

Summary of 19th ASEAN+3 Bond Market Forum (ABMF)

17 August 2015, Manila, Philippines

I. Highlights of the Meeting

1. The 19th ASEAN+3 Bond Market Forum (ABMF) was held on 17 August 2015 at the Asian Development Bank (ADB) in Manila, Philippines. The meeting was divided into a public event with a panel discussion in the morning, and forward-looking sessions for both Sub-Forum 1 (SF1) and Sub-Forum 2 (SF2) in the afternoon. The meeting agenda is enclosed as Annex 1. This time, the 11th SRO Working Group Meeting was to be held the following day.

(Public Event: ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) and key standardisation efforts under ABMF)

2. Mr. Satoru Yamadera, ADB Secretariat, explained the work under the ABMI and the outcomes of ABMF as key milestones of regional bond market developments. He highlighted the remarkable growth of the region's local currency bond markets in the past decade, and the list of achievements under ABMI. In particular, ABMF demonstrated its effective role for market developments through its close public and private sector collaboration. ABMF started its work from identifying differentials in the markets by looking at regulations as well as transaction flows, which resulted the publication of the ASEAN+3 Bond Market Guide. This led to the proposal of AMBIF as a common ground to create a regional bond issuance framework and a proposal of implementing international standards as a basis to link the markets. Thanks to the efforts by the ABMF members and experts, ABMF has been able to tackle major barriers identified by the Group of Experts, and proposed and implemented improvements. As the next step, ABMF needs to tackle more difficult areas such as taxation and regulatory reporting. While this would be a very difficult task, ABMF can advance on a ste-by-step basis, and starting from AMBIF related procedures, since AMBIF is still a niche market and any impact from resulting changes to rules and taxation would be rather limited.

(Panel Discussion: How would ASEAN+3 move towards more integrated markets?)

3. The four panel members offered the perspectives of the different type of institutions represented in ABMF. Kicking off with a keynote speech, Commissioner Ephyro Luis Amatong of the SEC Philippines shared his observations from a regulatory perspective, e.g., that the trend was to see easier movement of goods and services within the AEC (ASEAN Economic Community); this also needed to include financial cross-border transactions. Philippine companies have begun to look at other markets, as regional companies have been eyeing doing business in the Philippines. At the same time, large pools of savings in most markets were looking for appropriate investments, and a larger corporate bond market was emerging which indicated that business shared the view of tapping these domestic financing pools. There was, however, clearly more room for growth. In the Philippines, the corporate bonds outstanding represented only 6% of GDP, one of the smaller markets in ASEAN. Hence, the goals of the SEC included the development of the capital markets by fostering an enabling regulatory regime for issuers and investors alike. Commissioner Amatong was looking at the private sector to take advantage of AMBIF and was talking to Philippines companies to do just that. Regulations in the Philippines were considered principally conducive and comparable to the lodge and launch approach increasingly favoured by regulators.

4. On the other hand, the diversity evident in ASEAN may be one of the key roadblocks, e.g., in regulations, on disclosure and tax requirements, which made it costly for issuers to issue in unfamiliar markets. Investors, in turn, needed to understand the disclosure standards across the markets. As such, regional developments were welcome. In response to the challenges mentioned, ASEAN was supporting a number of integration initiatives, such as the ASEAN Working Committee on Capital Market Development (WC-CMD) Bond Market Scorecard, as well as a common approach for collective investment schemes across markets under development by the ASEAN Capital Market Forum (ACMF). In this context, AMBIF offered the advantages of private sector involvement while keeping the regulatory authorities in the loop, and the focus on finding commonalities while trying to address the distinctions between markets. AMBIF in particular is a good starting point; it offers a conduit for financial integration and cross-border bond issuances while working within exceptions that already exist in current regulations. At the same time, AMBIF allows regulators to defer significant revisions to

legislation or regulations. Also, the focus on professional investors and professional markets is more manageable, as it did not clash with the investor protection mandates of most regulators.

5. ABMF had collected significant information on the markets, and the Bond Market Guides and Implementation Guidelines were or are becoming invaluable tools towards market harmonization and standardization. 6 markets participating in AMBIF from the outset, and 3 more on the horizon was a good start, and pilot issues will show the way on what works and where adjustments were needed. This collaboration will be the first step towards the shared goal of market integration.
6. From a regional bank perspective, Mr. Loong Yeow Boon (CIMB Investment Bank) was optimistic that ASEAN would be able to withstand another stress test from the current market turbulence after learning the experience from the 1997/98 Asian Financial Crisis, 2008 US Subprime Crisis, and 2010 European Sovereign Debt Crisis. This is because ASEAN has mostly relied on its local currency funding using its large domestic savings, as against USD funding which was volatile. However, since ASEAN's intra-regional trade flows and intra-regional FDI have grown rapidly and ASEAN needs larger funding for its infrastructure projects which are important to enhance ASEAN linkages and to strengthen the supply chain within ASEAN, ASEAN governments and corporates should raise more local currency funding through cross-border issuance and investment of bonds within ASEAN domestic currency markets. Mr. Loong therefore pointed out that this cross-border issuance and investment, which is to recycle regional savings for regional investments, could be realized through AMBIF. For instance, banks and corporates from Thailand or the Philippines should be encouraged to raise external funds from tapping Singapore dollar or Malaysian ringgit bond markets instead of just relying on the USD funding market. He explained that there are credit rating issues, multiple approval processes and lengthy documentation processes that impede further growth of cross-border issuance and investment within the region. For instance, Philippines banks' credit ratings are currently capped at the sovereign investment grade ratings and they would not be able to obtain a favourable funding from ASEAN investors if the existing international credit ratings are used. If these impediments were not addressed, ASEAN governments and corporates would not be encouraged to raise funds from cross-border issuance and investment within ASEAN domestic currency markets. He therefore called on ASEAN countries and ABMF members to minimize regulatory approvals and start to trust and recognize

each others' regulatory systems and documentation. AMBIF offers an avenue to achieve these objectives.

7. Bringing to bear the perspective of an international bank, Mr. Boon-Hiong Chan (Deutsche Bank) focused on the potential roles that AMBIF can play in access to financing in the region, in particular for SMEs, which is an increasing focus across many markets. Financing was key in supporting growth and job creation in economies, not only through loans, but possibly also through bond issuance. Especially for regional manufacturers, AMBIF can provide access to more funding opportunities across a number of markets of operation. What will be important for AMBIF would be its cost effectiveness, efficiency of documentation and that it is not time consuming to facilitate issuance timing. In comparison, similar European market efforts have focused on a common Prospectus Directive, the next steps of which would include prospectus passporting across markets. The initial EU Prospectus Directive helped secure the individual economies' engagement towards a common goal, and then the markets passed their own corresponding legislation. Now, the challenge is to integrate and make it more common once again. In that, AMBIF plays an important role in market integration in ASEAN+3 and it creates awareness of what features exist and are aimed for. One key plus point for AMBIF was that the initial participating markets represented the key locations for corporate treasury centers or significant manufacturing centers, which should generate interest in AMBIF. ABMF should make sure to promote AMBIF to this interest group.
8. Representing the views of a US Bank in this region, Masayuki Tagai, (JPMorgan Chase) stated that his firm was supportive of market-led, broad-based initiatives for standardization. ABMF is working well as a private-public partnership, and becoming a model in moving forward on important industry issues. Previously, cross border initiatives had been spontaneous while AMBIF provides focused outcome. As a result of the development of the market guides, markets and their information have become comparable – this was a big success. Expectations that AMBIF would fix all impediments in bond markets were obviously not realistic, however, AMBIF was not the goal but in turn a step for the development of the regional bond markets, and represented something more durable. At the same time, ABMF did not involve political risk, since ideas were typically discussed and tested in the forum before members had to confront their own markets. Currently, JPMorgan is supporting the standardization and harmonization efforts, not only to

reduce transaction costs but also to reduce internal costs of the organization acting in many different markets and achieving resulting efficiencies. As AMBIF issuances increase, Mr. Tagai proposed to make the cost of typical issuance a measure of its success to prove its benefits; after all, treasurers still had many options of financing. If AMBIF added to the comparability of markets and offered lower overall issuance costs, this would become an attractive alternative, in particular relevant at times when high quality USD bond markets as well as FX markets once believed highly liquid are becoming less liquid, so could be rightly supplemented through AMBIF.

(SF1: Reporting on new Working Groups)

9. Mr. Yamadera reiterated the need for the new working groups to set themselves clear deliverables, as requested by ABMI TF3. For the repo and collateral working group (RCWG), focus would be to identify the current status of business and transaction types evident in each market, and the need to identify and understand which impediments existed in particular for cross-border business. In order not to replicate existing studies, ADB Secretariat will map existing information from, e.g., the SRO Working Group repo study. WG participants would submit their wish list on items covered in or determined through the RCWG, and a final TOR and work plan will be proposed to members at the 20th ABMF Meeting, and presented to the ABMI meeting in late October. In the meantime, deliberations of the working groups would be via conference calls and emails.

10. For the IP working group (IPWG), two possible approaches may be considered, a common IP across markets or connecting individual (existing) IPs in each market; these approaches are not to be seen as competing, instead may complement each other. It would be important to understand the regulatory differences on documentation and disclosure item capture, storage and dissemination, before deciding on an approach for an IP, and then deciding on the appropriate technical solution(s). Discussions during the meeting indicated that one key input required would be what legally constitutes 'issuance' in each market, to be able to replicate or support AMBIF issuance processes through an IP solution. Work will initially focus on assessing the existing platforms and identifying the needs not yet serviced in each market, then map requirements against existing services. To kick off the discussion, a number of presentations from members were offered. The slides for each presentation have been uploaded to the ABMF member website, and questions on the presentations are summarised in Annex 2.

(SF1: Presentations relating to Information Platform Working Group)

11. Advocating a common AMBIF IP solution (CIP), Mr. James Yoo from KOSCOM argued that market differences kept a targeted common bond market from working properly. Hence, common infrastructure might be needed to bring the individual markets together, with a central solution being more efficient than multiple, separate solutions. A CIP would have to be easy to understand, scalable in line with market development, offer free and ready access to eligible ASEAN+3 users, and automate processes to the extent possible. This would reduce the burden on, e.g., the regulatory authorities from posting or obtaining information related to AMBIF issuances. At the core of the CIP solution would be business logic processing to replicate issuance flows in the markets and using messaging to update the CIP. A possible approach could include integrating existing AsianBondsOnline (ABO) functionality into the CIP, but not all details of a potential CIP solution have been determined yet. Mr. Yoo proposed a work plan and deliverables over a period to 2018.

12. Ms. Wang from the Chinabond Pricing Center of CCDC stated that bond valuation was critical for professional bond issues and, hence, should be an integral part of an AMBIF IP. CCDC was the first CSD to offer bond valuation in 1999, and now offers 6 categories of pricing data, following the principles of neutrality, objectivity and transparency. CCDC bond valuations are widely accepted by regulatory authorities and market participants, with 800 subscribers, including 80 foreign institutions, among them 14 central banks; MOF is publishing the calculated yield curve. Ms. Wang emphasised on the importance of 3rd party valuation and external oversight, to anchor it in laws and regulations and the setting of underlying principles to guarantee reliability, and proposed a regular dialogue among pricing agencies, with the objective of exchanging experiences and refining the Principles of Financial Benchmarks (2013) for use in the region, with an initial meeting in Beijing still in 2015 a possibility. This proposal was well received among members, and Mr. Yamadera signaled the support of ADB Secretariat.

13. Mr. Mohd Shaharul Zain of Bond Pricing Agency Malaysia (BPAM) highlighted that every market already had central agencies that acted as data aggregators, including CCPs, CSDs, and trading and trade reporting platforms; if so, market participants should use such data aggregators. The focus of the IPWG could be to develop ideas how to best combine or connect such existing services in the region. Mr. Zain stressed that cost was a crucial consideration; most pricing agencies were

small providers with a limited budget and could not invest money in a project beyond their immediate mandate. Hence, the organic networking of existing channels might be more suitable as an initial step, under a low cost and low risk approach, with simple and fast time to market results. Once the common market picked up, other solutions could be added in stages, depending on the size and demands of a future common market. Connecting individual providers was technically as simple as providing a link on each other's website, as recent efforts by BPAM had shown. However, contractual relationships might be complex due to questions of governing law, commercial considerations and the preservation of each agency's autonomy. Instead, the use of an MOU was found to be more practical. In any case, transaction business should remain with brokers and dealers and not be integrated into the IP, and agencies should not look at the proposed connection as business being taken away because each provider must still function for their own market under their own mandate. As for the bond information itself, pricing and trade data were easily covered, while announcements were a bit more complex. The math for bond valuation was largely the same among in the region, although each market had some distinctions for which regional market practices could be developed. At present, ABO was closest to a common IP.

(SF1: Next Steps for AMBIF)

14. The SF1 Chair, Mr. Koji Ito of Tokyo Stock Exchange, expressed his appreciation to ABMF Members and Experts for their contribution to the SF1 Phase 3 Report, including fine tuning the Single Submission Form (SSF) and the AMBIF Implementation Guidelines for the participating markets.
15. Prof. Shigehito Inukai, ADB Consultant, informed members that the SF1 Phase 3 Report was nearly ready and would be available within a few days after the ABMF Meeting. This was due to the need to integrate the body text with the Single Submission Form (SSF), FAQs and Implementation Guidelines as one document. Prof. Inukai provided the final structure of the Report for reference and detailed the six defined AMBIF Elements as well as five conducive features for AMBIF in each market, namely 1) governing law and jurisdiction, 2) the treatment of credit rating, 3) the presence of selling and transfer restrictions, 4) the availability of note issuance programmes, and 5) the existence of a bond trustee or comparable concept. In addition, English as a common language for documentation and disclosure items had, in fact, already been accepted across the markets.

16. While the Phase 3 Report described what has been achieved so far, Phase 3 for SF1 was not yet over. In addition to the six participating markets (Hong Kong, Japan, Malaysia, Philippines, Singapore, Thailand), SF1 was hoping to expand AMBIF participation to other markets, and was in discussion with regulatory authorities in China, Indonesia, Korea, and Viet Nam. Market visits in the later part of 2015 would help clarify the market status and discussions would focus on how to address the 6+5 features mentioned earlier. The BCLM markets will be included in AMBIF, and Implementation Guidelines drawn up, when they consider themselves ready.
17. Key among the next steps for AMBIF would be the support for pilot issues on a need basis, since lessons from pilot issues would continue to shape SSF and Implementation Guidelines going forward, and also help identify market impediments and practical difficulties. Prof. Inukai expressed his hope for member support for pilot issues across participating markets. At the same time, additional discussion topics would be aimed at creating a more conducive environment for AMBIF. These included the provision for note issuance programmes in each market and consultation with regulatory authorities on most suitable selling and transfer restrictions. A comparative view of other conducive market features, such as the treatment of applicable taxation, including tax documentation required by issuers and investors, the availability of credit ratings and in particular the acceptance of regional credit ratings in AMBIF markets, would highlight similarities and distinctions across markets, which could pave the way towards the formation of market practices for the region.
18. Prof. Inukai also advised that AMBIF, the SSF and Implementation Guidelines, as living documents, would need to keep pace with regional developments, such as the ASEAN Financial Integration efforts, the increasing issuance of offshore Chinese renminbi in regional markets, and the emerging trend of regulatory processes moving online. Learning from these trends would need to be integrated into AMBIF documents, while the FAQs would be used as a conduit to address member and stakeholder questions through this process.

(SF1: Update on 2015 Bond Market Guides)

19. Mr. Matthias Schmidt, ADB Consultant, provided the status on the 2015 Bond Market Guides (BMG) for reference. Due to the necessary focus on the Phase 3 Report and time required to finalise the AMBIF Implementation Guidelines, but also

as a result of time taken by members to provide input and review drafts, the progress is slow. In addition, the process for the compilation, editing, layout and proofreading prescribed by ADB will require extra time towards completion. At the same time, this combined effort will ensure that the final product will have very high quality content, and be very representative and professional looking, in line with the expectations set in the industry after the 2012 BMG which continues to serve as the prime reference for ASEAN+3 bond markets.

20. Mr. Schmidt detailed the final structure of the BMG and explained member feedback and corresponding actions taken. Members have been appreciative of the efforts so far, provided much material and comments have been largely precise. Normalisation of contents and repetitions in text have been addressed to the extent possible, while providing relevant information specific to a certain topic, even if it means that some information appears multiple times in the BMG. Readers are expected to focus on specific subjects when researching the bond markets, and not read the BMG cover to cover. Hence, key emphasis was put on comparable representation of subjects across all markets. Observations from the BMG work included the trend to increasingly distinguish wholesale versus retail issuances, in contrast to previous public offer concepts, the move from prescribed limited disclosure to disclosure in line with market practice, and regulatory processes beginning to move online.

21. The focus of BMG work will now be to finalise the draft versions at the earliest opportunity and obtain complete member feedback, before managing the documents through the ADB process towards publication. A swift turnaround from members would be much appreciated. Final BMGs would be published online for individual markets via AsianBondsOnline and mirror sites when they are ready. An announcement could be considered at the ABMF Sibos functions, in line with BMG progress until then.

(SF2: Phase 3 and Implementation of Standards)

22. Dr. Taiji Inui, ADB Consultant, updated the audience on key areas of the SF2 Phase 3 Report, containing the current status of ISO20022 adoption for CSDs and RTGS systems in ASEAN+3, and their plans for system upgrades over the next few years. Dr. Inui also detailed the proposed CSD-RTGS linkage and elaborated on the research done on cross-border collateral and repo flows. The underlying objective here was to support financial institutions in the region to obtain liquidity in

one market by utilising bonds held in another market through cross-currency DVP processes. Examples of standard ISO20022 messaging in cross-border bond transaction flows were shown, as well as the proposed message items by message type.

23. The vision of SF2 remained to apply international standards and practices to ABMF markets while helping to develop regional standards that could in turn be promoted to the international community. In this context, it was important to arrive at business justifications for any new message type or message definitions before attempting ISO20022 registration procedures. Dr. Inui reiterated the ISO20022 registration process and its organs and mentioned that only 2 requests had ever been submitted from Asia (FX message from China, post-trade message by Jasdec) and he would like to see ABMF submit any necessary business justification as a direct result of the work of SF2 and CSIF, such as the proposed standard DVP flow for cross-border bond transactions.

(SF2: Next Steps)

24. The creation of ISO20022 business justifications related to ABMF would also be one of the next steps for SF2 activities, as well as the establishment of TC68 mirror groups to discuss, submit and administer change requests from within ABMF markets. In addition, SF2 focus would be on continuing to harmonise or standardise market infrastructures in ASEAN+3, for the perspectives of operators and users alike, including the development of a standard RfP for system changes or upgrades in relation to ISO20022 messaging. One other key task recently added, and driven by AMBIF developments, was the identification of investor domicile and necessary information flows in the context of the application of tax on coupon payments, since this area is not considered very standardised at all at this point.
25. The long term goals were for SF2 to contribute to deeper and more liquid bond markets in ASEAN+3, and to facilitate further cross-border investment in and issuance of bonds by achieving interoperability through its work not only in ASEAN+3 but also with other regions.

(SF2: Next Meeting / Sibos)

26. Mr. Yamadera highlighted the next ABMF Meeting to be held in conjunction with Sibos in Singapore, on 15-16 Oct. ADB Secretariat is inviting speakers from Europe and the US to exchange experiences on a range of SF2 related topics, in

particular ISO 20022 and the implementation of standards; it would be beneficial for ABMF members to listen to such comments. Sibos itself was a good opportunity for members to share ABMF work with the rest of the world. ADB Secretariat would send a formal invite to ABMF and CSIF members soon. The ABMF activities are now concentrated on ASEAN Day (Thu, 15 Oct), with a midday community session offering an update on AMBIF, and an afternoon session focusing on regional infrastructure linkages. Other sessions on the same day are also recommended.

27. Mr. Alex Kech from SWIFT reiterated the significance of Sibos, being in Singapore, also as a good learning opportunity for members and the chance to share AMBF/SF2 activities with an estimated 7,000 securities, payments and operations and technology industry participants. The next Sibos in Asia Pacific will only be in Sydney in 2018. For ABMF participants and ASEAN officials, SWIFT will propose a suggested itinerary to maximize benefits from an attendance. Online tools were also available to guide attendees in their planning. Mr. Kech highlighted again the offer of free entry for officials and regulators to Sibos and reminded the members to register. For those from ASEAN are eligible for 50% discount one-day pass.

II. Actions required by Members and Experts

28. ABMF Members and Experts have been requested to act on the following items:
- a. Where new market developments occur or are about to occur in markets, to provide relevant material as further inputs to the 2015 Bond Market Guide (BMG) update exercise – **at the earliest opportunity.**
 - b. To be ready to review the BMG input files (draft BMG document before edit and layout work) **in a timely manner** for accuracy and completeness, and to the level of comfort for policy bodies, regulatory authorities and market institutions – **from August through end of 2015.**
 - c. For regulatory authorities and ASEAN officials, to register their interest to attend Sibos under the concession kindly offered by SWIFT (free pass), with ADB Secretariat - **by 3 September 2015.**

III. Next Steps of ABMF

29. The Phase 3 Reports for both SF1 and SF2 will be available on AsianBondsOnline and the ABMF website within days [Note: reports were posted on 3 Sep 2015.]. But Phase 3 activities will be ongoing. For SF1, the focus will be on pilot issuance

support and the expansion of the AMBIF markets, with market visits planned for the coming months to the People's Republic of China, Indonesia, Korea and Viet Nam. Where possible, visits to BCLM markets will be conducted; although they are nascent markets, the chance to apply learning and conclusions from the work on AMBIF in the course of their market development would be high. SF1 needs to study the treatment of tax documentation to help materialize cross-border offerings, with the objective to explore preferential treatment for AMBIF issuances, if so possible. Besides, the use and utilisation of credit rating needs to be discussed to create harmonized market practices. This would ultimately lead to an integration of the markets and enhance AMBIF towards a regional 'AMBIF+' environment.

30. The WG on Cross-Border Collateral and Repo will help find potential business cases and identify impediments. The outcome of the WG discussion is expected to support further work of ABMF and CSIF.
31. The WG on AMBIF Information Platform will take ABMF's discussion into account and consider possible next steps. IP is expected to provide a basis for the region's market development; thus, the WG will discuss both short-term and mid-term approaches.
32. In parallel, SF2 will identify cross-border taxation related flows, while continuing to define standard AMBIF transaction flows and support the implementation of ISO20022 and other standards. SF2 will also aim to produce a standard RfP (Request for Proposal) for ISO20022 system upgrades. Sibos in October represents a significant opportunity to promote the work of ABMF, in particular SF2, and will be used to connect with other regions' efforts.

IV. Next ABMF Meetings

33. The next (20th) ABMF Meeting is scheduled for **15-16 October 2015, in conjunction with Sibos in Singapore**. SWIFT has kindly offered the use of the Sibos premises at Marina Bay Sands Convention Centre for the day. The meeting will focus more on networking with other regions and SF2's efforts at standardisation and information exchange while we also use the opportunity to demonstrate AMBIF to other regions.
34. The subsequent (21st) ABMF Meeting is planned for the **week of 25 January 2016**, once again as a full 2-day meeting. The purpose will be to update members on the

ABMI TF meeting in Oct 2015, the planned market visits and research activities, discussions to expand AMBIF, and reporting from the new working groups. Members are expected to review the progress and set goals for 2016.

19th ASEAN+3 Bond Market Forum (ABMF) Meeting

Venue: Auditorium ABC
 1st Floor, Asian Development Bank HQ
 6 ADB Avenue, Mandaluyong City, Manila, Philippines
 17 August 2015

TIME	PROGRAM
09:00 - 09:30	<i>Registration</i>
09:30 - 09:45	Opening Remarks by Mr. Noritaka Akamatsu, Senior Adviser, SDCC, Asian Development Bank
09:45 - 10:45	Session 1: ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) and key standardization efforts under ABMF <i>Presentation by Mr. Satoru Yamadera, Principal Financial Sector Specialist, ADB Secretariat for ASEAN+3 Bond Market Forum (ABMF)</i> <ul style="list-style-type: none"> - <i>Highlights of the ABMF Phase 3 Reports</i> - <i>Key features of AMBIF to enable multiple cross-border issuance and offering</i> - <i>Standardization efforts under SF2 towards more integrated markets</i> - <i>Q&A</i>
10:45 - 11:45	Session 2: Panel discussion: How would ASEAN+3 move towards more integrated markets? <ul style="list-style-type: none"> - <i>Panelists:</i> <ul style="list-style-type: none"> • 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 - <i>Moderator: Mr. Satoru Yamadera, Principal Financial Sector Specialist (SDCC), ADB</i> - <i>Impact of AMBIF and standardization</i> - <i>Implication for ASEAN financial integration</i> - <i>Remaining challenges</i> - <i>Q&A</i>

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

TIME	PROGRAM
18:00 -	<i>Welcome dinner hosted by Mr. Akamatsu</i> <i>Venue: Central Courtyard, 1st Floor, Asian Development Bank</i>

Feedback, Questions & Answers from SF1/SF2 Sessions

Feedback or Question related to	Response from ADB Secretariat or other ABMF Members
Information Platform Working Group (IP WG)	
For the central IP, would the hosting be envisaged as a cloud service, and how would data security be handled, since this is a very sensitive subject for FIs these days?	KOSCOM: Not decided yet how to host or specifically access a central IP; should be for discussion in the WG.
Broker/dealer shown in central IP proposed flow charts – what is their role in this context?	KOSCOM: Presently just shown as market participants.
How to issue debt securities on an IP, or how replicate the (regulatory) issuance processes?	ADB Sec: may need to study/determine what exactly constitutes 'issuance' in each market from a legal perspective, to know whether it can be replicated in an IP context; then can inform WG discussion.
Can AsianBondsOnline handle the function of a central IP?	Member: ABO is actually already there, in that it takes feeds from all ASEAN+3 markets and disseminates through a central portal/website; the more info providers to such platform, the better.
Would an IP solution be just for AMBIF, or for a broader purpose? Maybe, ABMF could communicate closer with the SROs who already execute such function now...	ADB Sec: that is a good question. To enhance the function of ABO, the scope can be broader. Member: SROs have different mandate from e.g. pricing agencies, but fulfill the same functions in several markets – all are data aggregators for bond data...
<u>Feedback</u> : IP WG should consider utilising ISO20022 from the start, in particular if messaging is going to be part of any IP proposal. Should consider standardizing data to be used, present the same in a standard format, preferably one that is globally accepted.	ADB Sec: point is taken; at the same time, need to consider whether message types or mechanisms exist for the transmission of documentation, disclosure items, incl. scanned legal documents. Member: should consider/recognise each markets data supply chain; each market may have its own historically derived format; at the same time, if one were to pursue a hub concept, standardisation would be key.
<u>Feedback</u> : Need to identify whether there is a gap in existing service provisions, then decide to what extent such gap should be filled, and how.	ADB Sec: point is well taken.
<u>Feedback</u> : should consider pricing and information provision separately because they require different data and processes.	Member: pricing may indeed be different from information provision; at the same time, one key objective should be to remove the fear of providers to put out the

	information and prices to a larger audience.
SF1 / Next Steps for AMBIF	
SF1 highlights a number of governing law considerations – but what about tax which, e.g. from a paying agent perspective is very important?	ADB Sec: The governing law discussion is intended to make AMBIF available to the maximum number of participants. The subject of tax is significant, but remains as a difficult issue to be solved by the private sector. SF1 continues to refer to relevant tax issues in its reports for future discussion with the tax authorities.
In the context of AMBIF issuances across a number of markets, how about the licensing requirements for e.g. brokers that would be servicing the issuers or investors in these markets; are the plans to address this?	ADB Sec: Not at this point; there is no intention to change governing regulations on licensing, at least not prior to the planned ASEAN integration of financial markets. At the same time, issuer feedback indicates that they might work with their usual investment bank or underwriter who may then connect to other markets using affiliate firms.
<u>Feedback</u> : there is a disconnect between primary and secondary market. AMBIF may become the gold standard for bond issuance in the region, similar to ISDA for derivatives, and will entrench cost and other benefits. However, we have to make sure that AMBIF or AMBIF bonds also become tradable to have an effective positive influence on the bond markets.	ADB Sec acknowledged this point.
SF2 / Phase 3 and Implementation of Standards	
On ISO20022, the vendor of our system is ready soon, but what about the market participants - how to proceed?	ADB Sec: how you coordinate or cooperate with market participants is very important. Member: in Japan, despite given a long transition period, participants opted for a clear-cut (big bang) conversion.
<u>Feedback</u> : ISO20022 as ABMF initiative is aimed at cross-border messages. If domestic institutions migrate to ISO20022, but still have to contend with cross-border ISO15022 (MT) messages from market intermediaries and international clients, there will be a mismatch. Mostly, there are no conversion plans for such MT messaging; if there was, it would be easier for all market participants to drive development.	ADB Sec: To change over from MT messages in ISO 15022 to 20022 is not that difficult from an IT perspective; but changing from proprietary messages to either ISO standard is a big task; important is to keep market participants involved Member: focus is domestic because 90% of messaging traffic is in fact domestic. It is critical to set a date for conversion.
Next Steps of ABMF	
On the coverage of the taxation topic, when and how is that intended to be researched, e.g. through market visits?	ADB Sec: the intention is to have a clearer picture of what ABMF would want to find out by the ABMF meeting after Sibos, in Jan

	2016. It is not envisaged to change tax regimes but instead focus on specific topics related to taxation.
Would taxation be tackled across debt securities asset classes, or only for AMBIF?	ADB Sec: actually, need to differentiate between 2 major lines of enquiry: 1) the actual procedures how to withhold and pay tax (issuer angle), and 2) the ability or any impediment to invest when tax is applicable and to provide and obtain suitable tax documentation (investor angle). ADB Sec had earlier commented that it hopes to achieve concessions for AMBIF issuances, including tax if so possible.