<table>
<thead>
<tr>
<th>TIME</th>
<th>PROGRAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00 - 09:30</td>
<td>Registration</td>
</tr>
<tr>
<td>09:30 - 09:45</td>
<td><strong>Opening Remarks</strong> by Mr. Noritaka Akamatsu, Senior Adviser, SDCC, Asian Development Bank</td>
</tr>
</tbody>
</table>
| 09:45 - 10:45 | **Session 1: ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) and key standardization efforts under ABMF**  
|             | Presentation by Mr. Satoru Yamadera, Principal Financial Sector Specialist, ADB Secretariat for ASEAN+3 Bond Market Forum (ABMF)  
|             | - Highlights of the ABMF Phase 3 Reports  
|             | - Key features of AMBIF to enable multiple cross-border issuance and offering  
|             | - Standardization efforts under SF2 towards more integrated markets  
|             | - Q&A                                                                   |
| 10:45 - 11:45 | **Session 2: Panel discussion: How would ASEAN+3 move towards more integrated markets?**  
|             | - Panelists:  
|             |   - Mr. Ephyro Luis Amatong, Commissioner, Securities and Exchange Commission of the Philippines  
|             |   - Mr. Loong Yeow Boon, Director, Market Development, Treasury & Markets, CIMB (representing ABMF Sub-Forum 1 Vice Chair)  
|             |   - Mr. Boon-Hiong Chan, Head (Market Advocacy, Asia Pacific, MENA, Global Transaction Banking), Deutsche Bank, ABMF International Expert  
|             |   - Mr. Masayuki Tagai, Managing Director (Global Market Infrastructures) JP Morgan Chase, ABMF International Expert  
|             | - Moderator: Mr. Satoru Yamadera, Principal Financial Sector Specialist (SDCC), ADB  
|             | - Impact of AMBIF and standardization  
|             | - Implication for ASEAN financial integration  
|             | - Remaining challenges  
|             | - Q&A                                                                   |

*End of public session*
<table>
<thead>
<tr>
<th>TIME</th>
<th>PROGRAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>11:45 – 13:00</td>
<td><em>Lunch (EDR Coffee Lounge, 2nd Floor)</em></td>
</tr>
<tr>
<td>Sub-Forum 1 (SF1 Session)</td>
<td></td>
</tr>
<tr>
<td>13:00 – 13:10</td>
<td><strong>Opening Remarks</strong> by Mr. Koji Ito, SF1 Chair</td>
</tr>
<tr>
<td>13:10 – 14:45</td>
<td><strong>Session 3: Reporting on new working groups</strong>&lt;br&gt;by ADB Secretariat&lt;br&gt;- TOR and Workplan of WG-IP and WG-CBCR&lt;br&gt;- Q&amp;A&lt;br&gt;<strong>Presentations related with AMBIF Information Platform</strong>&lt;br&gt;- The basic concepts of AMBIF IP&lt;br&gt;  By Mr. James Yoo, KOSCOM&lt;br&gt;- Setting standard and principles for bond valuation agency&lt;br&gt;  By Ms. Chaoqun Wang, Chinabond Pricing Center, CCDC&lt;br&gt;- AMBIF IP: Market Development via Networking&lt;br&gt;  By Mr. Shah Zain, Chief Business Officer, BPAM</td>
</tr>
<tr>
<td>14:45 – 15:15</td>
<td><strong>Session 4: Next step of AMBIF</strong>&lt;br&gt;by ADB Secretariat&lt;br&gt;Workplan (market visits in 2nd half of 2015)</td>
</tr>
<tr>
<td>15:15 – 15:30</td>
<td><strong>Coffee Break</strong></td>
</tr>
<tr>
<td>Sub-Forum 2 (SF2 Session)</td>
<td></td>
</tr>
<tr>
<td>15:30 – 15:40</td>
<td><strong>Opening Remarks</strong> by Mr. Jong Hyung Lee, SF2 Chair</td>
</tr>
<tr>
<td>15:40 – 16:30</td>
<td><strong>Session 5: Phase 3 and implementation of standards</strong>&lt;br&gt;- ISO procedures and drafting of business justification for ISO 20022</td>
</tr>
<tr>
<td>16:30 – 17:00</td>
<td><strong>Session 6: Next ABMF meeting and Sibos in Singapore</strong>&lt;br&gt;by ADB Secretariat&lt;br&gt;- Highlights of the events by Alex Kech&lt;br&gt;- Tentative agenda of ABMF on 15-16 Oct</td>
</tr>
<tr>
<td>17:00 – 17:30</td>
<td><strong>Session 7: Next step of ABMF</strong>&lt;br&gt;- Implementation of international standards&lt;br&gt;- Identification of tax procedures&lt;br&gt;- ABMF activities for 2015 and 2016</td>
</tr>
<tr>
<td>17:30 – 17:45</td>
<td><strong>Wrap up by SF1 and SF2 Chairs and ADB Secretariat</strong></td>
</tr>
<tr>
<td>18:00 -</td>
<td><strong>Welcome dinner hosted by Mr. Akamatsu</strong>&lt;br&gt;<em>Venue: Central Courtyard, 1st Floor, Asian Development Bank</em></td>
</tr>
</tbody>
</table>
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

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

• 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

---

Major milestones of ASEAN+3 to date

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

Finance Ministers and Central Bank Governors Meeting

Deputy Ministers and Deputy Governors Meeting

CMIM
Regional safety net

ABMI
Asian Bond Market Initiative

TF 1 (Supply)
TF 2 (Demand)
TF 3 (Regulation)
TF 4 (Infra.)

ASEAN+3 Macroeconomic
Research Office

Asian Bonds Online
Asian Bond Monitor

ASEAN+3 Bond Market
Forum (ABMF)

Cross-border
settlement
Infrastructure
Forum (CSIF)

Credit
Guarantee and
Investment
Facility (CGIF)

Infrastructure
Finance

Lao-Thai bonds

Growth of ASEAN+3 LCY bonds

Growth of Local Currency Bond (excl. JP)

Global Financial Crisis

Asian Currency Crisis

CH TH JP SG JP MY KR PH

Growth of ASEAN+3 LCY bonds

Source: Asia Bonds Online
Remarkable growth of LCY bond markets

### 2004 USD Billion

<table>
<thead>
<tr>
<th></th>
<th>Government</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-04</td>
<td>KR</td>
<td>319</td>
<td>657</td>
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<td>Dec-04</td>
<td>CN</td>
<td>599</td>
<td>624</td>
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<tr>
<td>Dec-04</td>
<td>MY</td>
<td>58</td>
<td>97</td>
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<td>Dec-04</td>
<td>SG</td>
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<td>78</td>
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<tr>
<td>Dec-04</td>
<td>TH</td>
<td>54</td>
<td>67</td>
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<td>Dec-04</td>
<td>ID</td>
<td>54</td>
<td>61</td>
</tr>
<tr>
<td>Dec-04</td>
<td>PH</td>
<td>35</td>
<td>36</td>
</tr>
<tr>
<td>Dec-04</td>
<td>VN</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,181</td>
<td>1,700</td>
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### 2014 USD Billion

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<th>Government</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-14</td>
<td>CN</td>
<td>3,335</td>
<td>5,192</td>
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<tr>
<td>Dec-14</td>
<td>KR</td>
<td>701</td>
<td>1,703</td>
</tr>
<tr>
<td>Dec-14</td>
<td>MY</td>
<td>185</td>
<td>316</td>
</tr>
<tr>
<td>Dec-14</td>
<td>TH</td>
<td>211</td>
<td>282</td>
</tr>
<tr>
<td>Dec-14</td>
<td>SG</td>
<td>147</td>
<td>241</td>
</tr>
<tr>
<td>Dec-14</td>
<td>HK</td>
<td>109</td>
<td>194</td>
</tr>
<tr>
<td>Dec-14</td>
<td>ID</td>
<td>106</td>
<td>123</td>
</tr>
<tr>
<td>Dec-14</td>
<td>PH</td>
<td>87</td>
<td>104</td>
</tr>
<tr>
<td>Dec-14</td>
<td>VN</td>
<td>40</td>
<td>41</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>4,920</td>
<td>8,196</td>
</tr>
</tbody>
</table>

Source: Asia Bonds Online

**Government Bond**

6.3 times

**Corporate Bond**

4.2 times

---

Size of LCY Bond Market in % of GDP

Total in Dec 2003 and Dec 2014 (in %GDP)

Source: AsianBondsOnline
Size of Local Currency Bond Markets

![Size of Local Currency Bond Markets Graph]

Source: ASIFMA (2013) India Bond Market Roadmap

Major achievements of ABMI

- CGIF $700 million
- Asian Bonds Online
- CSIF
- ABMF
- Public Private platform
- CSD-RTGS Linkages as RSI
- Harmonization and standardization of markets

Research on:
- Infra bond finance
- Broadening the investor base

- ASEAN+3 Bond Market Code
ABMI Evolution

CMIM ($120 Billion) – AMRO <Macroeconomic stability>

Global Financial Crisis
Bond markets as a spare tire of banking systems

Addressing the problem of double mismatch

Asian Currency Crisis

Promoting development of domestic markets

ABO CGIF

Stronger economic linkages and synchronization of markets

Regional safety net

More integrated financial markets

Linking the segmented markets for a more resilient regional market

AMBIF

Inter-operable market infrastructures

ASEAN financial integration
+ PRC, JPN, KOR

CSD-RTGS Linkages

AMBIF+

More advanced financial infrastructures

ABMF as enabler of market integration
ABMF - As a Common Platform for PP

Country A  
Country B  
Country C  
Country D

ASEAN+3 Bond Market Forum (ABMF)

Private sector  
Public sector

Barriers identified by GoE and Progresses

Number of markets involved  
More  
Fewer

Private sector  
Area of influence  
Public sector

SF2  
Cash controls  
credit balances, overdrafts  
Taxes  
FX controls  
conversion, repatriation  
Investor registration  
Omnibus accounts  
Quotas

SF1  
Message format  
Pre-matching  
Securities numbering  
Settlement cycle  
Physical certificates

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  
→ ASEAN+3 Bond Market Guide

Source: GOE Report modified by ADB consultant
ABMF milestones and next steps

SF1
- AMBIF as a common bond issuance framework
- Regulation Taxation

SF2
- Harmonization of message flows and standardization of message items
- Common infrastructure to support regional solution

Harmonization
- Private sector focus
  - Trade, front
  - Back office
- Market integration
  - AFIF, ABIF + PRC, JP, KR

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

**AMBIF as a regional nexus**

- 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.

**What AMBIF can achieve?**

- Issuers can tap in all markets with harmonized documents for submission.
- Investors can invest in all markets without knowing their regulations closely.
- Market practice and issue process will be harmonized and standardized within the professional markets in the region.
## AMBIF Elements

<table>
<thead>
<tr>
<th>AMBIF Elements (AMBIF Core Components)</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Settlement</td>
<td>Bonds and notes are settled at a national CSD in ASEAN+3 markets.</td>
</tr>
<tr>
<td>Harmonized Documents for Submission (Single Submission Form)</td>
<td>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.</td>
</tr>
<tr>
<td>Registration or profile listing at ASEAN+3 (Place of continuous disclosure)</td>
<td>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.</td>
</tr>
<tr>
<td>Currency</td>
<td>The denomination of an issue is generally expected to be in the domestic currency of each ASEAN+3 market.</td>
</tr>
<tr>
<td>Scope of Issuer</td>
<td>Resident of ASEAN+3</td>
</tr>
<tr>
<td>Scope of Investors</td>
<td>Professional investors defined in accordance with applicable laws and regulations, or market practice, in each ASEAN+3 market</td>
</tr>
</tbody>
</table>

### Key AMBIF Document (SSF)

- **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.
**Key AMBIF documents (Impl GL)**

- SFF 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.

---

**Additional AMBIF Features**

- 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.
**AMBIF Participating Markets**

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

* These are foreign-currency denominated domestic bonds.

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**AMBIF Pilot issuance**

- **2014- 2Q 2015**
  - Completion of drafting SSF and Implementation Guidelines

- **3Q 2015-4Q 2015**
  - Publication of Phase 3 Reports including SSF and Impl GLs
  - AMBIF LCY issues in ASEAN+3
  - Pilot issues

- **Further harmonization of market practices and revisions of SSF and Impl GLs. Further expansion of AMBIF**
Reminder

• 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.

Harmonization and Standardization of Bond Market Infrastructures in ASEAN+3
ABMF SF2
Market Barriers identified by GOE

Various barriers were identified by the GOE
- Messaging format
- Pre-matching
- Securities numbering
- Physical certificates
- Cash controls: credit balances, overdrafts
- FX controls: conversion, repatriation
- Investor registration
- Omnibus accounts
- Quotas
- Taxes

Area of influence
- Private sector
- Public sector

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.


Work under ABMF

(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.
Identification of Government Bond Transaction

NOTE:
- Exchange Market
- Commercial Bank
- Direct intersystem connection
- Indirect connection
- * This diagram shows entities which are involved in major types of transactions.
- ** Retail bond market is not included in this diagram.

Identification of Corporate Bond Transaction

NOTE:
- Exchange Market
- Commercial Bank
- Direct intersystem connection
- Indirect connection
- * This diagram shows entities which are involved in major types of transactions.
- ** Retail bond market is not included in this diagram.
Draft reference DVP Flow (a model to start discussions)

System infrastructures

CSD System

PSMS

13a. Bond Settlement Confirmation

1a. Bond settlement Instruction

3a. Matched result

4. Matched result

5. Lock seller’s Bond

12b. Bond Settlement Confirmation

15a. Bond settlement Instruction

3b. Matched result

Country/economy A

Buy side

Custodian

Sell side

Custodian

Correspondent Bank

Cross-border

PSMS System

3. Cash Settlement

6. Cash Settlement Instruction

11. Cash Settlement Status Report

10a. Cash Settlement Confirmation

13a. Bond Settlement Confirmation

13b. Bond Settlement Confirmation

10b. Cash Settlement Confirmation

Cross-border

Correspondent Bank

Country/economy B

Source: ABMF SF2

Adoption schedule of International Standards by CSDs

<table>
<thead>
<tr>
<th>CSD</th>
<th>Name of Bond Settlement System</th>
<th>Inst.</th>
<th>ISO ISO20022</th>
<th>BIC</th>
<th>CHS Code set</th>
<th>Coll</th>
<th>Overall</th>
<th>Implement</th>
<th>Reserve period</th>
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<tbody>
<tr>
<td>CN</td>
<td>CDBC</td>
<td>CBGS</td>
<td>G/C</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X (2016)</td>
<td>2013</td>
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<td>HKMA</td>
<td>CNZ</td>
<td>G/C</td>
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<td>Y</td>
<td>Y</td>
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<td>JASDEC</td>
<td>BETS</td>
<td>C</td>
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<td>Y</td>
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<td>Y</td>
<td>Dec 2006</td>
</tr>
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<td>SI</td>
<td>CDP</td>
<td>DCSS</td>
<td>G/C</td>
<td>Y</td>
<td>Y (2015)</td>
<td>Y</td>
<td>Y</td>
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</tr>
<tr>
<td>TH</td>
<td>TSD</td>
<td>PTI</td>
<td>G/C</td>
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<td>Y</td>
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<td>VN</td>
<td>VND</td>
<td>VND-BEIS</td>
<td>G/C</td>
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<td>Y (2015)</td>
<td>Y</td>
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Adoption schedule of IS by CBs

<table>
<thead>
<tr>
<th>Op</th>
<th>Name of System</th>
<th>ISD msg</th>
<th>BC</th>
<th>Chn. Code</th>
<th>Common protocol</th>
<th>OS</th>
<th>Implementation comment</th>
<th>Reconstruct on period</th>
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<tr>
<td>BN</td>
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<td>Y</td>
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<tr>
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<td>CNAPS</td>
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<td>Y (2016)</td>
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<td>Y</td>
<td>2014</td>
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<td>LA</td>
<td>BOL</td>
<td>-</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>2015</td>
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<tr>
<td>MY</td>
<td>BNM</td>
<td>RESTARJTS</td>
<td>Y</td>
<td>Y</td>
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<td>Y</td>
<td>2015</td>
<td></td>
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<tr>
<td>PH</td>
<td>BSP</td>
<td>PhilSys</td>
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<td>Y (2015)</td>
<td>Y</td>
<td>Y</td>
<td>2015</td>
<td></td>
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<tr>
<td>SO</td>
<td>MAS</td>
<td>MEPS-plus</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Dec 2015</td>
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<tr>
<td>TH</td>
<td>BOT</td>
<td>BANMT/NET</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Dec 2001</td>
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CSD-RTGS Linkage as Regional Settlement Intermediary model

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.
Challenges for harmonization

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.

Next steps
Steps towards more integrated markets

- ASEAN+3 Bond Market Guide
- Identification of transaction flows
- Identification of differentials which can be barriers for cross-border transactions

Mitigate the differences in taxations and regulations

- AMBIF
- Implementation of International Standards

- Tax rate and procedures
  - Streamlining
  - Information exchange on origin of investors
  - Regulations
  - Substitute compliance
  - Mutual recognition

Regionally integrated Markets

Starting from niche: AMBIF

- Minimizing differences in tax procedures
- Harmonization of FX reporting

ISO 20022 to support advanced IT application

AMBIF Practices

Preferred supports from ASEAN+3
Conclusion

• **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**

Thank you

For further info: syamadera@adb.org
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

ASEAN Economic Community: Growing Together

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

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

Source: IMF/WB
ASEAN+3: Doing Business Across Borders

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

ASEAN: Available and Growing Liquidity

Source: IMF/WB
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
### ASEAN Integration Initiatives

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

### AMBIF as a Platform for Integration

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

Thank You
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

New WGs

ABMI
Asian Bond Markets Initiative

TF 1
(Supply)

TF 2
(Demand)

TF 3
(Regulation)

TF 4
(Infrastructure)

ABMF

SF1
Support AMBIF
Expand participating markets
Revision of SSF and Impl GLs

AMBIF
Information Platform

Cross-border Collateral and Repo Business

SF2
Standardization
Support identification of transaction flows and technical specification of cross-border transactions

SRO meeting
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.

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).
- 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).
WG on AMBIF Information Platform

- 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

WG on AMBIF IP Workplan

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).
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

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>August</td>
<td>First WG conference call</td>
</tr>
<tr>
<td>17 August</td>
<td>ABMF meeting at which the TOR of the WG will be reported</td>
</tr>
<tr>
<td>Aug-Oct</td>
<td>Brainstorming among WG members to discuss how IT can support AMBIF</td>
</tr>
<tr>
<td></td>
<td>- Sharing info on the current regulatory framework of AMBIF participating countries.</td>
</tr>
<tr>
<td></td>
<td>- Building consensus what is necessary to support the initial stage of AMBIF</td>
</tr>
<tr>
<td></td>
<td>- Agreeing on a broad picture and deliverables by May 2016</td>
</tr>
<tr>
<td>16 Oct</td>
<td>ABMF meeting at which idea of possible deliverable will be reported and agreed.</td>
</tr>
<tr>
<td>27-28 Oct</td>
<td>ABMI TF meeting</td>
</tr>
</tbody>
</table>
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.
5 August 2015

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).
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2-2. Central banks and regulators who are interested in the WG discussion

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</tr>
<tr>
<td>Aug-Oct</td>
<td>Discuss and agree on a preferable approach to identify the current status and potential business cases</td>
</tr>
<tr>
<td>16 Oct</td>
<td>ABMF meeting at which the progress of discussion will be reported</td>
</tr>
</tbody>
</table>
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.
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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

• 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

  - 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.

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)

* C : Country
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.
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

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

Possible bond issuance functions

Connection
- Login
  - System manager login
  - Authority login
  - General user login
- Conn. between Organizations
  - Control API
  - Data Feed
  - Getting data
  - Data needed

System manager and operator Biz.
- Info. Codes mgt.
- Application lists query
- Users mgt.
  - ID mgt.
  - Authority mgt.
- Issuance info. Mgt.
  - Issuance info. Mgt.
  - Issuance lists query
  - Issuance lists update
  - Security mgt.
  - DB server/network security
  - encryption

Issuer biz.
- System mgt.
  - Status of H/W
  - Status of Network
    - APP Message mgt.
  - Status of S/W
  - Status of user verification
  - DB mgt.
  - Status of DBMS
  - Data verification
  - Market mgt.
  - AMBIF market status
  - Statistics mgt.
- Issuance application
- Application and approval mgt.
  - Application lists query
  - Approval lists query
- Issuance info. query
- ISIN application

Authority biz.
- Mkt. participants mgt.
  - Mkt. participants query
  - Mkt. participants approval
- Application Mgt.
  - Application lists query
  - Application lists approval
- Issuance info. query
  - ISIN mgt.
  - Statistics mgt.
### Possible bond issuance functions

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

### 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

- 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 the 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)

SERVER

AMBIF IP

USER

AMBIF IP Infrastructure Development

AMBIF launch

ASEAN+3 Participation

2016

2017

2018

2020

Technical review Development preparation

Development phase based on basic functions and issues resolved

Discuss on resolved issues and add business requirements

Encourage participation from rest of countries

Participation

Participation

2015

2016

2017

2018

2019

2020
AMBIF IP in 2018

- Services of AMBIF issuance and information disclosure

AMBIF WEB

- Issuance API
- Mgt. Mkt.
- Issue Bld.
- Mgt. Issuing

User App

- Admin
- Add Biz.
- Mgt.

ISO 20022

DBMS

System App.

Server

Security

DB Security

Data encryption

AMBIF IP in 2020

- The completion of AMBIF

AMBIF WEB

- Trading API
- Mail
- Mgt. Mkt.
- Issuing Bld.
- Mgt.

User App

- Admin
- Add Biz.
- Mgt.

ISO 20022

DBMS

System App.

Server

Security

DB Security

Data encryption
Thank You!

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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

Contents

Our Valuation Practice in China
Our Thoughts
Suggestions
Our Valuation Practice in China

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

- 1999: The first Treasury bond yield curve was published
- 2002: It was updated for the first time, and data (curve, evaluation and index) were published systematically
- 2006: Construction mode and framework were determined
- 2007: Entered substantial application in market
- 2010: Curve evaluation entered into mercerization application
- 2011: Single bond VaR was published for trial
- 2012: Combination VaR was published for trial and its application of underlying index has made a breakthrough
- 2013: Domestic complete coverage of RMB bond evaluation was achieved
- 2014: Provide valuation for other types of assets, such as non-standard assets managed by commercial banks and preferred stock

---

Our History

- Risk and accounting measurement, Trading price reference
- Comparison benchmark, for investment performance Underlying index for passive investment
- Risk measurement
- Investment analysis
- Credit analysis

- ChinaBond Yield Curve
- ChinaBond Valuation
- Chinabond Index
- ChinaBond VaR
- Customized Statistics
- Credit Rating Implying in Market

- Around 600 thousand daily data points
- Around 1.9 million data points available for query
Our Practice

**Principle: Neutrality**

- **Identity**
  - Not involved in trading

- **Partners**
  - Clear responsibilities through contracts with partners, strict behavior constraint

- **Clients**
  - Firewall between valuation team and clients,
  - A quality control department dependent from valuation department to collect and handle complaints from clients

- **Employees**
  - Unified charging rule

**Principle: Objectivity**

1. **Data Input**
   - Standardized data
   - Data cleaning
   - Data input hierarchy
   - Periodic review of data quality

2. **Process**
   - Strict operational procedure
   - Mark-to-market rules
   - Consistent examination by system

3. **Data Output**
   - Standard format consistent with international convention
   - Periodic inspect of data transmit quality
Our Practice

**Principle: Transparency**

**Contents**
- Product design
- Methodology
- Process rule
- Quality report
- Data input report
- Controversial valuation explanation

**Frequency**
- Daily
- Monthly
- Quarterly
- Yearly

**Channel**
- Website
- Online meeting
- Clients meeting
- WeChat
- Microblog
- QQ group

---

Principle: Transparency

**Quality Control System**

**External Oversight**
- ChinaBond Indices Experts Committee: 40 experts from market and authorities
- Regulatory Authorities
- Market Participants

**Internal Control**
- Audit Department of CCDC
- Standard Monitor Group: Significant change in rules and methodology
- Quality Control Department: Daily examination
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.
- Recommended by CBRC, CSRC, CIRC as comparison basis of risk and NAV measurement
- Reference range in treasury auction
- Reference range in local government bond auction
- Commercial bank loans and 3.8 trillion asset management pricing
- Interbank market supervision by PBOC
- Mutual funds trading supervision by CSRC
- Tracking object of six ETF
- Performance evaluation for 520 billion funds
- Floating rate benchmark for 100 perpetual debt and preferred stock

Customer Coverage

<table>
<thead>
<tr>
<th>Category</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Banks</td>
<td>100.00%</td>
</tr>
<tr>
<td>Policy Banks</td>
<td>100.00%</td>
</tr>
<tr>
<td>Rural Banks</td>
<td>42.42%</td>
</tr>
<tr>
<td>Securities Companies</td>
<td>99.87%</td>
</tr>
<tr>
<td>Securities Investment Funds</td>
<td>100.00%</td>
</tr>
<tr>
<td>Insurance Institutions</td>
<td>98.61%</td>
</tr>
<tr>
<td>Non-bank Financial Institutions</td>
<td>42.42%</td>
</tr>
<tr>
<td>Foreign Investors</td>
<td>79.19%</td>
</tr>
<tr>
<td>Total</td>
<td>96.49%</td>
</tr>
</tbody>
</table>

The number of domestic subscribers has increased 5% in 2014 at total of 848 financial institutions.

The number of oversea subscribers has increased 9% in 2014 at total of 89 subscribers, including 14 foreign central banks.
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.
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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>Main Regulator</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>Korea</td>
<td>Financial Supervisory Commission, Bond Pricing Agency System, KAP etc.</td>
</tr>
<tr>
<td>2004</td>
<td>Malaysia</td>
<td>Securities Commission, BFAM</td>
</tr>
<tr>
<td>2005</td>
<td>Philippines</td>
<td>Bangko Sentral ng Pilipinas, Calculation Agent approved by association</td>
</tr>
<tr>
<td>2006</td>
<td>Thailand</td>
<td>Securities and Exchange Commission, iBond</td>
</tr>
<tr>
<td>2007</td>
<td>Indonesia</td>
<td>Securities Commission, IBPA</td>
</tr>
<tr>
<td>2007</td>
<td>China</td>
<td>CSRC, CBRC, ChinaBond Pricing Center, CCDC</td>
</tr>
</tbody>
</table>

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

Framework of risk management in financial market
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.

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

Suggestions
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.

Thank You

Chaoqun Wang
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China Central Depository & Clearing Co., LTD
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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

CONTENT

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Malaysia Regulatory Process and Information Flow</td>
</tr>
<tr>
<td>2</td>
<td>AMBIF Information Platform – Market Development via Networking</td>
</tr>
</tbody>
</table>
**CONTENT**

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

---

**Malaysian Bond Market: Demographic**

```
<table>
<thead>
<tr>
<th>Regulators</th>
<th>Issuers</th>
<th>Investor Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading Infrastructure</td>
<td>Settlement Infrastructure</td>
<td>Custodians</td>
</tr>
<tr>
<td>Trustees</td>
<td>Legal / Syariah Framework</td>
<td>Ratings</td>
</tr>
</tbody>
</table>
```

Bond Pricing Agency/Independent Valuation Provider

---

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## Malaysian Bond Market: Regulators

<table>
<thead>
<tr>
<th>Bank Negara Malaysia</th>
<th>Securities Commission</th>
<th>Bursa Malaysia</th>
<th>Ministry of Finance</th>
</tr>
</thead>
</table>
| • Manage public debt and MGS issuance | • Sole approving authority for corporate bond issuance | • Frontline regulator of the Malaysian capital market | • Co-ordinate developmental efforts of Government agencies  
(under the National Bond Market Committee) |
| • Own and operate FAST and RENTAS | • Regulates primary and secondary bond market activities | • Maintain Trading & Reporting System for OTC deals – Electronic Trading Platform (ETP) | • 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 |
| • Regulate involvement of financial institutions in bond market | • Supervises market intermediaries such as rating agencies, bond pricing agency and trustees | |

## Malaysian Bond Market: Infrastructure

| Bank Negara Malaysia  
**Primary Market** | Bursa Malaysia  
**Secondary Market** | Bank Negara Malaysia  
**Settlement** |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fully Automated System for Tendering (FAST)</strong></td>
<td><strong>Electronic Trading Platform (ETP)</strong></td>
<td><strong>Real Time Electronic Transfer of Funds and Securities System (RENTAS)</strong></td>
</tr>
</tbody>
</table>
| • 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 | • OTC deal reporting  
• Information dissemination | • Depository & registrar for scriptless securities  
• Interbank funds transfer  
• Domestic and international securities settlement based on DvP basis |

Source: Securities Commission

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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
Phase 1 – ASEAN+3 Bond Information Network

OBJECTIVE

Build awareness on AMBIF and promote ABMF initiative across the region

To support and educate the public on the nature of regional bond markets

To promote cross border issuance, trading and investment in ASEAN +3 fixed income markets

To promote the respective bond markets

Build the profile of each organization in neighboring markets

SHARING AND DISSEMINATION OF BOND MARKET DATA ON A PARTNERSHIP BASIS

Phase 1 – ASEAN+3 Bond Information Network

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

A simple exchange of website links to be embedded into each network member’s website

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

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:

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

<table>
<thead>
<tr>
<th>Bond Prospectus</th>
<th>Yield Curves</th>
<th>Bond Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulator Announcement</td>
<td>Reference Data</td>
<td>Trading Information</td>
</tr>
<tr>
<td>Auction Calendar &amp; Results</td>
<td>Rating Information</td>
<td>Corporate Actions</td>
</tr>
</tbody>
</table>

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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)

THANK YOU

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URL: www.bpam.com.my
Session 4

Next step of AMBIF
by ADB Secretariat

Workplan (market visits in 2\textsuperscript{nd} half of 2015)
Session 4: SF1 – Next Steps for AMBIF

19th ABMF Meeting
Prof Shigehito Inukai, Matthias Schmidt
ADB Consultants
Manila, 17 August 2015

Agenda
1. SF1 Phase 3 Report
2. Next Steps for AMBIF
4. Questions & Answers
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

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
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)

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”
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

3. Bond Market Guides

- Status for Reference
- Structure for Reference
- Feedback so far
- Next Steps
Notes: As of 14 Aug 2015. Ticks indicate complete or nearly complete tasks or work stages.

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

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!
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.

6. Questions & Answers

• As time permits today
• Or via phone or email (please see contact details next)

➢ We welcome all feedback. Thank you!
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Matthias Schmidt  
ADB Consultant
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
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

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)

<table>
<thead>
<tr>
<th>CSD</th>
<th>Name of Bond Settlement System</th>
<th>Std.</th>
<th>ISO ISO5022</th>
<th>ISIN</th>
<th>BIC</th>
<th>Char. Code set</th>
<th>Comm. protocol</th>
<th>Overall</th>
<th>System renewal</th>
</tr>
</thead>
</table>
| BN  | AMBID                         | G    | Y (2016)    | Y (201X) | Y | Y | Y (2016) | 2010
| BN  | (THD)                         | E    | Y (201X)    | Y (201X) | Y | Y | Y (201X) | 201X
| CN  | CSIC                          | GC   | N           | Y (201X) | Y (201X) | Y | Y | Y (201X) | Nov. 2011
| CN  | SICIC                         | E    | N           | Y (201X) | Y (201X) | Y | Y | Y (201X) | Dec. 2011
| HK  | HKMA                          | CC   | Y           | N       | Y | Y | Y | Y | Mar. 1990
| JP  | BI                            | Y    | Y (201X)    | Y       | N | Y | Y (201X) | Mar 2003 | 2018
| JP  | JASDEC                        | CC   | Y           | Y       | Y | Y | Y | Y | Jan. 2014
| KR  | CIXX                          | CC   | N           | Y (201X) | Y | Y | Y (201X) | Nov 2011
| LA  | BOL                           | E    | CC          | N       | Y (201X) | Y (201X) | Y (201X) | Nov 2000 | 2015
| SG  | MAS                           | CC   | Y           | N       | Y | Y | Y | Y | Dec 2004
| TH  | TSD                           | CC   | Y           | N       | Y | Y | Y | Y | Oct 2007 | 2019
| VN  | VND                           | CC   | Y (201X)    | Y (201X) | Y | Y | Y (201X) | May. 2014 | 2016

**PH:** Interface between BTP 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.

---

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

|----------|--------------------|-----------------------|-----|---------------|---------------|---------|---------------|
| BN       | AMBID              | -                     | N   | Y | Y | Y | Y | 2015
| CN       | PSOC               | HSMS                  | N   | Y | Y | Y | Y | 2014
| HK       | HKMA               | CHATS                 | Y   | N | Y | Y | Y | Dec 1996
| LA       | BOL                | -                     | Y   | Y | Y | Y | Y | 2015
| SG       | MAS                | MEPS+ SGS             | Y   | N | Y | Y | Y | Dec 2001/2012 | 2019
| TH       | BOT                | BAHTNET               | Y   | N | Y | Y | Y | Dec 2001/2012 | 2019
| VN       | SBV                | (BIDV)               | N   | 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.
CSD-RTGS Linkages

CSD-RTGS Linkage

Source: CSIF
Possible business cases

• Cross-border collateral
• Cross-currency repo

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
<table>
<thead>
<tr>
<th>Country</th>
<th>Sale &amp; Purchase</th>
<th>Pledged / Borrowing &amp; Lending</th>
</tr>
</thead>
</table>
| 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  
[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 | Bond Borrowing and Lending used as an alternative to Repo (Cash Collateralized Repo): approx. 80% share in Repo market |
| KR      | Classic Repo and Sell/Buy-back | Borrowing and lending market exists, but it is not used as an alternative to Repo |
| MY      | Classic Repo with 3rd party collateral management | None |
| PH      | Real Repo (transfer of ownership) | None |
| SG      | Most repos are in the form of "classic Repo" while "sell & buy back" is not popular because there is no tax incentive. | Not exist |
| TH      | All repos are in form of "classic Repo" | Securities borrowing and lending exists but not active. |
| VN      | All repos are in form of "classic Repo" | Not exist |

Example of Standard ISO 20022 Messages and Items

Sell side
1. Deliver Account Owner
2. Mizuho Bank Tokyo (MCHIRFT)
3. (a) sese.023
4. (b) sese.024
5. (h) sese.025
6. Cross-border
7. HK
8. (g) pacs.002
9. (c) pacs.009
10. (f) camt.054

Buy side
1. Receiver Account Owner
2. HSBC Securities JAPAN Limited (IBJPJPJT)
3. (a) sese.023
4. (b) sese.024
5. (h) sese.025
6. Cross-border
7. HK
8. (d) pacs.009
9. (e) pacs.009
10. (f) camt.054
### Message items for securities settlement instruction sese.023

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

### Message items for securities settlement instruction sese.024

<table>
<thead>
<tr>
<th>Message Items</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction Identification</td>
<td>Provides unambiguous transaction identification information.</td>
</tr>
<tr>
<td>Matching Status</td>
<td>Provides the matching status of the instruction (matched or unmatched).</td>
</tr>
<tr>
<td>Safekeeping Account</td>
<td>Account to or from which a securities entry is made.</td>
</tr>
<tr>
<td>Financial Instrument Identification</td>
<td>Financial instruments representing a sum of rights of the investor vis-a-vis the issuer (such as ISIN).</td>
</tr>
<tr>
<td>Settlement Quantity</td>
<td>Total quantity of securities to be settled (such as face value).</td>
</tr>
<tr>
<td>Settlement Date</td>
<td>Date and time at which the securities are to be delivered or received.</td>
</tr>
<tr>
<td>Securities Movement Type</td>
<td>Specifies if the movement on a securities account results from a deliver or a receive instruction.</td>
</tr>
<tr>
<td>Payment</td>
<td>Specifies how the transaction is to be settled, for example, against payment (APMT).</td>
</tr>
<tr>
<td>Receiving Settlement Parties</td>
<td>Identifies the chain of receiving settlement parties (such as BIC).</td>
</tr>
<tr>
<td>Delivering Settlement Parties</td>
<td>Identifies the chain of delivering settlement parties (such as BIC).</td>
</tr>
</tbody>
</table>
### Message items for securities settlement instruction sese.025

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

### Message items for securities settlement instruction pacs.009

<table>
<thead>
<tr>
<th>Message Items</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>End to End Identification</td>
<td>Unique identification, as assigned by the initiating party, to unambiguously identify the transaction.</td>
</tr>
<tr>
<td>Transaction Identification</td>
<td>Unique identification, as assigned by the first instructing agent, to unambiguously identify the transaction that is passed on, unchanged, throughout the entire interbank chain.</td>
</tr>
<tr>
<td>Interbank Settlement Amount</td>
<td>Amount of money moved between the instructing agent and the instructed agent.</td>
</tr>
<tr>
<td>Debtor and/or Debtor Agent - BICFI</td>
<td>Financial institution that owes an amount of money to the (ultimate) financial institutional creditor.</td>
</tr>
<tr>
<td>Creditor and/or Creditor Agent - BICFI</td>
<td>Financial institution that receives an amount of money from the financial institutional debtor.</td>
</tr>
</tbody>
</table>
Table 6: Message items for securities settlement instruction camt.054

<table>
<thead>
<tr>
<th>Message Items</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notification Identification</td>
<td>Unique identification, as assigned by the account servicer, to unambiguously identify the account notification.</td>
</tr>
<tr>
<td>Creation Date Time</td>
<td>Date and time at which the message was created.</td>
</tr>
<tr>
<td>Account</td>
<td>Unambiguous identification of the account to which credit and debit entries are made.</td>
</tr>
<tr>
<td>Amount</td>
<td>Amount of money in the cash transaction.</td>
</tr>
<tr>
<td>Credit Debit Indicator</td>
<td>Indicates whether the entry is a credit or a debit entry.</td>
</tr>
<tr>
<td>Status</td>
<td>Status of an entry on the books of the account servicer.</td>
</tr>
<tr>
<td>Bank Transaction Code</td>
<td>Set of elements used to fully identify the type of underlying transaction resulting in an entry.</td>
</tr>
</tbody>
</table>

Message items for cash settlement instruction from CSD to RTGS pacs.009

<table>
<thead>
<tr>
<th>Message Items</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Message Identification</td>
<td>Point to point reference, as assigned by the instructing party, and sent to the next party in the chain to unambiguously identify the message.</td>
</tr>
<tr>
<td>Creation Date Time</td>
<td>Date and time at which the message was created.</td>
</tr>
<tr>
<td>Settlement Method</td>
<td>Method used to settle the (batch of) payment instructions (CLRG).</td>
</tr>
<tr>
<td>Instructing Agent</td>
<td>Agent that instructs the next party in the chain to carry out the (set of) instruction(s).</td>
</tr>
<tr>
<td>Instructed Agent</td>
<td>Agent that is instructed by the previous party in the chain to carry out the (set of) instruction(s).</td>
</tr>
<tr>
<td>End To End Identification</td>
<td>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.</td>
</tr>
<tr>
<td>Transaction Identification</td>
<td>Unique identification, as assigned by the first instructing agent, to unambiguously identify the transaction that is passed on, unchanged, throughout the entire interbank chain.</td>
</tr>
<tr>
<td>Interbank Settlement Amount</td>
<td>Amount of money moved between the instructing agent and the instructed agent.</td>
</tr>
<tr>
<td>Debtor</td>
<td>Financial institution that owes an amount of money to the (ultimate) financial institutional creditor (BICFI).</td>
</tr>
<tr>
<td>Debtor Agent</td>
<td>Financial institution servicing an account for the Debtor (BICFI).</td>
</tr>
<tr>
<td>Creditor / Agent</td>
<td>Financial institution servicing an account for the creditor (BICFI).</td>
</tr>
<tr>
<td>Creditor</td>
<td>Financial institution that receives an amount of money from the financial institutional debtor (BICFI).</td>
</tr>
</tbody>
</table>

source: CSIF
### Message Items for Cash Settlement Status from RTGS to CSD pac.s.002

<table>
<thead>
<tr>
<th>Message Items</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Message Identification</td>
<td>Point to point reference, as assigned by the instructing party, and sent to the next party in the chain to unambiguously identify the message.</td>
</tr>
<tr>
<td>Creation Date Time</td>
<td>Date and time at which the message was created.</td>
</tr>
<tr>
<td>Settlement Method</td>
<td>Method used to settle the (batch of) payment instructions (CLRG).</td>
</tr>
<tr>
<td>Instructing Agent</td>
<td>Agent that instructs the next party in the chain to carry out the (set of) instruction(s).</td>
</tr>
<tr>
<td>Instructed Agent</td>
<td>Agent that is instructed by the previous party in the chain to carry out the (set of) instruction(s).</td>
</tr>
<tr>
<td>Original Message</td>
<td>Point to point reference, as assigned by the original instructing party, to unambiguously identify the original message.</td>
</tr>
<tr>
<td>Original Message Name</td>
<td>Specifies the original message name identifier to which the message refers.</td>
</tr>
<tr>
<td>Transaction Status</td>
<td>Specifies the status of a transaction, in a coded form.</td>
</tr>
</tbody>
</table>

Source: CSIF

---

### Vision of ABMF SF2

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

- **International Standards and practices**
- **Regional standards and practices**
- **Local standards and practices**

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

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
- Business Justification template - ISO 20022

Source: ISO modified by ADB consultant for ABMF SF2
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
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.

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
ISO 20022 (BJ)
The registration process

Financial industry group or standards body
Business justification
Project approval & allocation to a SEG
Development & provisional registration
Business validation
Official registration and publication
Optional pilot testing or first implementation

Source: ISO (Mr. James Whittle)
ISO 20022 (CR)

The maintenance process

Users introduce Change Requests to the RA
SEG screens Change Requests (CRs)
Submitting organisation prepares ‘Maintenance Change Request’ with each CR implementation
SEG approval/rejection
Development of new versions
Validation of new versions
Registration and publication
First implementers

Source: ISO (Mr. James Whittle)
## ISO/TC68 National Mirror Committee

<table>
<thead>
<tr>
<th>TC68 secretariat: ANSI (US)</th>
<th>ISO/TC68 National Mirror Committee JP secretariat: BOJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC 2 secretariat: BSI (GB)</td>
<td>SC 2 secretariat: BOJ</td>
</tr>
<tr>
<td>SC 4 secretariat: SNV (CH)</td>
<td>SC 4 secretariat: JSDA</td>
</tr>
<tr>
<td>SC 7 secretariat: AFNOR (FR)</td>
<td>SC7 secretariat: BOJ</td>
</tr>
</tbody>
</table>

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

## 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
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

---

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
Business Justifications from ABMF SF2 and CSIF

Could you refer to the hand-out, please?

BUSINESS JUSTIFICATION FOR REFERENCE DVP FLOW

Source: ABMF SF2.
Possible Next Steps
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

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
Thank you so much

Taiji Inui  ADB consultant for ABMF SF2,
NTT DATA Corporation
Phone: +81-50-5547-1282
E-mail: inui@nttdata.co.jp

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.
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.

<table>
<thead>
<tr>
<th>Financial instruments</th>
<th>Fixed incomes covered by the Classification of Financial Instruments [CFI] Standard (ISO 10962)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business areas</td>
<td>Payments, Clearing &amp; Settlement (pacs)</td>
</tr>
<tr>
<td>Business processes</td>
<td>Settlement &amp; Reconciliation processes</td>
</tr>
</tbody>
</table>
| Out of Scope          | Securities Issuance  
                        | Custody Services (management of corporate events and lending and borrowing)  
                        | Securities Clearing  
                        | Liquidity Management process  
                        | Collateral Management process |
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: Appendix1; and
   b) Cash settlement status report (pacs.002) from RTGS to CSD: Appnedix2.

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:

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

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

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 20022 website.

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)
Appendix 1. Cash Settlement Information/Instruction (pacs.009) from CSD to RTGS

<table>
<thead>
<tr>
<th>Message Items</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Message Identification</td>
<td>Point to point reference, as assigned by the instructing party, and sent to the next party in the chain to unambiguously identify the message.</td>
</tr>
<tr>
<td>Creation Date Time</td>
<td>Date and time at which the message was created.</td>
</tr>
<tr>
<td>Settlement Method</td>
<td>Method used to settle the (batch of) payment instructions (CLRG).</td>
</tr>
<tr>
<td>Instructing Agent</td>
<td>Agent that instructs the next party in the chain to carry out the (set of) instruction(s).</td>
</tr>
<tr>
<td>Instructed Agent</td>
<td>Agent that is instructed by the previous party in the chain to carry out the (set of) instruction(s).</td>
</tr>
<tr>
<td>End To End Identification</td>
<td>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.</td>
</tr>
<tr>
<td>Transaction Identification</td>
<td>Unique identification, as assigned by the first instructing agent, to unambiguously identify the transaction that is passed on, unchanged, throughout the entire interbank chain.</td>
</tr>
<tr>
<td>Interbank Settlement Amount</td>
<td>Amount of money moved between the instructing agent and the instructed agent.</td>
</tr>
<tr>
<td>Debtor</td>
<td>Financial institution that owes an amount of money to the (ultimate) financial institutional creditor (BICFI).</td>
</tr>
<tr>
<td>Debtor Agent</td>
<td>Financial institution servicing an account for the Debtor (BICFI).</td>
</tr>
<tr>
<td>Creditor Agent</td>
<td>Financial institution servicing an account for the creditor (BICFI).</td>
</tr>
<tr>
<td>Creditor</td>
<td>Financial institution that receives an amount of money from the financial institutional debtor (BICFI).</td>
</tr>
</tbody>
</table>

Appendix 2. Cash Settlement Status Report (pacs.002) from RTGS to CSD

<table>
<thead>
<tr>
<th>Message Items</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Message Identification</td>
<td>Point to point reference, as assigned by the instructing party, and sent to the next party in the chain to unambiguously identify the message.</td>
</tr>
<tr>
<td>Creation Date Time</td>
<td>Date and time at which the message was created.</td>
</tr>
<tr>
<td>Settlement Method</td>
<td>Method used to settle the (batch of) payment instructions (CLRG).</td>
</tr>
<tr>
<td>Instructing Agent</td>
<td>Agent that instructs the next party in the chain to carry out the (set of) instruction(s).</td>
</tr>
<tr>
<td>Instructed Agent</td>
<td>Agent that is instructed by the previous party in the chain to carry out the (set of) instruction(s).</td>
</tr>
<tr>
<td>Original Message Identification</td>
<td>Point to point reference, as assigned by the original instructing party, to unambiguously identify the original message.</td>
</tr>
<tr>
<td>Original Message Name Identification</td>
<td>Specifies the original message name identifier to which the message refers.</td>
</tr>
<tr>
<td>Transaction Status</td>
<td>Specifies the status of a transaction, in a coded form.</td>
</tr>
</tbody>
</table>
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.1.
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.

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

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:

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

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

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 (sse.023) from participants to CSD

<table>
<thead>
<tr>
<th>Message Items</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction Identification</td>
<td>Unambiguous identification of the transaction as known by the instructing party.</td>
</tr>
<tr>
<td>Securities Movement Type</td>
<td>Specifies if the movement on a securities account results from a deliver or a receive instruction (such as DELI or RECE).</td>
</tr>
<tr>
<td>Payment</td>
<td>Specifies how the transaction is to be settled, for example, separate settlement or against payment (such as FREE or APMT).</td>
</tr>
<tr>
<td>Settlement Date</td>
<td>Date and time at which the securities are to be delivered or received.</td>
</tr>
<tr>
<td>Financial Instrument Identification</td>
<td>Financial instrument representing a sum of rights of the investor vis-a-vis the issuer (such as ISIN).</td>
</tr>
<tr>
<td>Settlement Quantity</td>
<td>Total quantity of securities to be settled (such as face value).</td>
</tr>
<tr>
<td>Safekeeping Account</td>
<td>Account to or from which a securities entry is made.</td>
</tr>
<tr>
<td>Securities Transaction Type</td>
<td>Identifies the type of securities transaction (such as REPU for repo, TRAD for settlement of trade, etc.)</td>
</tr>
<tr>
<td>Delivering Settlement Parties</td>
<td>Identifies the chain of delivering settlement parties (such as BIC).</td>
</tr>
<tr>
<td>Receiving Settlement Parties</td>
<td>Identifies the chain of receiving settlement parties (such as BIC).</td>
</tr>
<tr>
<td>Debtor and/or Debtor Agent</td>
<td>Party that owes an amount of money to the (ultimate) creditor (such as BIC). Debtor Agent (Financial institution servicing an account for the debtor)</td>
</tr>
<tr>
<td>Creditor and/or Creditor Agent</td>
<td>Party to which an amount of money is due (such as BIC). Creditor Agent (Financial institution servicing an account for the creditor)</td>
</tr>
<tr>
<td>Settlement Amount</td>
<td>Total amount of securities to be paid or received in exchange for the securities (amount of money in the cash entry).</td>
</tr>
<tr>
<td>Credit Debit Indicator</td>
<td>Indicate an entry is a credit or debit (such as CREDIT or DEBIT)</td>
</tr>
<tr>
<td>Other item</td>
<td>Please specify any other items by inserting lines.</td>
</tr>
</tbody>
</table>
### Appendix 2. Matched Result (sse.024) from CSD to participants

<table>
<thead>
<tr>
<th>Message Items</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Transaction Identification</td>
<td>Provides unambiguous transaction identification information.</td>
</tr>
<tr>
<td>Matching Status</td>
<td>Provides the matching status of the instruction (Matched or un-matched).</td>
</tr>
<tr>
<td>Safekeeping Account</td>
<td>Account to or from which a securities entry is made.</td>
</tr>
<tr>
<td>Financial Instrument Identification</td>
<td>Financial instruments representing a sum of rights of the investor vis-a-vis the issuer (such as ISIN).</td>
</tr>
<tr>
<td>Settlement Quantity</td>
<td>Total quantity of securities to be settled (such as face value).</td>
</tr>
<tr>
<td>Settlement Date</td>
<td>Date and time at which the securities are to be delivered or received.</td>
</tr>
<tr>
<td>Securities Movement Type</td>
<td>Specifies if the movement on a securities account results from a deliver or a receive instruction.</td>
</tr>
<tr>
<td>Payment</td>
<td>Specifies how the transaction is to be settled, for example, against payment.</td>
</tr>
<tr>
<td>Receiving Settlement Parties</td>
<td>Identifies the chain of receiving settlement parties (such as BIC).</td>
</tr>
<tr>
<td>Delivering Settlement Parties</td>
<td>Identifies the chain of delivering settlement parties (such as BIC).</td>
</tr>
<tr>
<td>Other item</td>
<td>Please specify any other items by inserting lines.</td>
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</tbody>
</table>
### Appendix 3. Settlement Confirmation (sse.025) from CSD to participants

<table>
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<tr>
<th>Message Items</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Transaction Identification</td>
<td>Unambiguous identification of the transaction as known by the instructing party.</td>
</tr>
<tr>
<td>Securities Movement Type</td>
<td>Specifies if the movement on a securities account results from a deliver or a receive instruction (such as DELI or RECE).</td>
</tr>
<tr>
<td>Payment</td>
<td>Specifies how the transaction is to be settled, for example, separate settlement or against payment (such as FREE or APMT).</td>
</tr>
<tr>
<td>Effective Settlement Date</td>
<td>Date and time at which the securities are to be delivered or received.</td>
</tr>
<tr>
<td>Financial Instrument Identification</td>
<td>Financial instrument representing a sum of rights of the investor vis-a-vis the issuer (such as ISIN).</td>
</tr>
<tr>
<td>Settlement Quantity</td>
<td>Total quantity of securities to be settled (such as face value).</td>
</tr>
<tr>
<td>Safekeeping Account</td>
<td>Account to or from which a securities entry is made.</td>
</tr>
<tr>
<td>Securities Transaction Type</td>
<td>Identifies the type of securities transaction (such as REPU for repo, TRAD for settlement of trade, etc.)</td>
</tr>
<tr>
<td>Delivering Settlement Parties</td>
<td>Identifies the chain of delivering settlement parties (such as BIC).</td>
</tr>
<tr>
<td>Receiving Settlement Parties</td>
<td>Identifies the chain of receiving settlement parties (such as BIC).</td>
</tr>
<tr>
<td>Debtor and/or Debtor Agent</td>
<td>Party that owes an amount of money to the (ultimate) creditor (such as BIC). Debtor Agent (Financial institution servicing an account for the debtor)</td>
</tr>
<tr>
<td>Creditor and/or Creditor Agent</td>
<td>Party to which an amount of money is due (such as BIC). Creditor Agent (Financial institution servicing an account for the creditor)</td>
</tr>
<tr>
<td>Settlement Amount</td>
<td>Total amount of securities to be paid or received in exchange for the securities (amount of money in the cash entry).</td>
</tr>
<tr>
<td>Credit Debit Indicator</td>
<td>Indicate an entry is a credit or debit (such as CREDIT or DEBIT)</td>
</tr>
<tr>
<td>Other item</td>
<td>Please specify any other items by inserting lines.</td>
</tr>
</tbody>
</table>
### Appendix 4. Cash settlement Information (pacs.009) from RTGS to participants

<table>
<thead>
<tr>
<th>Message Items</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>End to End Identification</td>
<td>Unique identification, as assigned by the initiating party, to unambiguously identify the transaction.</td>
</tr>
<tr>
<td>Transaction Identification</td>
<td>Unique identification, as assigned by the first instructing agent, to unambiguously identify the transaction that is passed on, unchanged, throughout the entire interbank chain.</td>
</tr>
<tr>
<td>Interbank Settlement Amount</td>
<td>Amount of money moved between the instructing agent and the instructed agent.</td>
</tr>
<tr>
<td>Debtor and/or Debtor Agent - BICFI</td>
<td>Financial institution that owes an amount of money to the (ultimate) financial institutional creditor.</td>
</tr>
<tr>
<td>Creditor and/or Creditor Agent – BICFI</td>
<td>Financial institution that receives an amount of money from the financial institutional debtor.</td>
</tr>
</tbody>
</table>

### Appendix 5. Cash Settlement Confirmation (camt.054) from RTGS to participants

<table>
<thead>
<tr>
<th>Message Items</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notification Identification</td>
<td>Unique identification, as assigned by the account servicer, to unambiguously identify the account notification.</td>
</tr>
<tr>
<td>Creation Date Time</td>
<td>Date and time at which the message was created.</td>
</tr>
<tr>
<td>Account</td>
<td>Unambiguous identification of the account to which credit and debit entries are made.</td>
</tr>
<tr>
<td>Amount</td>
<td>Amount of money in the cash transaction.</td>
</tr>
<tr>
<td>Credit Debit Indicator</td>
<td>Indicates whether the entry is a credit or a debit entry.</td>
</tr>
<tr>
<td>Status</td>
<td>Status of an entry on the books of the account servicer.</td>
</tr>
<tr>
<td>Bank Transaction Code</td>
<td>Set of elements used to fully identify the type of underlying transaction resulting in an entry.</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
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<td>AM</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ASEAN Day (ABMF meeting)</td>
<td></td>
<td></td>
<td>ABMF meeting</td>
<td></td>
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<tr>
<td></td>
<td>9:00-9:30: ASEAN Day Opening</td>
<td>10:15-11:15: ASEAN Leaders in conversation</td>
<td>11:30-12:30: Renminbi</td>
<td>Meeting with the Europe and US experts</td>
<td>Introduction of ISO 20022 and their lessons</td>
</tr>
<tr>
<td></td>
<td>12:45-13:45: Community session AMBIF How to integrate ASEAN+3 markets</td>
<td></td>
<td></td>
<td>Progress of WG</td>
<td>Update on AMBIF</td>
</tr>
<tr>
<td>PM</td>
<td>14:00-15:15: Regional Market Infrastructure Linkages</td>
<td></td>
<td></td>
<td>CSIF meeting European experience on CCBM</td>
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<td></td>
<td>16:00 Closing</td>
<td></td>
<td></td>
<td>Lessons from Europe</td>
<td></td>
</tr>
</tbody>
</table>
Update on Sibos – ABMF
August 2015

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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
Delegate Institutions

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

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What is Sibos
Sibos 2015 | Suggested Itinerary
Q&A
### Suggested Itinerary

#### Monday and Tuesday

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

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

SF1 AMBIF
- Increase participating markets
- Launch pilot issuances
- Create cross-border offerings

SF1 WG-CBCR
- Find potential business cases
- Identify impediments

SF2
- Standardization of AMBIF Transaction Flows
- Identify cross-border tax procedures

ISO 20022 and advanced IT to enable complex transactions

SF1 AMBIF IP to be developed along with the AMBIF market developments

Targets
- Recommend steps for necessary changes in taxation and regulations to integrate markets
- Request preferential treatments for active AMBIF transactions as steps for more integrated markets

Standardized RFP
Common user requirements to support system developments regionally

Integrated AMBIF market (AMBIF+)

Cross-border Tax procedures to be identified

<table>
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<tr>
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<th>KH</th>
<th>CH</th>
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</tbody>
</table>

- Identifying difference in taxation (withholding tax, capital gain tax)
- Identifying domicile (country/economy) of investors
- Fact-finding of current status in each country/economy

ABMI Evolution

CMIM ($120 Billion) – AMRO <Macroeconomic stability>

- Global Financial Crisis
- Bond markets as a spare tire of banking systems
- Addressing the problem of double mismatch
- Asian Currency Crisis
- Stronger economic linkages and synchronization of markets
- Linking the segmented markets for a more resilient regional market
- Inter-operable market infrastructures
- More integrated financial markets
- ASEAN financial integration + PRC, JPN, KOR
- CSD-RTGS Linkages
- AMBIF+
- More advanced financial infrastructures

XML
Big data