

**17 JANUARY 2017
(TUESDAY)**

Venue: The Stock Exchange of Thailand
3rd floor, Tower B, Sukri Kaocharern Hall
93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand

24TH ASEAN+3 BOND MARKET FORUM (ABMF) SUB-FORUM 2 MEETING	
TIME	PROGRAM
08:30 – 09:00	Registration
09:00 – 09:10	Welcome Remarks by Dr. Pakorn Peetathawatchai, Senior Executive Vice President, Stock Exchange of Thailand
09:10 – 09:20	Opening Remarks by Mr. Jong Hyung Lee, SF2 Chair
09:20 – 10:00	Session1: Thailand Capital Market and Future Plan by Dr. Pakorn Peetathawatchai, Senior Executive Vice President, Stock Exchange of Thailand
10:00 – 10:20	Session 2: AMBIF Tax Procedure by ADB Secretariat - Outcome of the findings - Recommendations from ABMI TF
10:20 – 10:35	<i>Coffee break</i>
10:35 – 11:05	Session 3: RTGS Development in Myanmar by Ms. Su Su Nwe, Deputy Director, Financial Market Department , Central Bank of Myanmar
11:05 – 11:35	Session 4: Implementation of ISO20022 messages and Survey on Account Structure by ADB Secretariat
11:35 – 11:40	Wrap Up by ADB Secretariat - Report to ABMI TF3 and ASEAN+3 Finance Ministers and Central Bank Governors' meeting
11:40 – 11:45	Closing Remarks by Mr. Jong Hyung Lee, SF2 Chair
11:45 – 13:00	Lunch
13:00 – 14:00	INVESTORY TOUR by Stock Exchange of Thailand



ASIAN BOND MARKETS INITIATIVE
ASEAN+3 Bond Market Forum (ABMF)

24TH ABMF MEETING

SUB-FORUM 2 (SF2) SESSION

17 JANUARY 2017

SESSION 1

Thailand Capital Market and Future Plan
by Dr. Pakorn Peetathawatchai, Senior
Executive Vice President, Stock Exchange of
Thailand

Thailand Capital Market and Future Plan

24th Asean+3 Bond Market Forum
17 January 2017



www.set.or.th

Agenda

- 1 Role of Capital Market in Thailand**
- 2 Thailand Capital Market Development**
- 3 Next Wave of Thai Capital Market**

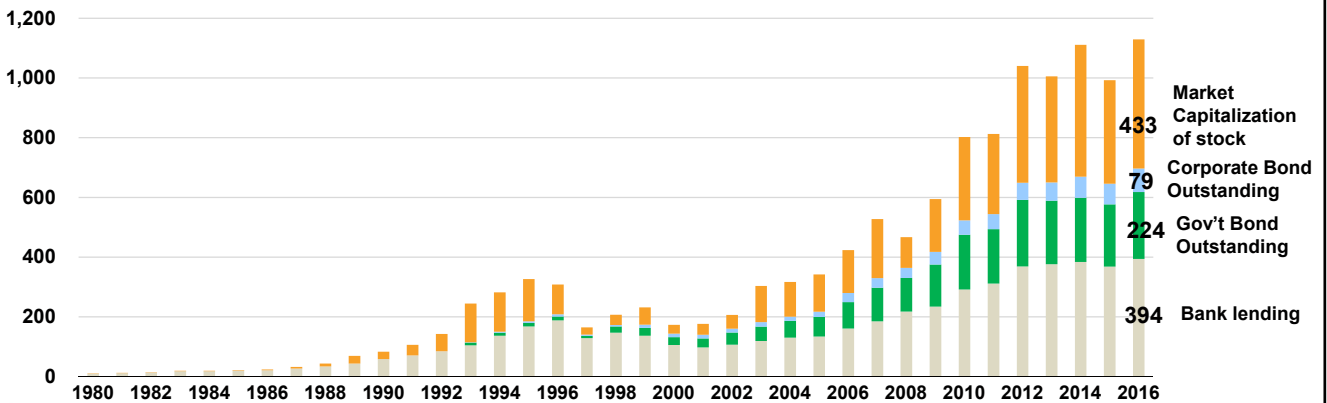


1 Role of Capital Market in Thailand

The capital market plays an important role in the development of Thai economy

Thailand's outstanding value of Bank lending, Equity market and Bond market

Unit: Billion USD



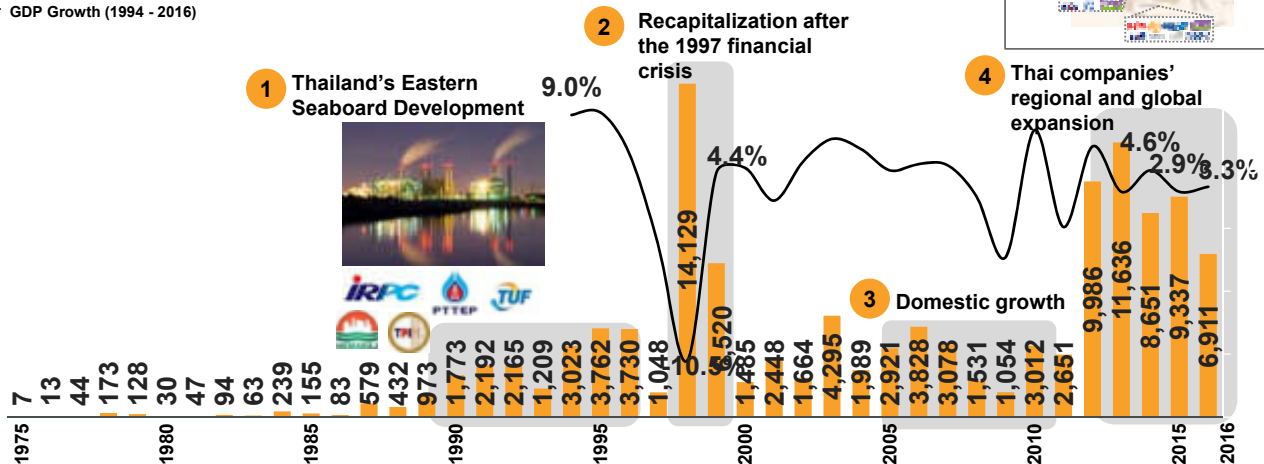
Note: Market cap and bond outstanding as end of 2016, Loan as end of October 2016
Source: The Stock Exchange of Thailand, Bank of Thailand, ThaiBMA

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1 Role of Capital Market in Thailand

The capital market has been the main source of fund in the period of opportunities and challenges

Capital raised from listed companies (Million USD)
GDP Growth (1994 - 2016)



Source: The Stock Exchange of Thailand

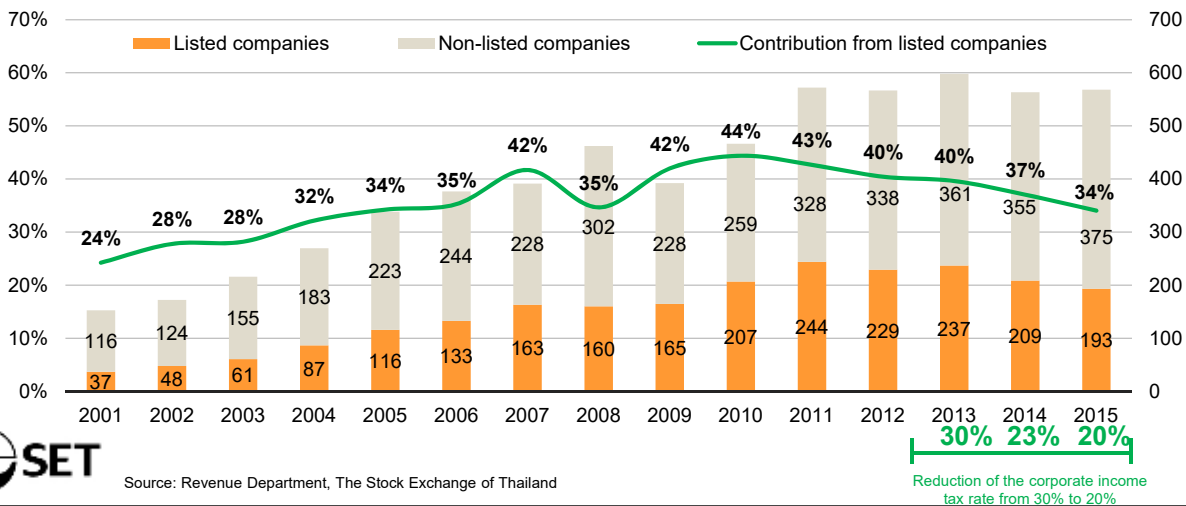
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1 Role of Capital Market in Thailand

The capital market enhances accounting transparency resulting in improved tax collection

Corporate income tax

Unit: Percent (LHS), Billion Baht (RHS)



Source: Revenue Department, The Stock Exchange of Thailand

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Agenda

1 Role of Capital Market in Thailand

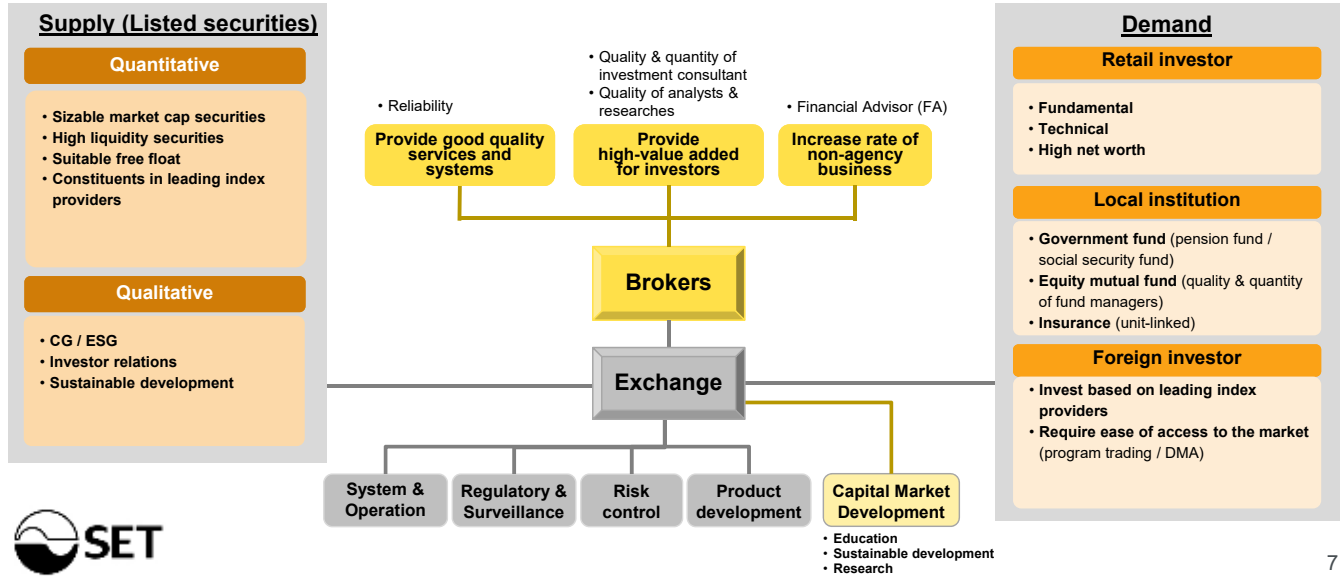
2 Thailand Capital Market Development

3 Next Wave of Thai Capital Market



2 Thailand Capital Market Development

Capital market ecosystem



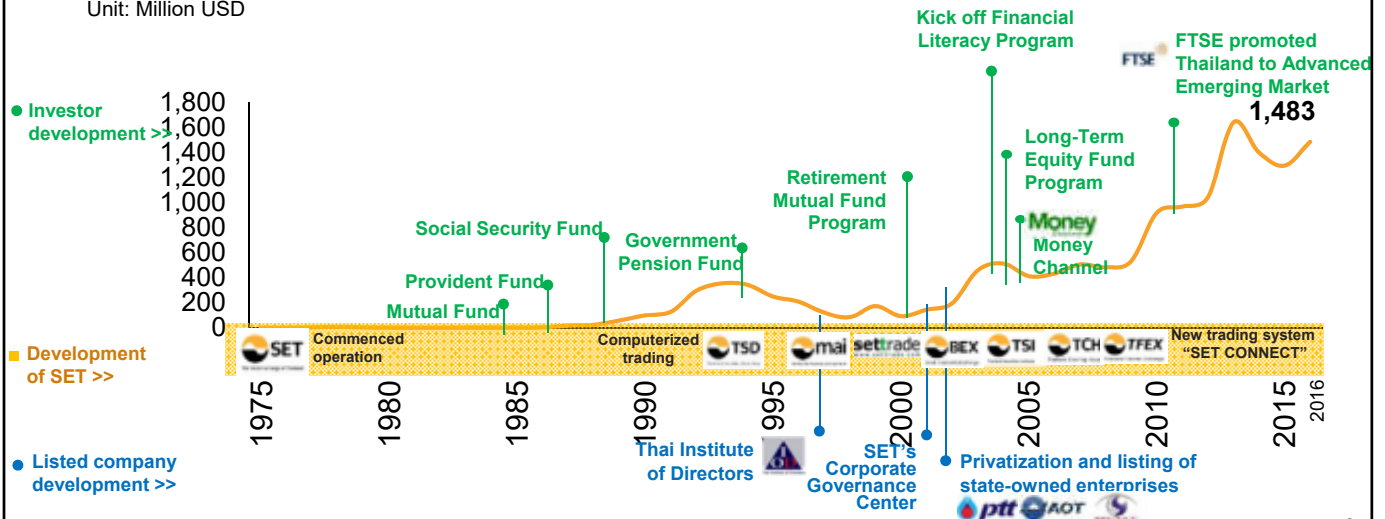
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2 Thailand Capital Market Development

Concerted effort to develop the Thai capital market has continued over the past 40 years

Average daily trading value 1975 – 2016

Unit: Million USD



Source: The Stock Exchange of Thailand (as of December 2016)

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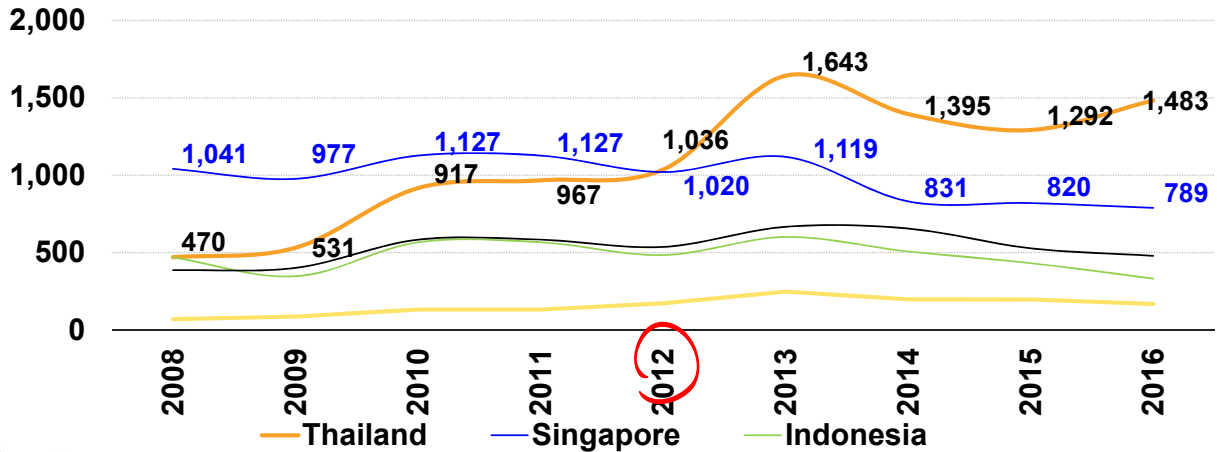
2 Thailand Capital Market Development

Supply Demand

Thailand is now the most liquid capital market in ASEAN

Average daily trading value of equity markets*

Unit: Million USD



Source: World Federation of Exchanges (WFE) as of November 30, 2016
SETSMART as of December 31, 2016

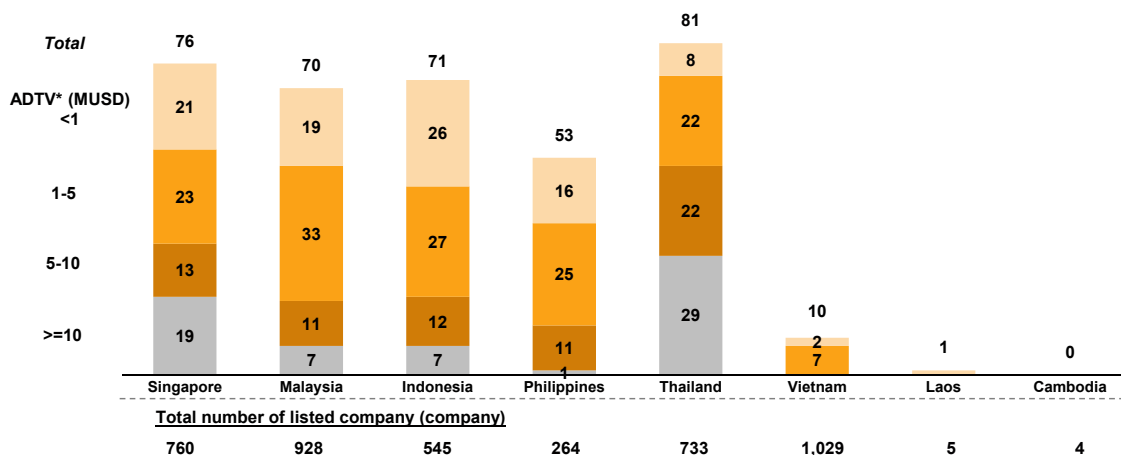
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2 Thailand Capital Market Development

Supply Demand

Size, liquidity and corporate governance are key factors that attract investment from both domestic and foreign investors

Number of listed company with market capitalization greater than 1 billion USD
Group by average daily trading value (company)



Remark: * Average Daily Trading Value (6 month average), Data as of 8 November 2016
Source: Bloomberg, WFE

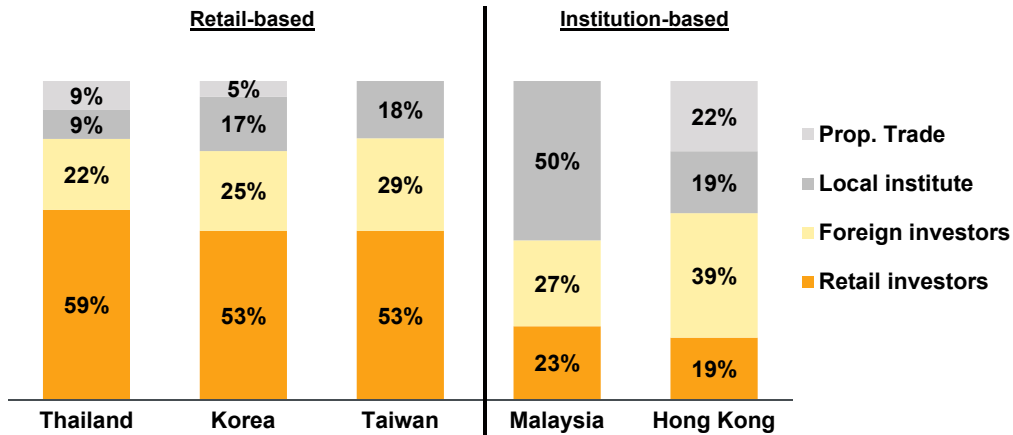
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2 Thailand Capital Market Development

Supply Demand

Two market models exist in Asia

2015 Trading participation by investor types



Remark: Data as of 2015 except for Hong Kong which use data of Oct 2014 – Sep 2015
Source: Exchanges' website & annual reports

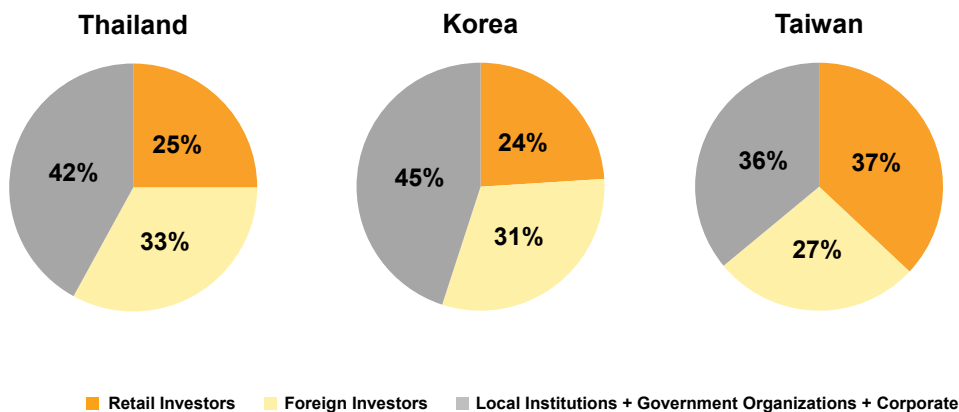
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2 Thailand Capital Market Development

Supply Demand

Foreign investors hold a significant portion of Asian equities

2015 Holding value proportion by investor type



Remark: Thailand & Taiwan's data as of 2015, Korea's data as of 2011
Source: exchanges' website & annual reports

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2 Thailand Capital Market Development

Easing market access through Internet Trading and by working with commercial banks helps grow the number of retail investors

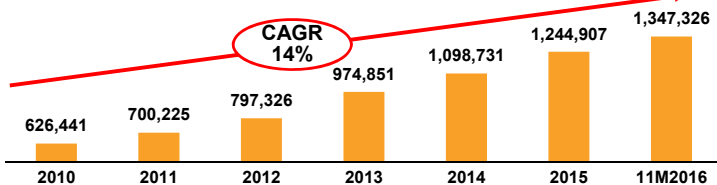
Supply

Demand

- Retail
- Local institute
- Foreign

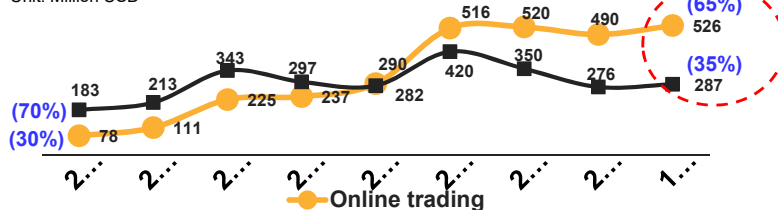
Number of retails trading accounts

Unit: Accounts



Avg. daily internet trading value by retail investors

Unit: Million USD



Source: The Stock Exchange of Thailand

Online trading & Digital channel for investors

Streaming



SETSMART

An internet based information database system

SET Application & SET Member

SET Social Media



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2 Thailand Capital Market Development

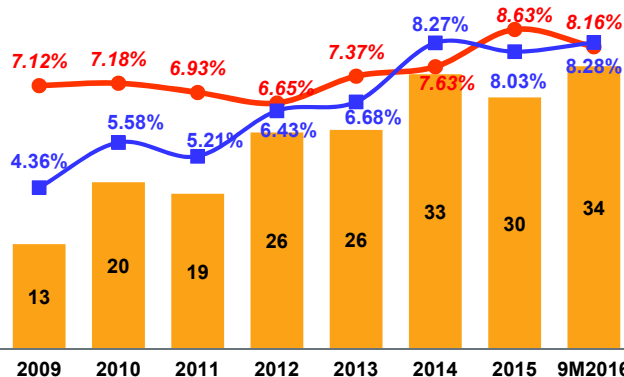
Thailand has seen increase participation from local institutional investors
This helped stabilize the market amidst volatility

Supply

Demand

- Retail
- Local institute
- Foreign

Holding value of local institutional investors (billion USD)



Proportion to the total market cap
Proportion to GDP

Local institutional investors

1. Mutual funds
2. Government Pension Fund (GPF)
3. Social Security Office (SSO)
4. Provident funds
5. Life insurance companies
6. Non-life insurance companies

Market cap (billion USD)	177	279	269	391	357	433	350	416
GDP (billion USD)	289	359	358	404	394*	399	376	410



Remark: * Decrease from the weakening of THB in 2013 compare to 2012

Source: SETSMART, AIMC, Office of Insurance Commission (OIC), GPF, SSO, IMF

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2 Thailand Capital Market Development

MSCI stock addition & FTSE advanced emerging market country help attract foreign investment

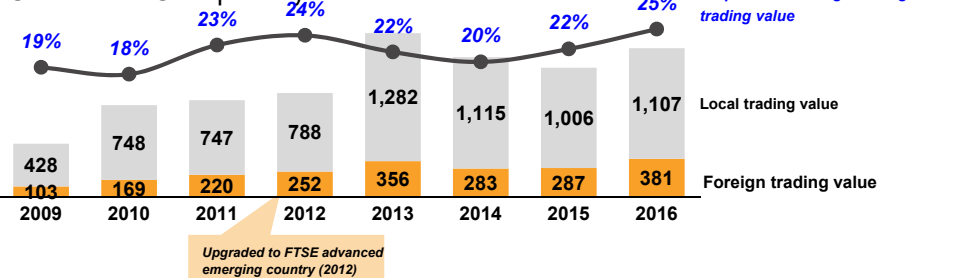
Supply

Demand

- Retail
- Local institute
- Foreign

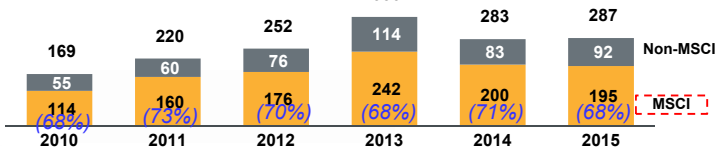
Foreign participation in Thailand's stock market

Unit: Million USD per day

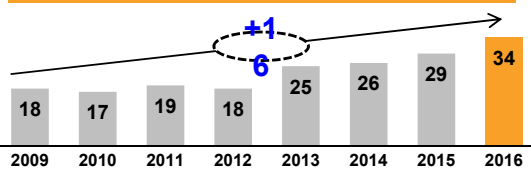


Daily average foreign trading value in MSCI Thailand Standard Index and non-MSCI stocks

Unit: Million USD



Number of stocks in MSCI Thailand Standard Index**



Remark: * Data as of 15 November 2016
 ** Data as of May Semi Annual Index Review (SAIR) for 2009 – 2016
 Source: SET, SETSMART, Bloomberg

2 Thailand Capital Market Development

Thailand is internationally recognized as a leader in capital market corporate governance.

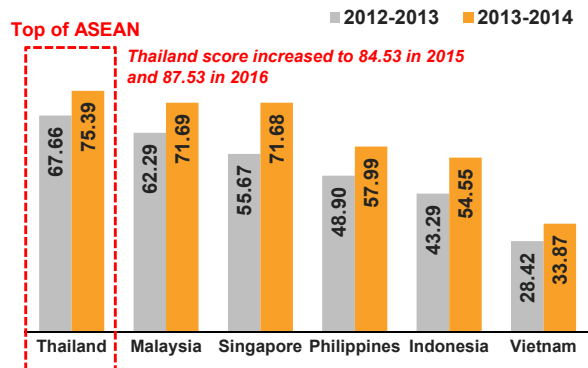
ACGA's CG Watch market scores: 2007 to 2016*

2007	2016
1. Hong Kong (67)	1. Singapore (67)
2. Singapore (65)	2. Hong Kong (65)
3. India (56)	3. Japan (63)
4. Taiwan (54)	4. Taiwan (60)
5. Japan (52)	5. Thailand (58) *
6. Korea (49)	6. Malaysia (56)
6. Malaysia (49)	7. India (55)
8. Thailand (47)	8. Korea (52)
9. China (45)	9. China (43)
10. Philippines (41)	10. Philippines (38)
11. Indonesia (37)	10. Indonesia (36)

Source: Asian Corporate Governance Association

* Remark on Thailand: ACGA sees Thailand is moving ahead with pre-existing national CG policies and plans. Enforcement is also better. However, political / regulatory falls in Thailand remain a drag, though this could be improved as political blockage is solved and institutional framework is enhanced.

ASEAN corporate governance scorecard*



The score is weighted and allocated to each of the five areas as follows:

- Rights of shareholders 10%
- Equitable treatment of shareholders 15%
- Role of stakeholders 10%
- Disclosure and transparency 25%
- Responsibilities of the board 40%

Remark: * Average total corporate governance score of the country's 100 largest listed companies based on market capitalization

Source: Joint Initiative of the ASEAN Capital Markets Forum and the Asian Development Bank

2 Thailand Capital Market Development

Thailand is the largest fund raising venue in ASEAN for the last few years

Size of IPO issued in ASEAN exchanges

Unit: Million USD

Country	2013	2014	2015	2016
Singapore	5,196	2,550	319	1,659*
Thailand	6,447	3,447	4,241	1,504
Malaysia	2,835	1,251	1,312	299
Indonesia	1,669	768	878	1,043
Philippines	1,369	316	116	1,017



Remark: *There are 2 REIT IPOs in Singapore from Frasers Logistics & Industrial REIT valued USD 664 million and Manulife US REIT valued USD 470 million
Source: Bloomberg

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2 Thailand Capital Market Development

Thai capital market has been recognized internationally



SET was the first exchange in ASEAN joining the **UN Sustainable Stock Exchanges Initiative (UN SSE Initiative)** in 2014



FTSE upgraded SET from the Secondary Emerging Market to the **Advanced Emerging Market**



Asian Development Bank

Thai listed companies achieved the highest marks on the **ASEAN Corporate Governance Scorecard** among all ASEAN Countries, assessed by **ADB**



34 Thai stocks are now included in **MSCI** Standard index



14 Thai listed companies are included in **Dow Jones Sustainability Indexes (DJSI)**



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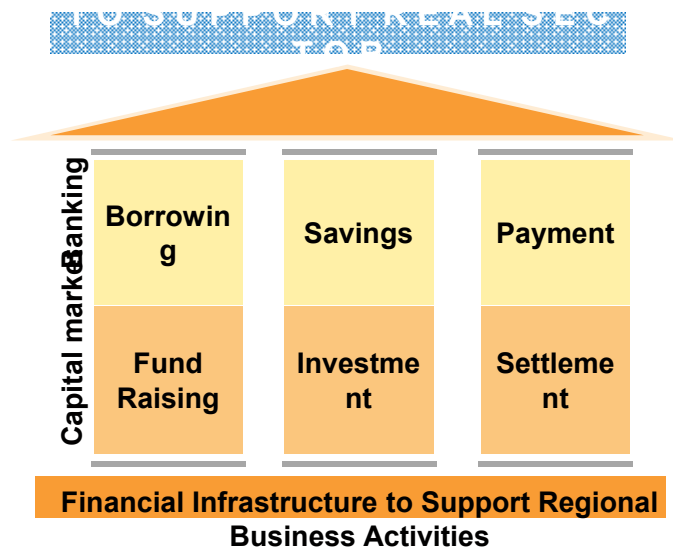
Agenda

- 1 Role of Capital Market in Thailand
- 2 Thailand Capital Market Development
- 3 Next Wave of Thai Capital Market



3 Next Wave of Thai Capital Market

Financial and capital market infrastructures for regional connectivity to support growth of regional real sector



3 Next Wave of Thai Capital Market

Cultivator with Integrity moving toward Sustainability Growth

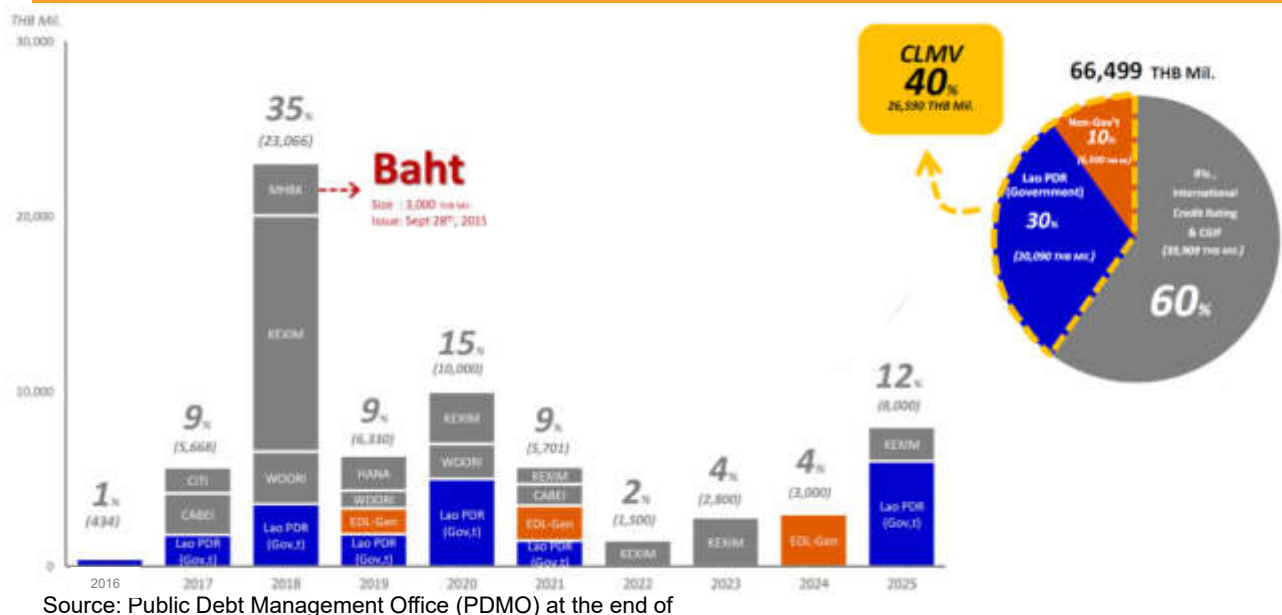


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3 Next Wave of Thai Capital Market

Cross border funds mobilization can open up new opportunities for infrastructure investment

Bath bond maturity profile (classified by issuers) 2016 - 2025



Source: Public Debt Management Office (PDMO) at the end of

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3 Next Wave of Thai Capital Market

Example of our roles with other institutions for the issuance of Baht Bond



Lao Ministry of Finance - THB Sovereign Bond

Lao Ministry of Finance issued Thai Baht Sovereign Bond to institutional and high net worth investors 9 series valued 21,590 M.THB

Issue Date	Value (THB m.)	Tenor	Interest Rate (% p.a.)
May 2013	1,500	3 years	4.50
Dec 2013	434	3	4.70
	2,566	5	5.20
	1,794	3	4.67
Oct 2014	1,830	5	5.20
	1,466	7	5.50
	1,000	3	3.56
Jun 2015	5,000	5	4.32
	6,000	10	5.00
Total	21,590		



EDL-Generation Public Company Limited - THB Bond

LSX listed private power company has raised 6,500 M.THB for future hydropower projects expansion.

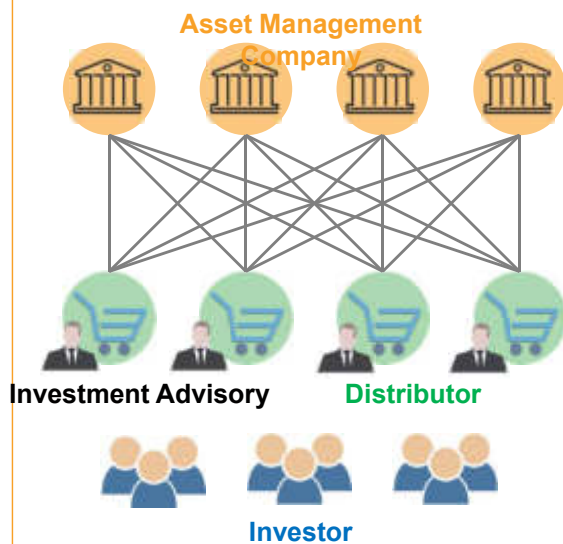
Issue Date	Value (THB m.)	Tenor	Interest Rate (% p.a.)
	1,500	5	4.95
Dec 2014	2,000	7	5.20
	3,000	10	5.45
Total	6,500		

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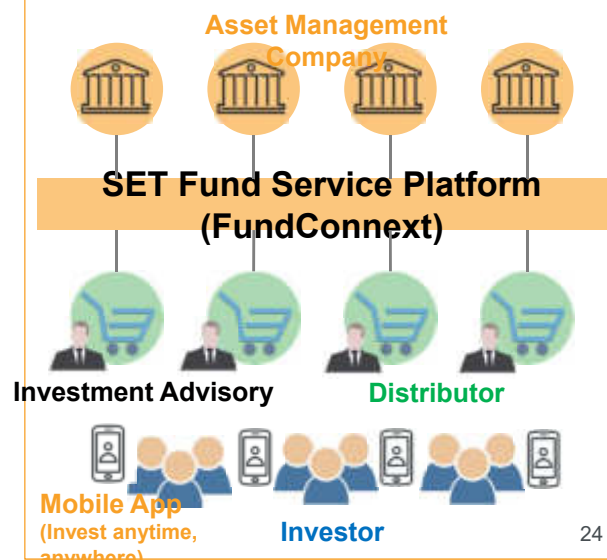
3 Next Wave of Thai Capital Market

SET in collaborating with mutual fund stakeholders and the Thai regulator to implement the Fund Service Platform to broaden access to mutual funds

Current



Future



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3 Next Wave of Thai Capital Market

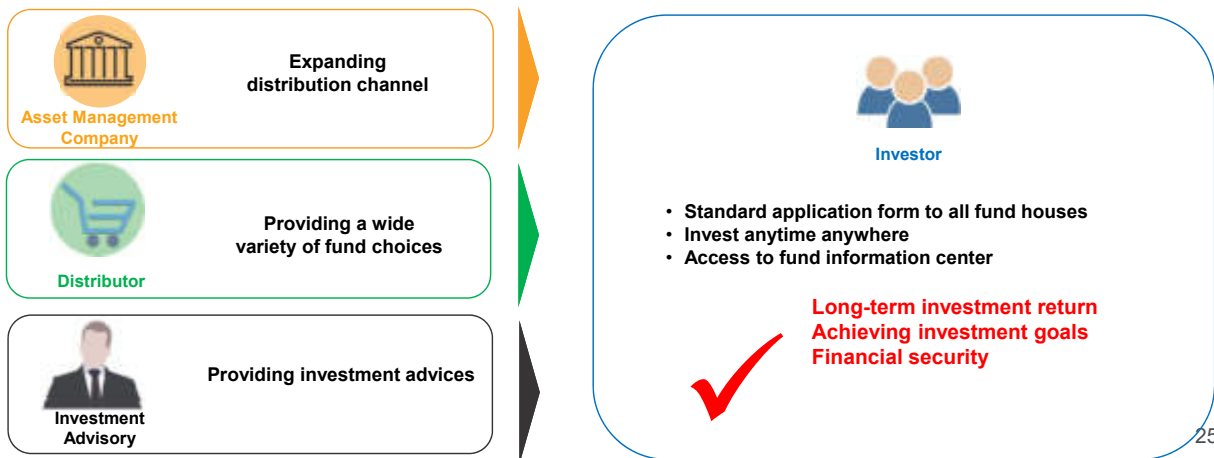
The platform will reduce operational burden and allow stakeholders to deliver value-added advices and returns

VISION

Build the future ecosystem for mutual fund distribution and investment

MISSION

Make it easy to access mutual funds



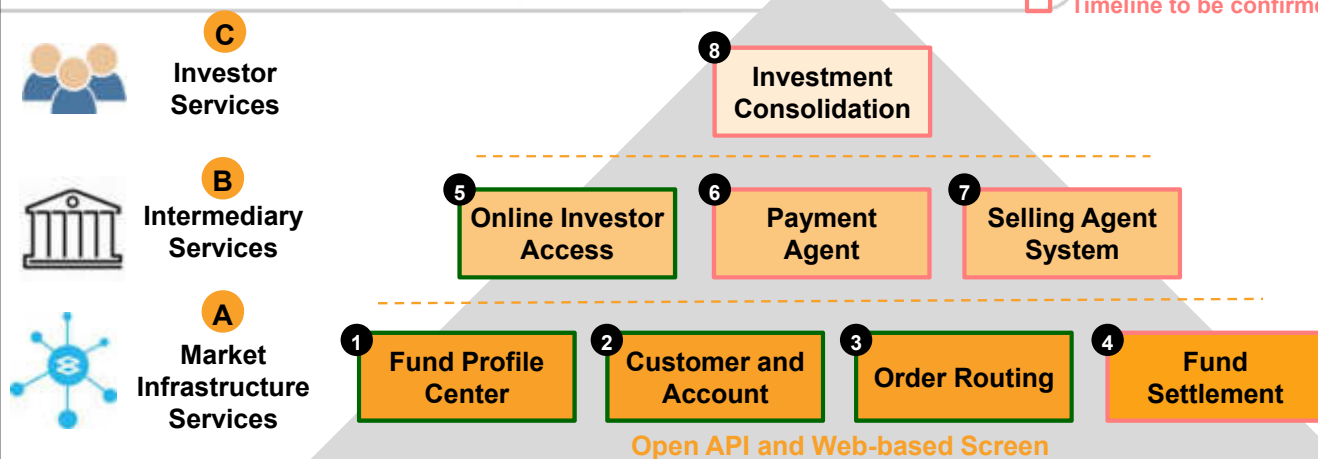
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3 Next Wave of Thai Capital Market

Phase I: Eight services will be offered to address various needs of market participants

☒ First launch in Q1/2017

☐ Timeline to be confirmed



- Participating distributors and asset management companies are not required to use all eight services. They can adopt services according to their needs.
- As of 17 November 2016, 21 AMCs (accounting for 99% of market share), and 28 distributors signed up for Fund Service Platform

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2 Thailand Capital Market Development

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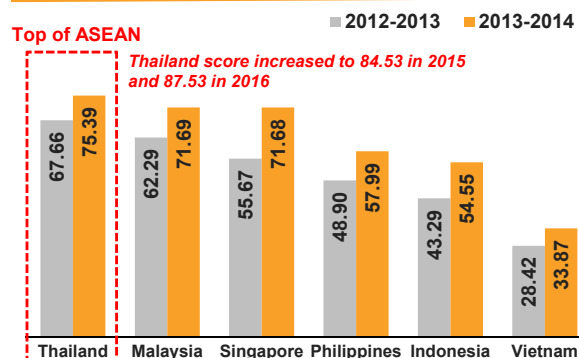
ACGA's CG Watch market scores: 2007 to 2014*

2007	2010	2012	2014
1.Hong Kong (67)	1.Singapore (67)	1.Singapore (69)	1.Hong Kong (65)
2.Singapore (65)	2.Hong Kong (65)	2.Hong Kong (66)	1.Singapore (64)
3.India (56)	3.Japan (57)	3.Thailand (58)	3.Japan (60)
4.Taiwan (54)	4.Thailand (55)	4.Japan (55)	4.Thailand (58) *
5.Japan (52)	4.Taiwan (55)	4.Malaysia (55)	4.Malaysia (58)
6. Korea (49)	6.Malaysia (52)	6.Taiwan (53)	6.Taiwan (56)
6. Malaysia (49)	7.India (49)	7.India (51)	7.India (54)
8.Thailand (47)	7.China (49)	8.Korea (49)	8.Korea (49)
9.China (45)	9.Korea (45)	9.China (45)	9.China (45)
10.Philippines (41)	10.Indonesia (40)	10.Philippines(41)	10.Philippines(40)
11.Indonesia (37)	11.Philippines(37)	11.Indonesia (37)	10.Indonesia (39)

Source: Asian Corporate Governance Association

* Remark on Thailand: ACGA sees Thailand is moving ahead with pre-existing national CG policies and plans. Enforcement is also better. However, political / regulatory falls in Thailand remain a drag, though this could be improved as political blockage is solved and institutional framework is enhanced.

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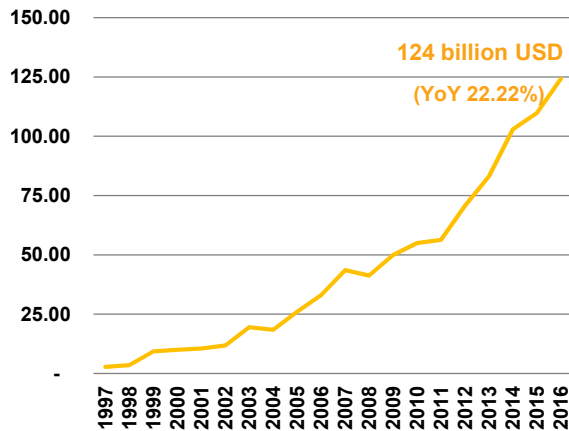
Remark: * Average total corporate governance score of the country's 100 largest listed companies based on market capitalization

Source: Joint Initiative of the ASEAN Capital Markets Forum and the Asian Development Bank 28

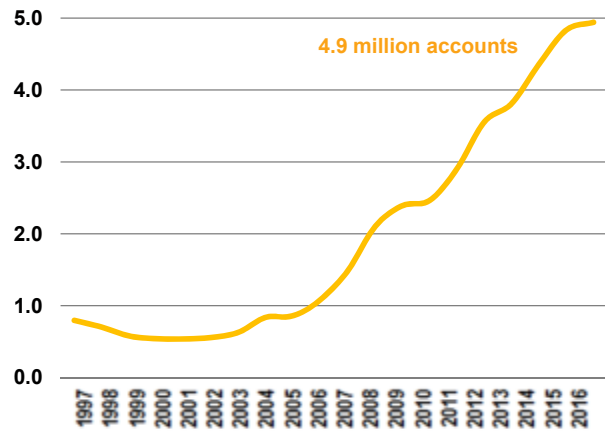
3 Next wave of Thai Capital Market

Thailand mutual fund has been growing steadily

Asset Under Management (billion USD)



Mutual Fund Account (million accounts)

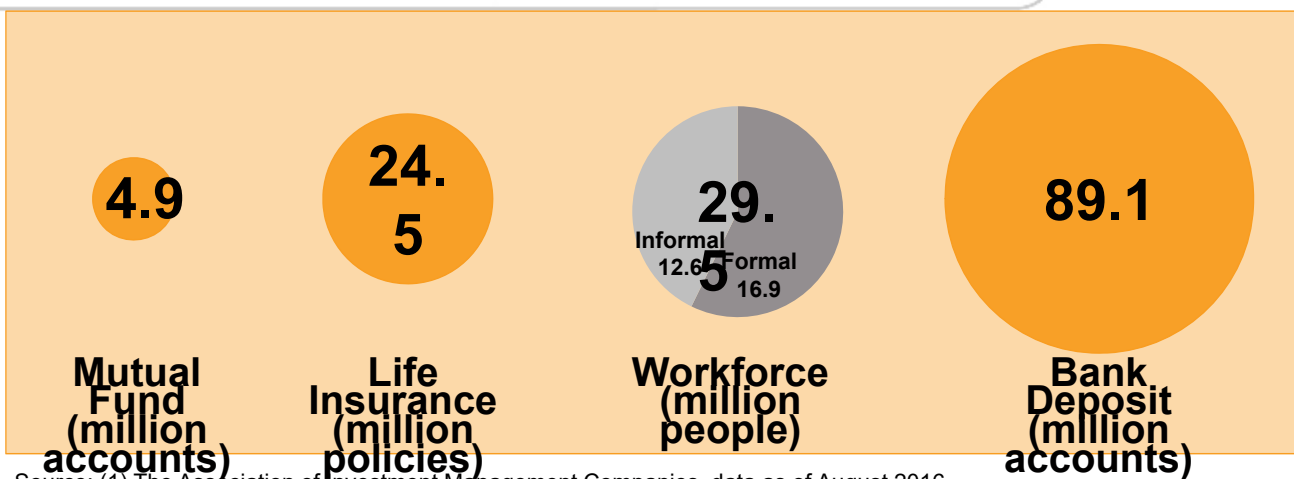


Source: The Association of Investment Management Companies,

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3 Next wave of Thai Capital Market

Access to mutual fund is relatively limited



Source: (1) The Association of Investment Management Companies, data as of August 2016

(2) Bank of Thailand, data as of June 2016

(3) Life Insurance Association, data as of June 2016

(4) National Statistical Office of Thailand, data as of December 2015

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SESSION 2

AMBIF Tax Procedure by ADB Secretariat

Sub-Forum 2 AMBIF Tax Procedure

ADB Secretariat

24th ASEAN+3 Bond Market Forum (ABMF) in Bangkok, Thailand
17 January 2017



Scope of the study

Survey Objective:

To identify withholding tax procedures for bonds issued under AMBIF program, with particular focus on professional investors

- ☐ **Tax on interest payment** : Taxable where income is generated. It is necessary to investigate taxation on interest payment.
- ☐ **Tax on income of investors**: Taxable on income of residents. But if interest is received outside of jurisdiction, withholding tax cannot be levied.
- ☐ **Tax at the market of issuance**: If issuers and investors are non-residents, some tax authorities may consider bond issuance in its jurisdiction is taxable because it regards as doing business in the jurisdiction.



Key Findings of Tax Procedures in AMBIF Markets

- Most countries do not impose WHT on interest payments and capital gains
- Interest payments and capital gains are usually taxed at corporate level as part of corporate income
- Taxes are generally imposed on ultimate beneficiaries, not FIs acting as payment handling agents

3



Country Summary

4



Hong Kong

	Resident Investors	Non-Resident Investors
Interest Income	WHT : N/A	WHT : N/A
Capital Gains	CIT : Exempted or 50% concessionary rate if maturity is less than 3 years	CIT : N/A

* Full exemption from profits tax for interest income and trading profits in respect of Qualifying Debt Instruments (QDI) e.g. long-term debt instruments (original maturity not less than 7 years) granted under section 26A of the Inland Revenue Ordinance. However, interest on corporate bond listed on Hong Kong Stock Exchange is taxable.

** Concessionary tax rate of 50% of profit tax rate applies for QDI issued on or after 25 March 2011 with a tenor of less than 3 years. However, the tax concession and exemption will not apply in relation to a QDI issued on or after 25 March 2011 if, at the time during which the interest income and trading profits is/are so received or accrued, the person is an associate of the issuer of the QDI. - <http://www.ird.gov.hk/eng/faq/qdi.htm> (Q2)



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Hong Kong

Qualifying Debt Instruments:

It is a debt instrument specified in Part I of Schedule 6 of the IRO that:

- is in respect of a debt issue which in its entirety has been lodged with and cleared by the Central Money market Unit operated by the Monetary Authority (HKMA);
- is issued by a person and at all relevant times has a credit rating acceptable to the HKMA from a credit rating agency recognized by the HKMA;
- where it was issued prior to 1 April 1999, has a minimum denomination of \$500,000 or its equivalent in a foreign currency; or where it was issued on or after 1 April 1999, has a minimum denomination of \$50,000 or its equivalent in a foreign currency;
- is issued to the public in Hong Kong. From 25 March 2011 onwards, the instrument must be, at issuance, issued in Hong Kong to (i) 10 or more persons; or (ii) less than 10 persons none of whom is an associate of the issuer of the instrument. For definition of an "associate", please see Q10; and
- if it is a scripless instrument, it is one that would qualify in the terms of the definition of QDI if it were in a physical form.

The definition of "associate", in relation to the issuer of a debt instrument, can be found in section 14A(4) of the IRO. In essence, "associate" means any entity which controls the issuer, or is subject to the control of the issuer or is subject to the control of the same person as is the issuer, either directly or indirectly. However, companies which are associated merely because of common ownership by the central government of a country or its sovereign wealth funds or similar state-owned enterprises but in practice operate independently as separate commercial entities are not "associates". Relevant details can be found in section 14A(4A) of the IRO.



Japan

	Resident Investors	Non-Resident Investors	
		Permanent Establishment	Non-Permanent Establishment
Interest Income	CIT : 15.315% (Separated taxation by filing)	Non-related person of Issuer & income not attributable to business WHT : Exempted CIT : Exempted	Non-related person of Issuer & income not attributable to business WHT : Exempted CIT : N/A
		Related Person of the Issuer or income attributable to business WHT : Exempted CIT : Subject to CIT in Japan	Related Person of the Issuer WHT : 15.315% CIT : N/A
Capital Gains		Non-related person of the Issuer & income not attributable to business : Similar to Interest Income	Non-related person of the Issuer : Similar to Interest Income
		Related Person of the Issuer or income attributable to business CIT : Subject to CIT in Japan & applicable DTA (withheld by issuer for Non-PE)	

Japan

Specially related person of the issuer :

A beneficial owner that is, for Japanese tax purposes, an individual non-resident of Japan or a non-Japanese corporation that in either case is a person who has a special relationship with the issuer of the securities as described in Article 6, paragraph (4) of the Act on Special Measures Concerning Taxation of Japan.

Source : DTCC

Designated Financial Institutions :

1. Resident in Japan for tax purpose; and
2. A Japanese Bank, a Shinkin Bank, the Federation of Shinkin Banks, The Shoko Chukin Bank, The Norinchukin Bank, a life insurance company, a non-life insurance company or a certain financial instruments business operator as provided in Article 2, paragraph (9) of the Financial Instruments and Exchange law of Japan.

Gross Recipient (interest is free of deduction for withholding tax)

1. Non-resident individual or a non-resident corporation that are not a specially-related person of the issuer
2. Japanese “designated financial institutions” holding securities for its own account
3. Individual resident of Japan or a Japanese corporation whose receipt of interest is made through a payment handling agent in Japan.



Malaysia

	Resident Investors	Non-Resident Investors
Interest Income	WHT : Exempted ¹ CIT : Subject to CIT @ 24%	WHT : Exempted ² CIT : N/A
Capital Gains		

1. Income Tax Act – Schedule 6 Section 35

Interest or discount paid or credited to any individual, unit trust and listed closed-end fund -

- (a) in respect of securities or bonds issued or guaranteed by the Government; or
- (b) in respect of debentures or Islamic Securities, other than convertible loan stock, approved by the Securities Commission; or
- (c) in respect of Bon Simpanan Malaysia issued by the Central Bank of Malaysia.

2. Income Tax Act – Schedule 6 (Exemption from Tax) Section 33A

Interest paid or credited to any company not resident in Malaysia, other than such interest accruing to a place of business in Malaysia of such company-

- (a) in respect of securities issued by the Government; or
- (b) in respect of Islamic securities or debenture issued in Ringgit Malaysia, other than convertible loan stock, approved by the Securities Commission.

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Philippines

	Resident Investors	Non-Resident Investors
Interest Income	FWHT : 20% FWT GRT : 1% for maturity > 5 years or else 5% ¹	FWHT : 25% ² or else 30% FWT ³ CIT : N/A
Capital Gains	GRT : 7%	Exempted (under tax treaty)

1. Applicable to banks and non-bank financial institutions. Can be pass-on to borrowers based on Revenue Memorandum Circular 62-2016 dated 13 June 2016. However, banks still incur taxes as it will be considered as "other fees and charges."

2. Non-resident alien stays in the Philippines for 180 days or less during the calendar year is considered a non-resident alien not engaged in trade or business in the Philippines, thus subject to a 25% final tax on gross income earned.

3. Subject to applicable tax treaty, generally provide for a reduced tax rate of 10% to 15%. Treaties generally not apply if recipient of the interest carries on business in the Philippines through permanent establishment.

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Singapore

	Resident Investors	Non-Resident Investors
Interest Income	Exempted for SGS and QDS, or else 15% final tax	Exempted for SGS and QDS, or else 15% final tax
Capital Gains	N/A but considered as part of CIT. Concessionary rate of bond trading activities differs among different FCI award holders. - FSI-CM @ 5% - FSI-ST @ 12%	N/A

* To qualify as Qualified Debt Securities (QDS), the deal must be substantially managed in Singapore.

** Corporate income tax rate varies depending on types of investors and whether they are FSI award holders. Qualifying activities are subject to concessionary rates of 5%, 10% or 12% depending on the awards granted.



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Singapore

Substantially managed in Singapore :

1. **Not issued under a program** - any one of the following is satisfied:
 - i. lead manager is any, or if there is more than one lead manager, more than half of the lead managers are any or any combination, of the following:
 - (A) a financial sector incentive (capital market) company;
 - (B) a financial sector incentive (standard tier) company;
 - ii. if the issuer is a Singapore-based issuer —
 - (A) more than half of the amount of gross revenue from arranging the issue is attributable to any or any combination of the following:
 - (AA) a financial sector incentive (capital market) company;
 - (AB) a financial sector incentive (standard tier) company; and
 - (B) more than half of the staff arranging the issue, of the company or cumulatively of the companies mentioned in sub-paragraph (A), are based in Singapore;



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Singapore

Substantially managed in Singapore :

1. Not issued under a program (cont) :
 - iii. if the issuer is not a Singapore-based issuer –
 - (A) more than half of the debt securities issued under the issue are distributed by any or any combination of the following:
 - (A) a financial sector incentive (capital market) company;
 - (B) a financial sector incentive (standard tier) company;
2. Issued under a program -
 - i. the program as a whole is arranged on or after 1 January 2014 by a financial sector incentive (capital market) company or a financial sector incentive (standard tier) company;

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Thailand

	Resident Investors	Non-Resident Investors
Interest Income	WHT : Exempted in case issuer and investor are Thai commercial banks or else 1%. CIT : FI subject to 3.3% business tax on interest earned. Other corporates are subject to 20% CIT	WHT : 15%* depending on tax treaties, which may be reduced to 10% CIT : N/A
Capital Gains		

Unless issued by government, state agencies, or financial institution under specific law for the agricultural, commerce and industrial lending

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Summary

Country	Resident Investors	Non-Resident Investors
Hong Kong		
Japan		
Malaysia		
Philippines		
Singapore		
Thailand		

Favorable : No WHT

Unfavorable : WHT exists



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Next Steps

- ADB has started discussion with BIR.
- BIR requested information regarding experience of other markets such as Thailand, Malaysia, and Japan.
 - How did they introduced the changes in taxation?
 - What was the discussion at the time?
 - What was tax implication for the change?
- BIR would like to understand possible impact of tax rule change.
 - Macroeconomic impact as well as impact on revenue.
- **Inputs from ABMF members are highly appreciated.**



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Thank You

SESSION 3

RTGS Development in Myanmar
by Ms. Su Su Nwe, Deputy Director, Financial
Market Department, Central Bank of Myanmar

PAYMENT AND SETTLEMENT SYSTEM DEVELOPMENT

FINANCIAL MARKET DEPARTMENT

Presented by

**Su Su Nwe
Deputy Director
Financial Market Department
Central Bank of Myanmar
January 17 , 2017**

CONTENTS

- I. Introduction
- II. Payment System in Myanmar
 - 1. Legal aspect of Payment System in Myanmar
 - 2. Current types of payment system
 - 3. Development of Large Value Payment System
 - 4. Development of retail Payment System
- III. Bond Market in Myanmar
- IV. Conclusion

I. INTRODUCTION

- One of the objectives of CBM is to develop efficient payment and settlement system
- CBM is taking responsible for the development of an efficient, fast, safe and reliable national payment system
- Myanmar has widely used cash payment system
- CBM is endeavoring not only for retail payment but also for Large value payment to fulfill the cashless society
- Payment Systems structure should be consistent with requirements of the Myanmar's economy with appropriate security level

II. PAYMENT SYSTEM IN MYANMAR

1. LEGAL ASPECT OF PAYMENT SYSTEM IN MYANMAR

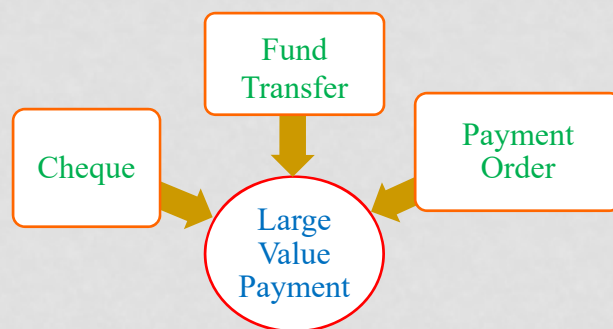
- Following Laws and regulations are being applied for payment and settlement system in Myanmar
 - Central Bank of Myanmar Law (2013)
 - Financial Institutions Law (2016)
 - Rules and regulations for Financial Institutions
 - Regulation on Mobile Financial Service
- Following guidelines are being applied for Large Value payment
 - Current Account and Overdraft Guideline
 - Fund Transfer Guideline
 - Mechanize Clearing House (MCH)
- Instructions and Notifications of CBM
 - (e.g Instruction for Electronic card payment)

2. CURRENT TYPES OF PAYMENT SYSTEM

- *Large Value Payment Scheme*
- **CBM** is sole provider for large value payment platform
- *Retail Payment Scheme*
- **MPU** provides as a national payment switch
- i-Banking / mobile Banking
- e-commerce

3. DEVELOPMENT OF LARGE VALUE PAYMENT SYSTEM

Modes of LVP in Myanmar



3. DEVELOPMENT OF LARGE VALUE PAYMENT SYSTEM

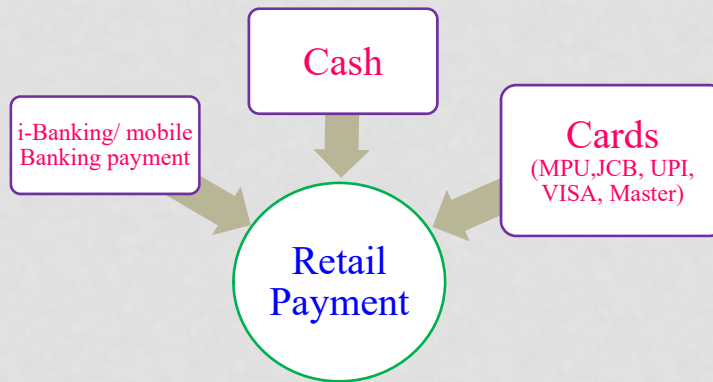
- Functions of CBM-NET
 - Fund settlement (MMK)
 - Fund settlement (FX)
 - Collateral Management
 - T-bond / T-bill settlement
 - DVP
 - MCH clearing data settlement
- Gross settlement
- intraday overdraft facilities

3. DEVELOPMENT OF LARGE VALUE PAYMENT SYSTEM

- CBM-NET time zone
 - preparation time 9:00 am - 9:30 am CBM
 - Service time 9:30 am - 4:00 pm CBM
 - 9:30 am - 3 :00 pm FIs
 - Batch job time 4:00 pm - 5:00 pm CBM
- Service time extension
- Clearing house change to Mechanize clearing house
- standardize cheque and PO
- use encoder machine to encode
- reader /sorter machine
- MCH link to CBM-NET
- MCH data settle in CBM-NET every day
- Members of MCH 35

4. DEVELOPMENT OF RETAIL PAYMENT SYSTEM

Modes of retail Payment in Myanmar



4. DEVELOPMENT OF RETAIL PAYMENT SYSTEM

- With the guidance of CBM, Myanmar Payment Union (MPU) was established as *national payment switch* in Myanmar since 2011 to develop card industry
- (23) member banks including (3) state owned banks as well as (20) private banks
- handling the dispute case regards with ATM & POS via MPU switching of the member banks and their customers
- cooperation and collaboration with the stakeholders: regulatory agency, local and foreign service providers, member banks

4. DEVELOPMENT OF RETAIL PAYMENT SYSTEM

- Members Banks of MPU provide MPU prepaid card/ Debit Card/ Credit card, Prepaid Card of Mastercard/Visa/UPI, MPU-UPI Co-brand Debit card/ Credit Card
- MPU implemented for acquiring process for international cards such as Union Pay International(UPI), Japan Credit Bureau (JCB), VISA, and Master cards
- MPU is currently implementing for e-commerce platform
- Statistical data for MPU (July/2016)

numbers of ATM	2015
numbers of POS	5955
issued cards	about 1.9 million
e-Commerce Merchants	55

III. BOND MARKET IN MYANMAR

- ❖ 2 - year Treasury Bond has been introduced with effect from 1st January 2010.
- ❖ **Current types of Government Treasury Bonds**
 - 2- year Treasury Bond
 - 3- year Treasury Bond
 - 5-year Treasury Bond
- ❖ The Government Treasury Bonds are issued at par and paid interests semi-annually.
- ❖ They are freely tradable and need to be registered.

III. BOND MARKET IN MYANMAR

- ❖ **Interest Rate (starting from January 1, 2011)**

- 8.75% per annum for 2-year treasury bond

- 9% per annum for 3-year treasury bond

- 9.5% per annum for 5-year treasury bond

- ❖ **Denominations**

- Kyat ten thousand (K. 10,000)

- Kyat one hundred thousand (K. 100,000)

- Kyat one million (K.1,000,000)

- Kyat ten million (K.10,000,000)

- (introduced with effect from January 2010)

III. BOND MARKET IN MYANMAR

- ❖ The buyers of Treasury Bonds are State Owned Banks, Private Banks and Retail Investors.

- ❖ The main investors are private banks to meet their reserve requirements and liquidity position in their daily settlement.

- ❖ over 99% of the outstanding bonds are held by the Banks.

- ❖ The outstanding amount of Treasury Bonds are increasing year by year.

- ❖ Starting from 2015, CBM instructed all private commercial banks not to calculate T-bonds held at CBM in required reserves.

III. BOND MARKET IN MYANMAR

- ❖ Myanma Economic Bank and Myanmar Securities Exchange Center (MSEC), have been appointed as underwriters for Government Treasury Bonds since 1st January 2010 to develop efficient market infrastructure and trading market for government bonds.
- ❖ The CBM allows State Owned Banks and Private Banks to invest Treasury Bonds through their account with CBM.

III. BOND MARKET IN MYANMAR

- ❖ Government securities market plays an important role in the conduct of monetary policy.
- ❖ Open market operations, in which central banks buy and sell government securities, are the major monetary policy tool in Myanmar as well as in many other countries.
- ❖ Central banks use government securities for monetary policy mainly because they are credit – risk –free and highly liquid. Their transactions are standardized.
- ❖ The use of direct monetary policy tools such as interest rate controls to the use of indirect monetary policy instruments such as open market operations.
- ❖ Indirect monetary policy instruments have the advantage of improving the efficiency of monetary policy by having financial resources allocated on a market basis.
- ❖ Government securities are particularly important instruments to implement indirect monetary policy operations.

III. BOND MARKET IN MYANMAR

- ❖ CBM has started discount window facilities since 1995 to give credit facility and current borrowing interest rate is 10% per annum.
- ❖ CBM has introduced overnight and overdraft facilities in 2016 when CBM-NET System established
- ❖ Deposit auction introduced in 2013 to absorb fund pursuant to monetary target, to allow market driven interest rates and to get more terms of deposits with greater participation by commercial banks.
- ❖ In addition the introduction of Treasury bill auctions in January 2015, in close cooperation with the MoPF and with technical assistance from the Fund, to reduce central bank financing of the fiscal deficit.

III. BOND MARKET IN MYANMAR

- ❖ CBM is trying to develop interbank market and has issued directives for bilateral interbank FX transactions including FX forward and SWAP transactions to develop the foreign exchange markets with the larger amount of liquidity available.
- ❖ The introduction of repurchase (Repo) is under the process. This aims to support the development of the banking sector and facilitate management of liquidity.
- ❖ A Repo Transaction is a contract in which a party (the seller) sells an asset at origination and simultaneously commits to buy it back at maturity of the transaction at an agreed price. While the counterparty (the buyer) buys the asset and simultaneously commits to sell it back at maturity of the transaction at an agreed price.

III. BOND MARKET IN MYANMAR

- ❖ In the international markets, government budget and government bonds issuance plan are closely linked to each other.
- ❖ Government bonds are the most popular means of government financing.
- ❖ As for Myanmar, government fiscal deficit is financed by government treasury bonds and government treasury bills.
- ❖ MoPF makes an annual projection of issuance of bonds in consultation with CBM.
- ❖ MoPF focuses the proportion of T-Bill and T-Bond's issuance.
- ❖ In the past, T-Bill was mostly financed by CBM.

III. BOND MARKET IN MYANMAR

- ❖ With the suggestions of the IMF to reduce the CBM's financing T-bill Auction started from January, 2015 to get public financing.
- ❖ Interest rate is determined by market interest rate.
- ❖ As of today, weighted interest rate is within 8% to 9% per annum.
- ❖ Currently, there are 3-month, 6-months and 12-month maturities for T-bill.

III. BOND MARKET IN MYANMAR

- ❖ The Securities and Exchange Law was enacted in July, 2013.
- ❖ Chapter 1 “ Title and Definition” Article 2 (a): Securities include “treasury bills, treasury bonds, bonds and debentures issued or arranged to issue by the Government or any Government organization”.

III. BOND MARKET IN MYANMAR

- ❖ Participation in the CBM-NET CSD may be direct or indirect. Direct participants are allowed to initiate securities transactions on their own behalf and on behalf of their customers and indirect participants.
- ❖ Financial institutions are eligible to apply the CBM-NET CSD participants.
- ❖ CBM-NET CSD participants must operate a settlement account with CBM and be a participant in the RTGS or utilize the services of and RTGS participant as settlement agent in respect of all securities transactions.

III. BOND MARKET IN MYANMAR

Government Securities Auctions

- ❖ Government T-bond auction is estimated to start during September 2016.
- ❖ Only persons who have an account with the Central bank of Myanmar's settlement system can register as bidders. Registration enables bidders to participate in securities auctions, deposit auctions, buy back, repurchase, switch auctions and credit auctions.
- ❖ At present, CBM, on behalf of the government, conducts government securities auctions.
- ❖ The settlement cycle is "T+2 day (Auction date plus two business days)".
- ❖ CBM-NET CSD provides securities settlement services.

Secondary market development

- ❖ An investor can buy and sell through securities companies and sale agents.
- ❖ Although there are increasing amount of Government bonds, there is almost no secondary market.
- ❖ Government bonds are frequently traded as MSEC and MEB.

IV. CONCLUSION

- CBM is implementing payment system development by setting up a Vision and strategy for National Payment System
- Myanmar is a member of WC-PSS that was organized for ASEAN Payment Banking Integration under ASEAN Economic Community (AEC) Framework
- CBM is highly objective to develop its payment system in line with ASEAN Payment Framework
- A market based financial system would enable a most efficient mobilization of funds that would effectively contribute towards a rapid and sustained economic development of the economy.
- In this context, Myanmar has to continue making efforts for further development of the bond market in coordination with the ASEAN community and other international organizations.



Thank you

SESSION 4

Implementation of ISO20022 messages and
Survey on Account Structure
by ADB Secretariat

Implementation of ISO20022 messages and Survey on Account Structure



Prepared for the discussions at the 24th ABMF SF2 on 17th January 2017

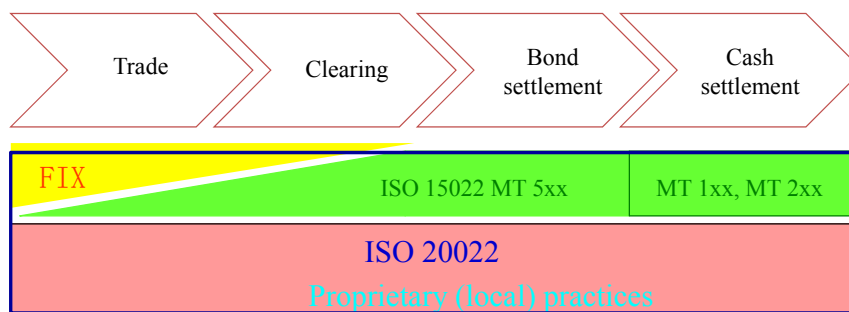
Taiji Inui, ADB Consultant for ABMF SF2 and NTT DATA Group

- I. Implementation of ISO 20022 for
FMIs followed by their participants**
- II. Survey on Account Structure**
- III. Outline of progress report including
possible next steps**

I. Implementation of ISO 2002 for FMIs followed by their participants

3

Image of ISO and the local practices



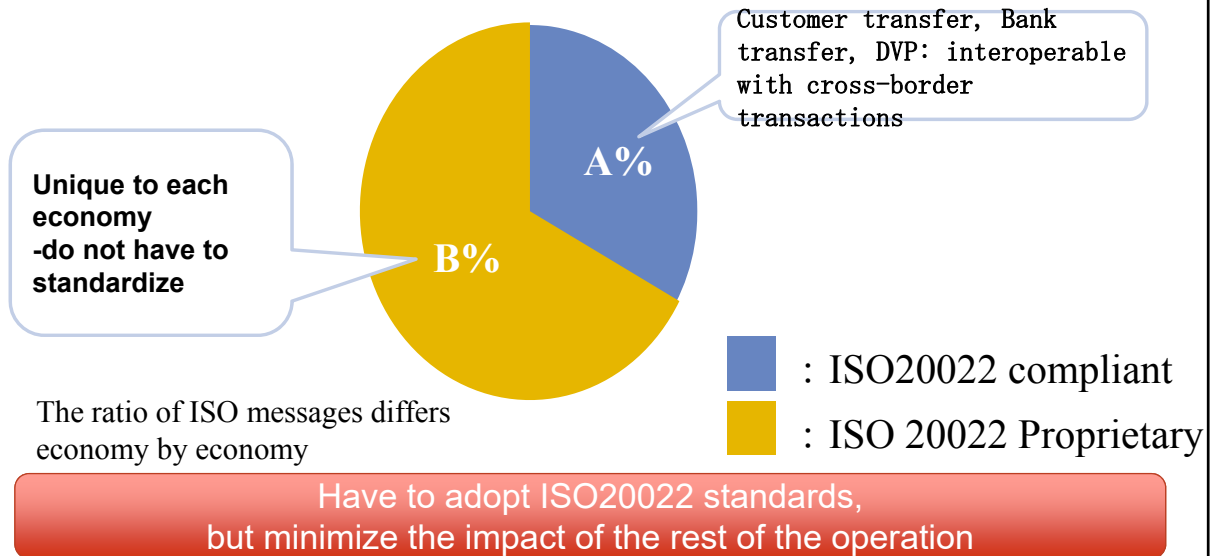
FIX: The Financial Information eXchange (FIX) protocol is an electronic communications protocol initiated in 1992 for international real-time exchange of information related to the securities transactions and markets.

ISO 15022: ISO 15022 is an ISO standard for messaging used in securities trading such as MT541 and MT543 for RVP and DVP of securities.

ISO 2002: ISO 2002 or UNIFI is the ISO Standard for Financial Services Messaging such as sese 023 for securities settlement instructions.

4

- XML is used



Source: NTT DATA Corporation

Without having standard such as ISO 20022, it is almost impossible to communicate with each other.

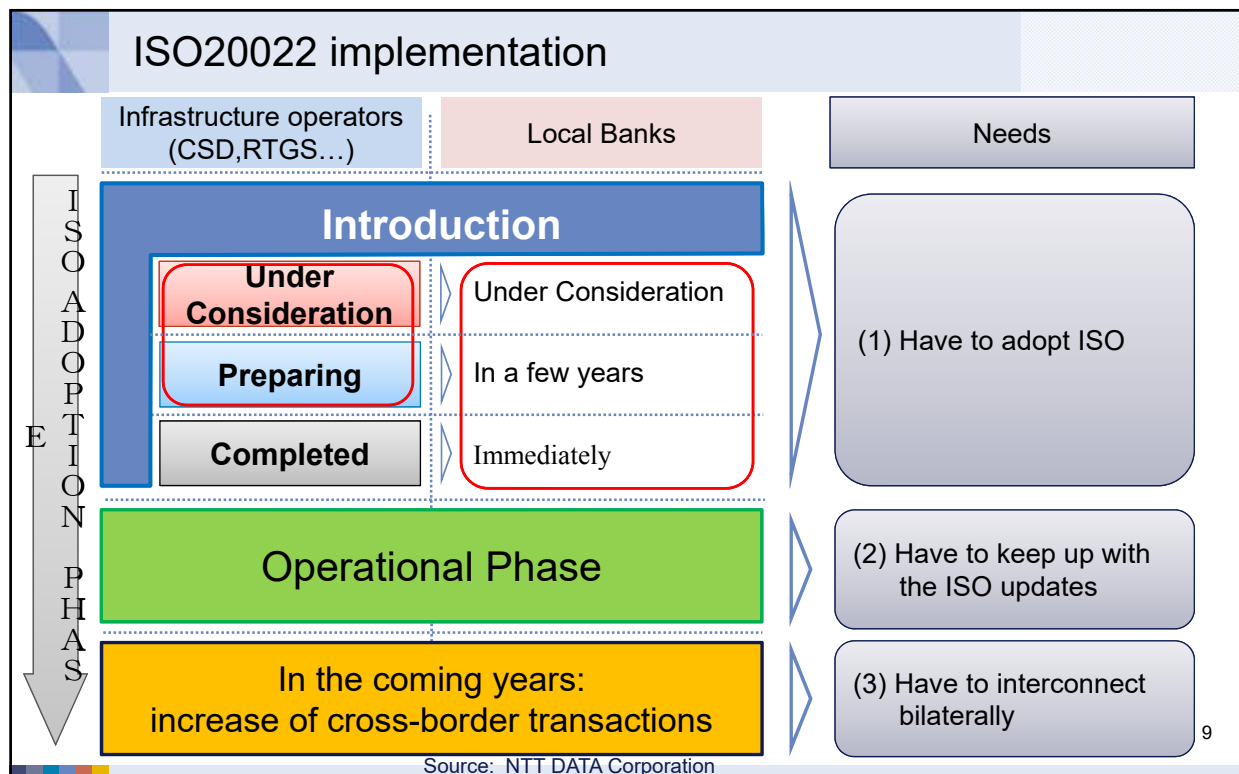
Also, there are significant benefits to adopt ISO 20022 including global interoperability and flexibility as well as structured field capable of carrying rich data.

1. In order to adopt ISO 20022, it may be necessary to reconstruct the core banking system as well as financial market infrastructures (FMI)s.
2. Reconstructing the FMI needs huge investment cost. Also, not only MI but also core banking systems of the participants (banks) which have already invested huge money can't be reconstructed within a short period of time.

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1. It is important for the market infrastructure to show roadmap (timeline) of adopting ISO 20022 clearly.
2. Then, participants of the FMI can make their own roadmap to adopt ISO 20022.

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Implementation of ISO 20022 for FMIs followed by their participants

1. Dual track approach: Old standard and ISO 20022 coexist (not very much successful)
 - In 2011, Zengin System which is a domestic funds transfer system in Japan migrated to ISO 20022, but practically no participant used the ISO 20022.
2. Specifying sunset (decommissioning) period: Old standard and ISO 20022 coexist for a specific time period (e.g. for 5 years)
 - In 2014 JASDEC's book-entry transfer system (BETS) migrated to ISO 20022 and announced that JASDEC will stop services of MT messages in 5 years. Most of the volume migrated to ISO 20022 in one year.
3. Big bang approach: Old standard is to be replaced by ISO 200022 without coexisting together.
 - In 2015 New BOJ-NET migrated to ISO 20022 decommissioning old standard immediately.

Implementation plan of ISO 20022

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International Standard for Message Items of CSD Systems

	CSD	Name of Bond Settlement System	Inst.	ISO		ISIN	BIC	Charac. Code set	Comm protocol	Overall	Started operation
				ISO15022	ISO20022						
BN	AMBD	NPSS	G	N	Y (2016)	Y (2016)	Y	Y	Y	Y (2016)	-
BN	(TBD)	-	C	N	Y (201X)	Y (201X)	Y	Y	Y	Y (201X)	-
CN	CCDC	CBGS	G/C	N	Y	Y	Y	Y	Y	Y	2013
CN	CSDC	MNS	G/C	N	Y (201X)	Y (201X)	Y	Y	Y	Y (201X)	Nov 2011
CN	SHCH	SHCH-SSS	C	N	Y (201X)	Y (201X)	Y	Y	Y	Y (201X)	Dec 2011
HK	HKMA	CMU	G/C	Y	N	Y	Y	Y	Y	Y	Mar 1990
ID	BI	BI-SSSS	G	Y	Y (201X)	Y	Y	Y	Y	Y (201X)	Mar 2003
ID	KSEI	C-BEST	C	Y	Y (2017)	Y	Y (2017)	Y	Y	Y (2017)	
JP	BOJ	BOJ-NETJGB Service	G	N	Y	Y	Y	Y	Y	Y	Oct 2015
JP	JASDEC	BETS	C	Y	Y	Y	Y	Y	Y	Y	Jan 2014
KH	NBC	-	G	N	Y (202X)	Y (202X)	Y (202X)	Y (202X)	Y (202X)	Y (202X)	-
KH	CSX	-	C	N	(TBC)	(TBC)	(TBC)	(TBC)	(TBC)	(TBC)	-
KR	KSD	SSS/SAFE+	G/C	N	Y (201X)	Y	Y	Y (201X)	Y	Y (201X)	Nov 2011
LA	BOL	-	G	N	Y (202X)	Y (202X)	Y (202X)	Y (202X)	Y (202X)	Y (202X)	-
LA	LSX	-	C	N	(TBC)	(TBC)	(TBC)	(TBC)	(TBC)	(TBC)	-
MM	CBM	CBM-NET	G	N	Y (201X)	Y	Y	Y	Y	Y (201X)	Jan 2016
MM	CBM/YSX	-	C	N	(TBC)	(TBC)	(TBC)	(TBC)	(TBC)	(TBC)	-
MY	BNM	RENTAS SSTS	G/C	Y (2016)	Y (2018)	Y	Y (2016)	Y	Y	Y (2018)	Jul 1999
PH	BTr	BTr-ROSS	G	Y (2015)	Y (201X)	Y (201X)	Y (201X)	Y	Y	Y (201X)	Nov 1996
PH	PDTC	PDTC Depository	G/C	Y (2015)	Y (2015)	Y (2016)	Y (2016)	Y	Y	Y (2016)	Mar 1995
SG	MAS	MEPS+ SGS	G	Y	N	Y	Y	Y	Y	Y	Dec 2006
SG	CDP	DCSS	C	Y (2015)	Y	Y	Y	Y	Y	Y	2015
TH	TSD	PTI	G/C	Y	Y (201X)	Y	Y	Y	Y	Y (201X)	Oct 2007
VN	VSD	VSD-BES	G/C	Y	Y (201X)	Y	Y (201X)	Y	Y	Y (201X)	May 2014

Notes: the above information is based on the understanding and prognosis of the ADB consultant. Source: ABMF SF2.

Need to be revised

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International Standard for Message Items of RTGS Systems

	Operator	Name of the System	ISO messages		BIC	Char. Code set	Comm. Protocol	Overall	Started operation
			MT messages	ISO20022					
BN	AMBD	-	N	Y	Y	Y	Y	Y	2015
CN	PBOC	HVPS	N	Y	Y	Y	Y	Y	2014
HK	HKMA	CHATS	Y	N	Y	Y	Y	Y	Dec 1996
ID	BI	BI-RTGS	Y	Y (2017)	Y	Y	Y	Y (2017)	Nov 2000
JP	BOJ	BOJ-NET FTS	N	Y	Y	Y	Y	Y	2015
KH	NBC	-	N	Y (201X)	Y (201X)	Y (201X)	Y (201X)	Y (201X)	
KR	BOK	BOK-Wire+	N	Y (201X)	Y	Y	Y	Y (201X)	Apr 2009
LA	BOL	-	Y	Y (201X)	Y	Y	Y	Y (201X)	
MM	CMB	CBM-NET	N	Y (201X)	Y	Y	Y	Y (201X)	Jan 2016
MY	BNM	RENTAS IFTS	Y (2016)	Y (2018)	Y (2016)	Y	Y	Y (2018)	2011
PH	BSP	PhilPaSS	Y	Y (201X)	Y	Y	Y	Y (201X)	Dec 2002
SG	MAS	MEPS plus	Y	N	Y	Y	Y	Y	Dec 2006
TH	BOT	BAHTNET	Y	Y (2019)	Y	Y	Y	Y (2019)	2013
VN	SBV		N	Y (2019)	Y (2019)	Y (2019)	Y (2019)	Y (2019)	2010

Notes: the above information is based on the understanding and prognosis of ADB consultant. Therefore, confirmation by market infrastructure operators is essential. Source: ABMF SF2.

Could you check this slide and previous one, please?

Need to be revised

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Bank of Japan is trying to make effective use of the New BOJ-NET in particular benefits of ISO 20022 adopted.

Source: interpretation of ADB consultant based on publicly available information

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New BOJ-NET - main features -

Advanced Information Technology

High Flexibility

Accessibility

- Using [XML](#) and [ISO20022](#) for greater interoperability
- Being able to extend operating hours without mechanical constraints.

Source: BOJ

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Users' Benefits



Efficient Cash Management

Efficient Collateral Management

Smoother JGB Settlement

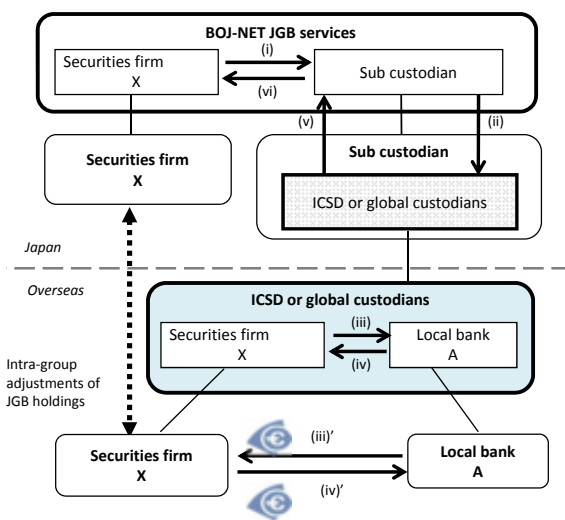
***..and infinite possibility in future
(cross-border linkage, etc.)***

Source: BOJ

16

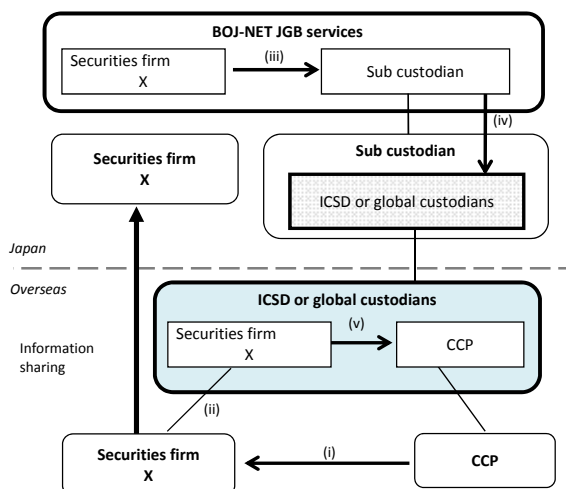
Business Application of New BOJ-NET JGB Services

1) Cross-currency repo against JGB collateral



Source: BOJ

2) Posting of JGB collateral to foreign CCPs



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Cross-border DVP Linkages

– ASEAN (Association of South-East Asian Nations) +3 Initiatives

ABMF SF2 Policy Recommendations

— Adoption of international standards —

- ✓ ISO 20022 for message standard
- ✓ ISO 9362 (BICFI) for financial institution identification
- ✓ ISO 6166 (ISIN) for securities numbering
- ✓ ISO 3166-1 for country code, and
- ✓ ISO 4217 for currency code

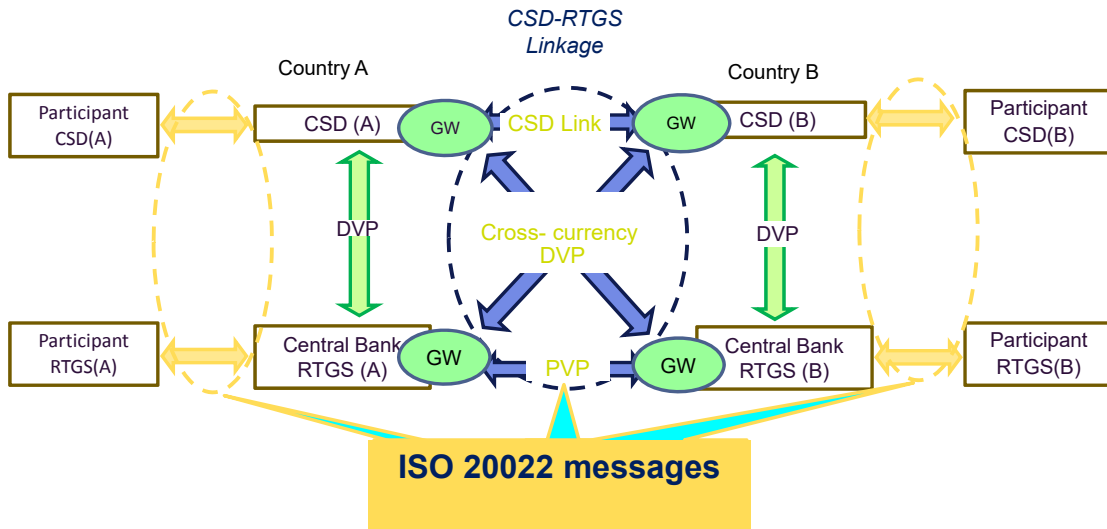


Source: Wikipedia

Source: ABMF SF2 and BOJ

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Grand Design

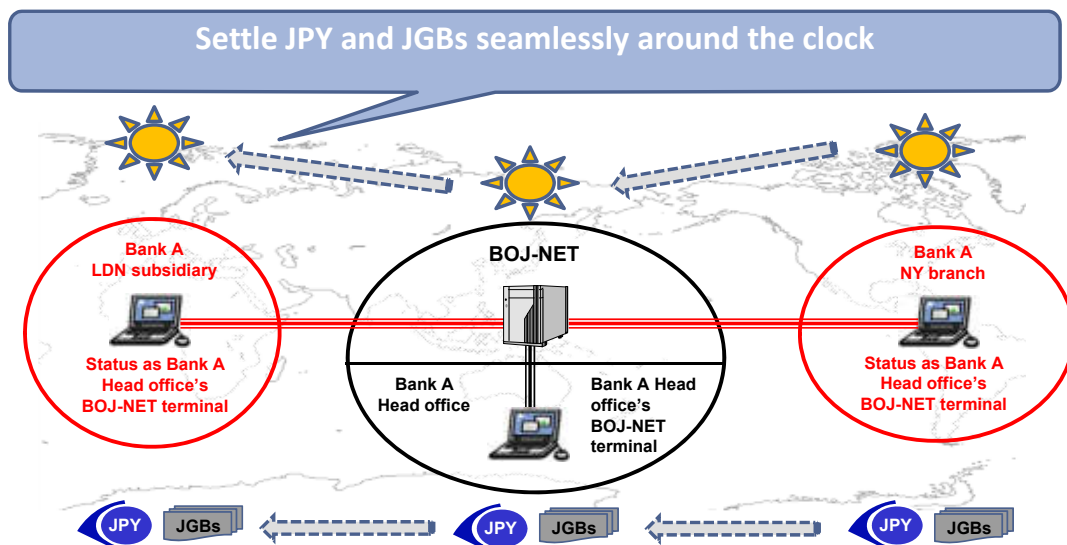


Source: CSIF

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Space Perspective

(1) Global Access - future landscape



Source: BOJ

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Adoption of ISO 20022 in Europe and US

Source: interpretation of ADB consultant based on publicly available information

21

Standards and market infrastructure



Efficiency and reliability



Cross-border integration



Global interoperability

Source: ECB

22

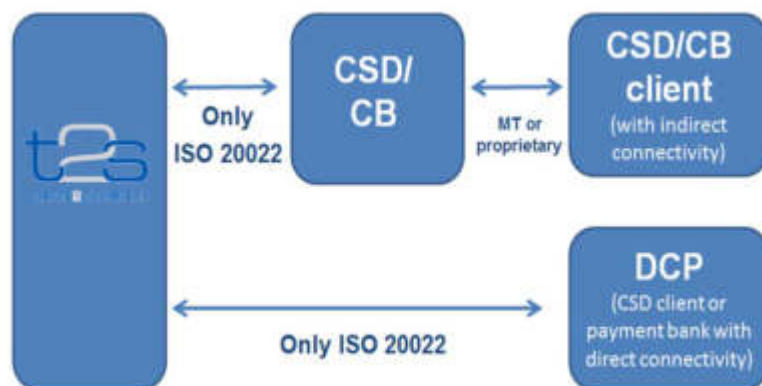
www.ecb.europa.eu 22



ISO 20022 in Europe

TARGET2-Securities (T2S)

pan-European platform for securities settlement built on ISO20022



Source: ECB

23

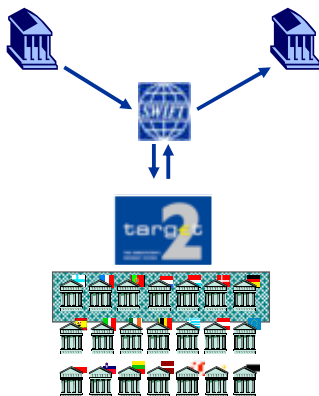
www.ecb.europa.eu ©23



ISO 20022 in Europe

TARGET2

real-time gross settlement system migration to ISO 20022 in the upcoming years

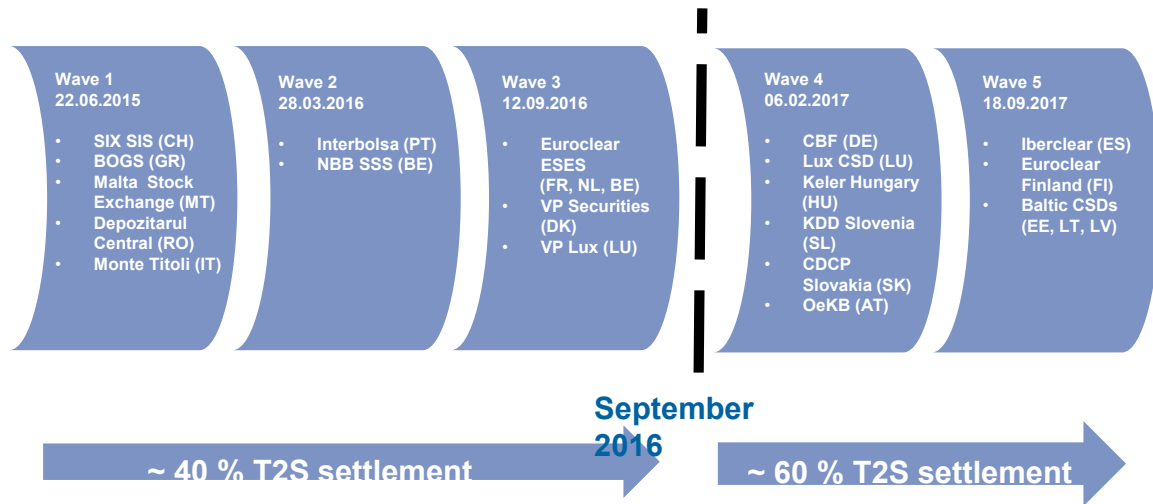


Source: ECB

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www.ecb.europa.eu ©24

T2S phased migration approach

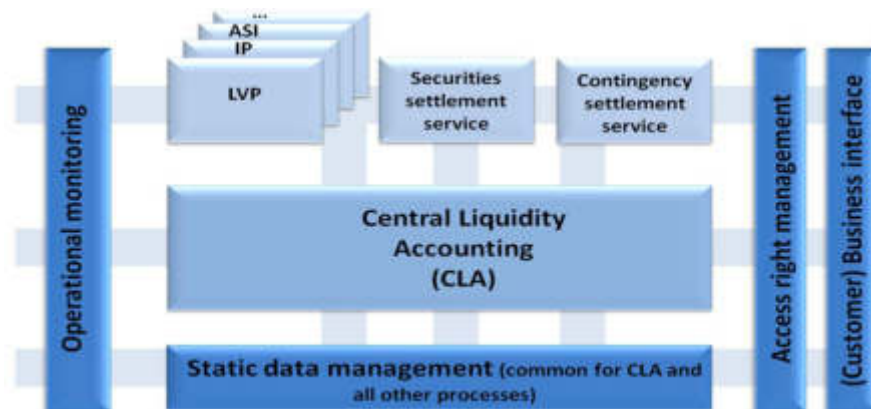


Jochen Metzger
September 2016
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Broader outlook (I)

- Vision 2020 for Eurosystem market infrastructure based on ISO 20022
- Possible technical design of the “T2-family” for the Eurosystem market infrastructure



Jochen Metzger
September 2016
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Broader outlook (II)

- Further harmonisation and standardisation to be expected on global level regarding services, language, time zones → interlinking of RTGS systems becomes possible
- Correspondent bankers will need to climb up the value chain i.e. by providing value added services

ISO 20022 Implementation

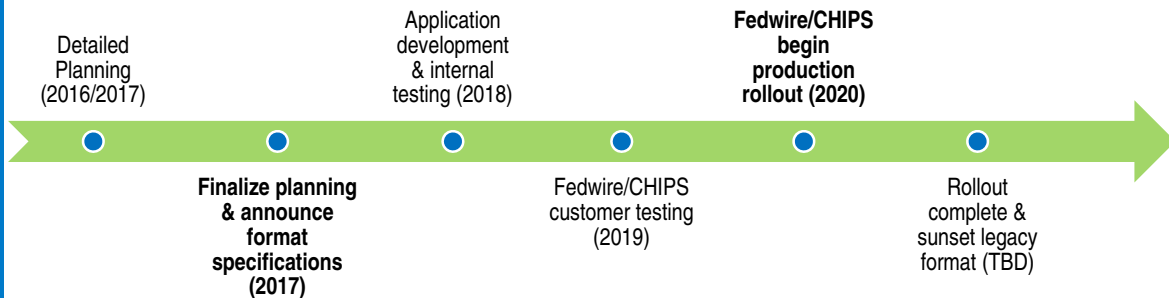


- ISO 20022 is being adopted by an increasing number of the world's payment, clearing & settlement systems.
 - Japan, India & China are live with ISO 20022.
 - Switzerland, Europe & Canada are planning to adopt ISO 20022.
- Standard message formats for wire transfer payments provide opportunities for:
 - Richer data (e.g., purpose codes, extended remittance information).
 - Easier compliance with evolving regulatory requirements.
 - Efficiencies from a common format instead of multiple proprietary formats (e.g., reduced mapping & market practices).
 - Improvements in interoperability given a global economy.
 - Enhanced services to clients.

ISO 2022 Implementation (cont'd)



- In 2014, the Federal Reserve Banks and The Clearing House announced an intention to adopt ISO 2022 payment messages for the Fedwire® Funds Service and CHIPS® wire transfer systems.



Source: FedNY

FEDERAL RESERVE FINANCIAL SERVICES

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Reference

Progress Report on Establishing a Regional Settlement Intermediary and Next Steps: May 2015: <http://www.adb.org/publications/progress-report-establishing-regional-settlement-intermediary-and-next-steps>

Harmonization and Standardization of Bond Market Infrastructures in ASEAN+3; August 2015: <http://www.adb.org/publications/harmonization-and-standardization-bond-market-infrastructures-asean3>

Strategies for Improving Payment and Settlement Infrastructures adopting advanced and proven technologies including international standards-Challenges and Opportunities aiming at Year 2020 and beyond -:
https://www.keieiken.co.jp/english/report/161215/Sibos_Community_session_program_2016.pdf

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II. Survey on Account Structure

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Basic concept and background

1. Under the securities book-entry system, securities are stored with electronic form (without physical certificates or in a form of jumbo certificates). In such a case, securities ownership (entitlement) is transferred as records of book-entry securities account registries maintained by central securities depositories, direct account management institutions, and indirect account management institutions.

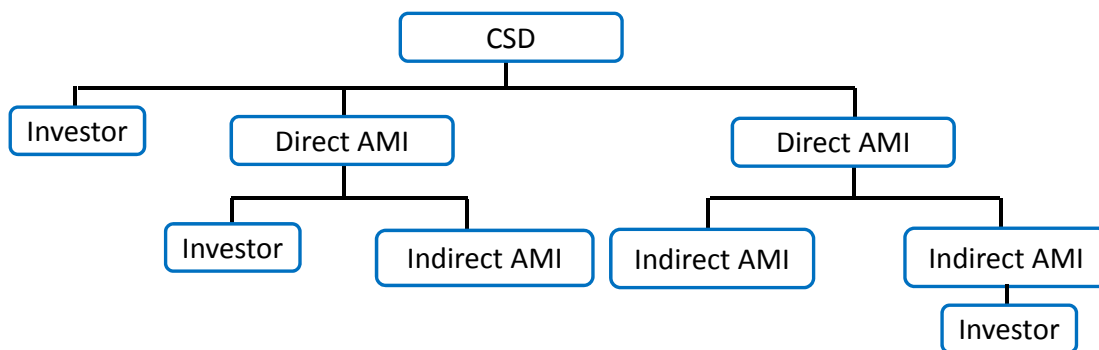
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Basic concept and background

2. By comparing the structure of book-entry securities account registry, issues such as differences of principal and interest payment flows including collection of withholding tax can be discussed from cross-border STP perspective.
3. Followings are an example of account structure maintained by central securities depository (CSD) and account management institution (AMI). Could you check whether the following example is appropriate for the above purposes, please?

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Book-entry system



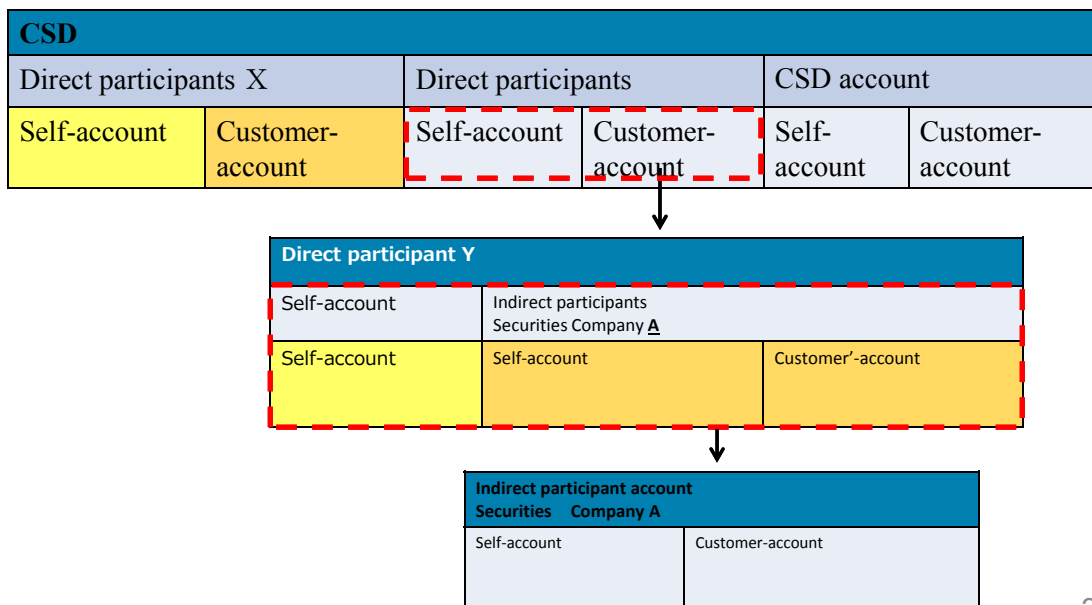
AMI: account management Institution

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1. Multi-layer holding structure shall be composed of central securities depository, direct account management institutions (AMIs), indirect AMIs, and investors.
2. Direct AMI opens accounts at central securities depository (CSD) for its own, indirect AMIs, and investors.
3. Indirect AMIs opens accounts at Direct AMI or upper positioned indirect AMIs for its own securities, lower positioned AMIs, and investors.

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Account structure



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Book-entry securities account registry structure

Account structure (categorization)			Code
Self-account (proprietary ledger)	Holding-account	Withholding tax not imposed	XX
		Withholding tax imposed	XX
	Pledge-account (pledge ledger)	Withholding tax not imposed	XX
		Withholding tax imposed	XX
Customer-account (customer ledger)		Withholding tax not imposed	XX
		Withholding tax imposed	XX

Trust account is not included here.

Source: ADB consultant based on operational rules of JASDEC

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Self Account: An account in the book-entry securities account registry, where participants (AMIs and investors)' rights relating to securities are recorded digitally or recorded in written entries.

Customer Account: An account of an AMI in the book-entry securities account registry, where the rights of Participants of the AMI or one of its Lower Positioned Institutions relating to securities are recorded digitally or recorded in written entries.

Pledge Account: A Self Account where Participants (AMIs and investors)' pledge-related rights as pledgees are recorded digitally or recorded in written entries.

Holding Account: A Self Account where rights (other than the rights recorded in Pledge Accounts) are recorded digitally or recorded in written entries.

Trust Account: A Pledge Account or Holding Account where trust assets are recorded digitally or recorded in written entries when the Participant (AMI) is the trustee of a trust.

Source: ADB consultant based on operational rules of JASDEC

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Possible account identifications

Book-entry securities account identification

Financial institution code such as BICFI (8)

+

Issue of securities such as ISIN

+

Account structure code

Cash account identification

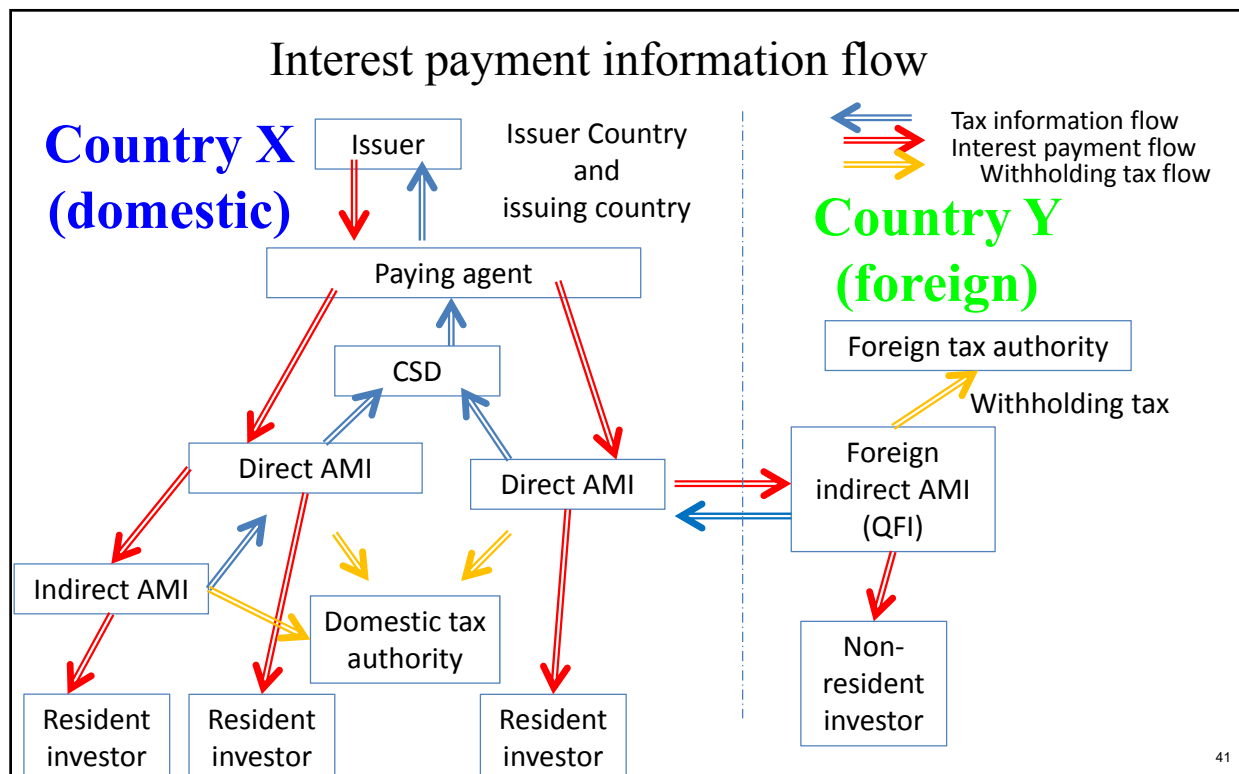
Financial institution code such as BICFI (11)

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Principal and interest payment

1. Redemption and interest payment to bondholders shall be made via multi-layer holding structure from Paying Agent to bondholders through Account Management Institutions (AMIs).
2. Bondholder (investor) shall entrust in advance the AMI to receive the redemption and interest payment on their behalf.

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III. Outline of progress report including possible next steps

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1. Introduction
2. Current Activities
 - a. Survey on implementation of international standards and possibility of regional standards
 - b. ISO 20022 messages for DVP
 - c. Supporting countries/economies which are trying to implementation of ISO20022
 - d. AMBIF Tax Issues
 - e. Roadmap
3. Next Steps
 - a. ABMF Workshop to Implement ISO 20022
 - b. Account Structures and Tax Procedures
 - c. Regulatory Reporting
 - d. Qualified Foreign Intermediary

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Thank you for your attention !

This PowerPoint slides are made solely for discussions at the 24th ABMF SF2 on 17 January 2017. Views expressed are those of the presenter and do not necessarily reflect those of ADB, NTT DATA Corporation or any other organizations.

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-END OF DAY 2-