

Summary of 20th ASEAN+3 Bond Market Forum (ABMF)

16 October 2015, Sands Expo and Convention Centre, Singapore

I. Highlights of the Meeting

1. The 20th ASEAN+3 Bond Market Forum (ABMF) was held on 16 October 2015 at the Sands Expo and Convention Centre, in conjunction with Sibos in Singapore. To take advantage of ASEAN delegates attending the Sibos ASEAN Day on 15 October and many other international parties of interest being at Sibos, the meeting was structured as an update session for members on progress for both Sub-Forum 1 (SF1) and Sub-Forum 2 (SF2), including information sessions on SF2 related topics from European colleagues. The meeting agenda is enclosed as Annex 1. The slides for each presentation have been uploaded to the ABMF member website, and questions on the presentations are summarised in Annex 2.
2. In his welcome address, Mr. Alain Raes, CEO of SWIFT Asia Pacific & EMEA, affirmed SWIFT's support for ABMF, in particular efforts on international standards and connectivity. Sibos in Singapore had been a success, with 8250 participants being the second largest Sibos ever, featuring 400 delegate speakers across 125 sessions, and 200 exhibitors. Dominating the topics list were buzzwords 'blockchain' and 'fintech', both representing their own challenges and opportunities for the financial industry, as well as compliance and regulations, the evolution of market infrastructure towards real time provision of services, and harmonisation.
3. Mr. Raes touched on the new SWIFT2020 strategy, focused on giving value to the industry (through Core services), provide utilities to help participants be compliant and manage cost (Compliance services) and assisting in addressing the many challenges in the evolution and reengineering of market infrastructure. His message for ABMF and CSIF members was the call to reuse standards and existing infrastructure, for operational and cost efficiency. SWIFT would be a natural link for any cross-border connectivity efforts, and e.g. SWIFTNet was already in use at all ASEAN+3 central banks. Mr. Raes also pointed to the

commonalities of ABMF/CSIF work with payment initiatives which, in effect, were all about ISO20022 adoption.

(SF1: Reporting on ASEAN+3 Multi-Currency Bond Issuance Framework, New Working Groups, and Bond Market Guide)

4. Mr. Satoru Yamadera, ADB Secretariat, first detailed to members the AMBIF pilot issue: on 28 September 2015, Mizuho Bank had issued THB 3 bn of 3-year bonds in Thailand, which have also been profile listed on the TOKYO PRO-BOND Market. He hoped that this pilot would create more visibility among particularly Japanese investors, and this would lead to more issuances in the coming months. Listing on other listing places were possible and are the choice of the issuers. ADB Secretariat had been receiving enquiries from interested parties and was happy to continue supporting discussion efforts. At the same time, AMBIF was still in its pilot phase, and would require the establishment of market practices. The recognition of AMBIF as an issuance avenue was still low. Mr. Yamadera called on members to help create awareness, support individual pilot issues and market efforts where possible.
5. ADB Secretariat had conducted a market visit to Viet Nam on 21 and 22 September 2015, to further discuss the inclusion of Viet Nam as an AMBIF Market, and had received positive reactions from regulators and market participants alike. ADB Secretariat is now drafting the AMBIF Implementation Guidelines for Viet Nam and hopes to include the market soonest. In addition, Mr. Yamadera was hoping that other markets could be included soon - ADB Secretariat was in continuous discussions with Indonesia and Korea.
6. As for the new Working Groups, the Collateral Management and Repo WG was presently focused on identifying the status quo of cross-border business in repo and also securities lending, as well as impediments. For that purpose, ADB Secretariat was collecting the issues and information from WG members, with the intention to develop recommendations on common or critical items for stakeholders. At Sibos, collateral management had been an important topic but so far, discussions had typically focused on domestic markets. However, participants mentioned the increased need for cross-border collateral.
7. In this context, Mr. Yamadera highlighted that ASEAN markets collectively featured USD 8 trillion in outstanding bonds, with Japan representing another USD 8 trillion

– that was an extraordinary asset pool to be tapped for collateral purposes. However, before tapping this pool, it should be established what was needed and in which manner or according to which priorities. While the work plan was a bit behind time, the collecting of such relevant information from participants was needed to proceed. The intention was to identify existing business and to define the business flows accordingly, and then to create a wishlist of items for the industry. ADB Secretariat would send a survey soon, after discussion among WG members and hopes to report back on the collected information to members at the next ABMF meeting.

8. With regards to the Information Platform WG, Sibos has shown over the last few days that many things were possible, from a technological perspective alone. However, it was still necessary to adopt a step-by-step approach. There was consensus that the two proposed approaches were not competing, and that a single platform was not practical from the beginning. The focus would be on identifying the business needs and then discuss how technology can support such needs and look for an appropriate solution. The discussion should start from a possible MoU among the existing providers, e.g. to set conditions that need to be met in order to be able to exchange data. BPAM has kindly offered to share its existing MoU and related experiences.
9. Mr. Yamadera also thanked members for their support in the review and compilation of the Bond Market Guide 2015. The BMG will be published by market and not as a single book, depending on when market BMGs were ready. He hoped to still publish some markets in 2015, through the AsianBondsOnline website, and the rest in 2016 when ready. Important was to keep updating the BMGs, which had become a key product of ABMF and industry participants relied upon the information provided. The BMG has been successful in narrowing the information gap, one of the original goals of ABMF work. Hence, Mr. Yamadera was hoping to have the continuous strong support of members to see this exercise through.
10. Mr. Yamadera reminded members that, in a similar manner, it was important to make sure AMBIF is being used, and the Single Submission Form and the AMBIF Implementation Guidelines for the participating markets were kept updated to stay relevant. This was the way to create and maintain a finance option that was desired by the finance ministers in the region. In particular, given recent discussions, AMBIF could become an alternative in the infrastructure financing space.

(For SF2:Implementation of ISO 20022 - Lessons to be learnt from another Region)

11. Mr. Jong-Hyung Lee, SF2 Chair highlighted that ISO20022 had been among the key topics at Sibos this year, and it was a golden opportunity for ABMF members to hear from three speakers about their experiences of working with and implementing of ISO20022 solutions in Europe. Mr. Marc Bayle (ECB) related the ECB's overall perspective on ISO20022. For the ECB, this meant a radical change of the way in which it organised data, and had to, ultimately, go hand in hand with a review of existing infrastructure as well. Hence, it became a big project that, however, also yielded radical benefits. ISO20022 was first introduced for T2S (Target 2 Securities), while the payments sector was treated as a separate project. The reason was that T2S was new, while the payments sector was steeped in much legacy processes and infrastructure. Now ISO20022 is being considered for T2, which is the ECB's high value payment system. Mr. Bayle listed the key benefits as opening legacy market infrastructure – in part 20 years old – to new technologies, achieving new, higher capacity, and the ability to interoperate with other systems or processes. Since the overriding objective was for T2S to operate as a single market platform, ISO20022 brought to bear cross-border capabilities, and the benefit to interact with other regions.
12. Mr. Mehdi Manaa (ECB) then detailed some of the experiences related to T2S. T2S was defined to reduce the level of fragmentation among market infrastructures in the Europe, where the involvement of multiple CSDs and at least one central bank, to be processed across multiple platforms, made cross-border transactions costly and difficult. This despite participants being able to rely on a single currency and the common T2 payments platform at the time. The initial approach to T2S was a lean approach, keeping out national specificities first in favour of common features, with the intent to achieve as much harmonisation as possible. Mr. Manaa described the approach as modest and tough; modest because it set out to achieve what was possible within certain limits, and tough because results needed to be achieved, and the project should not be distracted from that objective. ECB adopted the traffic light approach to measure progress effectively.
13. Usage of the ISO20022 messages meant the implementation of the entire necessary framework. T2S would be fully ISO20022 from day one. All DCP (Directly Connected Parties) had to adopt ISO20002, without exceptions, while their communication with own customers was left to them. T2 had to communicate with T2S in ISO20022, even if that was transparent to its own users. While T2S

would not support ISO15022 messages, it would however observe the 15022 field limitations to ensure interoperability with limited efforts. ISO20022 messages were customized for T2S, and included a Business Application Header (BAH). ISO20022 in fact goes beyond messaging and also includes market practice; this was particularly included for e.g. the use of securities account formats in the matching process: while the matching process is common to all, a securities account number was made an optional field, to be used in case of need, or to be left out if not needed. Mr. Manaa likened the experience with T2S to a very large ship in that one had to plan the voyage well in advance and could not make sharp course corrections, even if so warranted. This is also evident in the fact that T2S will have a 2-year release cycle for core system changes.

14. Mr. Philippe Leblanc, of the Banque de France and the 4CB (Central Bank Association composed of Banque de France, Deutsche Bundesbank, Banca d'Italia and Banco de Espana that provides T2 and T2S services to the Eurosystem), offered the experience from the perspective of an adopter of ISO20022. ECB developed and operates T2 and also T2S for the benefit of the Eurosystem. T2 was launched in 2007, based on a design finalised in 2005. At the time, FIN/ISO15022 messages were current. T2 processed about 350,000 transactions daily, with a value of about EUR 250 billion. It soon became clear that T2 needed to improve, due to an evolution in regulations, new technologies and new expectations from users. T2S was also a trigger in that the link between T2 and T2S needed to work on ISO20022. The project was started in 2010, with the requirements to replace MT with XML messages and T2S connectivity. At the time, a like-for-like approach was chosen, i.e. the same level of information was to be maintained; a complete core replacement as well as a converter had also been considered then. The initial decision was to refresh T2 by Nov 2017, in the form of a 3-year project based on the adoption of a converter. But this project has recently been given up. Reason being that banks were not ready for the original schedule, due to a number of conflicting projects, including T2S. In addition, the implementation of "T2 on T2S" included in the Eurosystem Vision 2020 also lead to the abandonment of this evolutionary approach..
15. The Vision 2020 taken by the Eurosystem was just introduced at Sibos, and would include new initiatives, such as a collateral management system, instant payments, and would see the implementation of T2 on T2S (within T2S software). This would mean the native use of ISO20022. To run T2 and T2S on the same platform would

achieve consistency and efficiencies, even though it's only the same technology platform, but with different functionalities for each system. As the name suggests, the timeline for these initiatives is indicated as 2020 but no delivery dates have been set so far.

(SF2: Updating Implementation of ISO 20022 in ASEAN+3)

16. Dr. Taiji Inui, ADB Consultant, briefly reviewed key areas of the SF2 Phase 3 Report and previous SF2 reports, and mentioned that some of the subsequent representations would include his own assumptions, as marked. Dr. Inui reviewed the proposed DVP reference flow and relayed that central banks would have to change their own processes to meet the expectations for cross-border transactions, with a number of points to be discussed further. With regards to cross-border STP, SF2 was trying to follow the developments in CSIF (Cross-Border Settlement Infrastructure Forum), by e.g. linking the DVP flows of two economies, with the example of Japan and Thailand shown for illustration. Dr. Inui concluded from the example that BOJ may have to consider adding new features to its platform, while BahtNet (RTGS in Thailand) may already have the functionality needed. Further study would have to be done on this example, as on the other possible market combinations.
17. The cross-border angle was also significant for the processing of entitlements. SF2 needed to study the application of taxation treatment and related details in the cross-border transaction flows. Dr. Inui showed the list of issues to be considered and mentioned the need for a fit & gap analysis; work had just started and members were asked to review the issues and approach and provide feedback.
18. For the messaging items, SF2 has only proposed the minimum number, as well as the basic definitions, based on the official ISO20022 definitions. In turn, cross-border messaging and STP measures were being proposed by CSIF, including STP for transactions across different currencies. Message items were in fact different by country and a common standard was necessary to address the individual needs, hence the focus of SF2 on ISO20022. At the same time, cross-border transaction were still missing crucial info for efficient processing, such as data relating to the respective RTGS system and a link between the securities and the cash settlement. Current message types did not cover the requirements for cross-border, cross-currency transactions.

19. Dr. Inui also mentioned the need to study cross-border collateral and repo flows, and referenced the work in the SF1 Working Group, for which SF2 will support the technical side. SF2 had also begun to document the possible transaction flows for the nascent markets, Brunei, Cambodia, Laos and Myanmar, for both settlements and entitlement/redemptions. Potential flows were shown for illustration and the National Members and Experts were asked to review and revise, as appropriate.
20. With regards to the ISO framework, only China, Japan, and Korea so far have involved themselves, with Thailand trying to adopt. Other markets needed a TC68 mirror committee to get started on this important journey. Dr. Inui also highlighted the possible next steps for SF2, and the proposed long-term goals. To add to Dr. Inui's subjects, Mr. Yamadera expressed his view that there may be a number of similarities between the EU and ASEAN+3. ASEAN+3 does not have an ECB but could use ABMF as a platform for regional representation. Interoperability was definitely one intention of ABMF's work, which was focused on regional solutions. From his perspective, regional standards should be considered within ISO20022 and it was a critical consideration how to make the voice of ASEAN+3 heard in TC68. Overall, ABMF was making progress comparable to the EU, also since the region was facing similar situations.

(For SF2: Extensive Application of Standards)

21. Ms. Karla McKenna, ISO/TC68 Chair, informed members about opportunities to optimize the use of standards in data collection and analysis. To start, she gave some details on ISO and its processes, particularly related to TC68 as the ISO standards organisations for financial services, reminded members that the respective national standards bodies already are members of ISO, and encouraged members to approach these bodies to sit at the TC68 table. This would lead to a change from observer status for some markets, to a participating country; the more participating countries, the better the representations across standards.
22. ISO20022 was actually originally supposed to be called 'UNIFI' (Universal Standards for Financial Services). The usage of standards in financial services was a way for the industry to process transactions more effectively and efficiently, and a way for the regulators to understand the use of the data, and ISO is beginning to see pockets of use with the regulators. This included the announcement just before Sibos by regulators in the ESMA in the EU for ISO standards to be used in regulatory reporting. The announcement highlighted an important lesson and

benefit – the end-to-end provision of data. To illustrate: MT15022 already had a data dictionary, but this was not widely known. The dictionary was not widely implemented and the syntax of ISO15022 required then that every line had to be coded and interpreted. ISO20022 is based on how a process works, and a process converts into fields and their interpretation, which describes the context of use of data and then into a syntax, which is a physical representation of the data. In other areas, regulators drive standards and their adherence, e.g. in areas concerning safety, such as aviation.

23. Ms. McKenna drew on Marc Bayle's experiences with T2S, during which ECB cooperated significantly with TC68, such as the practicality of access to data, and good quality data, e.g. for reporting purposes. By utilising standards, ECB is now able to process millions of transactions comfortably. The same standards had to also be employed to create features for necessary reporting requirements. ECB set up different workshops in the EU to look at the benefits, which brought together market organisations, including representatives of banks and brokers. Parties came to the conclusion that further regulatory requirements will be based on ISO20022.
24. Mr. Michael Piechocki of ISO added arguments for leveraging the interoperability of standards, using examples of what is called 'data centricity'. This referred to bringing standards together from a transactional as well as regulatory perspective. This was easiest applied when looking at aggregated data, such as the Basel reporting requirements, and would combine a semantical layer of data (the business side) as well as the syntactical layer of data (the technological requirements). Originally, the use of data was in 2 separate silos for business and regulators and when comparing, it was found that the same terms were used but had different interpretations and, hence, could have different data or the same data. Challenges identified thus were the consistency of data, cost and volume, completeness and validity, to achieve a common understanding and to maintain appropriate oversight.
25. Mr. Piechocki showed a standards map, which marked the standards across industries relative to whether they were more generic or specific. It was found that many standards existed at transaction level but few at aggregated level, though each with a different focus, leading to abstract data standards, e.g. for Basel, BIS, or FSB reporting. LEI is positioned in the middle. He then illustrated the many levels

of data collection: data was created at a transactional level; was aggregated to a position, which might be used to assess risk; which, when further aggregated, would lead to large exposure reporting; and got further aggregated at globally systematic banks level. To maximize the use of common standards, parties needed to improve their understanding of the need for data and aggregation, e.g. because banks do normally not understand what regulators want. In conclusion, the most important considerations are to use standards but have the same descriptions, even from different participants' perspective, and ensure a collaboration of the experts involved in the standards work to ensure success.

26. Mr. Gerard Hartsink, Chair, explained the role and function of the Global LEI Foundation (GLEIF) and details on LEI. GLEIF was overseen by 60 regulators from 40 jurisdictions, constituting the Regulatory Oversight Committee (ROC), and was subject to the CPMI-IOSCO Principles for Financial Market Infrastructure. Its four core functions were rulemaking, operations, monitoring and communication. LEI itself was approved by the FSB (Financial Stability Board) in June 2014. LEI are transportable and transparent; the issuers of the LEI are known (4-digit code within LEI). For example, the Tokyo Stock Exchange has already issued more than 3000 LEI for entities in Japan. For the exact numbers of issued LEI by country, Mr. Hartsink recommended to check the LEI website (<https://www.gleif.org/en>), since the numbers were rapidly increasing. LEI is definitely happening across the globe by now, even the Bankers Almanac now includes the LEI, and LEI is already being used for client profitability reporting at some financial firms

27. GLEIF creates a daily file of LEI, in CDF (Common Data Format), that is free for users and without IP rights. GLEIF would not retain a record on who obtained the file. GLEIF would add a business register, once the legal entity form standard (ISO20275) was finalised. Among the next steps for GLEIF would be to further identify 'Who is Who', 'Who owns Whom', and 'What is linked' relationships, which may bring about connections with ISIN or the IIN (issuer identification number) used in the credit card business. One issue that might need to be tackled is the need for tax authorities to use data on products/business structures to check on company info, an initiative typically known under the acronym BEPS (base erosion and profit shifting). Options for LEI in the context of ASEAN+3 would include LEI support for ABMI, or an inclusion of LEI in the bond transaction process, e.g. to improve operational risks. SWIFT will include LEI into the category 5 MT messages

by November 2016. And there is a recommendation to include LEI into payment messages for anti-money laundering purposes.

28. In the statement of the FSB at inception, it was mentioned that LEI are not only intended for the communication between the markets and the public sector, but also for purposes within the private sector, including to achieve STP and to conduct KYC processes. For what transaction LEI was presently used can be seen on the LEI website. LEI are required for rulemaking by public authorities, risk assessment and market surveillance and enforcement, with OTC derivatives only one of the current applications. Other needs for LEI include market or statistical research, the collateral management processes at central banks, and public procurement. LEI have also increasingly become important in the context of anti-money laundering, compliance and sanctions. LEI are used by the GFMA who accords the following benefits to LEI adoption (verbatim): “LEIs allow for consistent identification of parties to financial transactions, facilitating a **consistent and integrated view of exposures.**”; and “A global, standardized LEI will enable organizations to more effectively measure and **manage counterparty exposure, while providing substantial operational efficiencies and customer service improvements** to the industry.”

II. Actions required by Members and Experts

29. ABMF Members and Experts have been requested to act on the following items:

- a. Continue to provide input for the 2015 Bond Market Guide (BMG) update exercise, to review draft versions in a timely manner, to be able to publish individual market BMGs when they are ready.
- b. Where members are participating in the Collateral and Report Working Group (CBCR), or the Information Platform Working Group (IP), to actively participate in the discussion, to respond to the survey once distributed (CBCR) and to contribute to the discussion on how existing service providers could connect on an MOU basis (IP) –**through end of 2015.**

III. Next Steps of ABMF

30. SF1 will continue its work on AMBIF with the continuous support for pilot issuances, and consider more market visits to include additional markets. Discussions with the People's Republic of China, Indonesia, Korea and Viet Nam were ongoing. Efforts

in the Working Groups will continue to focus on identifying underlying business cases and possible impediments, on focus on step-by-step approaches. Work on the Bond Market Guides will continue on a market-by-market basis, and BMGs will be published when they are ready. SF1 will report on the progress at the next ABMF meeting.

31. SF2 will be approaching members with regards to taxation information flow in cross-border transactions and will continue to work on the implementation of standards in ASEAN+3. SF2 is also supporting the work on cross-border collateral and repo by collecting necessary data on the types of transactions currently evident in the region, for further analysis.

IV. Next ABMF Meetings

32. The next (21th) ABMF Meeting is scheduled at ADB HQ on **25-26 January 2016**. The meeting – in the usual two full day format – will focus on the developments related to AMBIF implementation and the lessons learnt, the progress in the Working Groups, the status of the Bond Market Guide publication, and discuss the proposed survey on taxation related flows and other topics of SF2. The agenda may also include appropriate information sessions, given the available time.
33. A date for the subsequent (22nd) ABMF Meeting is tentatively scheduled at ADB HQ on 18 or 19 April 2016, depending on the progress of WG discussion and other issues. .

20th ASEAN+3 Bond Market Forum (ABMF) Meeting

**Venue: Melati Room (4002-4004 and 4102-4104)
Level 4, Sands Expo and Convention Centre, Singapore
16 October 2015**

TIME	PROGRAM
08:15–08:45	<i>Registration</i>
ABMF Informal Sessions (CSIF Members were invited to join)	
08:45 – 09:00	Welcome Address <i>by Mr. Alain Raes, Chief Executive Asia Pacific & EMEA, SWIFT</i>
Sub-Forum 1	
09:00 – 09:05	Opening Remarks <i>by Mr. Koji Ito, SF1 Chair</i>
09:05–10:00	Session 1: Reporting on ASEAN+3 Multi-Currency Bond Issuance Framework, New Working Groups, and Bond Market Guide <i>By Mr. Satoru (Tomo) Yamadera, ADB Secretariat</i>
Sub-Forum 2	
10:00 – 10:05	Opening Remarks <i>by Mr. Jong Hyung Lee, SF2 Chair</i>
10:05 –11:15	Session 2: Implementation of ISO 20022 - Lessons to be learnt from another Region <i>By Mr. Marc Bayle, ECB; Mr. Mehdi Manaa, ECB; Mr. Philippe Leblanc, BdF</i>
11:15– 11:30	Coffee break
11:30– 12:00	Session 3: Updating Implementation of ISO 20022 in ASEAN+3 <i>By Dr. Taiji Inui, ADB Consultant</i> - Discussion with colleagues from other regions
12:00 – 13:00	Session 4: Extensive Application of Standards <i>By Ms. Karla McKenna, TC68 Chair, Mr. Gerard Hartsink, The Chair of Global LEI Foundation</i>
13:00– 13:10	Wrap up <i>by Mr. Satoru Yamadera, ADB Secretariat</i>
13:10 – 14:00	Lunch Level 4, Orchid Ballroom (4202-4203 and 4302-4303)

Feedback, Questions & Answers from SF1/SF2/Info Sessions

Feedback or Question related to	Response from Guest Speakers, ADB Secretariat or other ABMF Members
SF1 / AMBIF	
Congrats on AMBIF pilot issue – can Japanese investors buy this bond issued in Thailand? What was the subscription ratio?	<p>ADB Sec: Yes. The issuer needed to fulfill the requirements of the TOKYO PRO-BOND (TPBM) market for Japanese investors to recognise the bond. The bond was well placed with big Thai investors who wanted exposure to a Japanese bank; but underwriters in Japan have found it difficult to find Japanese investors with an appetite for THB bonds. However, the pilot issue now gives Japanese investors the opportunity to consider such ASEAN bond issuance.</p> <p>ADB Sec: There has been interest from Japanese pension funds in the TPBM regime; these institutions are not first movers but continue to monitor developments.</p>
Was the documentation in English? How was this received overall as an AMBIF bond?	ADB Sec: Yes, the Single Submission Form (SSF) was submitted in English. On the overall reception, we do not have a second pilot issue yet, but it is difficult to look at AMBIF in isolation - the recent volatility has made issuer a bit more careful overall.
Is there an intention to use the AMBIF pilot issue as a case study for other potential issuers?	ADB Sec: Please feel free to propose this as a work item for SF1. We are already learning from the pilot issue, such as on the related tax issues. However, we would encourage members to keep asking questions on what matters to them. At the same time, one pilot issue is better than none; we have proven that the market can deliver on the ideas behind AMBIF, and now have a use case, in effect now have a product to show to interested parties.
How did the issuer handle the regulatory side, i.e. issued in Thailand, listed in Tokyo and, hence, disclosure in both markets?	ADB Sec: The SSF is recognised by the relevant regulatory authorities in all participating markets – it is a kind of common recognition. As such, it was developed in close consultation with regulators and needs to stay current with regards to regulatory developments. Hence, there was no problem with the regulatory sides. Instead, issues were encountered with market practice, e.g. some participants were very cautious, including an initial

	<p>resistance by a law firm. This needed extra communication and support between the parties involved, and will continue like this until we establish AMBIF market practices in all jurisdictions.</p> <p>On disclosure, the bond was registered with ThaiBMA and has to fulfill Thai professional market disclosure requirements; at the same time, the issuer also has to observe the TPBM disclosure requirements. Since they are aimed at professional investors, the disclosure is very similar. This is what the SSF is catering for.</p>
<p>Was the pilot issue under Reg 144A? Can it be sold to US investors?</p>	<p>ADB Sec: As an AMBIF bond, there is some flexibility with the governing law. In this case, Thai law was chosen since the key target investors were Thai institutional investors. Other investors may influence a different choice of governing law. But the arrangement is recognised by the regulatory authorities. In this case, if US investors access the Thai market as FII, they can buy the bond.</p>
<p>European initiatives: SEPA, T2S, T2</p>	
<p>Could you elaborate on the impact of ISO20022, e.g. the efficiencies created, and how you manage data and infrastructure?</p>	<p>ECB: for T2S, no before and after comparison is possible, since it is all new, but there is/was legacy in the industry, particularly related to T2. The key argument has been that generalization will create efficiencies, including through easier maintenance.</p> <p>ECB: On the other hands, benefits are largely to come, and not limited to T2S, then to T2, but across all financial services. Banks are already seeing the benefits across retail and T2S transactions. The data dictionary provides the opportunity to share or use same data within the entire firm. One potential benefit will be for the case of reporting to authorities, including to the ECB and the FSB, because the reporting here is across countries and it would, thus, be good if the countries have the same standard.</p> <p>SWIFT: in addition, there will be benefits in implementing messaging or data models, and it will be interesting to see banks applying and using such data models going forward across their business streams.</p>
<p>In this context, regional users may want to</p>	<p>ADB Sec: point taken; we have to convince</p>

<p>see a business case; this requires to see the relevant experiences and benefits.</p>	<p>members and market participants in country of the benefits.</p>
<p>EU started SEPA (Single Euro Payments Area) before T2S – what was the benefits assessment and planning beforehand like?</p>	<p>ECB: Difficult to generalize, since benefits may vary for each institution. The decision to implement SEPA was jointly taken by the Advisory Group, and supported by all stakeholders, and has not been questioned since. For T2S, it was a different story – there were many questions and resistance, because of the legacy; one needed to take into consideration the history of each user. In contrast, the cash world has different formats. In the end, the need to harmonise across markets and participants is key, and the argument of globalization or a global dimension was critical since while T2S is a focused EU initiative, most participants also connect to the rest of the world in other ways.</p> <p>ECB: context is larger than T2S or T2; in EU in particular since the goal is a single market. Then, the initiatives are not questioned, also because they are needed eventually anyway. On SEPA, it is a political construct; once the drive for change to create a regionwide payments area was established, the commercial sector was asked to define and decide on the project. That achieved acceptance and included the project into normal progression of market/technology development.</p>
<p>Euro CSDs will use T2S as platform – but are still expected to face off domestic proprietary formats?</p>	<p>ECB: T2S and CSDs communicate in ISO20022 only; there is no conversion. If CSDs would like to maintain proprietary formats internally, it is up to them.</p>
<p>What was the biggest hurdle or difficulty relative to the original plan – and how was that overcome?</p>	<p>ECB: To keep the project simple and lean – one cannot allow scope creep despite many user requirements and have to resist adopting legacy requirements. You need an open dialogue with participants, in fact a lot of regular dialogue. It is imperative that everybody works towards achieving a higher goal instead of maintaining status quo. This is ok as a general principle, but you have to still spend time to assess specific requirements on a case-by-case basis. This way, T2S delivered 100% of the original specifications.</p>
<p>Sounds like ECB adopted a tough approach. Maybe, this cannot work in Asia.</p>	<p>ECB: it was not so much the public sector being tough with the private sector, but instead mostly the ECB being tough with</p>

	<p>itself. The dialogue between the sectors was good and much appreciated. At the same time, one could not find a business case for ISO20022 in every instance, so one needed to be guided by the overall objective instead.</p>
<p>The big banks would be aware of ISO20022 and technology developments but at domestic market level, central banks would still face resistance; how did Banque de France (BdF) convince the local banks?</p>	<p>BdF: each Eurosystem central bank is in charge of its own domestic banking system. It is up to each central bank to convey the message into its own market, and to follow the overall recommendations for each project. The large, international banks (including from France) are also represented at regional level, in user committees.</p> <p>ECB: The user committees at EU level include 1/3 market participants, to ensure adequate representation. National user groups were set up as well, so that there would be information flow top down, as well as bottom up. The key challenge was that all parties are aware of developments and decisions, since not all are the key focus of all the participants.</p>
<p>At Sibos, panelists and audience polls advocated that market developments often needed a regulatory push to get over the line – has that been your experience as well?</p>	<p>ECB: difficult question. In the EU, there was the political push to achieve further integration, but T2S was not a mandatory project. The ECB acted as a catalyst in the process and soon pressure became obvious that parties should join this initiative to achieve the overall objective of integration. To make the market move in the end, you need regulation. While participation was voluntary, in the context of T2S this meant that an implementation required regulations to be adopted by all; an example was the need to allow CSDs to outsource functions to a central platform, i.e. from a critical financial market infrastructure to a private entity – this had to be regulated to be possible.</p>
<p>SF2(No specific questions)</p>	
<p>ISO20022 / TC68 / LEI</p>	
<p>In Asia, it may not be easy to introduce LEI as a feature; maybe there is a need to push for the regulatory side to mandate an implementation. Are there any plans for this?</p>	<p>GLEIF (Global LEI Foundation): we are unable to give direct advice on the use of LEI, but would recommend to talk to, e.g., GFMA. The discussion is happening in some markets, and we know that SWIFT is planning to introduce LEI in the Nov 2016 release.</p>

<p>This may not just be about LEI but also about the UTI (Unique Transaction Identification). Surely, market participants must be making this a priority, or?</p>	<p>GLEIF: adding the LEI to the UTI is actually on the table. ECB: there are discussions among participants how the UTI will look like; some say pretty much like an LEI. One key argument is to say that where there is a UTI, you also have (to have) an LEI – and this is not opposed by the market so far. The draft UTI proposal is due to be published by the end of 2015. ADB Sec: ADB is not a regulator, but is supporting the use of standards. When regulators consider applying standards, ADB would consult and highlight details to create awareness. SWIFT: SWIFT can also present on topics in the region and is also monitoring the use of LEI in the region.</p>
<p>Are LEI being used or considered for cross-border investor identification? Any experience in other markets?</p>	<p>GLEIF: yes, there is an ongoing dialogue on using LEI for this purpose in Europe, and in South Africa. Having said that, the public sector in particular should comply with initiatives it has helped create; instead of, like in the case of the GIIN (Global Intermediary Identification Number, in the context of FATCA) in the US, creating new, additional standards. SWIFT: there will (have to) be a coexistence of LEI with other indicators, since not every purpose could be combined in a single indicator.</p>
<p>Is there a data privacy issue?</p>	<p>ADB Sec: since the LEI is issued for corporate entities only, there would be no data privacy issue; the information is considered to be part of the public domain. GLEIF: at the same time, the ROC has an opinion on the 'sole trader' concept, i.e. an individual with a registered company for trading purposes, and has just published a paper on it.</p>