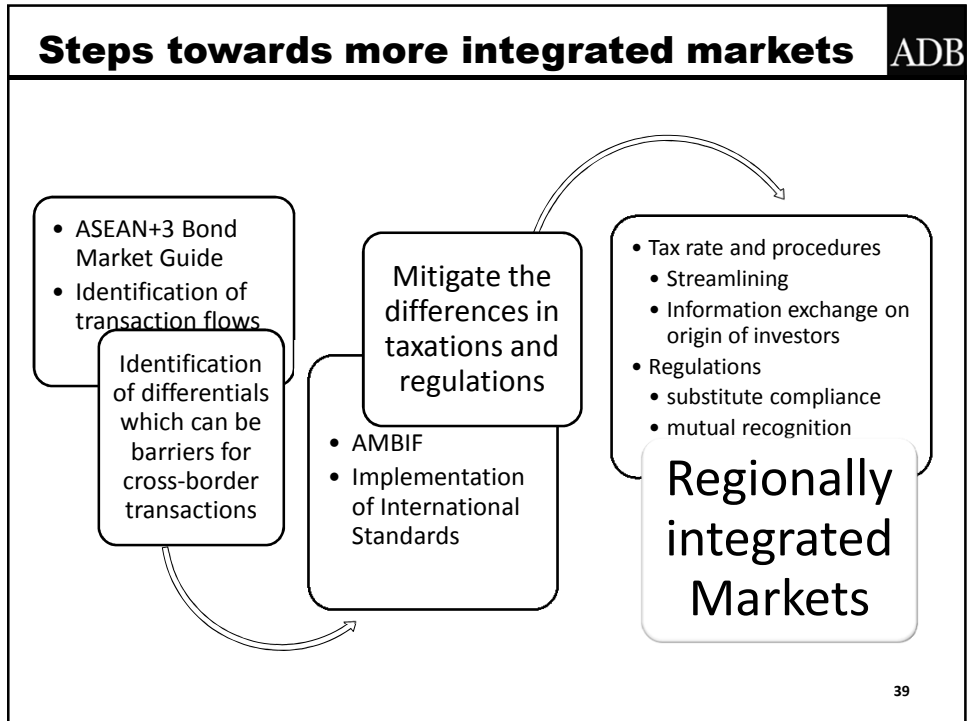


37

ADB


Next steps

38



Conclusion

ADB

- **ABMI**
 - Success
 - Market fragmentation
 - Connecting markets and regional safety net
 - **AMBIF**
 - Framework to connect the markets = Nexus
 - Strategic approach: starting from where possible
 - **Application of advanced IT**
 - International standards
 - CSD-RTGS linkages
- 
- Collaboration with the Private Sector = **ABMF**

41


ADB

Thank you

For further info: syamadera@adb.org


42

Session 2



Moving Towards an Integrated Bond Market thru the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF)

Ephyro Luis B. Amatong
Commissioner
Securities and Exchange Commission
Philippines



1

■ 1

ASEAN Economic Community: Growing Together



Combined GDP of US\$2.5T in 2014 (7th largest if counted as one economy – after France and before Brazil)

Consuming households expected to double by 2025 to 125 million

Expected to be the fastest growing consumer market by 2030 with GDP of US\$ 10T

AEC Goals:

- Highly competitive economic region
- Single market and production base
- Region of equitable economic development
- Region fully integrated into the global economy

Source: IMF/WB

2

■ 2

ASEAN+3: Doing Business Across Borders



Source: DTI-RP

In focus: the Philippines



Automotive Manufacturing

- CARS Program: P27B incentives
- 2015 Target: 215,000 cars



Semiconductors

- \$37B exports by 2016
- 72% foreign firms



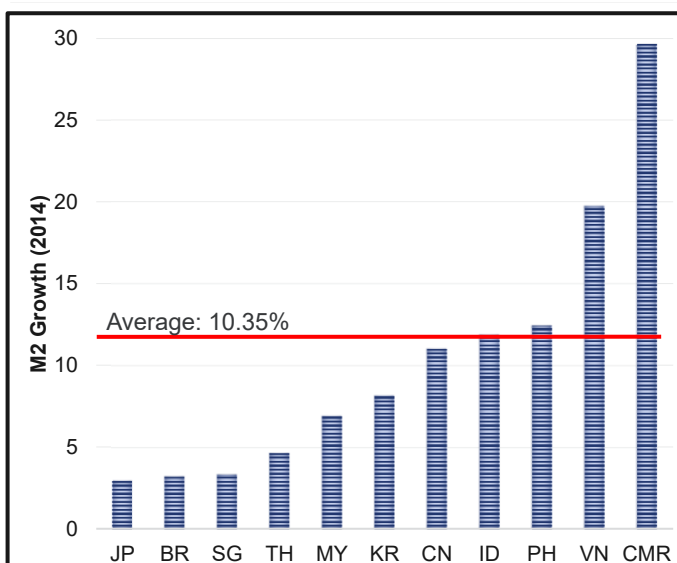
Shipbuilding

- Second largest archipelago
- Over 90,000 registered welders

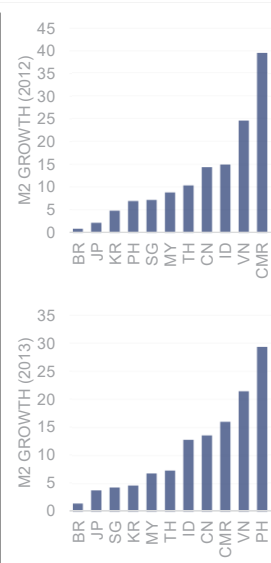
3

■ 3

ASEAN: Available and Growing Liquidity



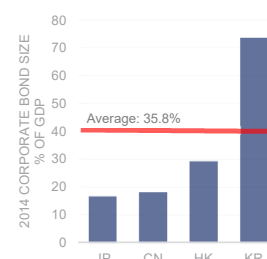
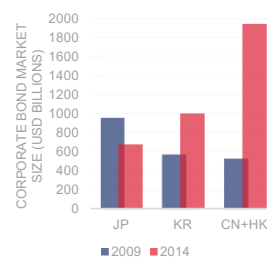
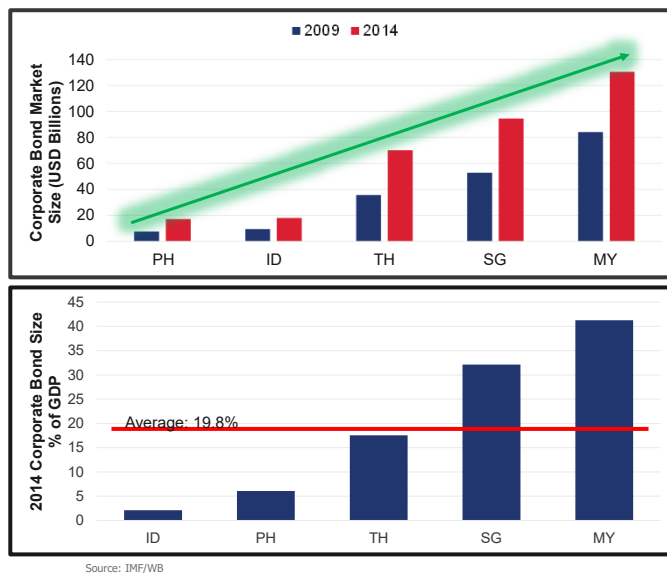
Source: IMF/WB



4

■ 4

ASEAN: Developing Corporate Bond Markets



5

Challenges faced

Differences in laws, regulations and practices	Absence of a common legal framework applicable to all jurisdictions
	Disparity in disclosure rules and documentation
	Variation in tax treatments among member nations
Enforcement of cross-border regulations	Difficulty to monitor and supervise foreign corporations
	Need for coordination among regulators
Financial safeguards	Credit rating agencies
	Additional facilities offering credit guarantees
Expanding linkages	Cohesive market infrastructure linkages

6

ASEAN Integration Initiatives

Initiatives	Challenges sought to be resolved	Degree of progress
ASEAN Disclosure Standards	Heterogeneity in laws, Regulations and practices	3 out of 10 ASEAN countries
ASEAN Common Prospectus Streamlined Review Protocol		3 out of 10 ASEAN countries
Collective Investment Scheme		3 out of 10 ASEAN countries
ASEAN Exchanges Initiative (ASEAN Trading Link)		Bursa Malaysia, Singapore Exchange, and Stock Exchange of Thailand
Bond Market Development Scorecard	Lack of knowledge about the market	10 out of 10 ASEAN countries participate

7

■7

AMBIF as a Platform for Integration

Notable features in the development of AMBIF	Challenges sought to be resolved	Degree of Progress
Bond Market Guide and Implementing Guidelines	Heterogeneity in laws, regulations and practices	6 out of 13 ASEAN+3 countries
Single Submission Form		
Sale to professional investors/qualified buyers		
Registration or profile listing	Ensures continuous disclosure for enforcement of cross-border regulations	

8

■8

Advantages of the AMBIF Approach

- Encourages active participation of the private sector
- Looks for commonality among jurisdictions
- Makes use of existing exemptions (i.e. focus on “professional investors” or “qualified buyers”) without having to require a change in domestic laws
- Effective venue for exchanging knowledge and experience (data gathering and dissemination has been exceptionally successful and useful)

9

■9

Thank You

10

■10

SUB-FORUM 1 Session

Session 3

Reporting on New Working Groups

by ADB Secretariat

- *TOR and Workplan of WG-IP and WG-CBCR*
- *Q&A*

Presentations related with AMBIF Information Platform

- **The basic concepts of AMBIF IP**
By Mr. James Yoo, KOSCOM
- **Setting standard and principles for bond valuation agency**
By Ms. Chaoqun Wang, Chinabond Pricing Center, CCDC
- **AMBIF IP: Market Development via Networking**
By Mr. Shah Zain, Chief Business Officer, BPAM

***TOR and Workplan of WG-IP
and WG-CBCR*** by ADB Secretariat

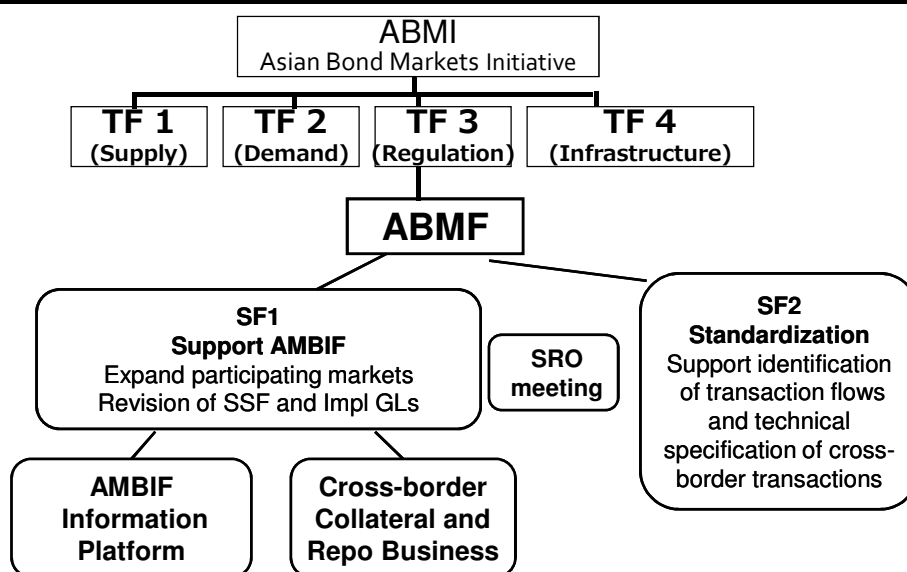
Session 3: Reporting on New Working Groups

19th ABMF Meeting

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

1

New WGs



2

WG on collateral business and repo in ASEAN+3

ADB

❖ Objective

- The Working Group on Cross-Border Collateral and Repo shall:
- Identify the current status of cross-border collateral, repo, and securities lending business in ASEAN+3. The result will be reported to the ASEAN+3 Bond Market Forum (ABMF).
- Identify impediments for cross-border collateral, repo, and securities lending business, which has not been identified in the existing studies.
- Find out potential business cases if cross-border collateral, repo, and securities lending are made possible or easier. This may need to consider impact of recent regulatory changes such as OTC derivatives and liquidity management.
- Recommend a preferable approach to enable cross-border collateral and repo in the region more easily, and provide necessary regulatory consideration to ABMF in relation with bond market developments and intra-regional cross-border transactions.

3

WG – CBCR Workplan

ADB

Up to October

- ADB Secretariat will collect information of existing study to avoid overlap. The WG members are asked to share information that contributes to WG discussion (by the end of August).
- The Secretariat will prepare a document to see what information is available and not based on the existing studies. To start, we may use the study by the SRO Group, which was drafted by Mr. Shiina of JSDA. The WG will be asked to validate available information (in September).
- The WG members are asked to submit a “wish list” which indicates the information you would like to have and what cross-border transactions you would like to see. This should not exclude use of USD and US Treasury in the region, but focus needs to be paid to cross-border. The intention is to find out a potential business cases (by the end of August).
- 18. The WG will discuss a preferable approach to identify status quo of cross-border transactions in the region. It is necessary to construct a customized approach to identify issues in different markets (in September).

4

WG on AMBIF Information Platform

ADB

❖ Objective

1-1. Discuss how information technology can support AMBIF bond issuance and trading

1-2. Discuss possible technological solution to support AMBIF bond issuance and trading

1-3. Identify necessary technical specifications to be considered in case a common information platform is considered, and/or in case the exchange of information between individual information platforms is considered

1-4. Propose steps to be considered in case a common information platform and or the connection of individual information platforms shall be implemented in the future

5

WG on AMBIF IP Workplan

ADB

Up to October

- ADB Secretariat will circulate the presentations related to bond price information and information platform provided at the previous ABMF meetings. ADB Secretariat would like to ask the WG members to share information regarding an information platform in their respective markets or under their purview (in August).
- ADB Secretariat will organize calls for members to learn about the existing platforms and proposed platform in the region (in August and September).
- The WG members are requested to identify business needs or specifications for the creation of an information platform. Please provide what functions and information should be provided in the information platform (by the end of August).
- Once we have the information on the existing information platforms, we will map out to what extent such information is already provided through existing platforms (by the end of September).
- Hopefully, these exercises would identify what can be done on the basis of existing functions and features and what needs to be done to make a desirable change in the markets (by the end of September).

6

TOR of WG on AMBIF Information Platform (WG-IP) (Draft)

I. Objective

The Working Group on AMBIF Information Platform shall:

- 1-1. Discuss how information technology can support AMBIF bond issuance and trading
- 1-2. Discuss possible technological solution to support AMBIF bond issuance and trading
- 1-3. Identify necessary technical specifications to be considered in case a common information platform is considered, and/or in case the exchange of information between individual information platforms is considered
- 1-4. Propose steps to be considered in case a common information platform and or the connection of individual information platforms shall be implemented in the future

II. Membership

The members of the Working Group shall be recruited by the ADB secretariat based on the recommendations and nomination by ABMF members and experts on the subject in the region.

The members are expected to be composed of:

- 2-1. IT vendors, bond pricing agencies CSDs, ICSDs, commercial banks, investment banks, brokers, and other experts involved in cross-border bond transactions in ASEAN+3.
- 2-2. Central banks and regulators who are interested in the WG discussion

III. Workplan

August	First WG conference call
17 August	ABMF meeting at which the TOR of the WG will be reported
Aug-Oct	Brainstorming among WG members to discuss how IT can support AMBIF <ul style="list-style-type: none">- Sharing info on the current regulatory framework of AMBIF participating countries.- Building consensus what is necessary to support the initial stage of AMBIF- Agreeing on a broad picture and deliverables by May 2016
16 Oct	ABMF meeting at which idea of possible deliverable will be reported and agreed.
27-28 Oct	ABMI TF meeting

Nov-Dec	Technical work based on the agreement among the WG members
Jan 2016	ABMF meeting at which the deliverable will be reported
March 2016	ABMI TF meeting
May 2016	ASEAN+3 Finance Ministers and Central Bank Governors Meeting
June-Dec 2016	Additional work such as identifying technical specifications and roadmap to be considered in line with the development of AMBIF. The work of the WG for this stage is expected to be completed by the end of 2016.

WG on AMBIF Information Platform (WG-IP) calls on 3-4 August

Summary of discussion

(Introduction)

1. ADB thanked the members for their kind participation. As a background, Mr. Yamadera explained the framework of Asian Bond Markets Initiative (ABMI), ASEAN+3 Bond Market Forum (ABMF) and WGs. The new WGs will be under SF1 of ABMF, and the outcome of the WGs will be reported to ABMF, then elevated to ABMI Task Force 3. The WGs need to create a deliverable output in the context of the timeline explained below. Therefore, members may need to approach the work backward, i.e., to determine what can be done by the time of the respective ABMF and ABMI TF meetings. If the WGs can produce a tangible outcome, ASEAN+3 officials may give further support to this WG.
 - ABMF meeting on 17 August
 - ABMF meeting on 16 October
 - ABMI TF meeting on 27-29 October
 - ABMF meeting in January 2016
 - ABMI TF meeting in March 2016
 - ASEAN+3 Finance Ministers and Central Bank Governors Meeting in May 2016
2. ADB explained the relatively broad theme of the WG-IP, owing to a number of different opinions for the approach among the members. For example, the definition of and expectations for an information platform appears different among the members. Thus, the WG will start discussions at a relatively high level: how information technology can support AMBIF bond issuance and trading; and what would be a possible technological solution to support AMBIF. A specific deliverable needs to be identified through the course of the WG discussion. Therefore, the first call was aimed to collect initial views and expectations among the members.

(Comments from the members)

3. We should discuss a single information platform for the region, which may eventually even evolve into a single trading platform to facilitate smoother bond transactions for the region. We should discuss what kind of system can or should be implemented in the region.
4. We should consider leveraging existing platforms, since most member countries already have a bond information system of sorts, although to very different degrees. There are ongoing initiatives between bond pricing agencies and exchanges to share information. It is necessary to think of a cost effective solution. In this regard, we should focus more on seamless data exchange and interoperability of the existing platforms in the region.

5. We can consider a stepwise approach, given limited time and divergence among the markets in the region. We can start from a small initial step. But in the future we may be able to consider developing a platform which connects all markets in the region.
6. It may be better to start from learning about existing information platforms in the region. It is not clear at this stage what kind of information platforms are available. Thus, bond pricing agencies and pricing information centers or bond price registries in the region should communicate more frequently.
7. We may be able to learn a lesson from Europe towards harmonization, though their regulations and market practices are still not yet harmonized.
8. It may be better to have some kind of information hub which provides information related to bonds in the region.
9. AsianBondsOnline has been the most well-known website for Asian bonds; hence, we can consider how to utilise or expand the functions of ABO.
10. We need to consider identifying business needs first when considering an information platform. For example, price information of bonds and yield curve may need to be shown in one screen; and information about auctions and various regulatory announcements in the region need to be shown in a timely manner. We need to understand the needs of investors as well as issuers.
11. We may need to discuss message standards or protocols to exchange information among the platforms. At this stage, there is no such standard.
12. We should discuss a common set of rules and standards for market information such as how to collect or calculate price information and create a yield curve.
13. There may be market specific requirements to be considered for market information provision. But it is not clear at this stage to what extent information is indeed market specific. WG members are expected to contribute to provide such information.
14. It is hoped that the WG can show what is necessary for market developments and what kind of information platform is desirable, assuming that all markets are linked in some ways.
15. To deliver a tangible output, the WG may consider the following steps:
 - Step 1: Find out an entity in each market to form a network of information platform
 - Step 2: Obtain all inputs, decide on direction
 - Step 3: Appoint project leader, have a standard MoU for content share, and appoint technical reps in each participating entity
 - Step 4: agree on a common “AMBIF page”, design and develop
 - Step 5: link up all the pages, go-live, promotion and publicity etc

Step 6: Continuous enhancements and improvements as market evolves.

(Next step)

16. ADB Secretariat will circulate the presentations related to bond price information and information platform provided at the previous ABMF meetings. ADB Secretariat would like to ask the WG members to share information regarding an information platform in their respective markets or under their purview (in August).
17. ADB Secretariat will organize calls for members to learn about the existing platforms and proposed platform in the region (in August and September).
18. The WG members are requested to identify business needs or specifications for the creation of an information platform. Please provide what functions and information should be provided in the information platform (by the end of August).
19. Once we have the information on the existing information platforms, we will map out to what extent such information is already provided through existing platforms (by the end of September).
20. Hopefully, these exercises would identify what can be done on the basis of existing functions and features and what needs to be done to make a desirable change in the markets (by the end of September).

TOR of WG on Cross-Border Collateral and Repo (Draft)

I. Objective

The Working Group on Cross-Border Collateral and Repo shall:

- 1-1. Identify the current status of cross-border collateral, repo, and securities lending business in ASEAN+3. The result will be reported to the ASEAN+3 Bond Market Forum (ABMF).
- 1-2. Identify impediments for cross-border collateral, repo, and securities lending business, which has not been identified in the existing studies.
- 1-3. Find out potential business cases if cross-border collateral, repo, and securities lending are made possible or easier. This may need to consider impact of recent regulatory changes such as OTC derivatives and liquidity management.
- 1-4. Recommend a preferable approach to enable cross-border collateral and repo in the region more easily, and provide necessary regulatory consideration to ABMF in relation with bond market developments and intra-regional cross-border transactions.

II. Membership

The members of the Working Group shall be recruited by the ADB secretariat based on the recommendations and nomination by ABMF members and experts on the subject in the region.

The members are expected to be composed of:

- 2-1. CSDs, ICSDs, commercial banks, investment banks, brokers, and custodians and other experts involved in securities collateral business in ASEAN+3.
- 2-2. Central banks and regulators who are interested in the WG discussion

III. Workplan

August	First WG conference call
17 August	ABMF meeting at which the TOR of the WG will be reported
Aug-Oct	Discuss and agree on a preferable approach to identify the current status and potential business cases
16 Oct	ABMF meeting at which the progress of discussion will be reported

27-28 Oct	ABMI TF meeting
Jan 2016	ABMF meeting at which the progress of discussion will be reported
March 2016	ABMI TF meeting
May 2016	ASEAN+3 Finance Ministers and Central Bank Governors Meeting
June-Dec 2016	Additional study will be conducted if necessary. The work of the WG is expected to be completed by the end of 2016.

WG on Cross-Border Collateral and Repo (WG-CBCR) on 3-4 August

Summary of discussion

(Introduction)

1. ADB thanked the members for their kind participation. As a background, Mr. Yamadera explained the framework of Asian Bond Markets Initiative (ABMI), ASEAN+3 Bond Market Forum (ABMF) and WGs. The new WGs will be under SF1 of ABMF, and the outcome of the WGs will be reported to ABMF, then elevated to ABMI Task Force 3. The WGs need to create a deliverable output in the context of the timeline explained below. Therefore, members may need to approach the work backward, i.e., to determine what can be done by the time of the respective ABMF and ABMI TF meetings. If the WGs can produce a tangible outcome, ASEAN+3 officials may give further support to this WG.
 - ABMF meeting on 17 August
 - ABMF meeting on 16 October
 - ABMI TF meeting on 27-29 October
 - ABMF meeting in January 2016
 - ABMI TF meeting in March 2016
 - ASEAN+3 Finance Ministers and Central Bank Governors Meeting in May 2016
2. ADB explained the objective of the WG-CBCR. It is important to identify the current status of cross-border collateral, repo, and securities lending business in ASEAN+3, but we need to avoid repeating existing studies. Our focus needs to be cross-border. Without domestic transactions, we cannot assume cross-border transactions, but issues related with domestic repo and collateral has been discussed and identified already in various studies. As a regional forum, we can show our advantage in regional issues. For example, two markets may have repo markets already, but when they make a cross-border repo and collateral transaction, they may not be able to do easily. This is the area we need to look into. Another important aspect of WG study is to find potential business cases. There seems increasing demand for collateral in the region, but local currency bonds are not utilized. It is important to show potential business cases. To understand the current market situation, it is necessary to design the survey carefully. In this regard, it is highly appreciated for the WG members' inputs as real experts in the region.
3. WG-CBCR inevitably needs to discuss regulatory issues. This would also contribute to discussion of CSIF, which tries to establish linkages among the central banks and CSDs in the region. Their discussion will focus on technical side based on a proposed linkages between the central banks and CSDs. But they will also face challenges when considering linkages if regulatory differences are not mitigated. Hopefully, discussion by WG-CBCR would support and accelerate their implementation.

(Comments from the members)

4. It is desirable the survey can show factual information we do not easily see. It is still not clear what kinds of transactions are possible, and whether non-resident can be a player.
5. It would be good if we can discuss what would happen if impediments would disappear.
6. It is important to understand what is possible not possible in each market. For example, we can ask a question whether it is allowed to do transaction A, which is allowed in other market. If the answer is No, we can find out why.
7. It may be better to establish a common understanding what cross-border collateral and repo is in the region. What we have in our mind may not be the same.
8. In many markets, USD and US Treasury can be used as collateral, but it is not easy to use Asian local currency and local currency bonds. Comparing these, we may be able to articulate stumbling blocks clearly.
9. We may be able to hypothetically consider using an Asian currency as a common vehicle instead of USD. This may also show barriers.
10. GMRA is used in Asian markets. But each market has its own country annex, which may be a potential source of barriers for cross-border repo and collateral. GMRA needs to be the benchmark and we need to accept a country annexes to standardize repo transactions in the respective domestic markets. We therefore need to find a balance between these objectives. Ideally, market players would prefer if GMRA documentation for cross-border repo is subject to bilateral discussion between the counterparties.
11. We need to carefully design the survey. Issues and problems may be different one market to another. The survey needs to be more customized. For example, the challenges HK and SG are facing would be different from the challenges in other markets. Given different legal structure of repo, problems in China and Japan may be different. Besides, repo trade in ASEAN may not be large. Thus, sending the same questions to all markets may neither be effective nor productive.
12. The survey should not repeat existing studies such as ones by the GOE, EMEAP, and ICMA. The survey needs to have different angles, which can advance discussion.
13. Different legal structure of repo contract is an important issue, but taxation can be also a serious impediment for cross-border transaction. Though legal structure may be similar, taxation could be different. It may be better to start looking at the issue where difference in taxation is smaller.

14. We would like to learn what is necessary to enable cross-border collateral and repo in our market. We would like to know how to develop the system.

(Next step)

15. ADB Secretariat will collect information of existing study to avoid overlap. The WG members are asked to share information that contributes to WG discussion (by the end of August).
16. The Secretariat will prepare a document to see what information is available and not based on the existing studies. To start, we may use the study by the SRO Group, which was drafted by Mr. Shiina of JSDA. The WG will be asked to validate available information (in September).
17. The WG members are asked to submit a “wish list” which indicates the information you would like to have and what cross-border transactions you would like to see. This should not exclude use of USD and US Treasury in the region, but focus needs to be paid to cross-border. The intention is to find out a potential business cases (by the end of August).
18. The WG will discuss a preferable approach to identify status quo of cross-border transactions in the region. It is necessary to construct a customized approach to identify issues in different markets (in September).

The basic concepts of AMBIF IP

By Mr. James Yoo, KOSCOM

The Basic Concepts of AMBIF IP

17 August, 2015
19th ABMF meeting in Manila, Philippines



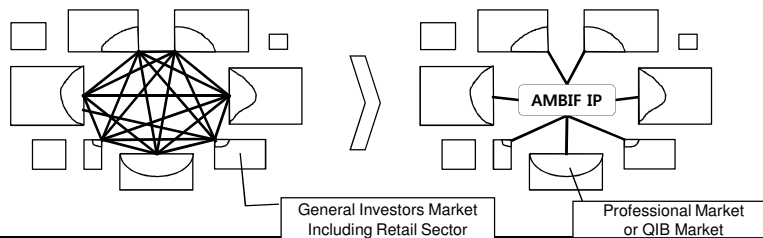
Table of Contents

- Definition of AMBIF IP and requirements
- Steps for implementation of AMBIF IP system
- Possible functions for AMBIF IP
- Implementation schedule for AMBIF IP

Definition of AMBIF IP and requirements

Definition of AMBIF IP

- The AMBIF IP is the common market infrastructure ...
 - To efficiently implement AMBIF for ASEAN+3 economies
 - To facilitate standardization and harmonization in the concepts of AMBIF
- AMBIF IP is the HUB infrastructure for ASEAN+3 economies
 - AMBIF IP recognizes the unique system of each country, even though the bond market status is different among ASEAN+3 economies.
 - AMBIF IP is the centralized-linkage model (IP-HUB), which connects the respective systems
 - “Centralized-linkage” is more efficient than “Bilateral-linkage”



Requirements of AMBIF IP

- AMBIF IP must be tangible system
 - Automated processing system (not manually operated)
 - Physically independent system
- AMBIF IP should be able to freely participated by ASEAN+3 users
 - Easy-to-understand system
- AMBIF IP is required to continuously implement business needs
 - Common infrastructure for common benefits of ASEAN+3
 - Consensus issues from ABMF meetings

Steps for implementation of AMBIF IP system

Work Plan

■ [1] AMBIF IP infrastructure development

- Plan and design AMBIF IP infrastructure
- Develop AMBIF IP infrastructure

■ [2] Gradual participation

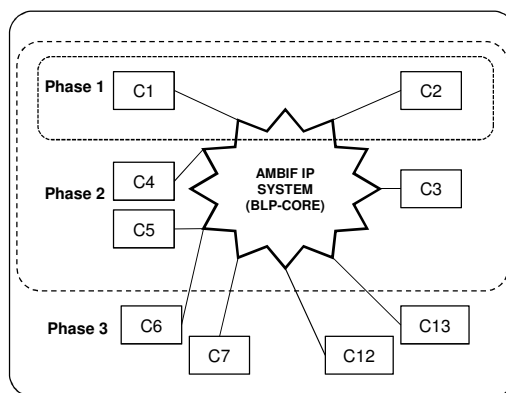
- Gradual participation from each economies who are ready to participate in AMBIF IP
- Education and guided participation may be required

■ [3] Contents upgrade (Business expansion)

- Additional contents for new business requirements

Realization of AMBIF IP & gradual participation

AMBIF IP System enables countries, who are ready and willing to participate to perform their desired business by accessing AMBIF IP system.



*C : Country

(After AMBIF IP development)

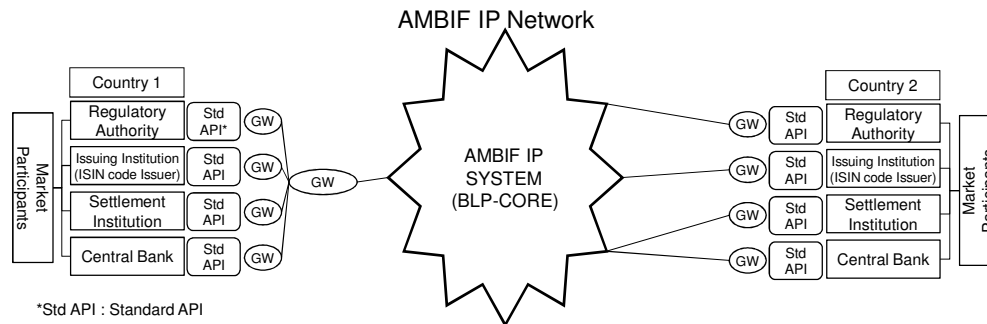
1. As levels of computing infrastructure may vary among ASEAN+3 countries, those who are prepared to use AMBIF IP system can do their business through AMBIF IP Network. Other countries yet prepared can also share the information.
2. Countries should explore information and business opportunities further to expand the range of information in AMBIF IP encouraging countries who have not joined.
3. Countries who would like to join afterward can simply connect their domestic systems to AMBIF IP Network.
4. Therefore, the concept of gradual participation is much more important than gradual system development.
5. Common BLP-Core in AMBIF IP can reduce computing cost of individual countries (Individual countries do not need to develop business systems for AMBIF IP for their own use. Instead, they can realize AMBIF IP with minimum cost through utilizing their existing systems)

BLP-CORE

AMBIF IP system is equipped with 'BLP-CORE (Business Logic Processing - CORE)' which has functions of analyzing, converting, processing, and delivering the business.

Related institutions from a country send business messages in the form of standard API through physical G/W(gateway) to AMBIF IP network.

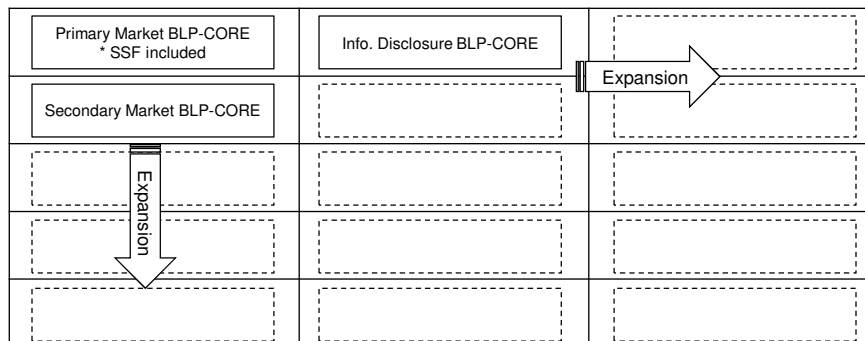
Those messages delivered to AMBIF IP SYSTEM will be analyzed, converted, and processed by virtue of BLP-CORE.



Business expansion of AMBIF IP

BLP-CORE consists of individual modules to process business in IT environment. A variety of business for AMBIF IP, such as primary market BLP-CORE and secondary market BLP-CORE, can also be realized. A number of BLP-CORE types can be loaded for service in BLP-CORE container of AMBIF IP.

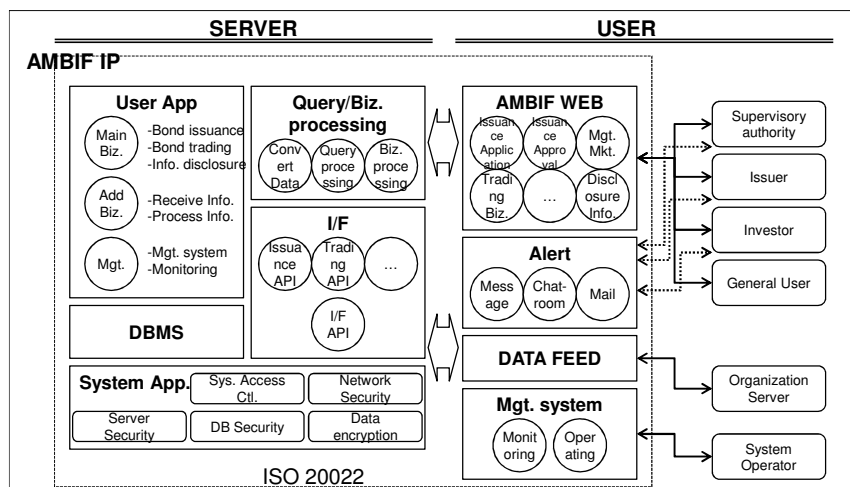
BLP-CORE container



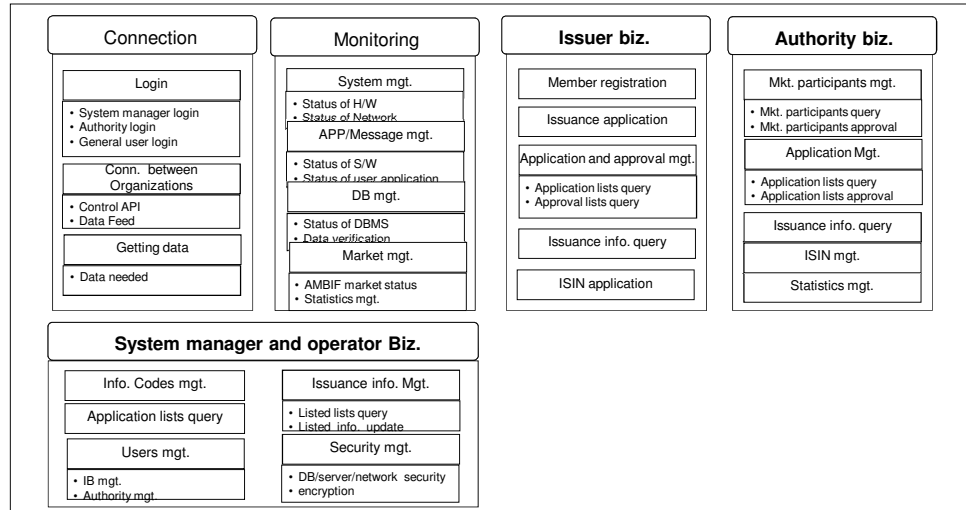
Possible functions for AMBIF IP

Application diagram

AMBIF IP needs to be equipped with a variety of application other than the main business features discussed in ABMF.



Possible bond issuance functions



Possible bond issuance functions

Type	Business	Details
Connection	Login	- Authorize the users based on their roles - System manager, authority, market participants, investors
	Connection between organizations	- Communication between AMBIF IP and each country's organization - Standard API provides convenient linkage among servers in different countries
	Gathering data	- Procurement of information required by users - Bond issuance information, economic indicator, statistics
Monitoring	System management	- H/W status - Network status - Server access status - User access status
	Message management	- Management of message status through internal/external I/F - Verification of transferred data
	APP management	- System S/W status - Online user application status - Batch user application status
	DB management	- DBMS status - Verification of data - Data cleansing received from 3 rd party
	Market management	- AMBIF market status - Various statistics calculation status

Possible bond issuance functions

Type	Business	Details
Issuer Biz.	Member registration	- Registration of AMBIF market participants
	Issuance application and approval mgt.	- Application for issuance, approval management, underwriting business
	Issuance info. query	- Search bonds, bond information, and market statistics
	ISIN application	- Retrieve ISIN application screen
Authority Biz.	Market participants management	- Approval/query of market participants - Each country's supervisory authority manages its market participants
	Application list mgt.	- Approval/query of bond applications
	Issuance info. query	- Query bond information
	Statistics mgt.	- Market status analysis
	ISIN mgt.	- ISIN assignment
System mgr. and operator Biz.	Info. codes mgt.	- Code handling such as ISIN, issuer code, bond types, etc.
	Users mgt.	- Management of market participants and supervisory authority
	Application lists query	- Bond application status check
	Issuance info. mgt.	- Query bond registration and update registered information
	Security mgt.	- Security management of database, server, and network - Data encryption

Possible scenarios

■ Issuance business scenarios

- AMBIF issuance through AMBIF IP

■ Trading business scenarios

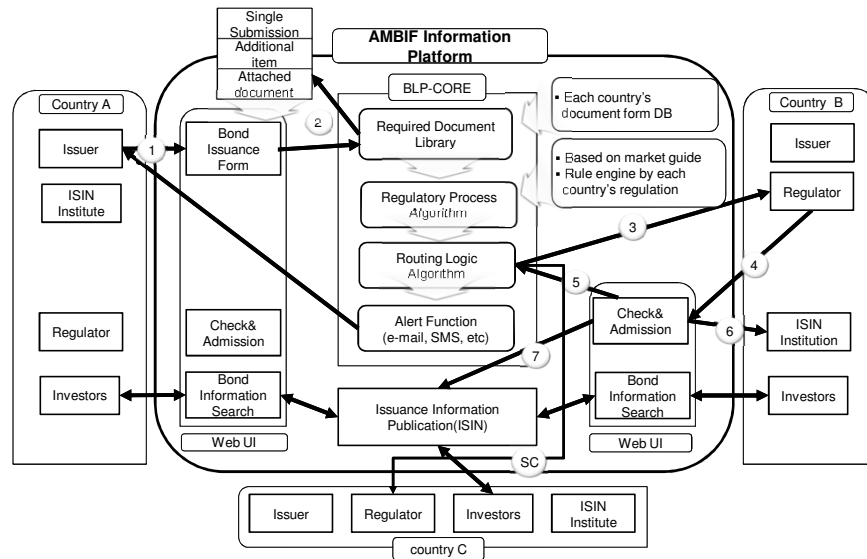
- Open AMBIF market and support trading

■ Disclose information

- Information of AMBIF issuance
- ABO Web expansion
 - Other information required by users such as bond issuance information from each country and bond pricing information

■ ????

Issuance scenario through AMBIF IP



Issuance scenario through AMBIF IP

- **Required Document Library**
 - An identical form to all countries: Single Submission
 - Additional information form is excluded in the Single Submission
 - Attachments
- **Regulatory Process Algorithm**
 - The issuance process of each country is organized with algorithm
 - The regulators, the flow of bond registration delivery (review), and delivery priorities
- **Routing Logic Algorithm**
 - This allows the bond registration to be transferred according to the Regulatory Process Algorithm of the issuing country
- **Alert Function**
 - When the bond registration is delivered, an alarm appears through SMS, e-mail or pop-up screen.

Issuance scenarios through AMBIF IP

- (1) The issuer (IB) of country A inputs required information on the web UI on the platform to issue a new bond in country B
- (2) When the issuer selects an issuing country by clicking a button in dropdown menu, the Required Document Library creates a Single Submission form by automatically importing the country information.
 - The issuer fills out the Single Submission form, which is identical to all AMBIF members.
 - Another form for additional information will be created
 - Attachments will be created accordingly

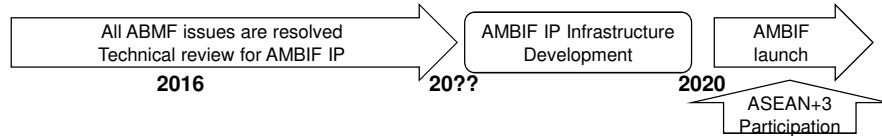
When the Form is filled out, Regulatory Process Algorithm, which is organized pursuant to each country's issuance policy, allows the following

- (3) The bond registration will be sent to regulators of each country through Routing Logic Algorithm
- (4) The regulator of country B reviews the information and approves the issuance
- (5,6,7) Information of the issued bond is disclosed on Issuance Information Publication
 - The ISIN codes are issued by ISIN institutions
 - The results of (4) are sent to Routing Logic Algorithm
- (SC) Support Substituted Compliance approach
 - Facilitate communication and mutual understanding among ASEAN+3 regulators

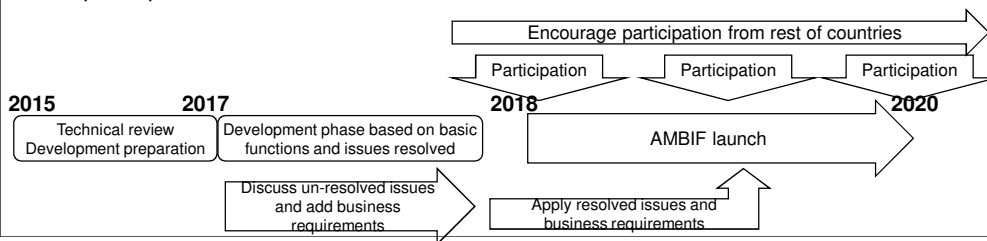
Implementation schedule for AMBIF IP

Implementation schedule for AMBIF IP

- It only delays the launch of AMBIF IP if the development begins when all issues of ASEAN+3 are resolved.

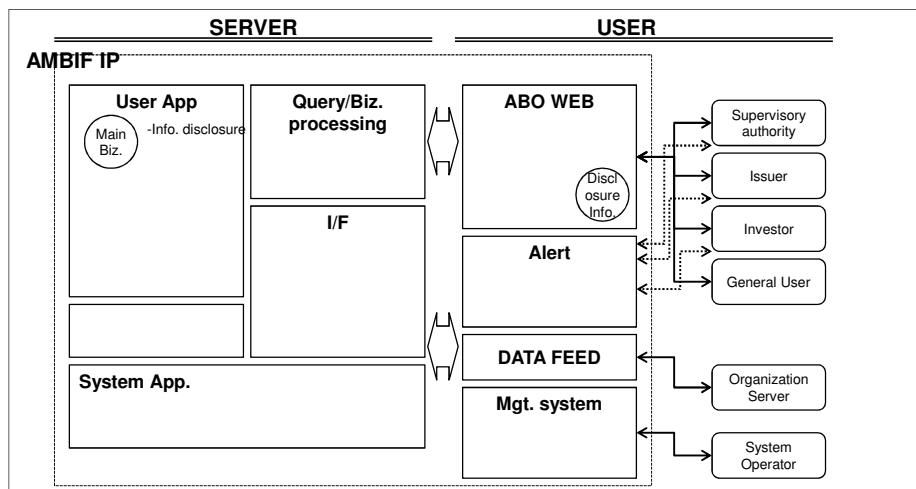


- ❖ By end of 2017, AMBIF IP should go live with basic functions and resolved issues on hand
- ❖ Each country's business requirement can be added to AMBIF IP
- ❖ At the same time, support participation of rest of ASEAN+3 countries
- ❖ Full participation of countries in 2020



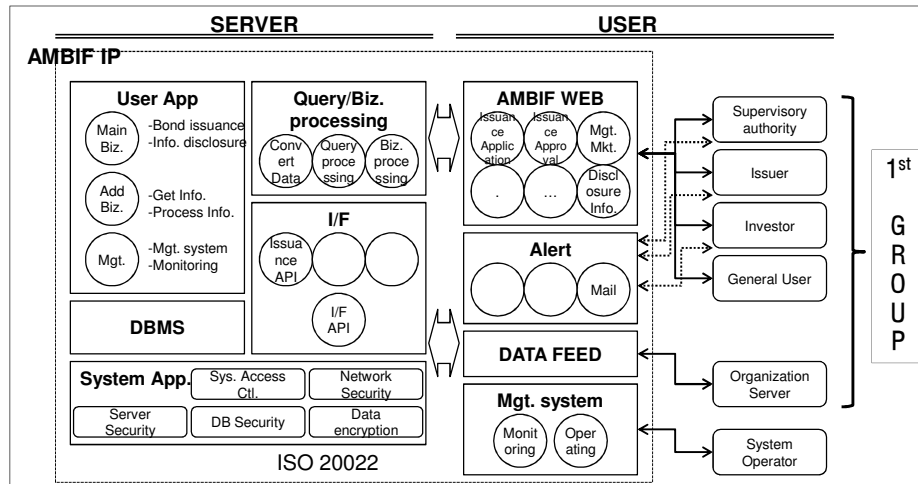
AMBIF IP in 2016

- Expansions of AsianBondsOnline(ABO)



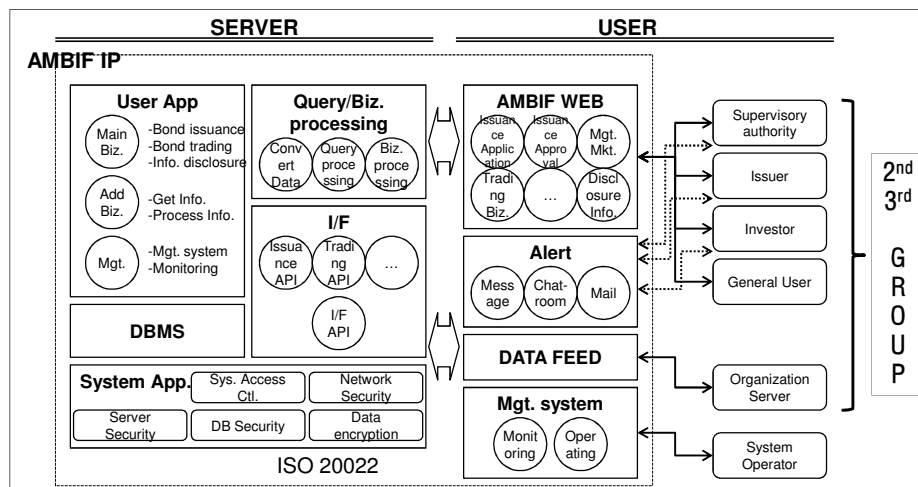
AMBIF IP in 2018

■ Services of AMBIF issuance and information disclosure



AMBIF IP in 2020

■ The completion of AMBIF



Thank You !

James Yoo

Manager

Global Business Department, KOSCOM

+82-2-767-8151

james.yoo@koscom.co.kr

Setting standard and principles for bond valuation agency

By Ms. Chaoqun Wang, Chinabond Pricing Center,
CCDC

Principles from ChinaBond Valuation Agency

ChinaBond Pricing Center
China Central Depository & Clearing Co., LTD (CCDC)
August 2015

1

Contents

Our Valuation Practice in China

Our Thoughts

Suggestions

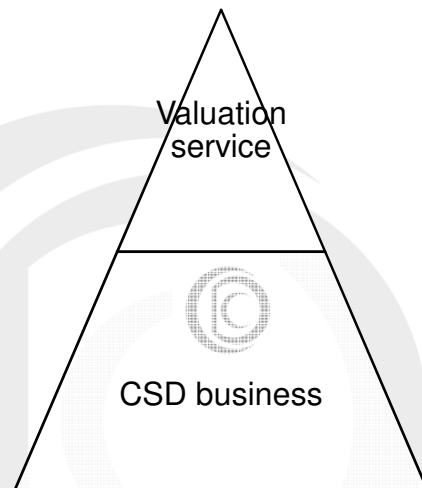
2

Our Valuation Practice in China

3



Our History



Requirements from market participants:

- More complex market data
- More indicators reflecting risk
- More information helping risk management and accounting measurement

Advantages of CCDC:

- Adequate Data: auction data, depository data, settlement data
- Independent Identity
- Frequent communication with market participants

The first central security depository company offering valuation service in the world.

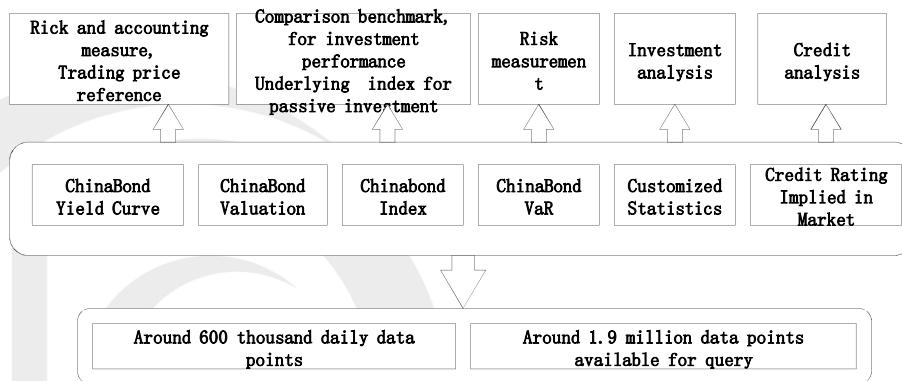


Our History



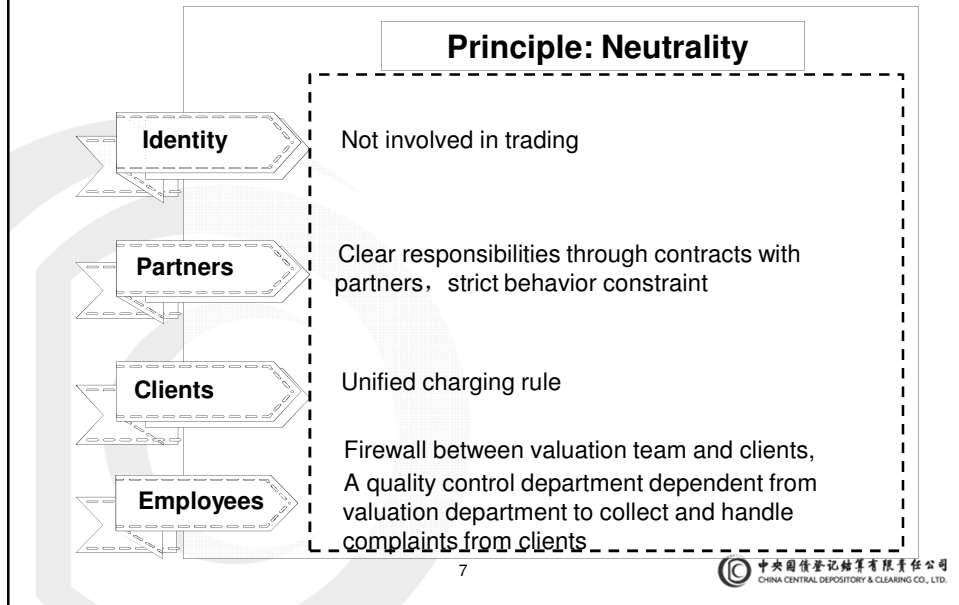

 中央国债登记结算有限责任公司
 CHINA CENTRAL DEPOSITORY & CLEARING CO., LTD.

Our History

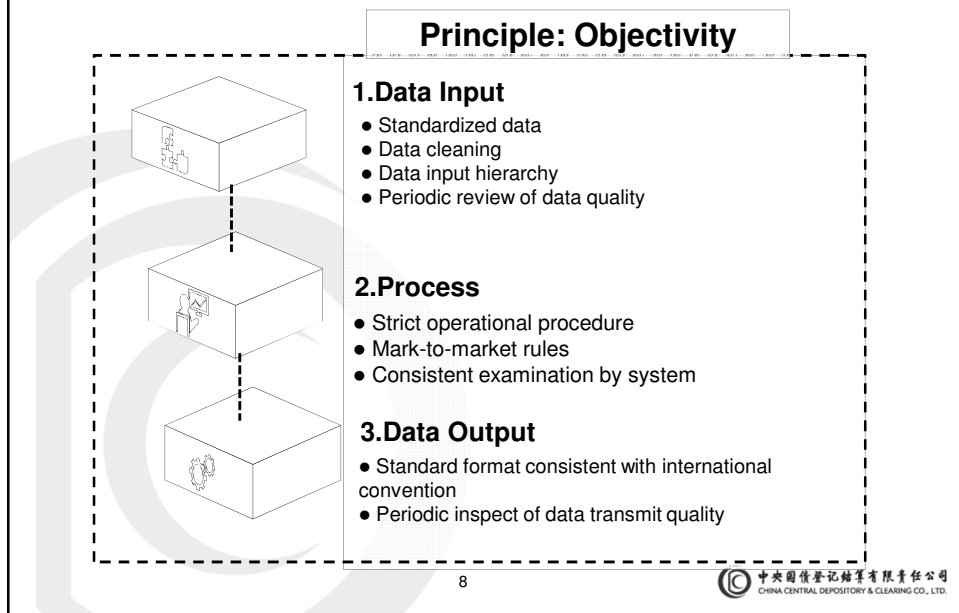



 中央国债登记结算有限责任公司
 CHINA CENTRAL DEPOSITORY & CLEARING CO., LTD.

Our Practice

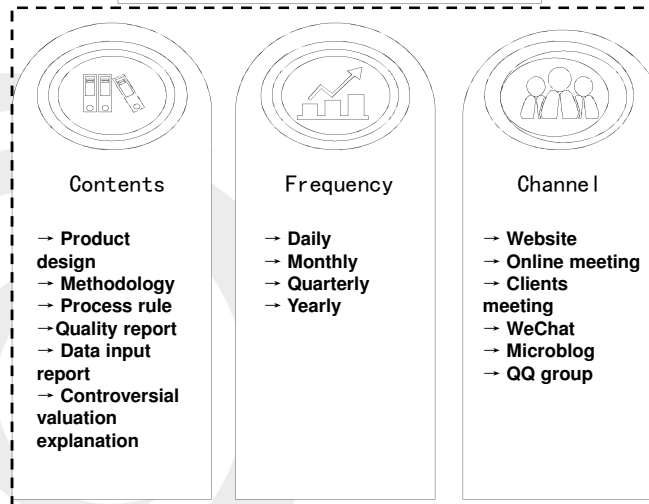


Our Practice



Our Practice

Principle: Transparency

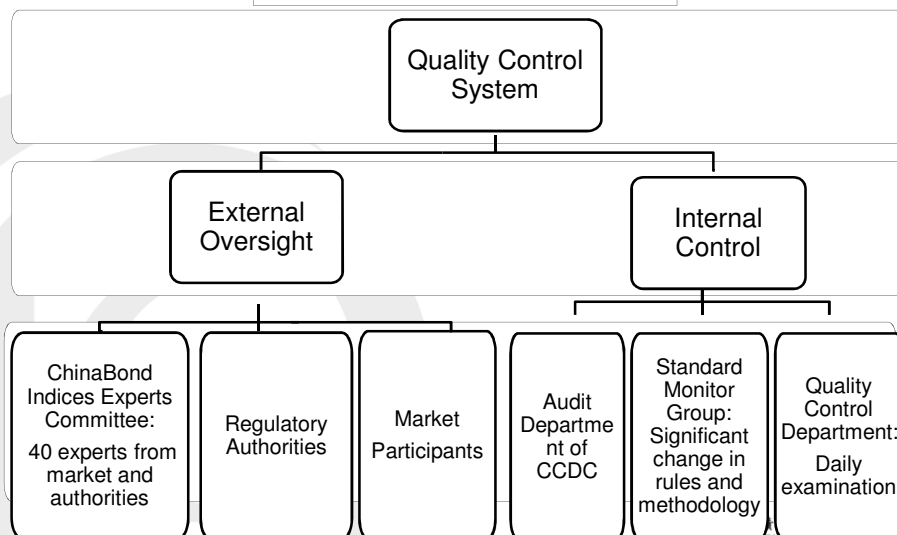


9

中央国债登记结算有限责任公司
CHINA CENTRAL DEPOSITORY & CLEARING CO., LTD.

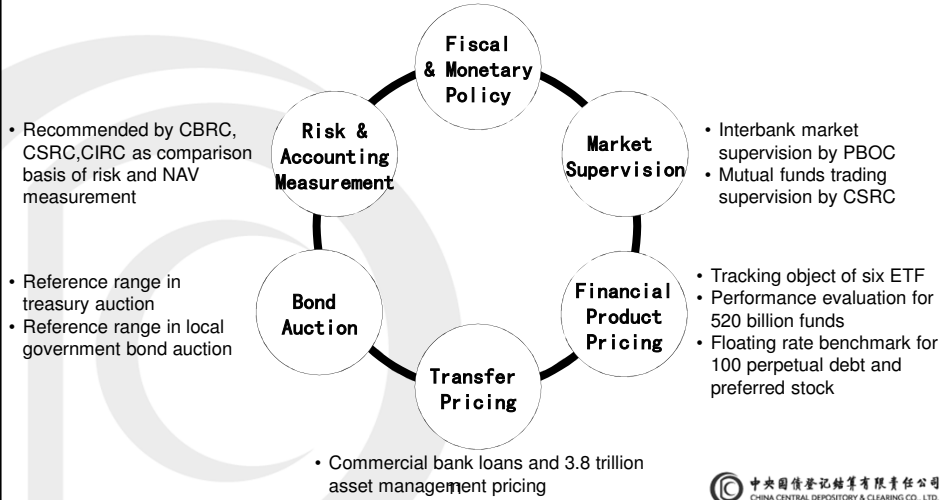
Our Practice

Principle: Transparency

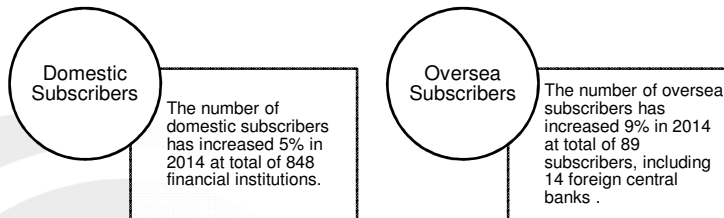


Our Practice

- MOF of China publishes key term treasury bond yield curve provided by ChinaBond Center, CCDC on its website everyday.
- Daily observed by open market operation of PBOC.



Our Practice



Customer Coverage

Commercial Banks	100.00%
Policy Banks	100.00%
Rural Banks	42.42%
Securities Companies	99.87%
Securities Investment Funds	100.00%
Insurance Institutions	98.61%
Non-bank Financial Institutions	42.42%
Foreign Investors	79.19%
Total	96.49%

Our Thoughts

13

Our Thoughts

Thought 1

Third-party valuation plays an important role in financial stability.

- From financial theory aspect
 - Information asymmetry between asset owner and asset deputy: asset deputy has motivation to manipulate pricing at his will to obtain more reward.
 - Third-party valuation can reduce information asymmetry.

14

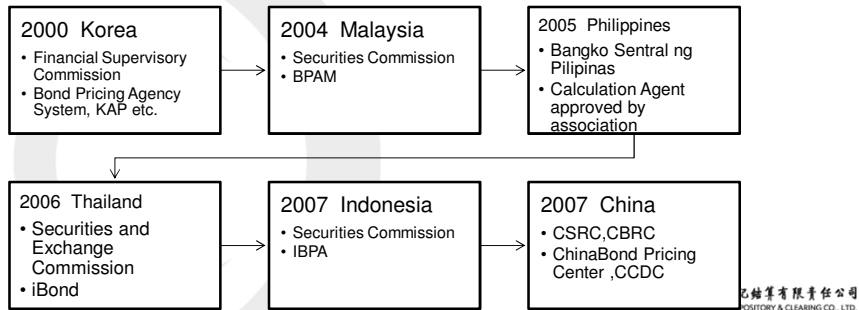
Our Thoughts

Thought 1

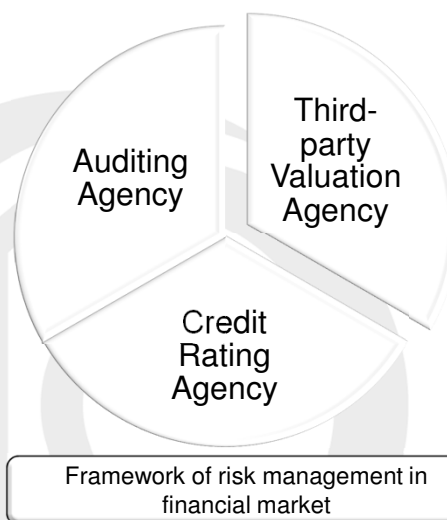
Third-party valuation plays an important role in financial stability.

■ From practical experience aspect, after the crisis, many countries have realized the importance of third-party valuation.

- China: As above of our practice, **recommended** by authorities as comparison basis
- Asian area: Mandatory use of third-party valuation, regulated by authorities.



Our Thoughts



Characteristics and advantages

- Monitored by conflict-of-interest buyers and sellers, less moral risk
- Mark-to-market everyday, quick response to risk
- Precise measurement of risk

Our Thoughts

Thought 2

Principles to guarantee reliability of third-party valuation is necessary.

■ Third-party valuation mechanism originates from Europe and US. It has contributed greatly to financial market development. However, it revealed some problems as lack of strict constraint.



Libor manipulation



Crude oil price manipulation



Gold price manipulation



IOSCO

IOSCO:

- Principle of Financial Benchmark (July, 2013)
- Aim: build a general framework for financial benchmark

■ As for us, we should take precautions and develop self-discipline principles .

17

Suggestions

18

Suggestion 1

Authorities in Asian countries pay more attention to third-party valuation in financial regulatory framework.

- **Law**
- **Application**

Suggestion 2

Each Asian valuation agency refine definite principles consistent with market conditions and national circumstances.

- **Mission:** integrity
- **Framework:** organization governance, production methods, quality control, external supervision

Suggestion 3

Periodic communication among Asian valuation agencies.

- **Developing principles is complicated. In this procedure, we need experience shared.**
- **Plan to hold a meeting in Beijing this year for experience exchange.**

21



Thank You

Chaoqun Wang
ChinaBond Pricing Center
China Central Depository & Clearing Co., LTD
Phone: +86-10-88170615
Email: wangcq@chinabond.com.cn

AMBIF IP: Market Development via Networking

By Mr. Shah Zain, Chief Business Officer, BPAM

19th ABMF : AMBIF Information Platform – Market Development via Networking



17 August 2015, Manila, Philippines
By Shah Zain, Chief Business Officer

© Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.



CONTENT

- | | |
|----------|--|
| 1 | Malaysia Regulatory Process and Information Flow |
| 2 | AMBIF Information Platform – Market Development via Networking |

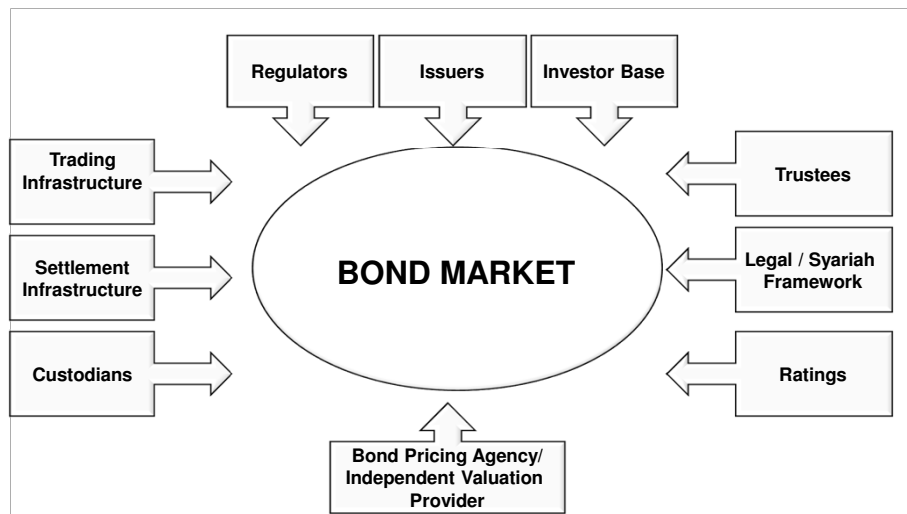
© Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

CONTENT

- | | |
|----------|--|
| 1 | Malaysia Regulatory Process and Information Flow |
| 2 | AMBIF Information Platform – Market Development via Networking |

©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

Malaysian Bond Market : Demographic



©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

Malaysian Bond Market : Regulators



Bank Negara Malaysia

- Manage public debt and MGS issuance
- Own and operate FAST and RENTAS
- Regulate involvement of financial institutions in bond market

Securities Commission

- Sole approving authority for corporate bond issuance
- Regulates primary and secondary bond market activities
- Supervises market intermediaries such as rating agencies, bond pricing agency and trustees

Bursa Malaysia

- Frontline regulator of the Malaysian capital market
- Maintain Trading & Reporting System for OTC deals – Electronic Trading Platform (ETP)

Ministry of Finance

- Co-ordinate developmental efforts of Government agencies (under the National Bond Market Committee)
- Grant tax incentives – stamp duty exemption for primary and secondary market transactions, withholding tax for non-residents, real property gains tax for asset-backed securities and etc

©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

Malaysian Bond Market : Infrastructure



Bank Negara Malaysia Primary Market

Fully Automated System for Tendering (FAST)

- Creation of primary issuance: debt securities, repo & money market
- Rating information
- Daily yield curves for government bonds & BNM papers; weekly for corporate bonds
- MGS indicative prices
- Auction calendar & results

Bursa Malaysia Secondary Market

Electronic Trading Platform (ETP)

- OTC deal reporting
- Information dissemination

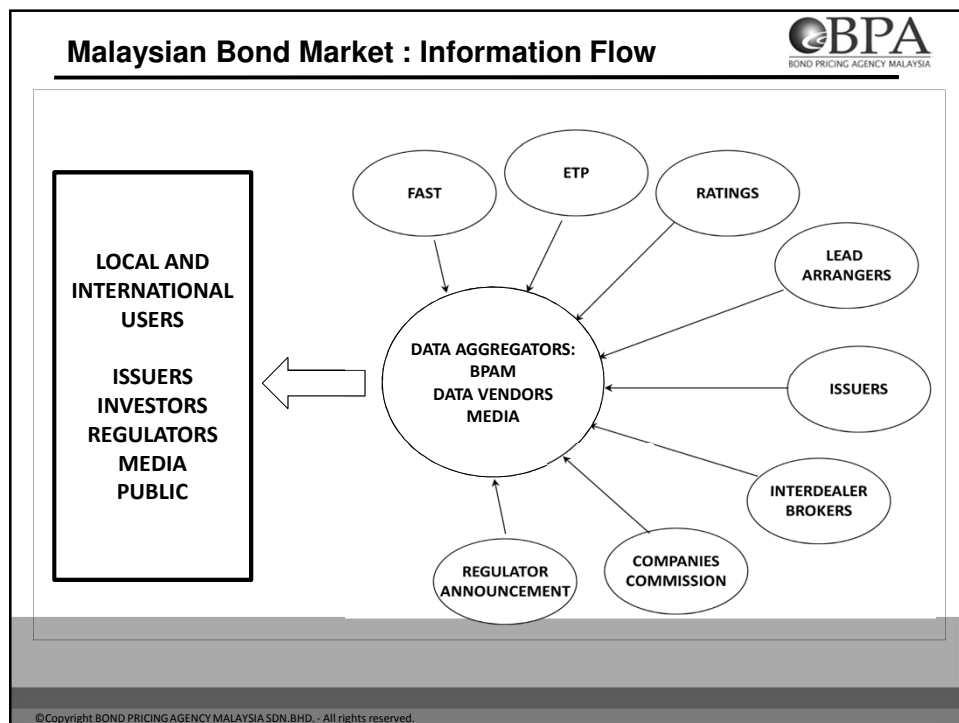
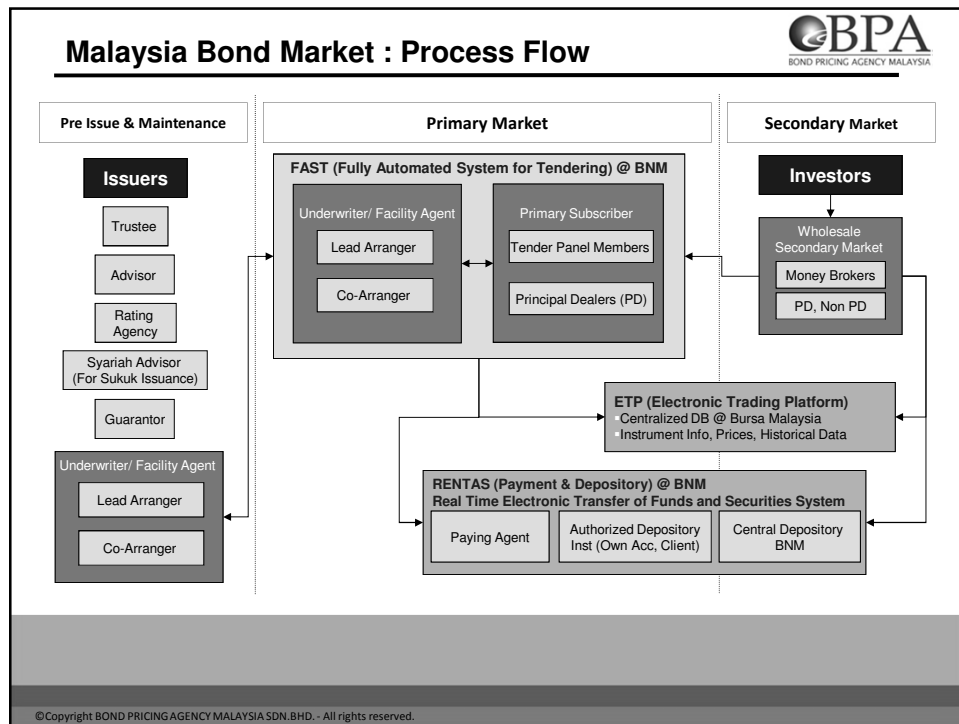
Bank Negara Malaysia Settlement

Real Time Electronic Transfer of Funds and Securities System (RENTAS)

- Depository & registrar for scriptless securities
- Interbank funds transfer
- Domestic and international securities settlement based on DvP basis

Source : Securities Commission

©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.



CONTENT

- | | |
|----------|--|
| 1 | Malaysia Regulatory Process and Information Flow |
| 2 | AMBIF Information Platform – Market Development via Networking |

©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

Our View : AMBIF Information Network

Fundamental Principle:
THIS IS A MARKET DEVELOPMENT EXERCISE
USING ORGANIC NETWORKING OF EXISTING CHANNELS

LOW COST
Minimum resource, rapid time to market
Commercial consideration is not a key driver at the outset

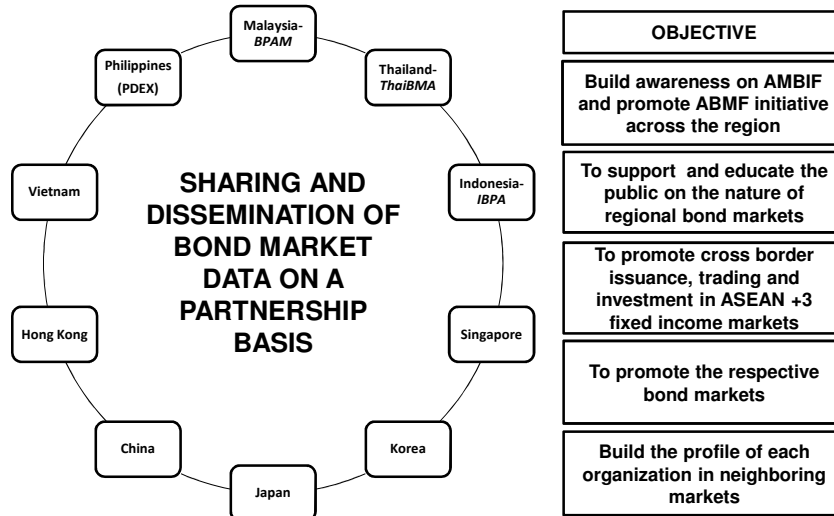
LOW RISK
Given that AMBIF is a start up



MAXIMISE COVERAGE AND VISIBILITY
Tap into existing audience to build the market

©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

Phase 1 – ASEAN+3 Bond Information Network

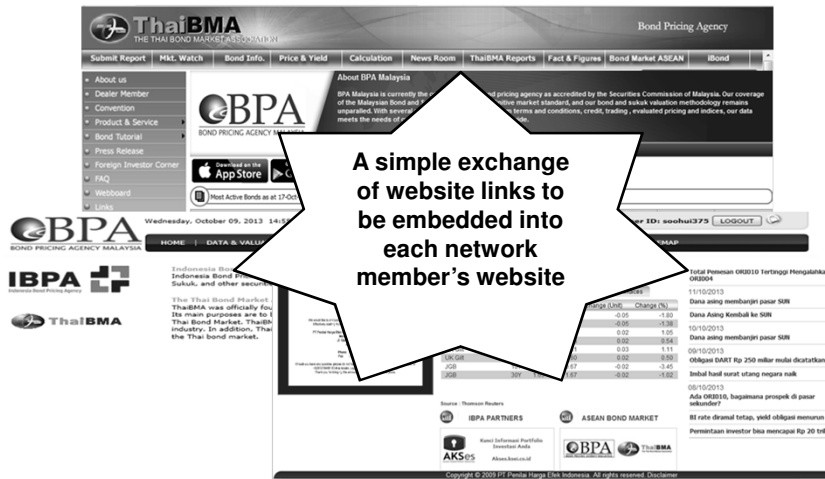


©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

Phase 1 – ASEAN+3 Bond Information Network



Sample of ASEAN+3 Collaboration with BPAM, IBPA & ThaiBMA

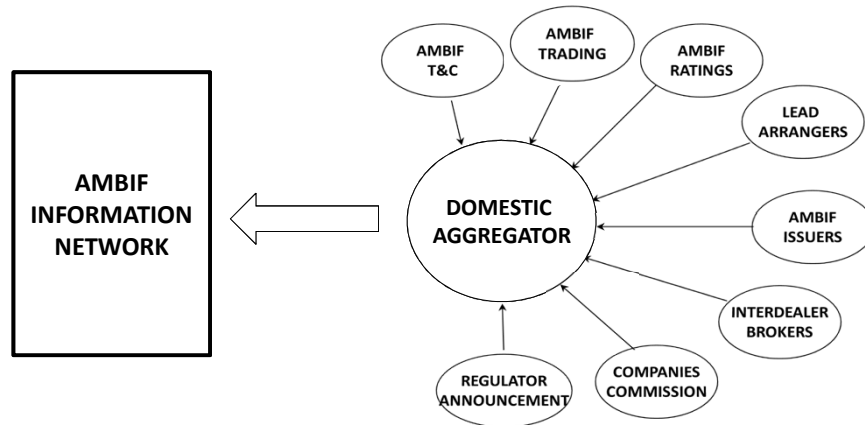


©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

Phase 2 - AMBIF Information Network



Information and announcements on local currency AMBIF bonds would be captured within each market aggregation process



©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

Phase 2 - AMBIF Information Network

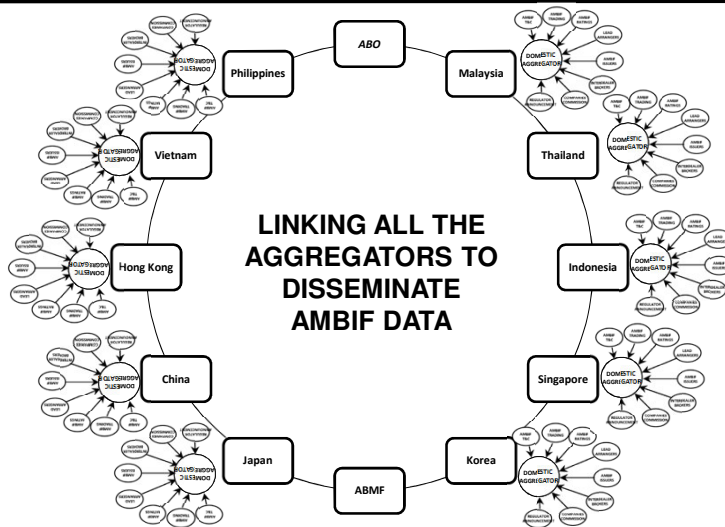


Data aggregators already exist in most countries to various extents, either in the form of exchanges, SROs, BPAs and Regulators:

Country	Aggregator
PR China	China Central Depository & Clearing Co. Ltd (CDCC)
Hong Kong	Hong Kong Monetary Authority (HKMA)
Indonesia	Indonesia Stock Exchange (IDX)/Indonesia Bond Pricing Agency (IBPA)
Japan	Japan Stock Exchange (JPX)/ Japan Securities Dealer Association (JSDA)
Korea	Korea Financial Investment Association (KOFIA)/Independent Bond Pricing Agency
Malaysia	Bond Pricing Agency Malaysia (BPAM)
Philippines	Bankers Association of the Philippines (BAP)/Philippine Dealing & Exchange Corp(PDEX)
Singapore	Singapore Stock Exchange (SGX)/Monetary Authority of Singapore(MAS)
Thailand	Thailand Bond Market Association (ThaiBMA)
Vietnam	Vietnam Bond Market Association (VBMA)

©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

Phase 2 - AMBIF Information Network



©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

Phase 2 - AMBIF Information Network

Leveraging on the available network, each member could publish and promote AMBIF issuance in its respective information portal.

KEY INFORMATION		
Bond Prospectus	Yield Curves	Bond Index
Regulator Announcement	Reference Data	Trading Information
Auction Calendar & Results	Rating Information	Corporate Actions

©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

AMBIF Information Network – Phase 2



Sample AMBIF Webpage Template with relevant information

OBPA BOND PRICING AGENCY MALAYSIA

Bonds | Bond Index | Money/Swap | Global Markets | News | Research | Glossary | Download | AMBIF

Data Home | Primary | Secondary | Yield Matrix | MTM Prices | Charts | Issuer Information

AMBIF BOND

-Search Key- **GO**

Issuer Name	Bond Name	Maturity Date	Coupon Rate (%)	AMBIF
ASIA DEVELOPMENT BANK	ADB MTN 3653D 08.2.2017	08/02/2017	4.00	Y
WOORI BANK	WOORI MTN 1096D 30.9.2014	30/09/2014	4.20	Y

OBPA BOND PRICING AGENCY MALAYSIA

Bonds | Bond Index | Money/Swap | Global Markets | News | Research | Glossary | Download | AMBIF

Data Home | Primary | Secondary | Yield Matrix | MTM Prices | Charts | Issuer Information

AMBIF BOND - BOND STOCK INFO

Code	Name
P04204W	ADB 3.94000% 10.11.2009
MYBP04204W09	Short Name
LT Conv-Quasi Gov-Others	Bond Type (BPAM)
BOBDS	Instrument Type (BPAM)
10/11/2004	Issue Date
10/11/2009	Issue Tenure
actual/365	Remaining Tenure
Modified Following	Actual Remaining Tenure
Y	Issue Amount
Y	Current Outstanding Amount
Y	Scripture
Y	Currency
Y	Status
Y	Redeemed (R)
Y	AMBIF Compliant
Y	Rating
Y	Maturity Date
Y	Facility
Y	Instrument
Y	Principle
Y	Business Registration No.
Y	Issuer Name

©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

AMBIF Information Network – Phase 2



Sample AMBIF webpage for Regulators Announcement

OBPA BOND PRICING AGENCY MALAYSIA

Bonds | Bond Index | Money/Swap | Global Markets | News | Research | Glossary | Download | AMBIF

Data Home | Primary | Secondary | Yield Matrix | MTM Prices | Charts | Issuer Information

AMBIF BOND

-Search Key- **GO**

REGULATORS ANNOUNCEMENT/NOTICES

	Count	Last Post
CHINA	2	18/10/2013
HONG KONG	1	18/10/2013
INDONESIA	2	18/10/2013
JAPAN	3	18/10/2013
KOREA	3	18/10/2013
MALAYSIA	2	18/10/2013
PHILIPPINES	1	18/10/2013
SINGAPORE	1	18/10/2013
THAILAND	2	18/10/2013
VIETNAM	1	18/10/2013

©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

AMBIF Information Network – Key Considerations



AGREEMENT BETWEEN ALL MEMBERS

SECURE SUPPLY CHAIN FOR BOND INFORMATION AND
REGULATOR ANNOUNCEMENTS

PROMOTION AND VISIBILITY TO
MARKET AUDIENCES

PHASED APPROACH TO MINIMISE COST AND RISK

ORGANIC GROWTH BUILDING CAPITALISING ON
“WIN-WIN” SYNERGY

SCALABILITY TO DERIVE
(EG. BOND INDEX, EVALUATED PRICING, MARKET IMPLIED
RATINGS AND TRADING/AUCTION PLATFORM)

©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.



THANK YOU

Bond Pricing Agency Malaysia Sdn Bhd
Market Development Team
Tel :+603 2772 0888
Fax: +603 2772 0808
Email: enquiries@bpam.com.my
URL: www.bpam.com.my

©Copyright BOND PRICING AGENCY MALAYSIA SDN.BHD. - All rights reserved.

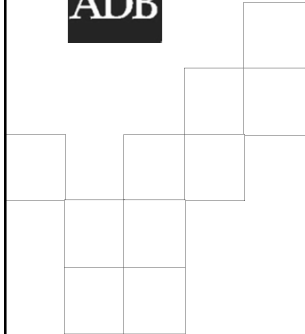
Session 4

Next step of AMBIF

by ADB Secretariat

Workplan (market visits in 2nd half of 2015)

ADB



Session 4: SF1 – Next Steps for AMBIF

19th ABMF Meeting

Prof Shigehito Inukai, Matthias Schmidt

ADB Consultants

Manila, 17 August 2015

1



Agenda

1. SF1 Phase 3 Report
2. Next Steps for AMBIF
3. Bond Market Guides 2015 – Status for Reference
4. Questions & Answers

2



1. Phase 3 Report – For Reference only

Preface

Statement from SF1 Chairs

Abbreviations and Acronyms

Glossary of Technical Terms

Executive Summary

- I. General Description of AMBIF (= Main features of AMBIF)
- II. Implementation of AMBIF (= including 6 AMBIF Elements)
- III. AMBIF Bond and Note Issuance: Relevant Features across ASEAN+3 Markets (= 5 other features conducive for AMBIF)
- IV. AMBIF Implementation Guidelines for Participating Markets
- V. Recommendations and Next Steps

Appendix 1: The Single Submission Form

Appendix 2: Frequently Asked Questions on AMBIF and the SSF

Appendix 3: ABMF SF1 Members, Observers, and International Experts in Phase 3

3



6 AMBIF Elements & 5 Conducive Features

1. Domestic Settlement
 2. Harmonized Documents for Submission (Single Submission Form)
 3. Registration or Profile Listing in ASEAN+3 (Place of Continuous Disclosure)
 4. Currency
 5. Scope of Issuers
 6. Scope of Investors
-
- A. Governing Law and Jurisdiction
 - B. Language of Documentation and Disclosure Items
 - C. Credit Rating
 - D. Selling and Transfer Restrictions
 - E. Note Issuance Programs
 - F. Bond Trustee, Bondholder Representative, or Bond Manager

4



1. SF1 Phase 3 Report

- Phase 3 is not yet complete
- Phase 3 Report describes what SF1 achieved so far
 - AMBIF Elements agreed
 - Members have been sharing (5) features conducive for AMBIF on top of AMBIF (6) Elements
 - 6 Markets participating
 - AMBIF Implementation Guidelines agreed with authorities
 - Pilot Issues under way
- Next Steps are crucial (see next page)

5



2. Next Steps for AMBIF

- Support pilot issues continuously (on a need basis)
- Increase participating markets
 - Indonesia – market study and regulatory input pending
 - Korea – regulatory changes pending
 - PR China – next round of discussions to be held
 - Viet Nam – assessment required
 - BCLM markets when they are ready
- Learn from pilot issues, new markets, and apply learning
 - Regulatory engagement (support markets)
 - Revise SSF and AMBIF Implementation GLs as required
- Create (more) conducive environment
 - Tackle resulting items: e.g. documentation, credit rating, taxation
- Help establish “AMBIF market practices”

6



2. Next Steps - Key Focus Areas

- AMBIF Market Visits
 - Viet Nam, Indonesia, Korea, PRC
- Support for Pilot Issues (2H2015-)
 - Identify impediments, practical difficulties, positive aspects
 - Address, escalate subjects to relevant stakeholders
 - Apply learnings to AMBIF, GLs, SSF and FAQs
- Ensure SSF/FAQs keep Pace with Market Developments
 - ASEAN Financial Integration
 - CNH issuances across markets
 - Regulatory Processes moving online (3Q2015-)
 - Assess what that means for SSF, AMBIF as a whole
 - Use FAQs as key tool to communicate with potential participants
- Implementation GLs, SSF to be periodically revised

7



3. Bond Market Guides

- Status for Reference
- Structure for Reference
- Feedback so far
- Next Steps

8

BMG 2015 – Status for Reference

Task List	Bond Market Guides 2015													
	BR	PRC	HK	ID	JP	KH	KR	LA	MM	MY	PH	SG	TH	VN
Update/Review of Original BMG 2012		✓	✓	✓	✓			✓				✓	✓	✓
New Material from Members		✓	✓	✓	✓			✓		✓	✓	✓	✓	✓
New Structure applied			✓		✓	✓			✓	✓		✓	✓	✓
Compilation by ADB Secretariat			✓		✓	✓			✓	✓		✓	✓	
Review by Members					✓					✓		✓	✓	
Revisions by ADB Secretariat					✓					✓		✓	✓	
Edit of Input File													✓	
Review by Authors														
Layout of Input File														
Review by Editor and Authors														
Revision of Layout Version														
Proofreading														
Review by Editor and Authors														
Revision of Layout Version														
Page Proof Check														
Review by Editor and Authors														
Revision of Layout Version														
Compliance Check by ADB DER														
Review by Editor and Authors														
Revision of Layout Version														
Uploaded in ADB, ABO and ABMF														

Notes: As of 14 Aug 2015. Ticks indicate complete or nearly complete tasks or work stages. ⁹

Bond Market Guide – Structure for Reference

Cover (by Market)

Contents

Boxes, Figures and Tables

Acknowledgement [for each Market]

I. Introduction

II. Legal and Regulatory Framework

III. Characteristics of the [Market] Bond Market

IV. Trading of Bonds and Notes and Trading Market Infrastructure

V. Description of the Securities Settlement System [reference only]

VI. Bond Market Costs and Taxation

VII. Market Size and Statistics [reference only]

VIII. Presence of an Islamic Finance Market

IX. [Market] Bond Market Challenges and Opportunities

X. Recent Developments and Future Direction

Appendix 1: G30 Compliance [for each Market]

Appendix 2: Practical References [for each Market]

Appendix 3: Abbreviations, Acronyms, Exchange Rate, and Technical Terms [for each Market]



BMG Update – Feedback so far



- Positive reaction to individual BMGs
- General commendation on effort, expansion of subjects
- Mostly very targeted, precise revisions, comments
- Proactive submission of new material, developments



- Repetition of subjects still evident, despite normalisation
- Level of detail (e.g. issuance regulatory processes)
- Feedback on what's incorrect, not what to update with
- Turnaround times

11



BMG Update – Some Considerations

- Repetitions are topical – expectation is that audience will search for specific subjects or topics, rather than read BMG end-to-end; thus, key information should be used where it is best suited
- Normalisation efforts – ADB Sec included references, rather than repeat text passages from laws/regulations, including to AMBIF issuance processes in Impl. GLs
- Value added approach – searchable PDF, reference to SF2 Report, links as easy references
- Everybody is busy – but without input and timely reviews, there will be no 2015 BMG
- Thank you all for your significant and continuous support!

12



BMG Update – Next Steps

- Complete input files for all markets asap (maybe even BR)
- Hoping for swift and comprehensive member review
- Manage BMGs through ADB publishing process
- Publish online (via ADB/ABMF, ABO, mirror sites) once ready – by market
- Maybe use Sibos to issue press release on completion.

13



6. Questions & Answers

- As time permits today
 - Or via phone or email (please see contact details next)
- We welcome all feedback. Thank you!

14



Satoru (Tomo) Yamadera

Principal Financial Sector Specialist
ADB

Office +63 2 632 5259
syamadera@adb.org

Prof. Shigehito Inukai

ADB Consultant
Waseda University
1-21-1 Nishiwaseda, Shinjuku-ku
Tokyo 169-0051

Office +81 3 5286 1994
Mobile +81 80 3360 7551
shige.inukai@me.com

Matthias Schmidt

ADB Consultant

Office +61 3 95571314
Mobile +61 423 708910
macschmidt@me.com


SUB-FORUM 2 Session

Session 5

Phase 3 and implementation of standards

by Dr. Taiji Inui

- ISO procedures and drafting of business justification for ISO 20022

ADB	
19th ABMF SF2:	ISO procedures and drafting of business justification for ISO 20022
	17 August 2015 in Manila
Taiji Inui ADB Consultant - Financial Information Technology Specialist NTT DATA Corporation	
1	

Contents

1. Updating ABMF SF2 and CSIF
2. ISO 20022 registration (decision making) process
3. Business Justifications (BJs) from ABMF SF2 and CSIF
4. Possible Next Steps of ABMF SF2

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

	CSD	Name of Bond Settlement System	Inst.	Standardization of Message items (SSS)							System renewal	
				ISO		ISIN	BIC	Charac. Code set	Comm protocol	Overall	Inauguration current system	Reconstruct . period
				ISO15022	ISO20022							
BN	AMBD	NPSS	G		Y (2016)	Y (201X)	Y	Y	Y	Y (2016)		2016
BN	(TBD)		C		Y (201X)	Y (201X)	Y	Y	Y	Y (201X)		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-NETJGB Service	G	N	Y (2015)	Y (2015)	Y (2015)	Y	Y	Y(2015)	1990/Jan 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 (201X)	Y (2015)	Y (2015)	Y (2015)	Y (2015)	Y (201X)		2015
MY	BNM	RENTAS SSTS	G/C	Y (2016)	Y (2018)	Y	Y (2017)	Y	Y	Y(2018)	Jul 1999	2018
PH	BTr	BTr-ROSS	G	Y (2015)	Y (2015)	Y (2015)	Y	Y	Y	Y (2015)	Nov 1996	2015
PH	PDT	PDT Depository	G/C	Y (2015)	Y (2015)	Y (2015)	Y (2015)	Y	Y	Y (2015)	Mar 1995	2015
SG	MAS	MEPS+ 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	Y (201X)	Y	Y (201X)	Y	Y	Y (201X)	May. 2014	2016

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

3

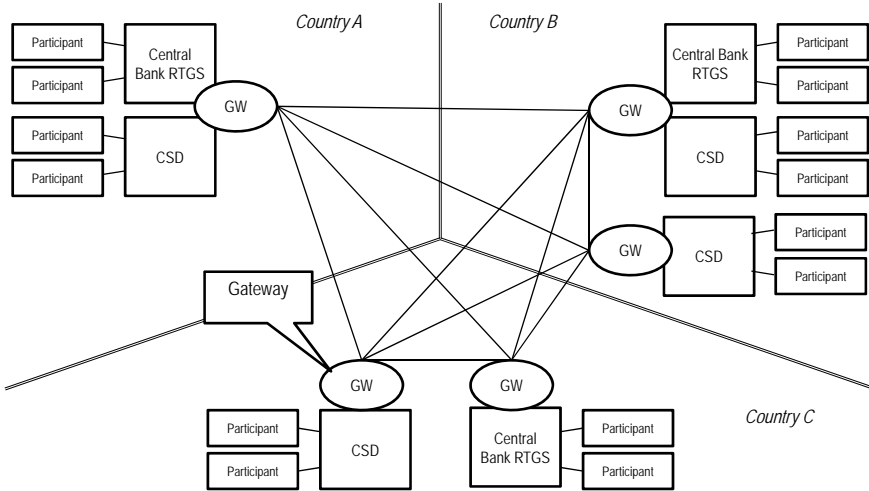
International Standard for message items of Cash Settlement (RTGS) System

		Name of the System	Standardization of Message Items (RTGS)							System renewal	
	Operator		ISO messages		BIC	Char. Code set	Commun. protocol	Overall	Inauguration current system	Reconstruct on period	
			ISO15022	ISO20022							
BN	AMBD	-	N	Y	Y	Y	Y	Y	2015		
CN	PBOC	HVPS	N	Y	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	Y (201X)	Y (201X)	Y (201X)	Y (201X)	Y (201X)		201X	
KR	BOK	BOK-Wire	N	Y (201X)	Y	Y	Y	Y (201X)	Apr 2009		
LA	BOL	-	Y		Y	Y	Y	Y			
MM	CMB	-	N	Y (2015)	Y (2015)	Y (2015)	Y (2015)	Y (201X)		2015	
MY	BNM	RENTAS IFTS	Y (2016)	Y (2018)	Y(2017)	Y	Y	Y(2018)	Jul 1999/2004/2011	2018	
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	

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

4

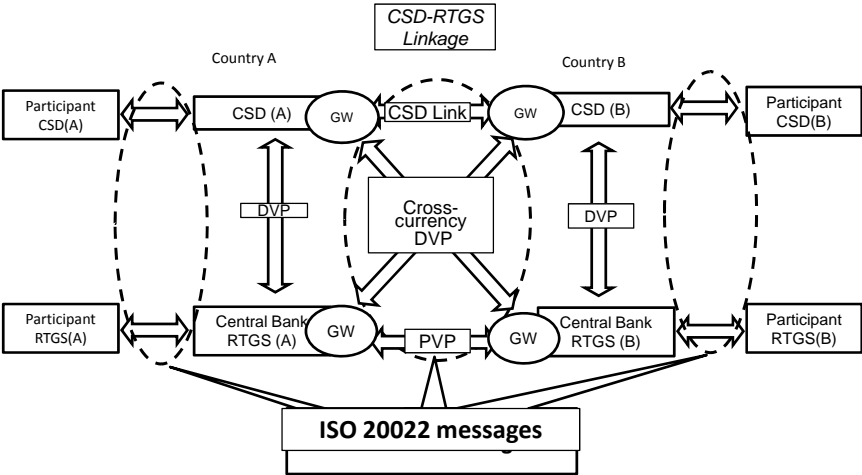
CSD-RTGS Linkages



Source: CSIF

5

CSD-RTGS Linkage



Source: CSIF

6

Possible business cases

- Cross-border collateral
- Cross-currency repo

7

Cross-border collateral and cross-currency repo

Cross-currency DVP (repo) could support financial institutions in ASEAN+3 to obtain foreign currencies liquidity by utilizing bonds holding in their own countries as collateral.

- Regulation tightening such as Dodd Frank Act and Basel III will be enforced in the coming years. As a result, higher dependency on secured transactions and uneven distribution of high-quality collateral could be issues for financial institutions doing businesses globally. In addition, financial institutions are expanding business in Asia, and resulting needs for obtaining stable foreign currency funding sources are increasing.

Source: CSIF

8

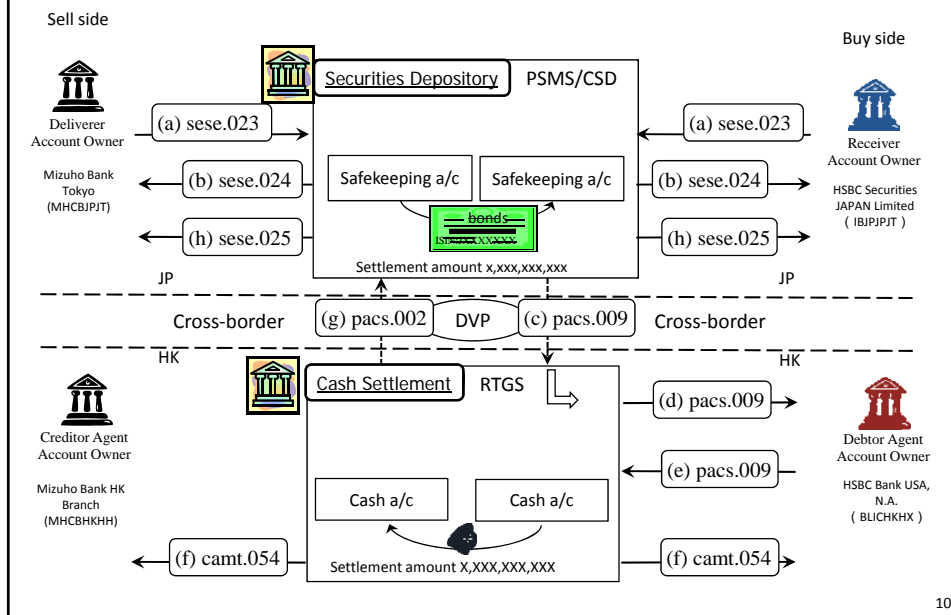
Table14:Repurchase Transaction

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

Source: GROWG (Mr. Ryuichi Shima) modified by ADB consultant for ABM-GF2

9

Example of Standard ISO 20022 Messages and Items



10

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)

11

Message items for securities settlement instruction sese.024

Message Items	Definition
Transaction Identification	Provides unambiguous transaction identification information.
Matching Status	Provides the matching status of the instruction (matched or unmatched).
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 (APMT) .
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).

12

Message items for securities settlement instruction 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)

13

Message items for securities settlement instruction pacs.009

Message Items	Definition
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.

14

Table6: Message items for securities settlement instruction camt.054

Message Items	Definition
Notification 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.

15

Message items for cash settlement instruction from CSD to RTGS 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.
Settlement Method	Method used to settle the (batch of) payment instructions (CLRG).
Instructing Agent	Agent that instructs the next party in the chain to carry out the (set of) instruction(s).
Instructed Agent	Agent that is instructed by the previous party in the chain to carry out the (set of) instruction(s).
End To End Identification	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.
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	Financial institution that owes an amount of money to the (ultimate) financial institutional creditor (BICFI).
Debtor Agent	Financial institution servicing an account for the Debtor (BICFI).
Creditor Agent	Financial institution servicing an account for the creditor (BICFI).
Creditor	Financial institution that receives an amount of money from the financial institutional debtor (BICFI).

source: CSIF

16

Message items for cash settlement status from RTGS to CSD pacs.002

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.
Settlement Method	Method used to settle the (batch of) payment instructions (CLRG).
Instructing Agent	Agent that instructs the next party in the chain to carry out the (set of) instruction(s).
Instructed Agent	Agent that is instructed by the previous party in the chain to carry out the (set of) instruction(s).
Original Message Identification	Point to point reference, as assigned by the original instructing party, to unambiguously identify the original message.
Original Message Name Identification	Specifies the original message name identifier to which the message refers.
Transaction Status	Specifies the status of a transaction, in a coded form.

source: CSIF

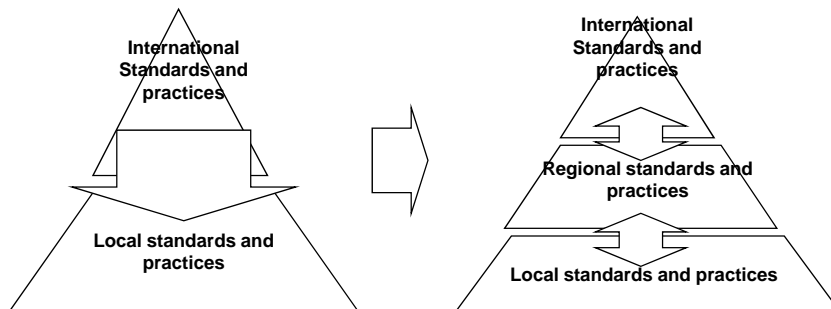
17

ADB

Vision of ABMF SF2

ABMF SF2

Asia should engage standard setting more closely and should lead discussions in the international forum



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

18

1. ISO 20022 registration (decision making) process

- Business Justification (BJ): to register a new ISO 20022 message
- Change Request (CR): to change existing ISO 20022 message

2. BJs from ABMF SF2 and CSIF

19

Business Justification (BJ)

- An organisation wishing to develop new candidate ISO 20022 message definitions must first introduce a **'Business Justification'** to give an overview of the scope, reason and estimated users/volumes/savings of the intended message definitions. The request is expected to reflect global need or usage, or to enhance the global relevance of the standard, without excluding large communities of users at a regional or domestic level.
- ISO 20022 Registration Procedures
<http://www.iso20022.org/documents/general/ISO20022RegistrationProcedures.pdf>
- *Business Justification template - ISO 20022*
www.iso20022.org/documents/general/BJtemplate.doc

Source: ISO modified by ADB consultant for ABMF SF2

20

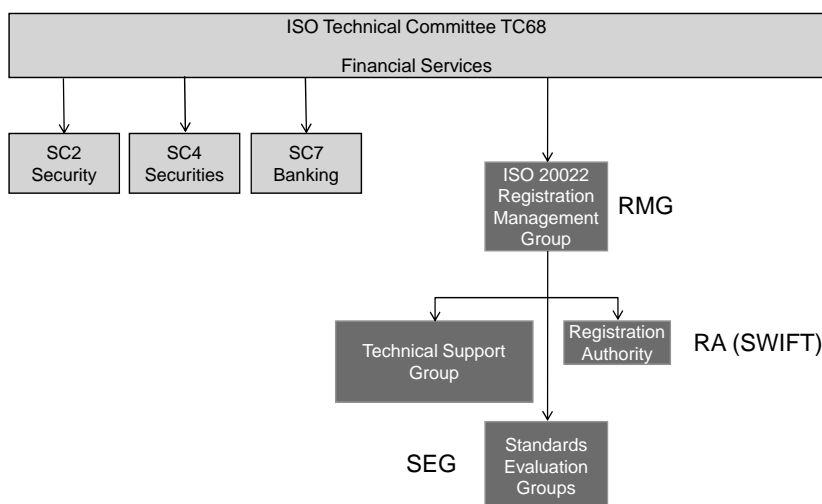
Change Request (CR)

- Existing ISO 20022 message definitions can be updated on a yearly basis provided changes are requested by the users and approved by the Standards Evaluation Groups (SEGs). New versions of message definitions, if any, are published by April/May of each year. Change requests for the following yearly cycle must be introduced prior to the 1st of June of the preceding year
<http://www.iso20022.org/maintenance.page>

Source: ISO modified by ADB consultant for ABMF SF2

21

ISO Standards for Financial Services



Source: ISO (Mr. James Whittle)



22

Registration Management Group (RMG):
to ensure that ISO 20022 is a trusted standard
providing high quality business models for
exchange of information for financial services.

Registration Authority (RA) : to ensure
compliance of developed Repository items
with the approved technical specifications and
to publish the Financial Repository on
www.iso20022.org, on behalf of ISO.

Source: ISO modified by ADB consultant for ABMF SF2

23

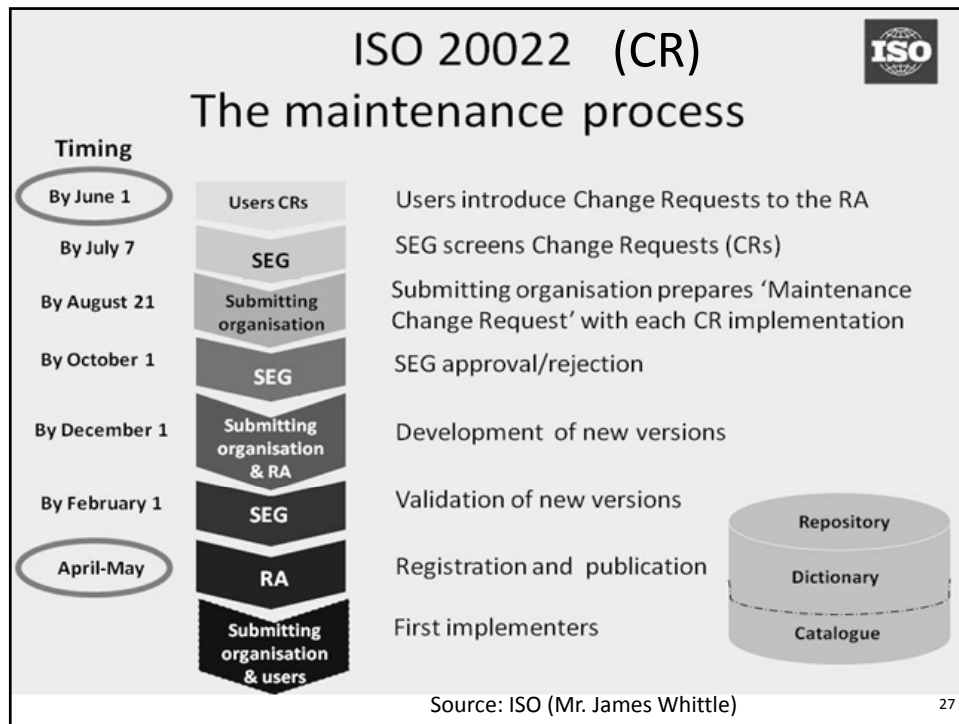
Standard Evaluation Group (SEG): (i) to ensure that
the right industry groups are informed of
proposed developments to ensure all business
requirements will be addressed, (ii) to validate
the newly developed message definitions from a
business perspective as representative of future
users, and (iii) to approve changes to existing
message definitions.

- Payments SEG: the messages supporting transactions
and business processes related to Credit transfers,
Direct debits, and Cheques
- Securities SEG: the messages supporting transactions
and business processes related to Equities, Fixed
income, Funds, and Derivatives

Source: ISO modified by ADB consultant for ABMF SF2

24





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

Source: ISO modified by ADB consultant for ABMF SF2 28

ISO/TC68 National Mirror Committee

JISC: ISO secretariat in JP

TC68 secretariat: ANSI (US)	ISO/TC68 National Mirror Committee JP secretariat: BOJ
SC 2 secretariat: BSI (GB)	SC 2 secretariat: BOJ
SC 4 secretariat: SNV (CH)	SC 4 secretariat: JSDA
SC 7 secretariat: AFNOR (FR)	SC7 secretariat: BOJ

Note: JISC: Japan Industrial Standards Committee
BOJ: Bank of Japan
JSDA: Japan Securities Dealers Association

29

References

1. Business Justification for the development of new ISO 20022 financial repository items
2. ISO 20022 Registration Procedures
 - ISO 20022 RMG Rules Subgroup: Approved by the RMG Rules Subgroup on 23 March 2015
3. ISO 20022 Registration Bodies Governance
 - ISO 20022 RMG Rules Subgroup: Approved by RMG on 8 July 2014

30

References

(to be a participating member of TC68)

1. STRATEGIC BUSINESS PLAN, ISO/TC 68,
Financial Services
 - How to engage in the work and participate in TC 68, its committees and groups
2. Guidance for ISO national standards bodies:
Engaging stakeholders and building consensus
 - Principles and guidance on stakeholder engagement and consensus decision-making for ISO liaison organization

31

Principles and guidance on stakeholder engagement and consensus decision-making for ISO liaison organization

1. Stakeholder engagement for new ISO projects
2. Stakeholder engagement and consensus decision-making on ISO work
3. National participation at ISO standards development meetings
4. Establishment and operations of national mirror committees
5. Leadership of national mirror committees

Source: ISO modified by ADB consultant for ABMF SF2

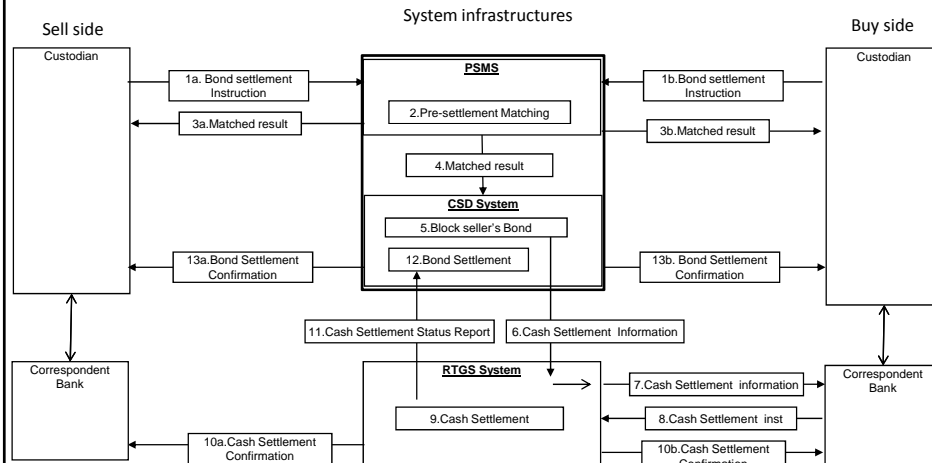
32

Business Justifications from ABMF SF2 and CSIF

Could you refer to the hand-out, please?

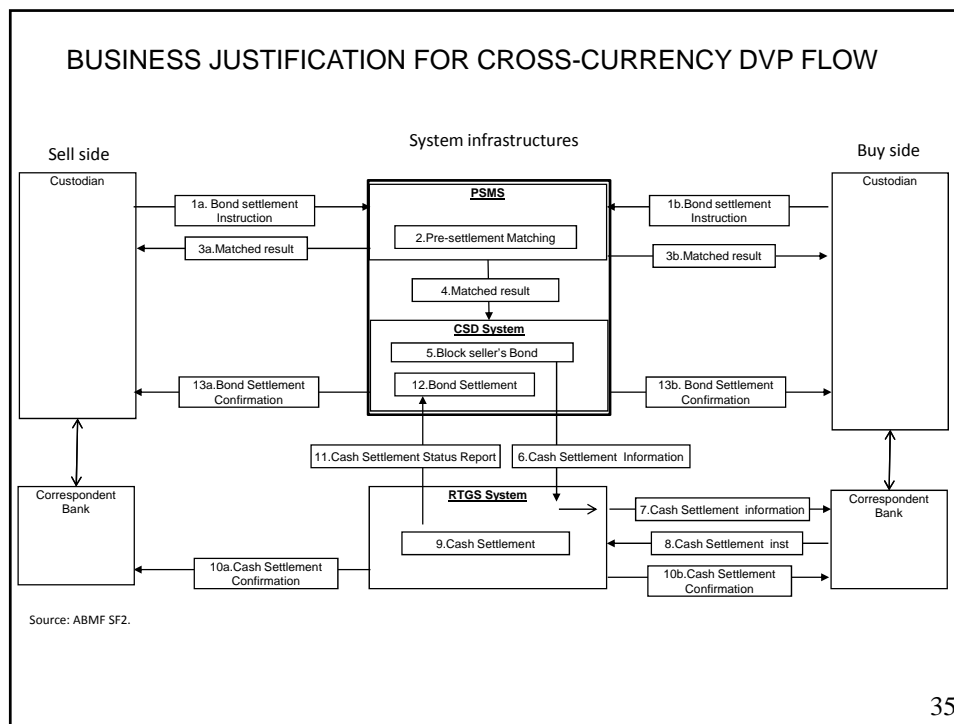
33

BUSINESS JUSTIFICATION FOR REFERENCE DVP FLOW



Source: ABMF SF2.

34



35

Possible Next Steps

36

Possible Next Steps of ABMF SF2

1. International Standard related institutional framework
 - Submitting and maintaining BJ and CR related to ABMF initiatives and activities
 - Supporting to establish TC68 National Mirror Committee, Standard Evaluation Group (SEG), National Numbering Agency (NNA), in all economies in ASEAN+3
2. Continuing to harmonize and standardize market infrastructures in ASEAN+3
 - Discussing essential user requirements (such as standard RFP) of RTGS and CSD systems (including collateral management system) from both owner/operator and user participants of MIs perspective
3. Identifying domicile (country/economy) of investors
 - Fact finding of current status in each country/economy

37

Long term goal

1. Deeper and more liquid bond markets in ASEAN+3
2. Government debt in each economy will be people's asset in ASEAN+3
3. Interoperable not only in ASEAN+3 but also with other regions
 - Measures to protect each market including capital and cash controls need to remain under the discretion of authorities in each market.

Source: CSIF modified by ADB consultant for ABMF SF2

38

Thank you so much ⁺³



This PowerPoint slides are made solely for the discussions of the 19th ABMF SF2 on 17 August 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

39

BUSINESS JUSTIFICATION FOR CROSS-CURRENCY DVP FLOW

A. Name of the request:

ASEAN+3 Cross-currency delivery-versus-payment (DVP)

B. Submitting organizations:

(to be decided)

C. Scope of the registration request:

The scope of this request covers the registration of cross-currency DVP flow in ASEAN+3 and related messages.

Scope of registration is the process flow to effect DVP settlement between central securities depository (CSD) and real time gross settlement (RTGS) systems located in different countries/economies. The process consists of firstly blocking the securities of sell side in CSD, secondly, informing it from CSD to RTGS, thirdly, moving funds from buy side current account to sell side current account in RTGS (completing cash settlement), and fourthly, informing the cash settlement result from RTGS to CSD, and lastly, releasing the blocked securities and crediting the securities to buy side securities account. The ISO 20022 messages consist of the process flow are also included to the scope of registration.

These standard business flows and messages will be used for the communication between the infrastructures, namely CSD and RTGS systems. The scope of this business justification covers new developments in new business areas and a set of messages already exists.

Financial instruments	Fixed incomes covered by the Classification of Financial Instruments [CFI] Standard (ISO 10962)
Business areas	Payments, Clearing & Settlement (pacs)
Business processes	Settlement & Reconciliation processes
Out of Scope	Securities Issuance Custody Services (management of corporate events and lending and borrowing) Securities Clearing Liquidity Management process Collateral Management process

	Reference data processes Reporting Query/Response
--	---

C.1 Notes related to the scope

After further analysis of the above mentioned business process, separate Maintenance Change Request(s) will be submitted for the maintenance of existing messages, as required.

Should further analysis result in the need of additional new messages covering the business processes mentioned above, they will fall into the scope of this business justification.

Any message in the scope of this business justification can be used independently from each other.

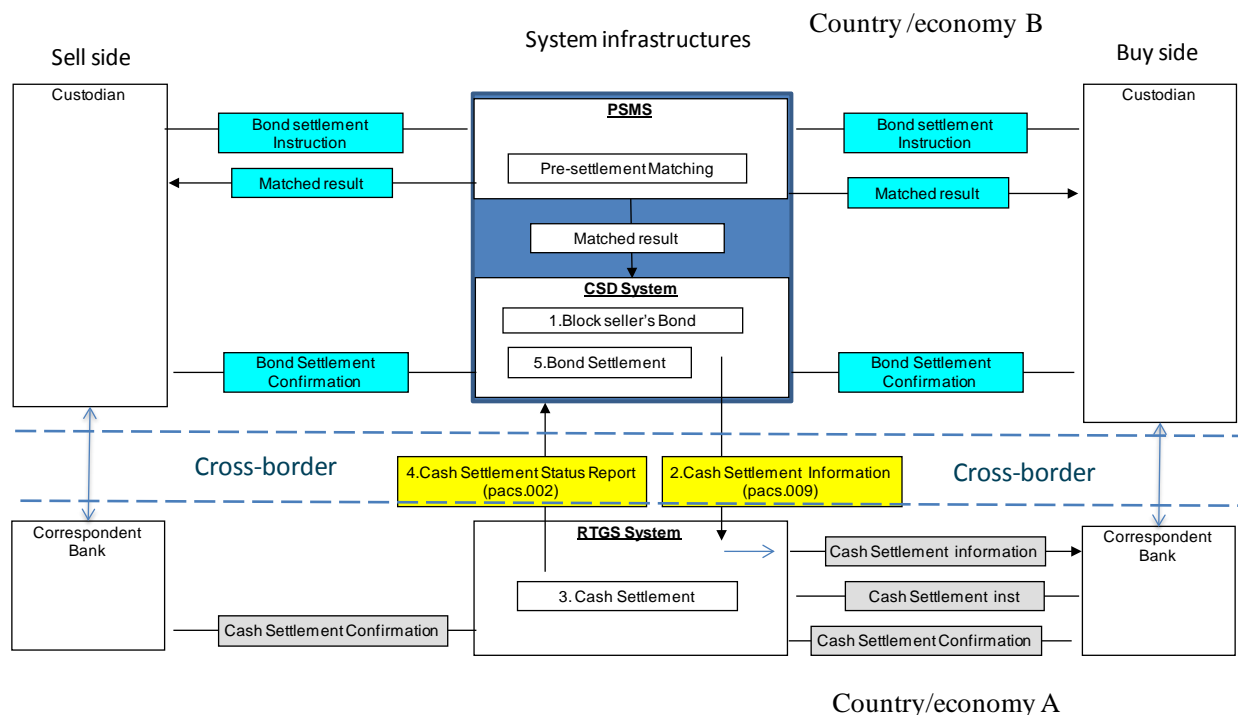
C.2 Complementary information related to messages in the scope

A first analysis of the message needs of the future cross-currency DVP flow has been carried out.

Cross-currency DVP flow implies the development of several new messages which can be detailed as follows. The targets of messages are pacs.009 and pacs.002.

C.3 High Level flow diagram

Following diagram depicts the Reference DVP flow.



- 1) CSD blocks or earmarks the sell side securities.

- 2) CSD transfers cash settlement information to RTGS system to effect cash settlement leg for the DVP settlement.
- 3) After confirming the instruction of buy side to effect cash settlement, specified amount of funds is transferred from buy side current account to sell side current account in RTGS system.
- 4) When cash settlement is successfully completed, cash settlement status report is sent from RTGS to CSD.
- 5) Blocked bond is released to buy side account in CSD.

C.4. Message items related cross-currency DVP

Cross-currency DVP defines the following messages to be exchanged between CSD and RTGS systems:

- a) Cash settlement information/instruction (pacs.009) from CSD to RTGS: Appendix 1; and
- b) Cash settlement status report (pacs.002) from RTGS to CSD: Appendix 2.

D. Purpose of the new development

In order to implement cross-currency DVP settlement which provides secure settlement for both securities and funds located in different countries/economies, harmonized and standardized process flow and messages are essential for an effective and efficient cross-border communication. Currently, there are so many differences between countries/economies in ASEAN+3 in terms of process flows and messages. In order to implement cross-currency DVP, harmonization and standardization of flows and messages are essential issue. This business justification provides a reference model of DVP flow and messages for this purpose.

E. Community of users and benefits:

The potential users of the system are CSDs and central banks. Reference DVP flow and consisting messages are the key issues to achieve the harmonization required for an efficient use of cross-currency DVP. CSDs and central banks will be benefited from standardized messages and practices induced by the cross-currency DVP. The institutions listed below have shown an interest in using the cross-currency DVP with ISO 20022 messages at this stage:

Country / Economy	Central Banks
BN	Autoriti Monetari Brunei Darussalam
CN	People's Bank of China (PBOC)
HK	Hong Kong Monetary Authority

ID	Bank Indonesia
JP	Bank of Japan
KH	National Bank of Cambodia
KR	Bank of Korea
MM	Central Bank of Myanmar
MY	Bank Negara Malaysia
PH	Bangko Sentral ng Pilipinas
SG	Monetary Authority of Singapore
TH	Bank of Thailand
VN	The State Bank of Vietnam

Country / Economy	CSDs
CN	China Central Depository & Clearing Co., Ltd.(CCDC)
CN	Shanghai Clearing House (SCH)
ID	Indonesia Central Securities Depository
JP	Japan Securities Depository Center, Inc.
KR	Korea Securities Depository (KSD)
PH	Bureau of the Treasury
PH	Philippine Dealing System Holdings Corp./PDS Group
SG	Singapore Exchange (SGX)
TH	Thailand Securities Depository Co., Ltd
VN	Vietnam Securities Depository (CSD)

F. Timing and development:

Process of standardization is divided into three phases as stated below.

- 1) Phase 1 (2015–2016) will specify essential user requirements, including messages and their items to effect cross-currency DVP settlement.
- 2) Phase 2 (2017–2018) is the development period of the cross-currency DVP. Interested national CSDs and central banks will define detailed user requirements, design, coding, and testing. Other necessary user requirements, such as business continuity planning and information security, will also be defined.
- 3) Phase 3 (2019–2020) will be the period starting production operations of the cross-currency DVP.

The long-term goals include (i) deeper and more liquid bond markets in ASEAN+3, (ii) government debt treated as an asset in ASEAN+3 economies, and (iii) interoperability of CSD–RTGS linkages not only within ASEAN+3 but also with other regions.

G. Commitments of the submitting organization

The “submitting organizations” confirm that they will:

- Undertake the development of the candidate ISO 20022 messages and business models that they will submit to the Registration Authority for compliance review and evaluation. The submission include Business Process Diagrams (activity diagram), Message Flow Diagrams (sequence diagram), Message Definition Diagrams (class diagram), and an example of valid XML instances of each candidate message and other descriptive material that will be used by the RA to generate the Message Definition Report;
- Address any queries related to the description of the models and messages as published by the RA on the ISO 20022website.

The “submitting organizations” are also committed to initiate and participate in the future message maintenance.

The “submitting organizations” are planning to organize a pilot testing.

The “submitting organizations” confirm their knowledge and acceptance of the ISO 20022 Intellectual Property Rights policy for contributing organisations, as follows.

“Organizations that contribute information to be incorporated into the ISO 20022 Repository shall keep any Intellectual Property Rights (IPR) they have on this information. A contributing organization warrants that it has sufficient rights on the contributed information to have it published in the ISO 20022 Repository through the ISO 20022 Registration Authority in accordance with the rules set in ISO 20022. To ascertain a widespread, public and uniform use of the ISO 20022 Repository information, the contributing organization grants third parties a non-exclusive, royalty-free licence to use the published information”.

H. Contact persons:

(to be decided)

Appendix1. Cash Settlement Information/Instruction (pacs.009) from CSD to RTGS

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.
Settlement Method	Method used to settle the (batch of) payment instructions (CLRG).
Instructing Agent	Agent that instructs the next party in the chain to carry out the (set of) instruction(s).
Instructed Agent	Agent that is instructed by the previous party in the chain to carry out the (set of) instruction(s).
End To End Identification	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.
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	Financial institution that owes an amount of money to the (ultimate) financial institutional creditor (BICFI).
Debtor Agent	Financial institution servicing an account for the Debtor (BICFI).
Creditor Agent	Financial institution servicing an account for the creditor (BICFI).
Creditor	Financial institution that receives an amount of money from the financial institutional debtor (BICFI).

Appendix2. Cash Settlement Status Report (pacs.002) from RTGS to CSD

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.
Settlement Method	Method used to settle the (batch of) payment instructions (CLRG).
Instructing Agent	Agent that instructs the next party in the chain to carry out the (set of) instruction(s).
Instructed Agent	Agent that is instructed by the previous party in the chain to carry out the (set of) instruction(s).
Original Message Identification	Point to point reference, as assigned by the original instructing party, to unambiguously identify the original message.
Original Message Name Identification	Specifies the original message name identifier to which the message refers.
Transaction Status	Specifies the status of a transaction, in a coded form.

**BUSINESS JUSTIFICATION
FOR REFERENCE DVP FLOW**

A. Name of the request:

ASEAN+3 Reference delivery versus payment (DVP) Flow

B. Submitting organizations:

(to be decided; followings are just tentative candidates)

Asian Development Bank on behalf of ASEAN+3 Central Banks and Central Securities
Depositories (CSDs)
6 ADB Avenue,
Mandaluyong City 1550, Metro
Manila, Philippines

NTT DATA Corporation
Toyosu Center Bldg, 3-3-3, Toyosu,
Koto-Ku, Tokyo 135-6033,
Japan

SWIFT s.c.r.l.
Avenue Adele 1,
B-1310 La Hulpe
Belgium

C. Scope of the registration request:

The scope of this request covers the registration of reference DVP flow in ASEAN+3.

Reference DVP flow for securities and funds settlement and ISO 20022 messages consist of the flow are to be standardized in ASEAN+3. More specifically, the process from data entry of DVP settlement by participants of CSD to securities and funds settlement is to be standardized in ASEAN+3. Regarding the data entry, both central matching and local matching will be adopted as standard matching methods. In case

of central matching, both sell side and buy side enter the data to pre-settlement matching (PSMS) system. Using the data entered, the DVP settlement is to be effected. More detailed flow and consisting messages are to be explained later.

These standard business flows and messages will be used for the communication of the infrastructures and their participants, namely CSDs and their participants, and RTGS and their participants. The scope of this business justification covers new developments in new business areas and a set of messages already exists.

Financial instruments	Fixed incomes covered by the Classification of Financial Instruments [CFI] Standard (ISO 10962)
Business areas	Securities Settlement(sese) Payments, Clearing&Settlement(pacs)&Cash Management(camt)
Business processes	Settlement & Reconciliation processes
Out of Scope	Securities Issuance Custody Services (management of corporate events and lending and borrowing) Securities Clearing Liquidity Management process Collateral Management process Reference data processes Reporting Query/Response

C.1 Notes related to the scope

After further analysis of the above mentioned business process, separate Maintenance Change Request(s) will be submitted for the maintenance of existing messages, as required.

Should further analysis result in the need of additional new messages covering the business processes mentioned above, they will fall into the scope of this business justification.

Any message in the scope of this business justification can be used independently from each other.

C.2 Complementary information related to messages in the scope

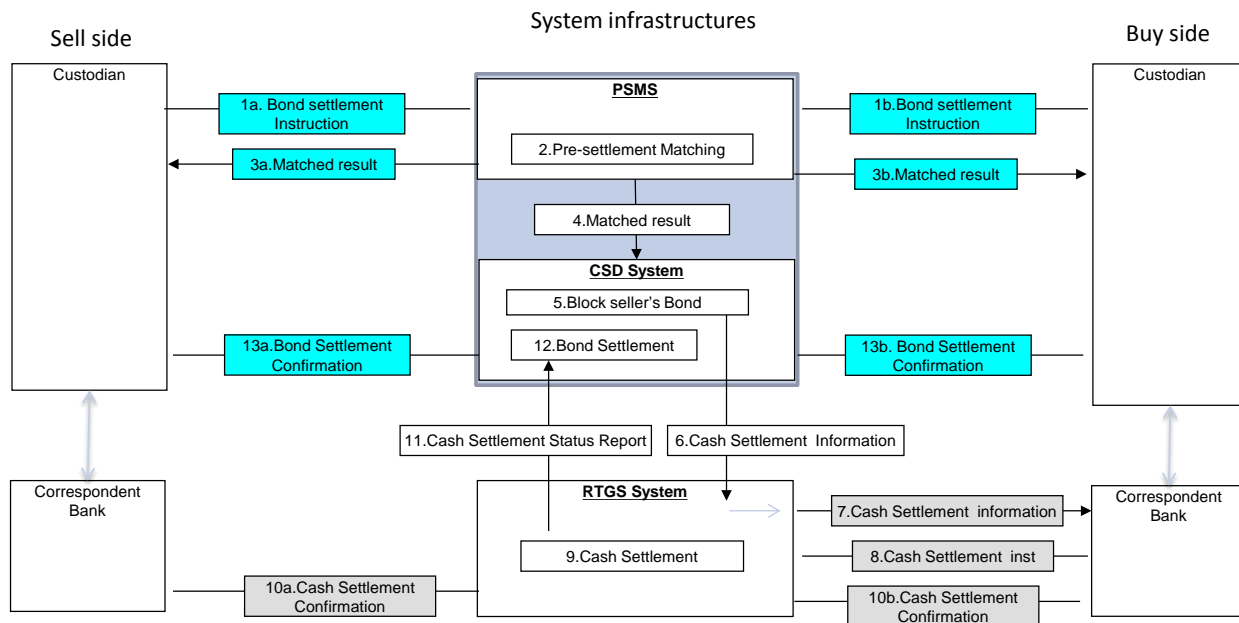
A first analysis of the message needs of the future DVP settlement has been carried out. The DVP flow implies the development of several new messages which can be detailed as follows and later. The DVP flow covers a transaction procedure from pre-settlement matching to the final settlement of securities and funds.

The target messages are sese.023/sese.024/sese.025/pacs.009/camt.054.

C.3 High Level flow diagram

Following diagram depicts the Reference DVP flow.

- 1) Custodians (both sell side and buy side) enter “Securities Settlement Transaction Instructions” into pre-settlement matching system (PSMS) or central securities depository (CSD) if PSMS functions are provided by the CSD.
- 2) Pre-settlement matching needs to be completed by one day before the settlement date (S-1).



- 3) Matched results (Securities Settlement Transaction Status Advice) are sent back to the sell side and buy side.
- 4) Matched results are transferred from PSMS to CSD if PSMS and CSD are operated in different platforms.
- 5) CSD blocks the sell side securities.
- 6) CSD transfers cash settlement information to RTGS system to effect cash settlement leg for the DVP settlement.
- 7) RTGS system forwards this cash settlement information to correspondent bank of buy side.
 - Though this forwarding message and subsequent “8. Cash settlement instruction” is omitted in some markets domestically, it is recommended that credit transfer instruction from buy side needs to be effected for high value payment like bond DVP settlement in particular when the participants of the CSD (custodian) and the participants of RTGS

(correspondent bank) are different entities. When omitting these processes (7 and 8), pre-arrangement such as earmarking the exact amount of funds for the settlement needs to be secured beforehand.

- 8) Buy side correspondent bank sends cash settlement instruction to RTGS system to effect credit transfer for the DVP settlement.
- 9) Cash settlement is effected by transferring the fund from buy side current account to sell side current account in RTGS system.
- 10) When cash settlement is successfully completed, cash settlement confirmations are sent to both sell and buy sides.
- 11) Also, cash settlement status report is sent from RTGS to CSD.
- 12) Blocked securities are released to buy side account in CSD.
- 13) Bond settlement confirmations are sent from CSD to sell and buy sides.

C.4. Message items related CSD-RTGS Linkage

The DVP flow consists of the following messages including their items:

- a) Settlement Instruction (sese.023) from participants to CSD: Appendix1;
- b) Matched Result (sese.024) from CSD to participants: Appnedix2;
- c) Settlement Confirmation (sese.025) from CSD to participants: Appendix3;
- d) Cash settlement Information and Instruction (pacs.009) from RTGS to participants and vice versa: Appendix4, and
- e) Cash Settlement Confirmation (camt.054) from RTGS to participants: Appendix 5.

D. Purpose of the new development

As an important step to achieve cross-border straight-through-processing (STP) in ASEAN+3 region, standardized flow and related messages are crucial. Following lists are the basic concept of standardization of settlement flow:

- a) Real-time-gross-settlement is to be used for both bond and cash settlement;
- b) Infrastructure should adopt DVP instead of free-of-payment;
- c) Central bank money is to be used for cash settlement;
- d) Data are to be transferred from upstream to downstream infrastructures; and
- e) The quality of data transferred and processed is to be confirmed when the data are entered by different parties.

In addition, message items are also significant. Minimum (essential) message items of bond settlement instruction, matched result, bond settlement confirmation, cash settlement information

and instruction, and cash settlement confirmation are the scope of standardization. These messages are based on ISO 20022 definition taking the existing message items in ASEAN+3 into account.

By harmonizing and standardizing DVP flow and consisting messages, cross-border STP of bond settlement in ASEAN+3 will be implemented.

E. Community of users and benefits:

The potential users of the system are CSDs (Central Securities Depositories), Central banks and commercial banks.

The institutions listed below have shown an interest in using the DVP flow with ISO 20022 messages at this stage when they are ready to implement it:

Country / Economy	Central Banks
BN	Autoriti Monetari Brunei Darussalam
CN	People's Bank of China (PBOC)
HK	Hong Kong Monetary Authority
ID	Bank Indonesia
JP	Bank of Japan
KH	National Bank of Cambodia
KR	Bank of Korea
MM	Central Bank of Myanmar
MY	Bank Negara Malaysia
PH	Bangko Sentral ng Pilipinas
SG	Monetary Authority of Singapore
TH	Bank of Thailand
VN	The State Bank of Vietnam

Country / Economy	CSDs
CN	China Central Depository & Clearing Co., Ltd.(CCDC)
CN	Shanghai Clearing House (SCH)
ID	Indonesia Central Securities Depository
JP	Japan Securities Depository Center, Inc.
KR	Korea Securities Depository (KSD)
PH	Bureau of the Treasury
PH	Philippine Dealing System Holdings Corp./PDS Group
SG	Singapore Exchange (SGX)
TH	Thailand Securities Depository Co., Ltd
VN	Vietnam Securities Depository (CSD)

F. Timing and development:

Process of standardization is divided into three steps as stated below.

1) 2015-2016: Standardization Phase

This Business Justification will be approved and the Reference DVP flow as well as related messages will be registered as an international standard.

2) 2017-2018: Implementation Phase

Each infrastructure, RTGS and CSD in ASEAN+3, will try to implement reference DVP flow and messages where adoption and migration to international standard ready.

3) 2019-Later: Fully Operational Phase

Most of the RTGS and CSD systems in ASEAN+3 will implement reference DVP flow and messages which will increase interoperability in ASEAN+3.

G. Commitments of the submitting organization

The ASEAN+3 Central Banks, CSDs, NTTDATA, and SWIFT confirm that they will:

- Undertake the development of the candidate ISO 20022 message and business models that they will submit to the Registration Authority for compliance review and evaluation. The submission include Business Process Diagrams (activity diagram), Message Flow Diagrams (sequence diagram), Message Definition Diagrams (class diagram), and an example of valid XML instances of each candidate message and other descriptive material that will be used by the RA to generate the Message Definition Report;
- Address any queries related to the description of the models and messages as published by the RA on the ISO 20022 website.

The ASEAN+3 Central Banks, CSDs, NTTDATA, and SWIFT are also committed to initiate and participate in the future message maintenance.

The ASEAN+3 Central Banks, CSDs, NTTDATA, and SWIFT are planning to organize a pilot testing.

The ASEAN+3 Central Banks, CSDs, NTTDATA, and SWIFT confirm their knowledge and acceptance of the ISO 20022 Intellectual Property Rights policy for contributing organisations, as

follows.

“Organizations that contribute information to be incorporated into the ISO 20022 Repository shall keep any Intellectual Property Rights (IPR) they have on this information. A contributing organization warrants that it has sufficient rights on the contributed information to have it published in the ISO 20022 Repository through the ISO 20022 Registration Authority in accordance with the rules set in ISO 20022. To ascertain a widespread, public and uniform use of the ISO 20022 Repository information, the contributing organization grants third parties a non-exclusive, royalty-free licence to use the published information”.

H. Contact persons:

Asian Development Bank on behalf of ASEAN+3 Central Banks and CSDs

Satoru Yamadera (syamadera@adb.org)

NTT DATA Corporation

Taiji Inui (inuit@nttdata.co.jp)

SWIFT:

Alexandre Kech (alexander.kech@swift.com) / Karini De Ridder (karin.deridder@swift.com)

Appendix1. Settlement Instruction (sese.023) from participants to CSD

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.

Appendix2. Matched Result (sese.024) from CSD to participants

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.

Appendix3. Settlement Confirmation (sese.025) from CSD to participants

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.

Appendix4. Cash settlement Information (pacs.009) from RTGS to participants

Message Items	Definition
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.

Appendix5. Cash Settlement Confirmation (camt.054) from RTGS to participants

Message Items	Definition
Notification 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.

Session 6

- Next ABMF meeting and Sibos in Singapore
by ADB Secretariat
- Highlights of the events by Alex Kech
- Tentative agenda of ABMF on 15-16 Oct

Session 6: Next ABMF meeting and Sibos in Singapore

Satoru Yamadera
Principal Financial Sector Specialist
SDCC
Asian Development Bank

Outline of Schedule

12 Oct	13 Oct	14 Oct	15 Oct	16 Oct
AM			ASEAN Day (ABMF meeting)	ABMF meeting
			9:00-9:30 : ASEAN Day Opening 10:15-11:15 : ASEAN Leaders in conversation 11:30-12:30: Renminbi	Meeting with the Europe and US experts Introduction of ISO 20022 and their lessons How to engage with ISO TC68
			12:45-13:45 Community session AMBIF How to integrate ASEAN+3 markets	Progress of WG Update on AMBIF Update on SF2
PM			14:00-15:15 Regional Market Infrastructure Linkages	CSIF meeting European experience on CCBM
			16:00 Closing	Lessons from Europe



SINGAPORE
12 - 15 October 2015

Update on Sibos – ABMF

August 2015



Table of contents

What is Sibos

Sibos 2015 | Suggested Itinerary

Q&A



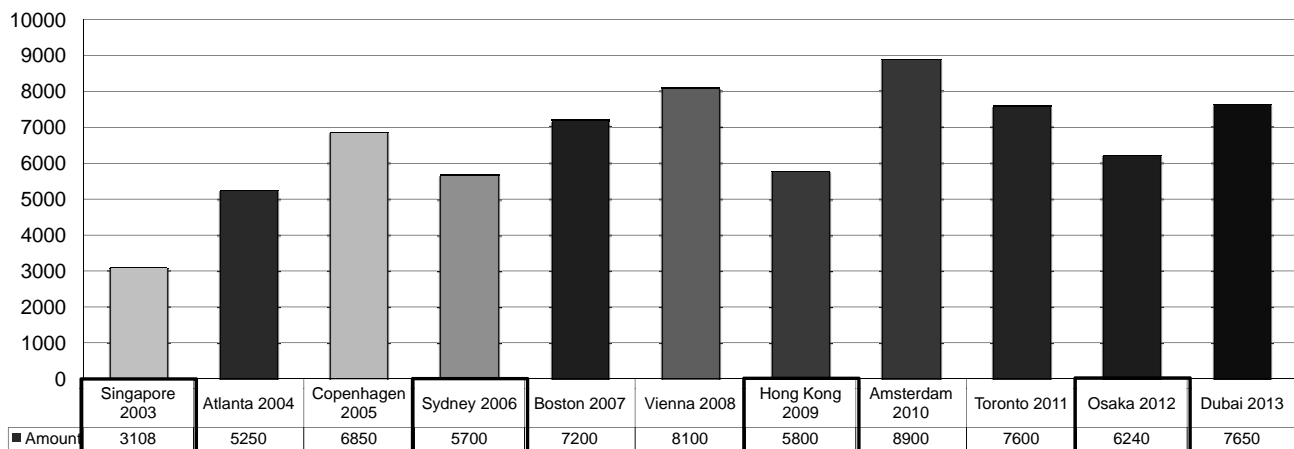
Sibos is an annual conference, exhibition and networking event organised by SWIFT for the global financial industry.

In just one week, some 7,000 decision makers and topic experts from financial institutions, market infrastructures, multinational corporations, and technology partners gather in one place to do business and collectively shape the future of payments, securities, cash management and trade.

www.sibos.com



Sibos in numbers





Delegate Institutions

Central Banks **Commercial Banks**
Investment Banks **Custodians**
 Exchanges **Corporates**
Market Infrastructures **Retail banks**
 Investment Managers **Broker/Dealer**
 Payment Market Infrastructures
Software vendor **Consultancy**



Table of contents

What is Sibos

Sibos 2015 | Suggested Itinerary

Q&A





SINGAPORE
12 - 15 October 2015



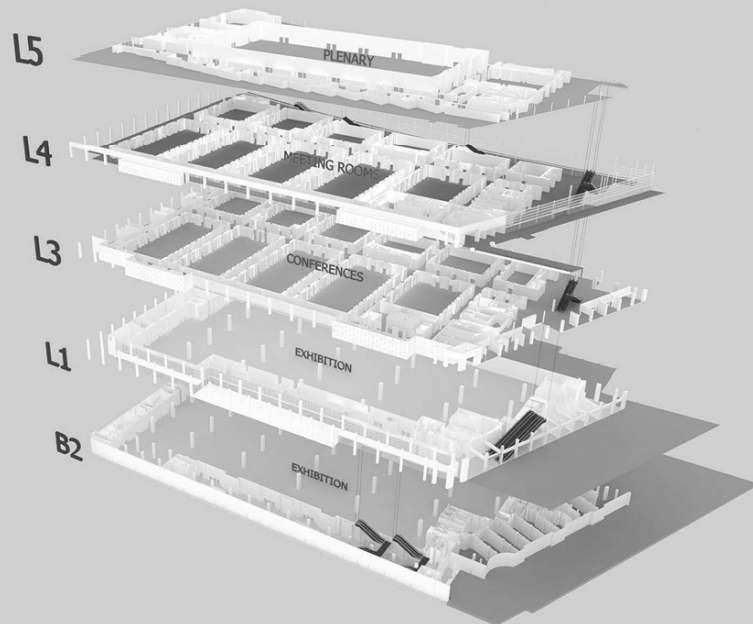
Sands Expo and Convention Centre
Marina Bay Sands



Venue overview

**Sands Expo and
Convention Centre**

Marina Bay Sands





Suggested Itinerary

Monday and Tuesday

Monday				Tuesday			
Room	Time	Session	Sibos stream	Room	Time	Session	Sibos stream
SF	09:00-09:45	How does ISO 20022 enable innovation in Asia Pacific?	Standards Forum	SF	09:00-09:45	Planning your ISO 20022 implementation: Myths, best practice and advice	Standards Forum
CR2	09:00-09:45	Global trends in regulated securities markets: how to return to a path of growth?	Securities	SF	10:15-11:15	Standardising the standard: the need for global ISO 20022 market practice	Standards Forum
SF	13:00-13:45	The top five benefits of ISO 20022: a 360 degree view	Standards Forum	CR1	10:15-11:15	Securities market infrastructure innovation: the next frontier	Securities, Market Infrastructure
PLR	14:00-15:15	Opening Plenary	SIBOS	SF	13:00-13:45	Market infrastructures update: ISO 20022 plans and visions	Standards Forum
SF	15:30-16:15	Introduction to SWIFT's ISO 20022 harmonization framework	Standards Forum	SF	14:00-14:45	MyStandards: a platform for ISO 20022 harmonization	Standards Forum
CR4	15:30-17:00	A future for CSDs?	MI Forum	WSA	14:00-15:00	Breaking the silos: Building a global assets inventory to optimize collateral management	Securities, Standards Forum
				SST	14:30-15:00	Cross-Border Stock Market Links in Asia: What Makes One a Success?	SWIFT Institute
				CR1	15:30-16:30	Driving the industry towards a truly global ISO 20022 standard	MI Forum, SF
				SF	16:45-18:00	ISO 20022 Harmonization ceremony, followed by Harmony Drink	Standards Forum



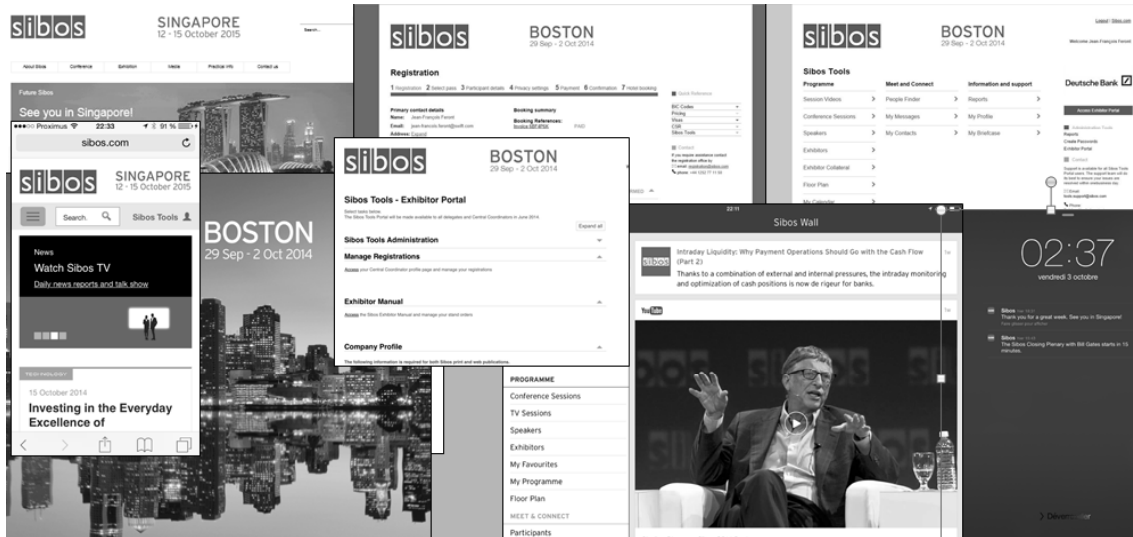
Suggested Itinerary

Wednesday and Thursday

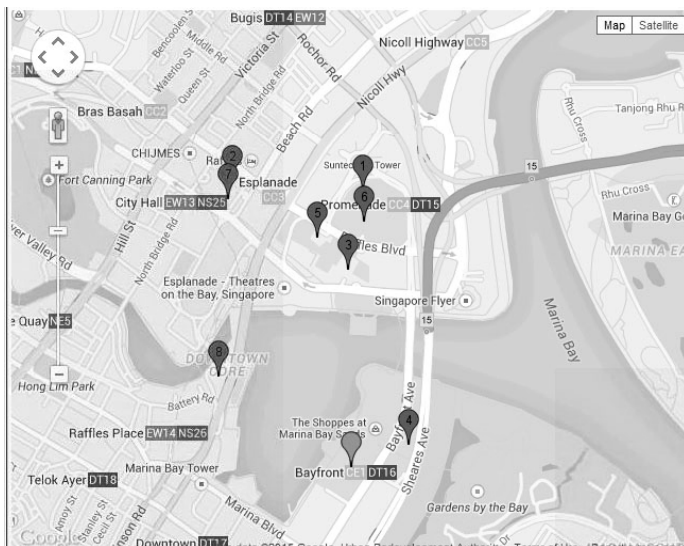
Wednesday				Thursday			
Room	Time	Session	Sibos stream	Room	Time	Session	Sibos stream
CR2	09:00-09:45	Securities transparency: is this the next frontier?	Compliance Forum, Securities	CR2	9:00-10:00	Opening ASEAN day	ASEAN
WSA	14:00-15:15	Asset Servicing: Issuer to Investor automation	Securities Workshop	CR2	10:15-11:15	ASEAN Leaders in Conversation	ASEAN
CR2	15:30-16:30	The changing landscape of Singapore's securities market	Community	CR2	11:30-12:30	RMB: The real game changer	ASEAN
					12:45-13:45	How ASEAN+3 connects Bond markets towards more integrated markets	Community
				WSA	14:00-15:30	Securities Workshop Regional Market Infrastructure Linkages – the way forward	ASEAN
				PLR	16:00-17:30	Closing Plenary	SIBOS



Sibos online tools



Sibos hotels and transportation



1. Conrad Centennial Singapore Hotel
2. Fairmont Singapore
3. Mandarin Oriental Singapore
4. Marina Bay Sands Hotel
5. Marina Mandarin Singapore
6. Pan Pacific Singapore Hotel
7. Swissotel The Stamford Hotel
8. The Fullerton Singapore



sibos

Session 7

Next step of ABMF

- Implementation of international standards
- Identification of tax procedures
- ABMF activities for 2015 and 2016

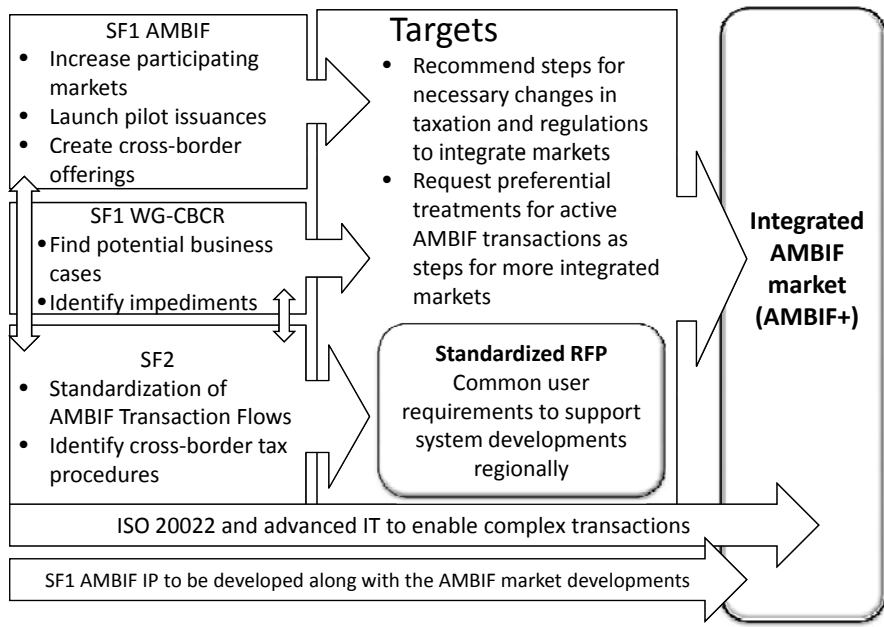
Next step of ABMF

Satoru Yamadera

SDCC

Asian Development Bank

Next step of SF1 and SF2



Cross-border Tax procedures to be identified															ADB
	BN	KH	CH	HK	ID	JP	KR	LA	MY	MM	PH	TH	SG	VN	
BN															Identifying difference in taxation (withholding tax, capital gain tax)
KH															
CH															
HK															
ID															
JP															Identifying domicile (country/economy) of investors
KR															
LA															
MY															Fact finding of current status in each country/economy
MM															
PH															
TH															
SG															
VN															

