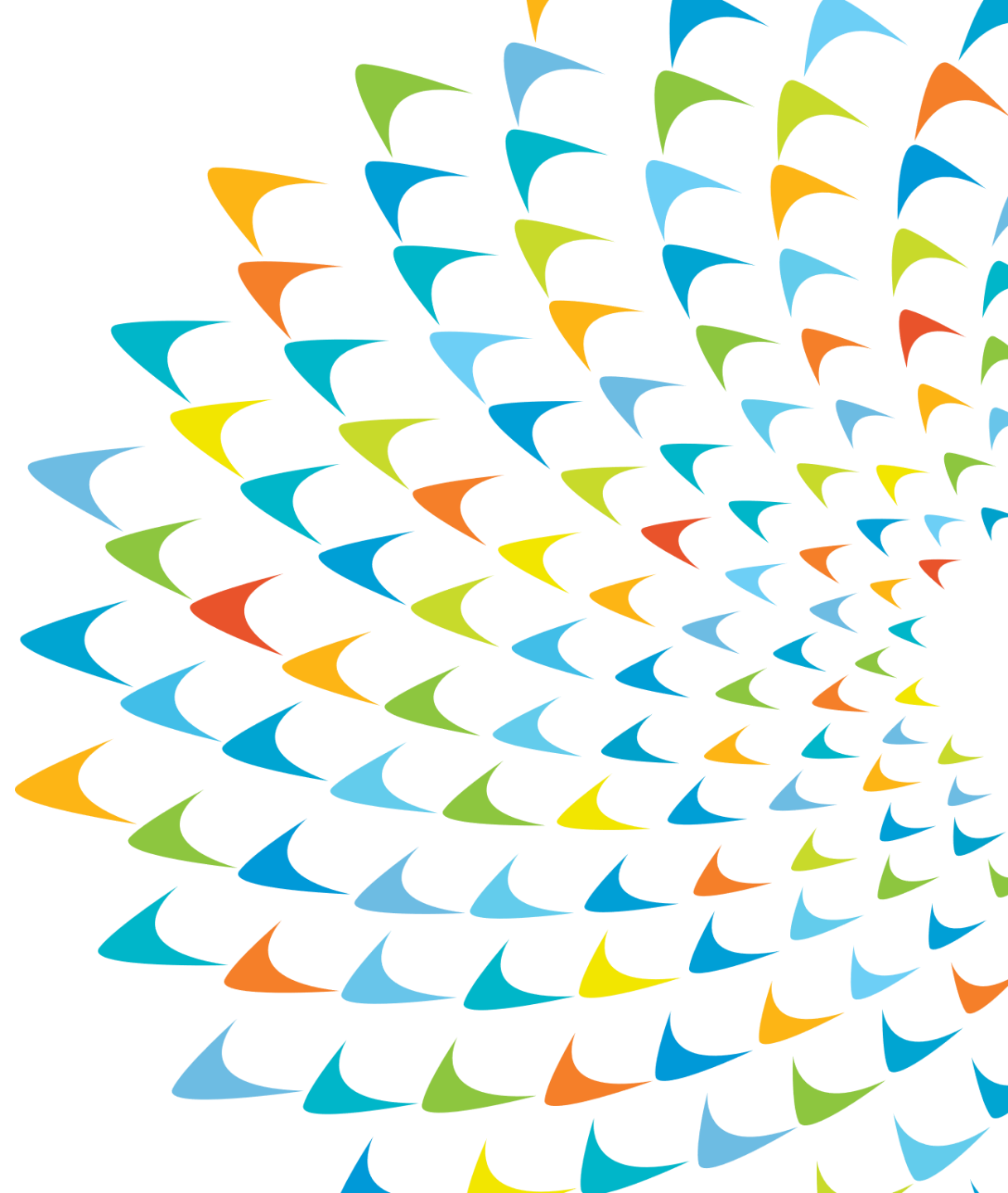




**WELCOME**

**Joint 34<sup>th</sup> ABMF and 21<sup>st</sup> CSIF  
Webinar**





# AGENDA

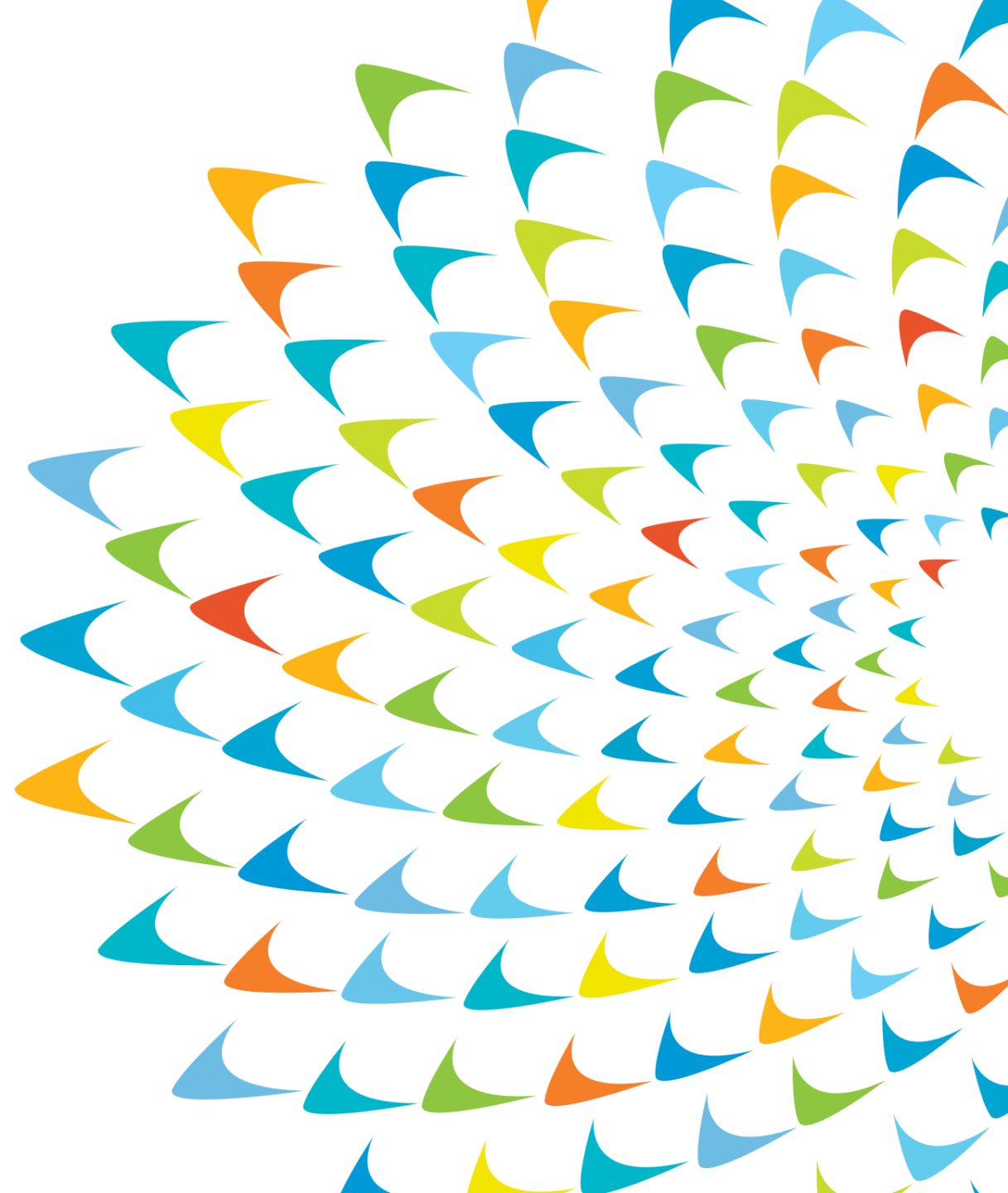
## Joint 34<sup>th</sup> ABMF and 21<sup>st</sup> CSIF Webinar

TIME	PROGRAM
10:00 - 10:05	<b>Opening Remarks</b> by Mr. Satoru Yamadera, Principal Financial Sector Specialist, Asian Development Bank (ADB)
10:05 – 10:15	<b>Session 1: Update on Bond Market Guide and AsianBondsOnline</b> by Mr. Satoru Yamadera, Dr. Donghyun Park, and Dr. Shu Tian, ADB
10:15 – 10:20	<b>Session 2: Joint support with TACT to expand AMBIF in Cambodia, Lao PDR and Viet Nam</b> by Mr. Satoru Yamadera, ADB and Mr. Kengo Mizuno, Senior Consultant, Nomura Research Institute (NRI)
10:20 – 10:35	<b>Session 3: Update on CGIF</b> by Mr. Anuj Awasthi, Vice President, Credit Guarantee and Investment Facility (CGIF)
10:35 – 10:45	<b>Session 4: Update on Green Bond</b> by Mr. Kosintr Puongsophol, Financial Sector Specialist, ADB
10:45 – 11:10	<b>Session 5: New ASEAN+3 Bond Market Forum (ABMF) TA</b> by Mr. Satoru Yamadera, ADB Outline New working group on comparative capital market law (WG on CCML) PSS Guide  <b>Session 6: ISO 20022 and FX reporting</b> by Mr. Masayuki Tagai, Managing Director, JP Morgan Chase N.A
11:10 – 11:25	<b>Session 7: New Cross-border Settlement Infrastructure Forum (CSIF) TA</b> by Mr. Byung-Wook Ahn, Financial Sector Specialist, ADB Outline Recent technological advancement in the region Settlement of Investment Fund (collective investment scheme, CIS) transactions LCY bonds in cross-border transactions including cross-border collateral  <b>Session 8: Inter-CSD Linkage via CIS Processing Platform</b> by Mr. John Oh, Manager, Korea Securities Depository
11:25 – 11:40	<b>Q&amp;A</b>
11:40 – 11:45	<b>Closing Remarks</b> by Mr. Satoru Yamadera, ADB



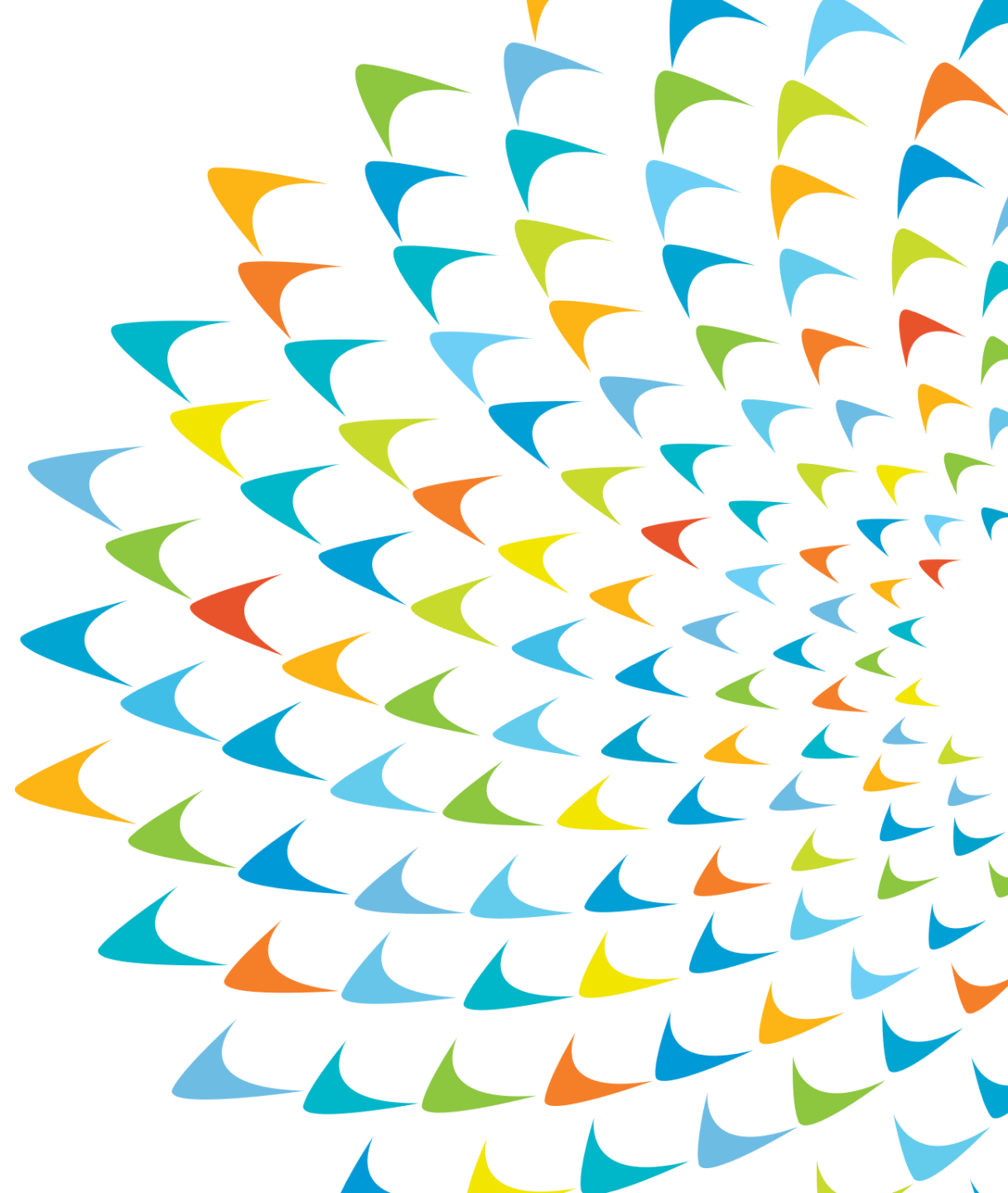
# **Opening Remarks**

**MR. SATORU YAMADERA  
(Asian Development Bank)**



# **Session 1: Update on Bond Market Guide and AsianBondsOnline**

**- Mr. Satoru Yamadera  
- Dr. Donghyun Park  
and Dr. Shu Tian, ADB**







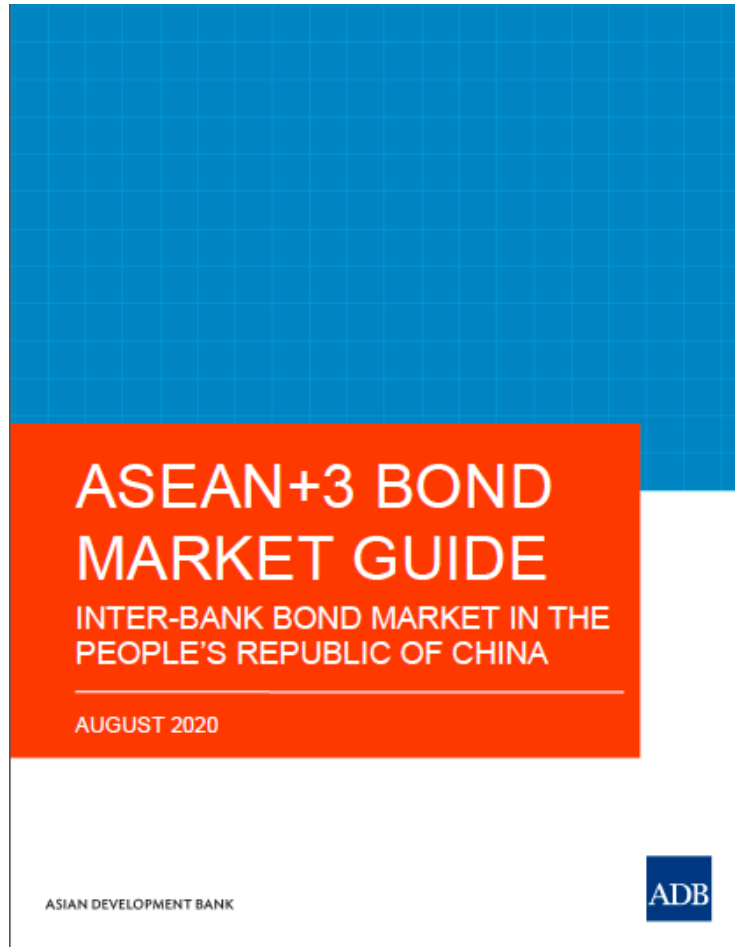
# **Update on ASEAN+3 Bond Market Guides, Single Submission Form and AMBIF Implementation Guidelines**

Shigehito Inukai, ADB Consultant and CMAA  
Matthias Schmidt, ADB Consultant

34<sup>th</sup> ABMF Meeting (Virtual Meeting)  
31 August 2020



# Announcing the Publication of the Inter-Bank Bond Market BMG



**225 pages**

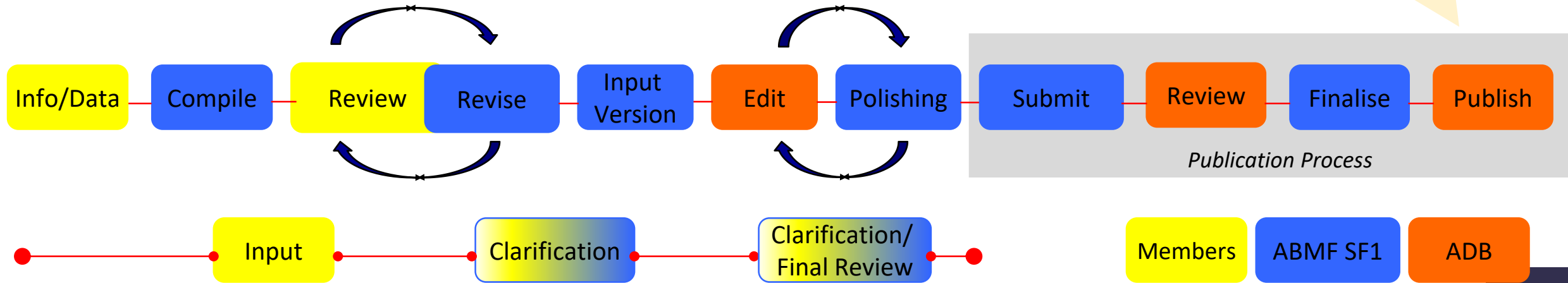
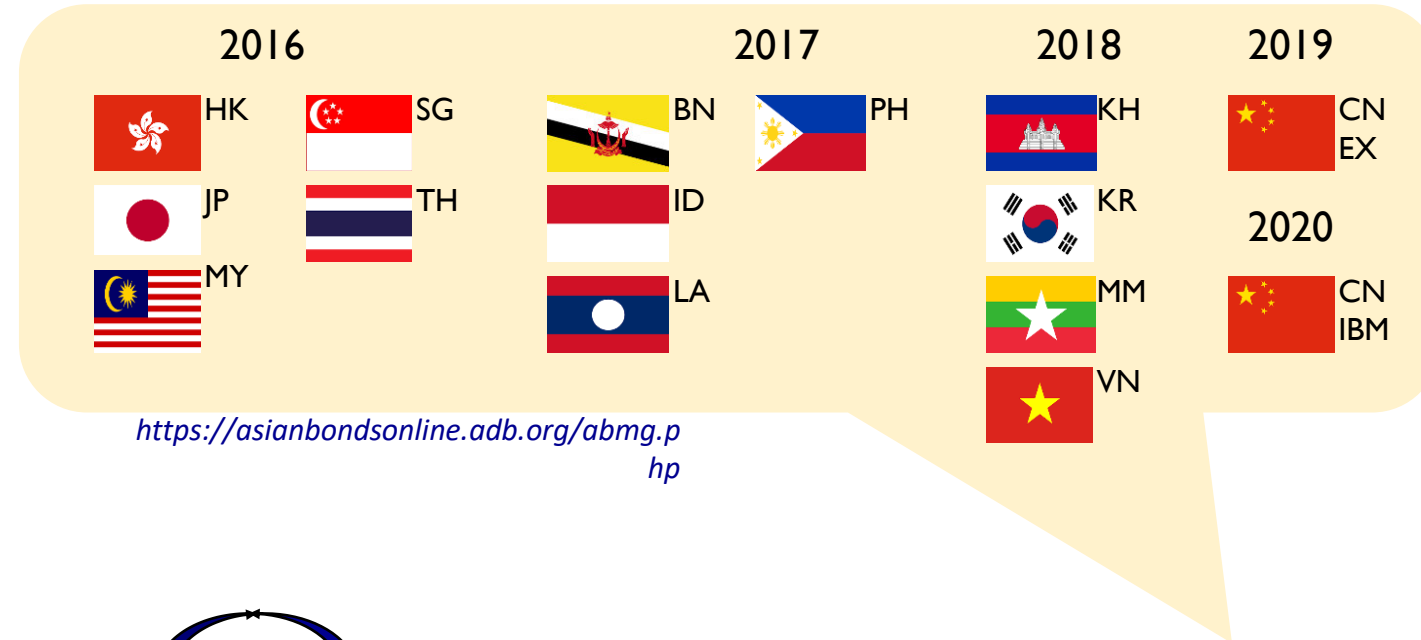
Available from **28** August 2012 on [www.adb.org](http://www.adb.org)  
and [www.asianbondsonline.adb.org](http://www.asianbondsonline.adb.org)

ADB Secretariat would like to express its sincere thanks and appreciation to the stakeholders in the CIBM, including CCDC, CFETS, NAFMII and the PBOC, as well as the ABMF International Experts for their input, patience, efforts and strong support!



# ASEAN+3 Bond Market Guides Complete (as of 28 August 2020)

Now, 15 Bond Market Guides are available for 14 Economies

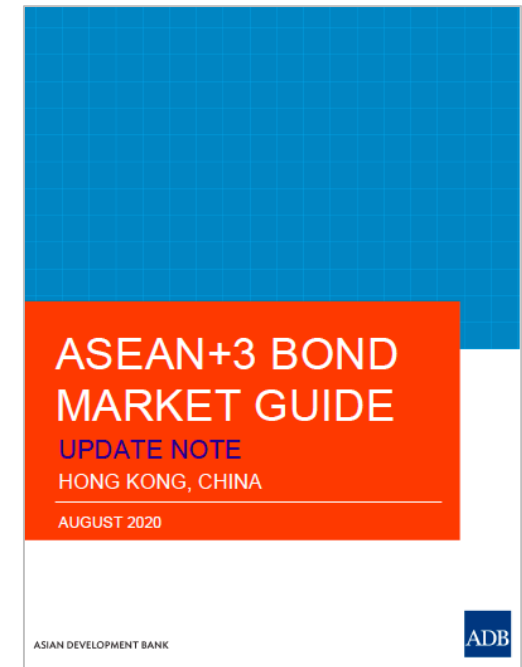


[Note: Flags courtesy of Wikipedia]



## ◀ New: ASEAN+3 Bond Market Guide Update Notes

- As alternative to full Bond Market Guide updates (which take many months)
- With limited, topical updates or specific market changes
- ADB prefers to maintain BMG style, since signature publication series
- Updates presented within usual BMG structure
- First publication: Hong Kong, China (23 pages)
  - Information on Bond Connect market access
  - Recent developments
  - New: green bond subjects
- Next publication: Thailand (new regulatory framework)





## ◀ Next Steps for SSF and AMBIF Implementation Guidelines

- Philippines published in January 2020
- Now finalising AMBIF Implementation Guidelines for Cambodia
- Thailand update required when BMG update note published
- Review, potential updating of Singapore following AMBIF issuances
- Malaysia: AMBIF Elements remain unchanged, but need to map SSF contents

### **Single Submission Form (SSF)**

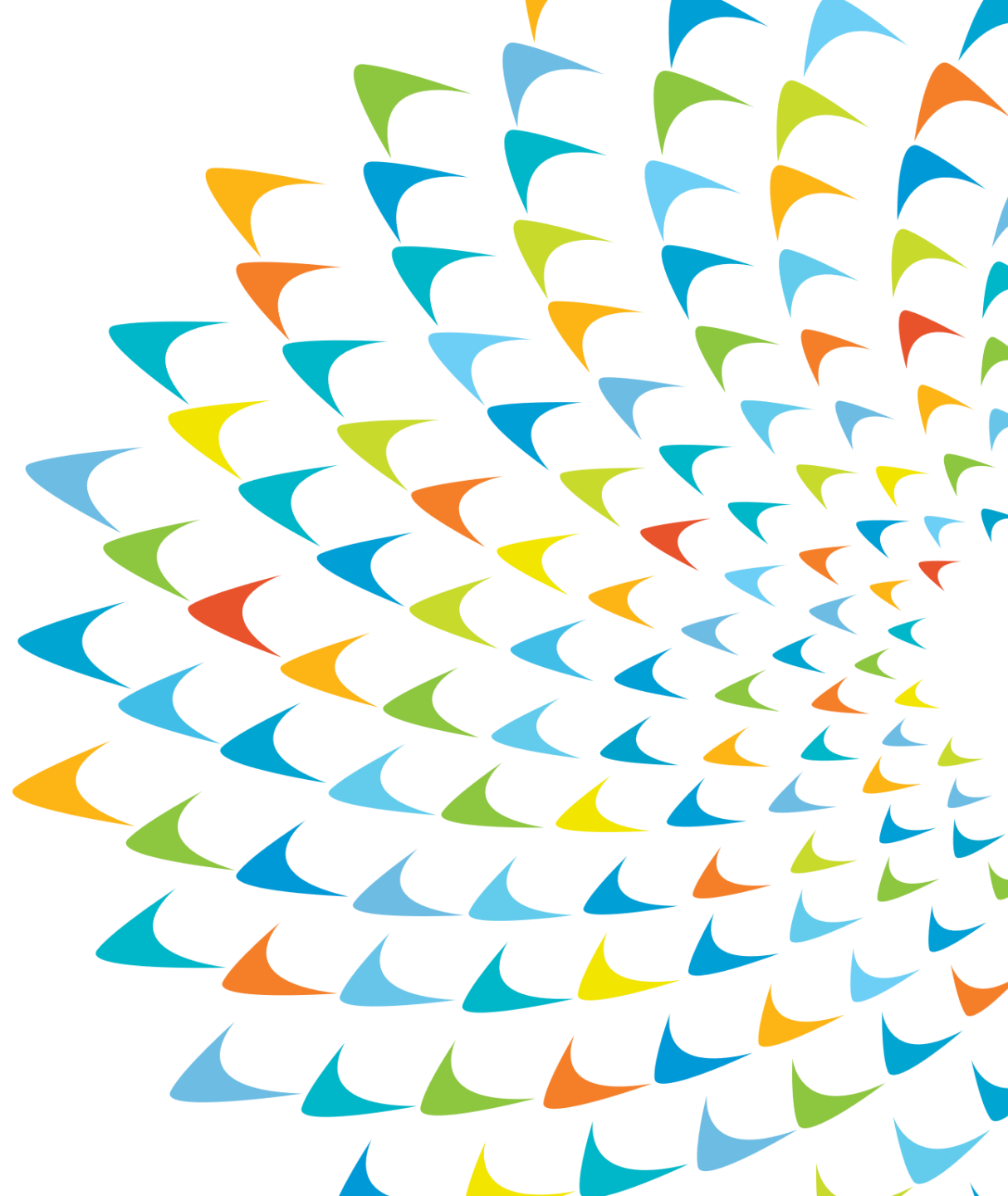
- Include already agreed changes, pending changes for Cambodia

### **Next Markets**

- PR China: now that market segments well understood, discussions on AMBIF and mapping of appropriate market features can take place
- Indonesia: intention to describe professional investor concept



**Thank you**





# Summary of ABO progress in 2020

## Website continues to refine to better serve users

- developed an online registration function for ABMI related events: The first event that ABO facilitated was the **ASEAN+3 GREEN BOND POLICIES, TAXONOMIES AND CERTIFICATION PROCESSES**
- served as a platform to ABMI related events

Welcome! AsianBondsOnline is a one-stop source of information on bond markets in emerging East Asia.

Home Data Portal Economies ▾ Market Watch Publications Events What's New

Home / Event Registration

## Event Registration

### EVENT DETAILS

## ASEAN+3 GREEN BOND POLICIES, TAXONOMIES AND CERTIFICATION PROCESSES

7 July 2020, 2:00 pm (Manila Time)

[FOR YOUR GUIDANCE: THE WEBINAR WILL BE CONDUCTED THROUGH ZOOM. ADB WILL CIRCULATE THE ZOOM LINK TO REGISTERED PARTICIPANTS BEFORE THE WEBINAR.]

### A1 - REGISTRATION FORM

TITLE: ☐ Ms. ☐ Mr.

GIVEN AND MIDDLE NAMES: (as shown in passport)

SURNAME: (as shown in passport)

Home / Events

## Events

Joint 34<sup>th</sup> ASEAN+3 Bond Market Forum and 21<sup>st</sup> Cross-Border Settlement Infrastructure Forum (CSIF) Webinar

33<sup>rd</sup> ASEAN+3 Bond Market Forum Meeting and Other Relevant Events

ABM November 2019 Launch

32<sup>nd</sup> ASEAN+3 Bond Market Forum Meeting and 19<sup>th</sup> Cross-Border Settlement Infrastructure Forum (CSIF) Meeting

Workshop on Bond Market Development in Emerging East Asia

Workshop on Green Finance in Viet Nam

ABM June 2019 Launch

31<sup>st</sup> ASEAN+3 Bond Market Forum Meeting and Other Relevant Events

13<sup>th</sup> Asia Bond Markets Summit 2019

Asia Bond Markets Summit - European Edition

ABMF January 2019

13<sup>th</sup> Asian Bond Markets Summit 2018

2018 Bond Market Workshop

ABMF September 2018

2018 ABO Website Launch

Asia Bond Monitor June 2018 Launch

ABMF June 2018

2017 ABM November Launch

2017 Capacity Building



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

## Joint 34<sup>th</sup> ABMF and 21<sup>st</sup> CSIF Webinar

Virtual Event via Zoom  
31 August 2020, 10:00 am Manila Time

### Event Details:

Virtual Event via Zoom  
31 August 2020, 10:00 am Manila Time

### Registration:

To register, please contact [here](#).

### Note:

The joint meeting will be a webinar using Zoom, the meeting link will be sent to registered participants on 26 August 2020. Participants can join via (i) Zoom app, or (ii) Zoom web (recommended browser - Google Chrome or Microsoft Edge). Note: Participants can join the meeting by accessing the link that will be provided on 26 August, a Zoom account is NOT required.

Should you have any inquiries, please contact ADB Secretariat:

- ABMF: Ms. Shella Sombillo ([ssombillo.consultant@adb.org](mailto:ssombillo.consultant@adb.org))
- CSIF: Ms. Yvonne Osonia ([yosonia.consultant@adb.org](mailto:yosonia.consultant@adb.org))

### Preliminary Agenda:



- ADB

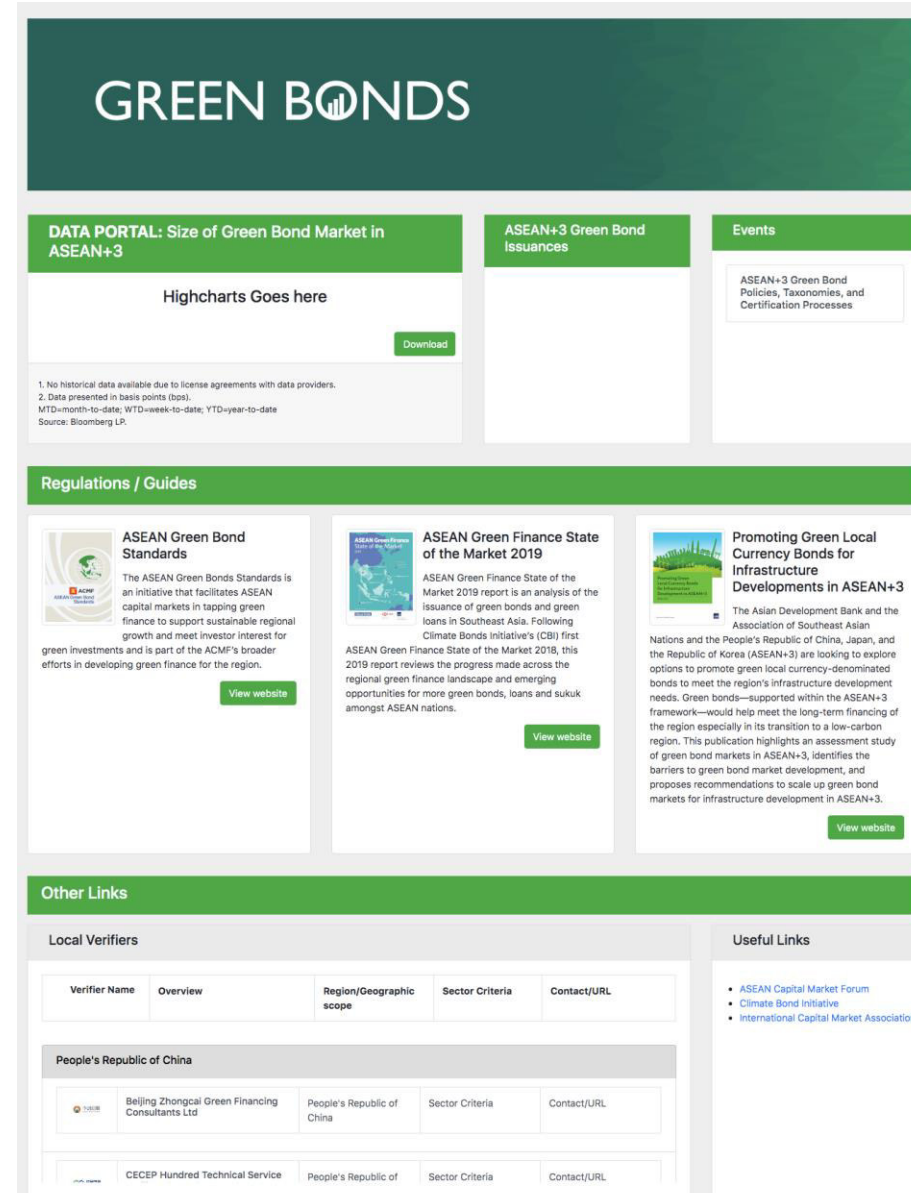




# Forthcoming Upgrades

## AsianBondsOnline to further upgrade following the new ABMI road map

- plans to launch a new green bond webpage in collaboration with Task Force 1 during the new TA period, which will become the very first green bond information hub for ASEAN+3.
- The draft webpage is under construction and being updated with more content.





# Forthcoming Upgrades

ABO will host a webpage for ABMF to keep all the historical achieves and further events

- improved report publication by allowing **section downloading**.

ABO will launch a webpage to monitor economic indicators based on data collected in weekly debt highlight and monthly debt roundup and ADB research to enrich database contents and better serve readers

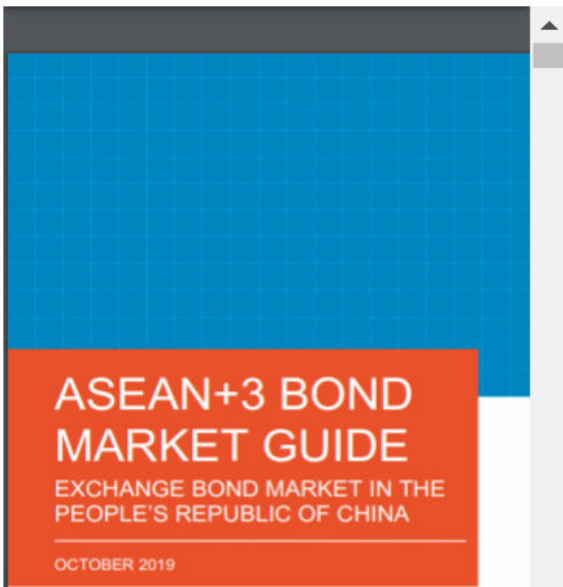
Home / Publications / ASEAN+3 Bond Market Guide

## ASEAN+3 Bond Market Guide

The ASEAN+3 Bond Market Guide is a series published by the ASEAN+3 Bond Market Forum in collaboration with ADB as its secretariat. Each country-specific guide provides information on the investment climate, rules, laws, opportunities, and characteristics of the local bond market. The guides are produced in close consultation with local policymakers and market players.

Bond Market Guides

People's Republic of China - October 2019



ASEAN+3 BOND MARKET GUIDE  
EXCHANGE BOND MARKET IN THE PEOPLE'S REPUBLIC OF CHINA  
OCTOBER 2019

### About

The ASEAN+3 Bond Market Guide series provides country-specific information on the investment climate, rules, laws, opportunities, and characteristics of local bond markets in Asia and the Pacific. It aims to help bond market issuers, investors, and financial intermediaries understand the local context and encourage greater participation in the region's rapidly developing bond markets. This edition focuses on the exchange bond market in the People's Republic of China, which is one of the country's most important bond markets and one of only two that are accessible to foreign investment.

### Download:


- Full Report
- Overview
- Legal and Regulatory Framework
- Characteristics
- Market Infrastructure
- Settlement
- Costs and Taxation
- Market Size
- Islamic Bond Market
- Challenges and Opportunities
- Developments and Future Direction

Home / Economies

## Philippines

Market at a Glance Data **Market Structure** Market Summary News


### ASEAN+3 Bond Market Guide 2017: Philippines



ASEAN+3 Bond Market Guide is a comprehensive explanation of the region's bond markets. It provides information such as the history, legal and regulatory framework, specific characteristics of the market, trading and transaction (including settlement systems), and other relevant information. The Bond Market Guide 2017 for the Philippines is an outcome of the support and contributions of ASEAN+3 Bond Market Forum members and experts, particularly from the Philippines. View Report

Download Report

### ASEAN+3 Multi-Currency Bond Issuance Framework



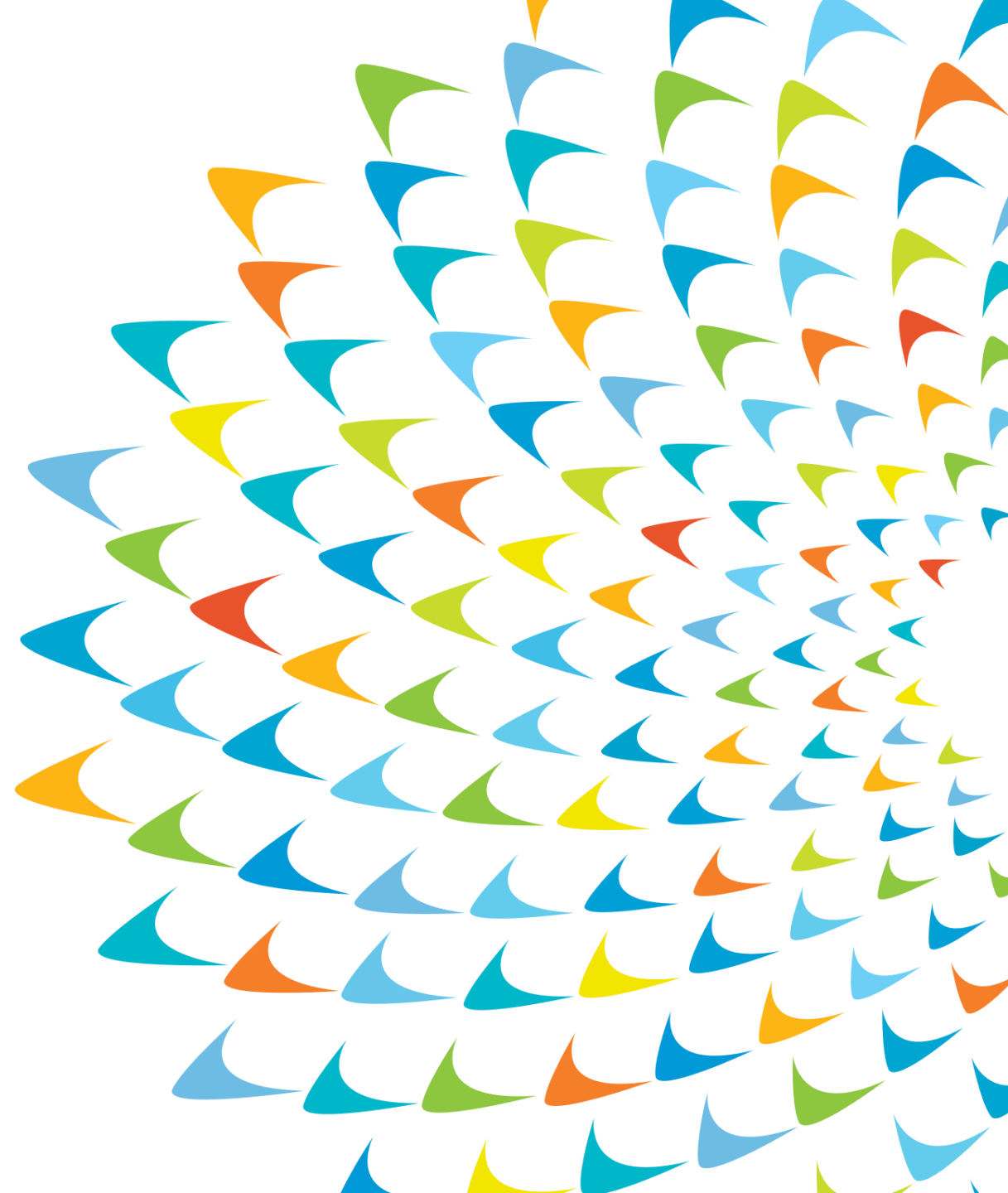
**Implementation Guidelines for the Philippines**  
February 2020

The ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) Implementation Guidelines for the Philippines are provided to review the AMBIF Elements and detail the corresponding features of the Philippine market in relation to each element.

Download Report

## **Session 2: Joint support with Technical Assistance Coordination Team to expand AMBIF in Cambodia, Lao PDR and Viet Nam**

- Mr. Satoru Yamadera, ADB**
- Mr. Kengo Mizuno, NRI**





ASEAN Secretariat's Technical Assistance on  
Bond Market Development for Cambodia, Lao PDR and Vietnam

## **Expanding AMBIF in Cambodia, Lao PDR and Vietnam**

**ADB-ASEC joint support under TACT**

Aug 2020

Nomura Research Institute, Ltd.



# Cambodia and Vietnam start pro-bond scheme from May 2020 and Jan 2021, respectively

## Pro-bond scheme in Cambodia, Lao PDR and Vietnam

	Private placement	Pro-bond scheme (for pro investors)	Public offering
Cambodia	< 30	Allowed, indefinite nos. (from May 2020)	≥ 30
Lao PDR	< 100		≥ 100
Vietnam	< 100 if issued by non- public company (from Jan 2021)	Allowed, indefinite nos., if issued by public company (from Jan 2021)	≥ 100 ex. pro investors

Note) Vietnam: Public company refers to a joint stock company which has a chartered capital of ≥ VND 30 billion, whose ≥ 10% of shares are held by ≥ 100 minority shareholders, or a joint stock company which has underwent an IPO.

# Cambodia

---

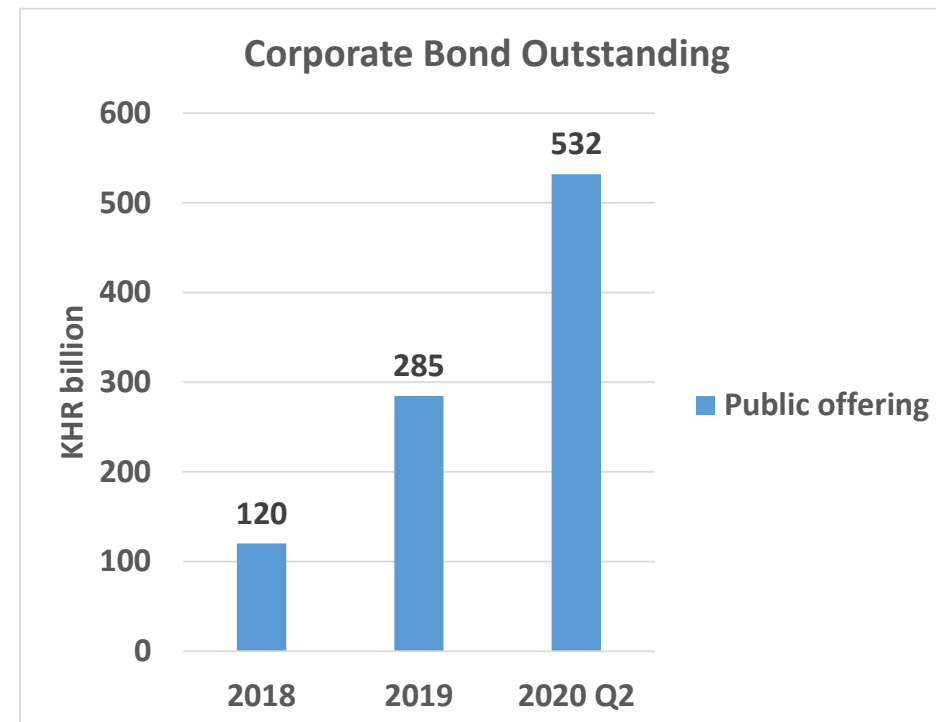
## Legal and regulatory framework for pro-bond

- Regulator      Securities and Exchange Commission of Cambodia (SECC)
- Law              Law on Issuance and Trading of Non-government Securities (2007)
- Regulations

Regulation	Issuer	Particular
Sub-decree on non-government securities (2009)	Government	General guidance on implementation of the Law
Circular on public offering of debt securities (2017)	SECC	Providing for public offering and private placement of corporate bond
Circular on qualified investors in the securities sector (2016)	SECC	Providing for qualified investors
Circular on debt securities offering for qualified investors (2020)	SECC	Providing for pro-bond scheme

## Pro-bond market

- Pro-bond regulations just took effect from May 2020, so no precedence yet
- But having the enactment of the new Parakas in mind, several corporate bonds have been offered to pro investors only (hence recognized as AMBIF and/or guaranteed by CGIF), while these are based on public offering regulation, with some streamlining of regulatory process



Source: Cambodia Securities Exchange



## ADB-ASEC collaboration events

### SECC Related Party Consultation on Draft Prakas on Pro-bond, Dec 2019



ADB and ASEC are assisting MEF/SECC to jumpstart the gov't bond market too

### MEF Committee Meeting on Gov't Securities Law Amendment, Dec 2019



# Lao PDR

---

## Legal and regulatory consideration

---

### ■ LSCO Regulation on Corp. Bond (2019)

- Private placement, limiting to less than 100 investors and more than 80% institutional ones, almost resembles with pro-bond concept
- However, it's still large in number (less than 100) and comingles with nonprofessional investors

### ■ Law on Securities (2013)

- The Law provides for private placement as issuing securities to 30 to 100 investors

### ■ Countermeasures

- Plan A: Amendment of Regulation
  - i. To provide for pro-bond issuance and trading rules
  - ii. To provide for definition of professional/qualified investors
- Plan B: Amendment of Law and Regulation
  - i. To provide for pro-bond issuance and trading rules
  - ii. To provide for definition of professional/qualified investors
  - iii. To change definitions of public offering and private placement

## ADB-ASEC collaboration events

**LSCO Workshop on Bond Info. Center,  
Jan 2020**



**LSCO Webinar on pro-bond market,  
Aug 2020**



# Vietnam

---

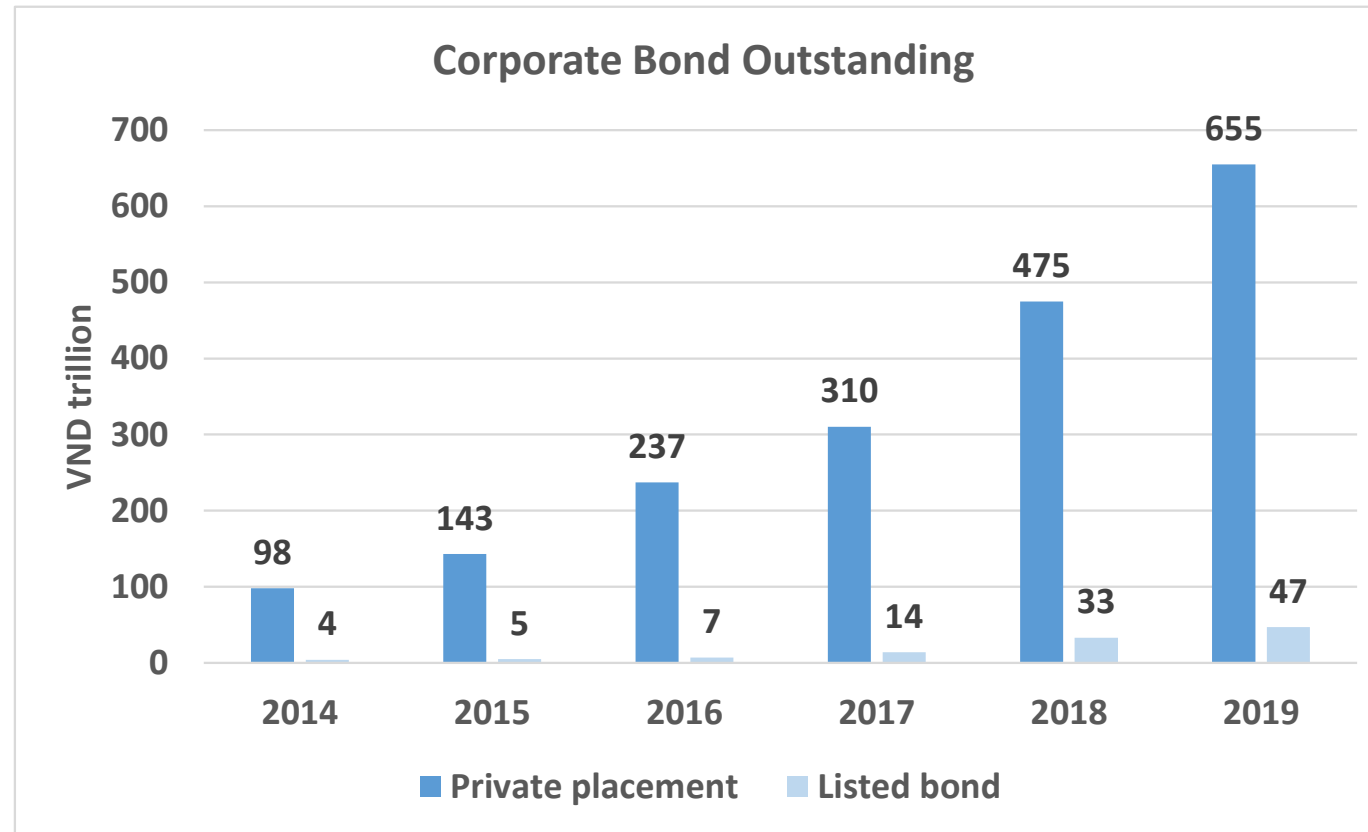
## Legal and regulatory framework for pro-bond

- Regulator      State Securities Commission (SSC), Ministry of Finance (MOF)
- Law      Law on Securities (amended in Nov 2019, effective Jan 2021)  
              stipulating “private placement (of securities) by public companies only  
              available to professional (and strategic) investors”
- Regulations

Regulation (from 2021)	Issuer	Particular
Decree on the implementation of the amended Law on Securities	Government	General guidance to implement the amended Law on Securities
Decree and/or Circular on private placement of securities by non-public companies (tbc)	MOF or MPI?	Including bonds privately placed to any investors

## Pro-bond market

- Pro-bond market shall take effect from Jan 2021, so no precedence yet



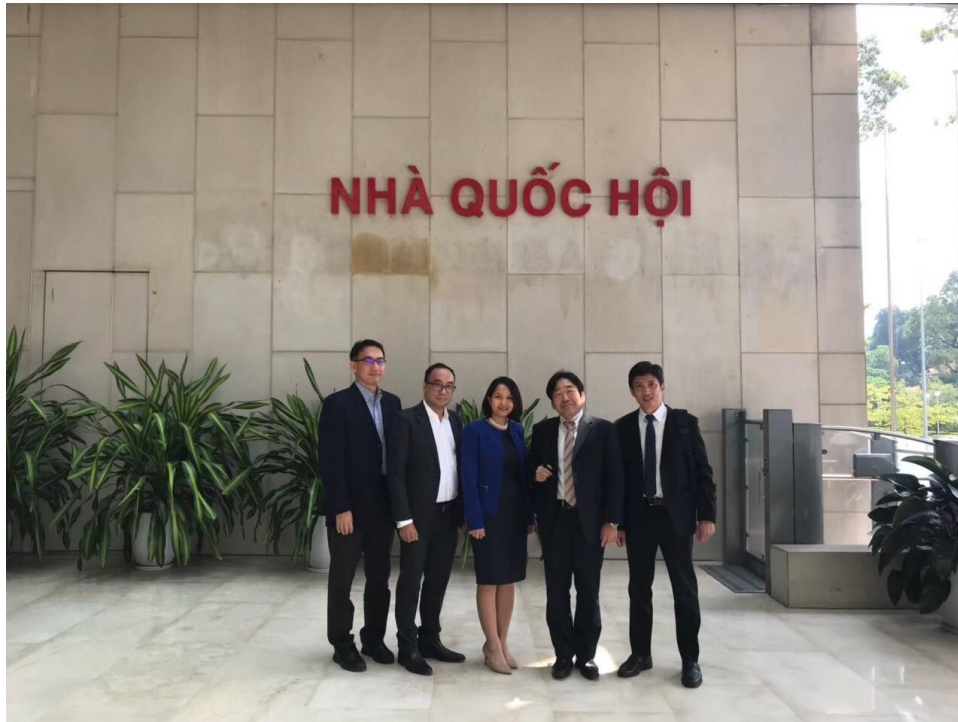
Note: Publicly offered corp. bond is little and statistically undisclosed by SSC. All listed corp. bonds are originally issued through private placement so far.

Source: MOF, HOSE and HNX



## ADB-ASEC collaboration events

**National Assembly Economic Committee  
hearing on Securities Law amendment,  
Sep 2019**



**AsianBondsOnline seminar on corp.  
bond market, Sep 2019**





## Contact

---

### ■ NRI ASEAN Financial Team

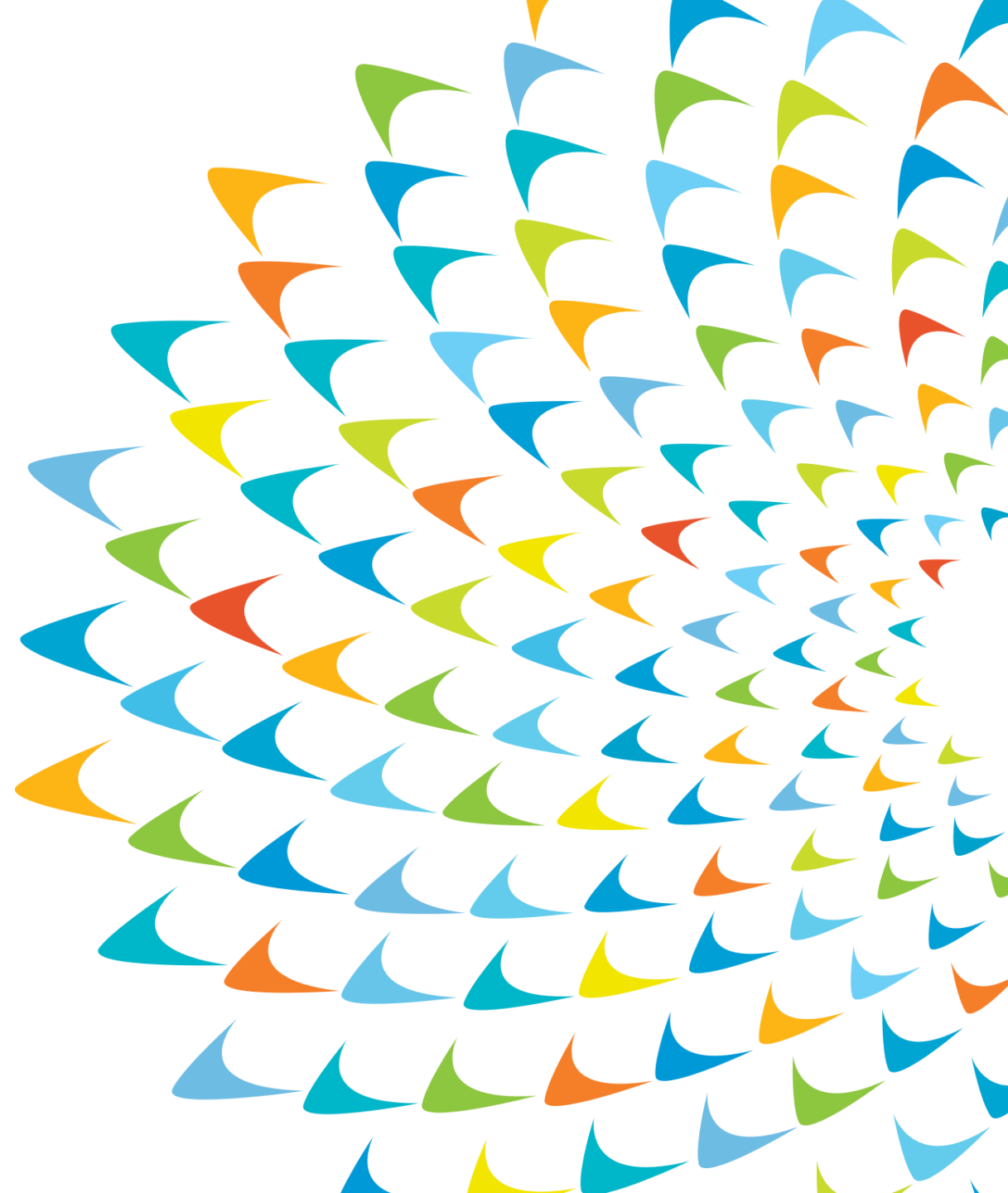
Project leader	Kengo Mizuno	<a href="mailto:k-mizuno@nri.co.jp">k-mizuno@nri.co.jp</a>
	Toru Noujima	<a href="mailto:t-noujima@nri.co.jp">t-noujima@nri.co.jp</a>
	Pimpadcha Kerdkokaew	<a href="mailto:pimpadcha.kerdkokaew@nri.com">pimpadcha.kerdkokaew@nri.com</a>
	Amornwadee SaeHeng	<a href="mailto:amornwadee.saeHeng@nri.com">amornwadee.saeHeng@nri.com</a>

#### Disclaimer

The information expressed in this material does not necessarily reflect the views or policies of Nomura Research Institute, Ltd., its directors or its shareholders. The information herein is believed to be reliable at the date of its preparation and is provided for reference and discussion purposes only. Nomura Research Institute, Ltd. does not guarantee the accuracy of the information included in this material and accepts no responsibility for any consequence of their use.

## **Session 3: Update on CGIF**

**- Mr. Anuj Awasthi, Credit  
Guarantee and Investment  
Facility (CGIF)**





Credit Guarantee &  
Investment Facility  
An Asian Bond Markets Initiative

# CREDIT GUARANTEE & INVESTMENT FACILITY (CGIF)

**Mr. Anuj Awasthi**  
Vice President Operations  
Deal Operations Department  
Credit Guarantee & Investment Facility  
31 August 2020



# CGIF PROFILE

<b>Legal Structure</b>	<b>A Trust Fund of the Asian Development Bank (ADB)</b> <i>Governed by CGIF Articles of Agreement, ADB acts as the Trustee for CGIF's assets</i>	
<b>Establishment</b>	<b>12 November 2010</b> <i>(commenced operations May 2012)</i>	
<b>Objective</b>	<b>Development of Capital Markets in ASEAN+3</b> <i>(Part of the Asian Bond Markets Initiative (ABMI))</i>	
<b>Main Operations</b>	<b>Guaranteeing Bonds issued in ASEAN+3</b>	
<b>Contributors</b> <i>(Shareholders)</i>	<b>Governments of ASEAN+3</b> <i>(10 member countries of ASEAN + China, Japan, South Korea and Asian Development Bank (ADB))</i>	
<b>Paid-In Capital</b>	<b>US\$1.078 billion</b> <i>(to be increased to US\$1.2 billion)</i>	
<b>Guarantee Capacity</b>	<b>US\$2.909 billion</b> <i>with up to 2.5x leverage</i>	
<b>Ratings</b>	<b>Global Scale</b>	<b>AA</b> <i>(Standard &amp; Poor's)</i> <b>AAA</b> <i>(RAM - Malaysia)</i>
	<b>ASEAN Scale</b>	<b>AAA</b> <i>(RAM - Malaysia)</i>
	<b>National Scale</b>	<b>AAA</b> <i>(RAM – Malaysia, MARC – Malaysia, TRIS Rating – Thailand, Fitch Ratings – Indonesia, Pefindo – Indonesia)</i>

*\*Figures are as of 31 July 2020.*

---

# GUARANTEE PROFILE

---

# GUARANTEE PROFILE

## Outstanding Portfolio Overview

### Total guarantee portfolio:

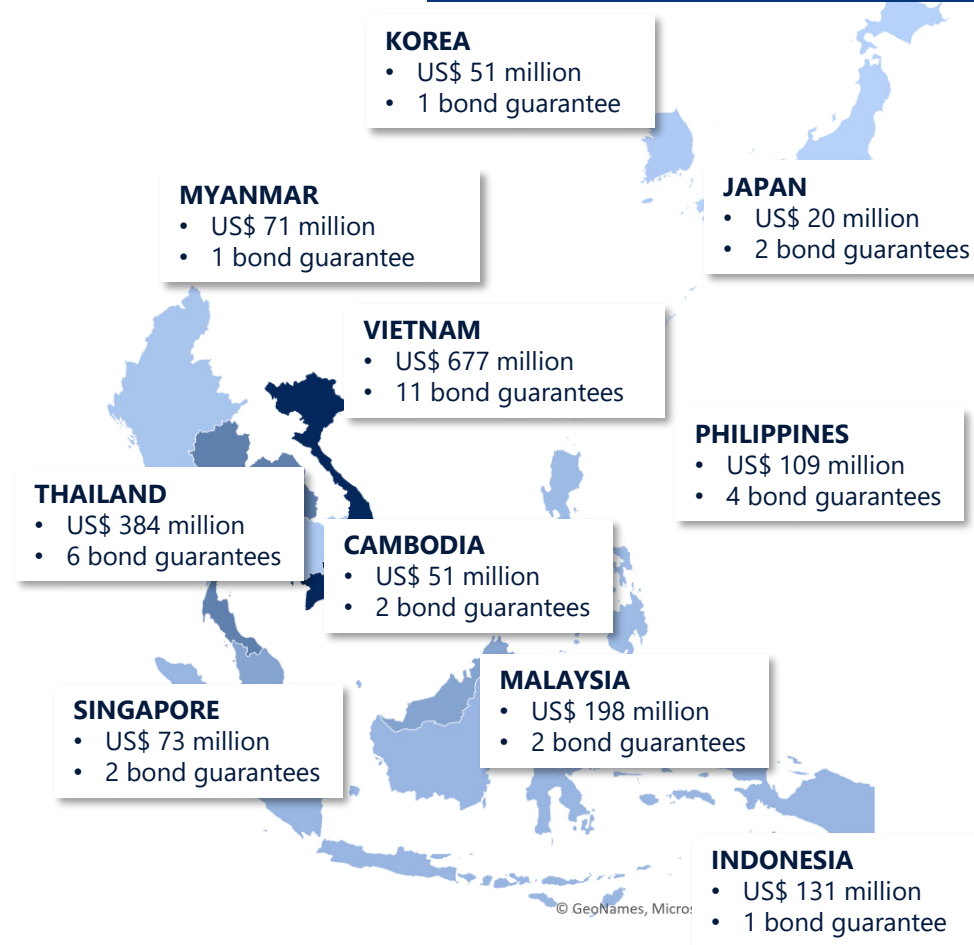
- **39** guarantee issuances totaling **US\$ 2,074 million**
- **29** bond issuers from **11** countries

### Outstanding guarantee portfolio:

- **32** guarantee issuances totaling **US\$ 1,765 million**
- **7** successfully redeemed bonds

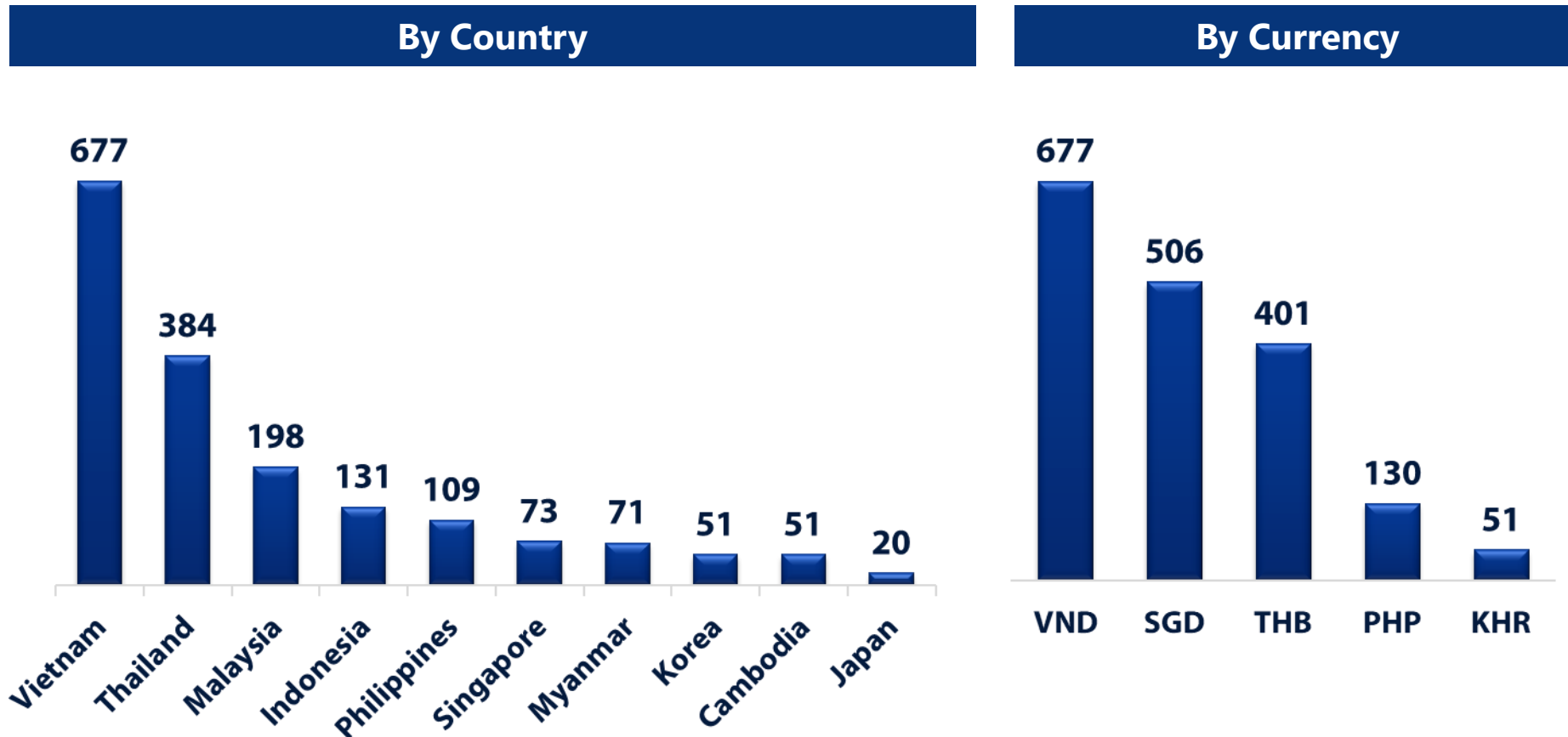
### January-July 2020 performance:

- **4** guarantee issuances totaling **US\$ 166.5 million** to **3** bond issuers from Cambodia and Thailand and **1** multinational organization based in Asia *(via a risk participation agreement)*



## Guarantee Portfolio Exposure

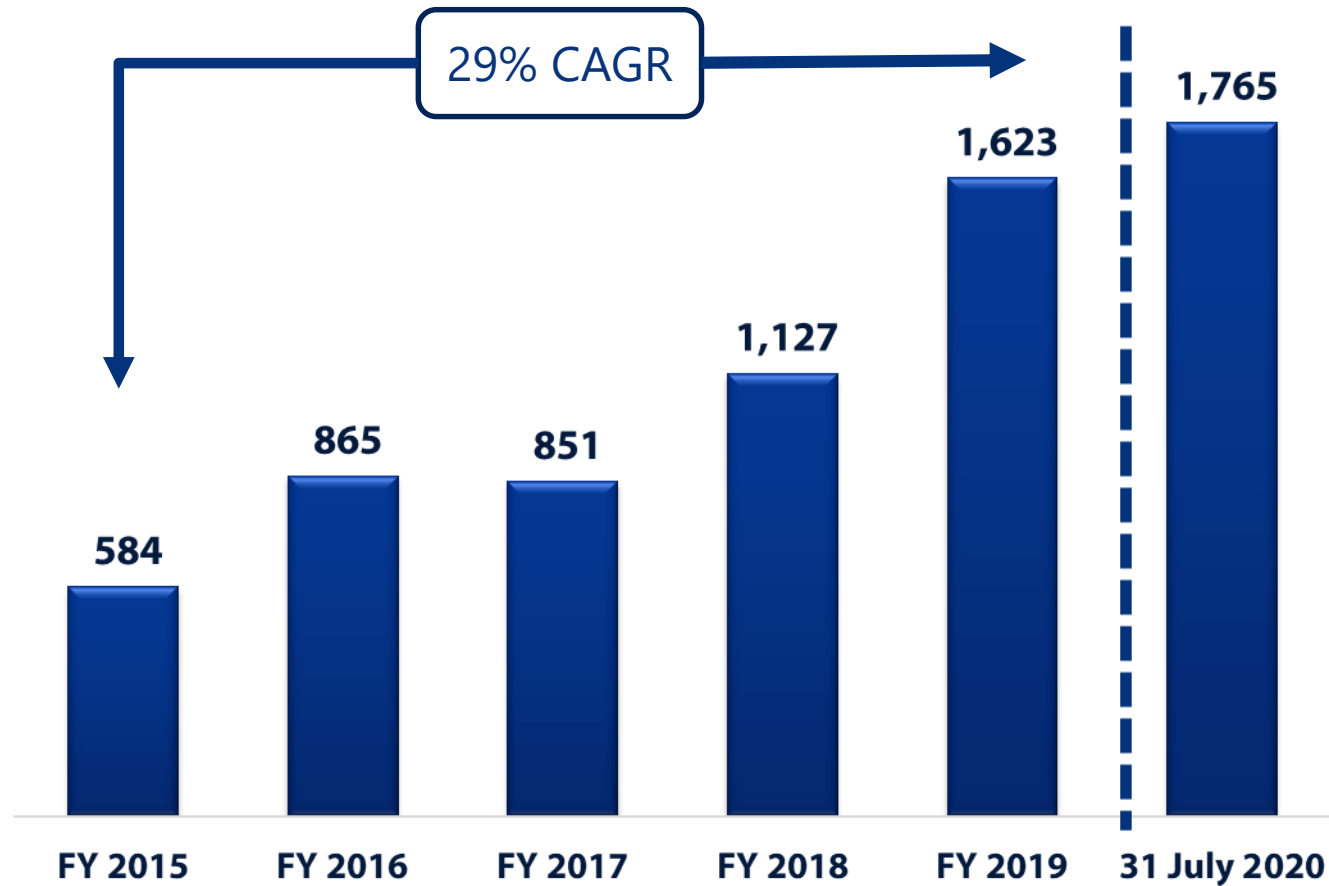
(in USD millions)



\*Outstanding as of 31 July 2020.

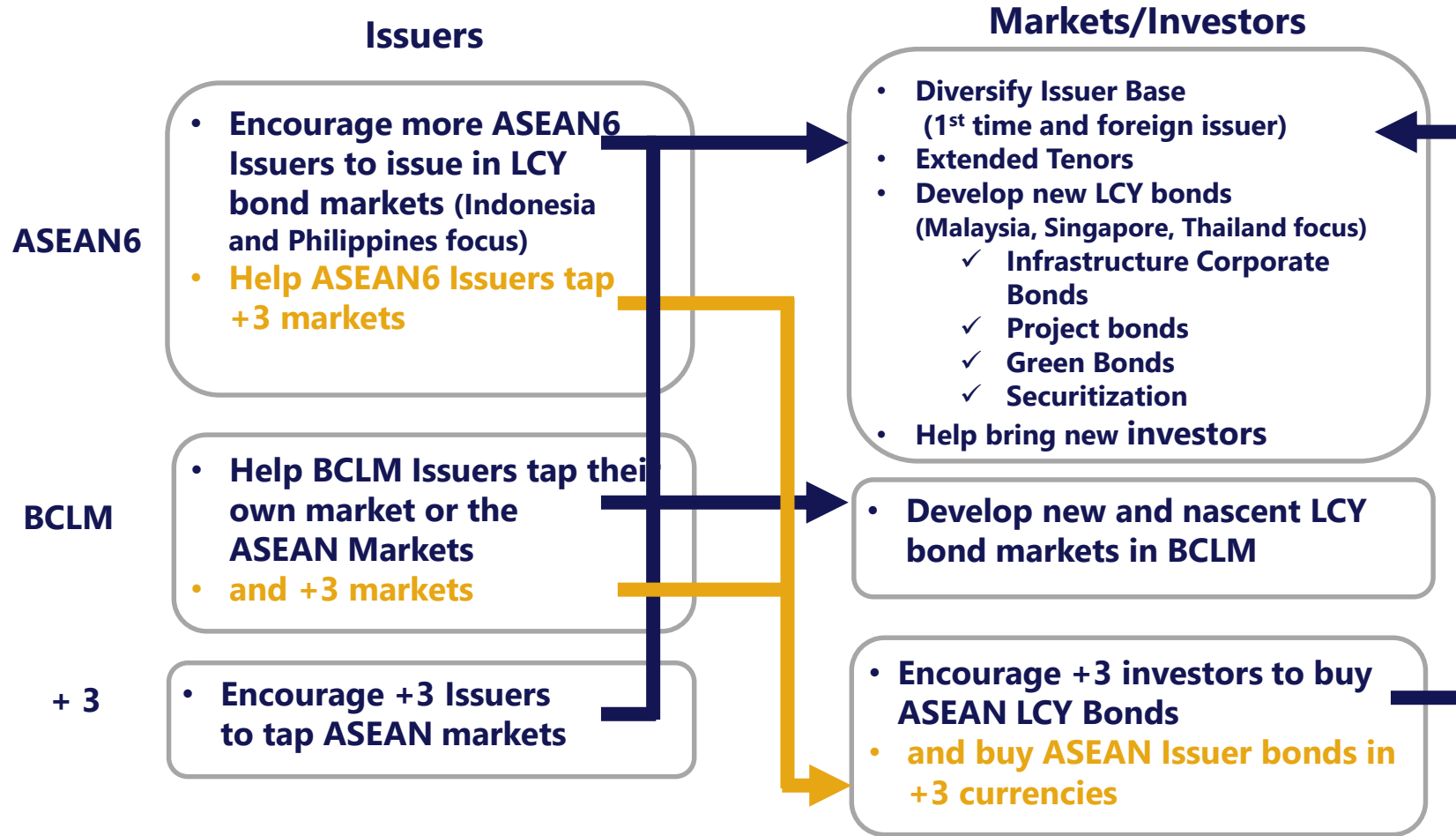
## Guarantee Portfolio Growth

(in USD millions)



\*Line represents 31 December 2019.





Main Focus - **Expanded Focus**

---

# **GUARANTEED AMBIF BOND TRANSACTIONS**

---

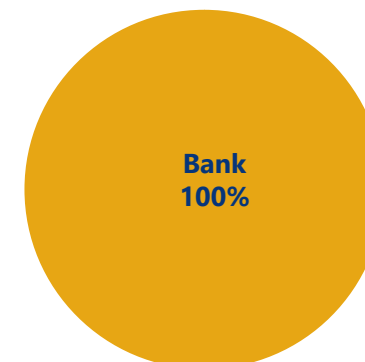
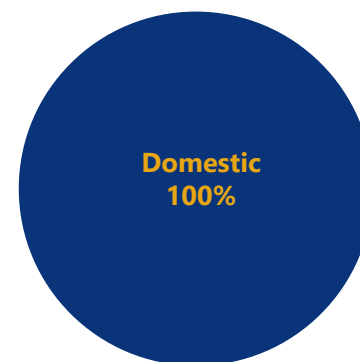
## AEON Credit Service (Philippines) Inc.'s PHP 1 Billion AMBIF Bonds

### Transaction Summary

Issuer	AEON Credit Service (Philippines) Inc. ("AEON")	
Issuer Exchange (Ticker)	Information about the bonds is listed	
Issuer Rating	Unrated	
Guarantor	Credit Guarantee & Investment Facility	
Issue Rating	N/A	
Bond Type	Plain vanilla	
Guarantee	100%	
Coupon Type / Payment	Semi-annual	
Distribution Method	Private Placement	
Issue Size	PHP 900 million	PHP 100 million
	(~USD 17 million equivalent)	(~USD 2 million equivalent)
Issue Price	100%	100%
Tenor	3 years	5 years
Issue Date	16-Nov-2018	16-Nov-2018
Maturity Date	16-Nov-2021	16-Nov-2023
Government Benchmark	7.05%	7.45%
Spread over Benchmark	0.25%	0.25%
Coupon to Investors (p.a.)	7.299%	7.695%
Governing Law	Bond Documents – Philippine Law	
	Guarantee Documents –English Law	
Arranger and underwriter	First Metro Investment Corporation	
Financial Advisor	Mizuho Securities Asia Limited	
Registrar, Paying and Transfer Agent	Philippine Depository & Trust Corp.	
Facility Agent and noteholders' representative	Metropolitan Bank & Trust Company – Trust Banking Group	

### Execution Highlights

- ✓ **First debt issue under the ASEAN+3 Multi-Currency Bond Issuance Framework ("AMBIF") guaranteed by CGIF and the first AMBIF issue in the Philippines**
- ✓ **3.25x oversubscribed from institutional investors and achieved a very tight credit spread**
- ✓ **Contributed to diversify AEON's funding source**
- ✓ **Proceeds of the bond will be used primarily for AEON's financial inclusion business such as the Tricycle Loans**



## CJ Logistics Asia Pte. Ltd. (Singapore)'s SGD 70 Million Bonds

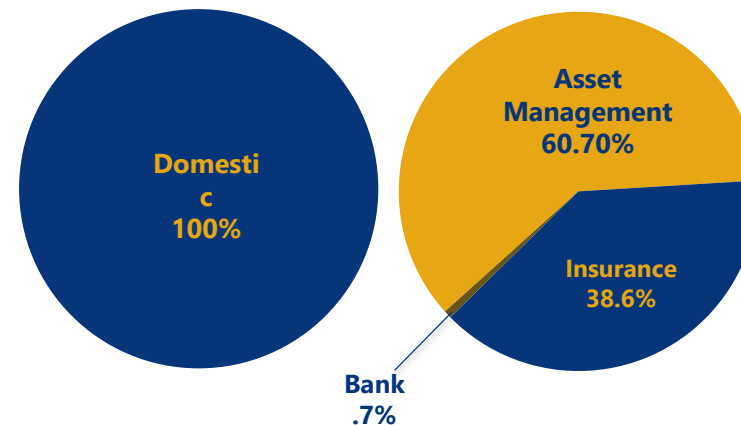
### Transaction Summary

Issuer	CJ Logistics Asia Pte. Ltd.
Issuer Rating	N/A
Guarantor	Credit Guarantee & Investment Facility
Issue Rating	AA (S&P)
Bond Type	Unsecured Guaranteed Bonds
Guarantee	100%
Coupon Type / Payment	Semi-annual
Distribution Method	Private Placement
Issue Size	SGD 70 million (~USD 52 million equivalent)
Issue Price	100%
Tenor	5 years
Issue Date	25-Mar-2019
Maturity Date	25-Mar-2024
Spread over Benchmark	90bps
Coupon to Investors (p.a.)	2.938%
Governing Law	Bond Documents - Singapore Law Guarantee Documents – English Law
Trustee & Registrar	Citicorp International Limited
Paying Agent & Transfer Agent	Citicorp Investment Bank (Singapore) Limited
Sole Lead Manager	HSBC

### Execution Highlights

- ✓ **This is the first bond under the AMBIF in Singapore.**
- ✓ **The company considered the AMBIF issuance initially as it also wanted to issue another bond in Thailand which did not happen.**
- ✓ **While the legal fee was higher than non AMBIF issuance, CGIF's guarantee helped the company achieve a strategic advantage by restructuring from short term loan to long term finance**
- ✓ **This transaction has contributed to the logistics industry in the ASEAN region which is crucial in the pandemic world.**

### Geographical Distribution Investor Type Breakdown





# Nexus International School (Singapore) Pte. Ltd.'s SGD150.0 Million Guaranteed Amortizing Bonds

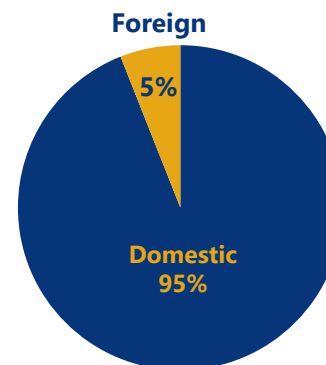
## Transaction Summary

Issuer	Nexus International School (Singapore) Pte. Ltd.
Issue Rating	AA (S&P)
Bond Type	Guaranteed Amortizing Bonds (under AMBIF)
Distribution Method	Public Offering to institutional, corporate and private bank investors
Issue Size	SGD150.0 million (~USD110.0 million equivalent)
Issue Price	100%
Tenor	12 years
Issue Date	3 Dec 2019
Maturity Date	3 Dec 2031
Benchmark	~1.65% p.a. (SOR)
Spread over Benchmark	~150 bps
Coupon to Investors (p.a.)	3.15% p.a.
Coupon Type / Payment	Semi-annual
Governing Law	Singapore Law (Bond)
Sole Lead Manager	Standard Chartered Bank Singapore
Paying & Transfer Agent	Citicorp Investment Bank
Trustee & Registrar	Citicorp International Limited

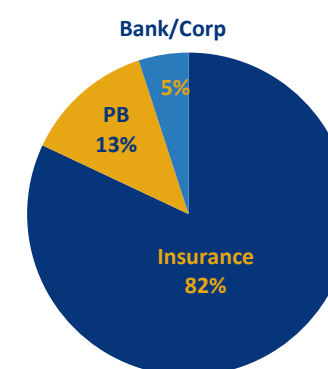
## Execution Highlights

- ✓ **An inter-ASEAN transaction: Guarantee supports the Malaysia-based Taylor's Education Group's ASEAN expansion**
- ✓ **CGIF's longest tenor to date\* i.e. 12 years**
- ✓ **CGIF's first guarantee for the education sector**
- ✓ **CGIF's first counter-guaranteed risk-sharing collaboration with an arranger i.e. market participation**
- ✓ **Reviving SGD amortizing bonds, an under-represented asset class in the SGD bond market**
- ✓ **Strong demand via cross-border investments delivered cost-savings to the issuer**
- ✓ **Innovative and solutions-based approach to simultaneously accomplish optimum structuring and bond market development**

Geographical Distribution



Investor Type Breakdown



\* as of date of issuance

# Thaifoods Group Public Company Limited's THB2 Billion "Fixed Rate" Bonds

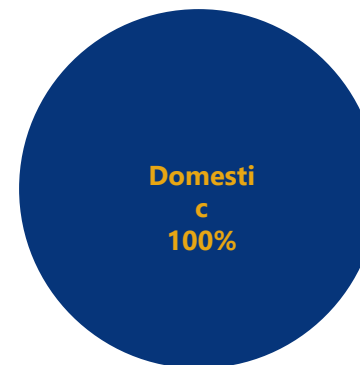
## Transaction Summary

Issuer	Thaifoods Group Public Company Limited ("TFG")
Issuer Rating	BBB- (TRIS Rating)
Guarantor	Credit Guarantee & Investment Facility
Issue Rating	AAA
Bond Type	Unsecured, Unsubordinated and Guaranteed bonds
Guarantee	100%
Coupon Type / Payment	Quarterly
Distribution Method	Private Placement
Issue Size	THB 2.0 billion (~USD 66 million)
Issue Price	100%
Tenor	5 years
Issue Date	8-Jan-2020
Maturity Date	8-Jan-2025
Government Benchmark	1.18%
Spread over Benchmark	1.30%
Coupon to Investors (p.a.)	2.48%
Governing Law	Bond Document – Thai Law Guarantee Document – English Law
Placement Agent	United Overseas Bank (Thai) Public Company
Registrar	Bangkok Bank Public Company Limited
Bondholders' Agent	Bangkok Bank Public Company Limited

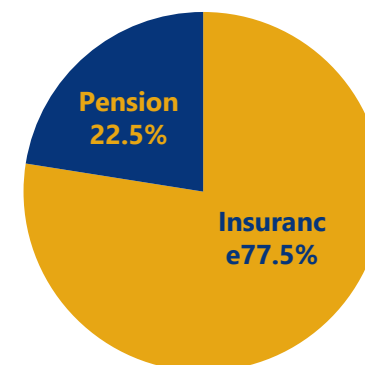
## Execution Highlights

- ✓ **This is the first AMBIF issuance by Thailand company and second AMBIF issuance in THB after first issuance by Japanese bank in 2015 which was listed in Tokyo Pro-Bond Market.**
- ✓ **With CGIF's 100% guarantee, the bond is rated AAA by Tris Rating**
- ✓ **Enabled TFG to diversify its funding sources for sustainable growth.**

Geographical Distribution



Investor Type Breakdown



# RMA (Cambodia) PLC's KHR 80 Billion "Fixed Rate" Amortizing Bonds

## Transaction Summary

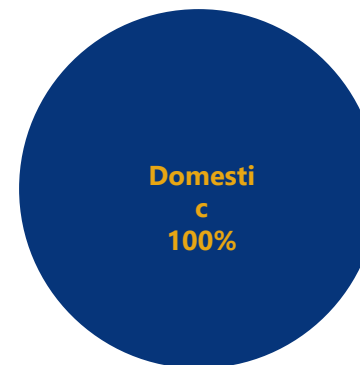
Issuer	RMA (Cambodia) PLC ("RMAC")
Issuer Rating	N/A
Guarantor	Credit Guarantee & Investment Facility
Issue Rating	N/A
Bond Type	Unsecured, unsubordinated and guaranteed bonds in a registered form
Guarantee	100%
Coupon Type / Payment	Annual
Distribution Method	Public Offering
Issue Size	KHR 80 billion (~USD 20 million)
Issue Price	100%
Tenor	5 years
Issue Date	09-Apr-2020
Maturity Date	09-Apr-2025
Government Benchmark	N/A
Spread over Benchmark	N/A
12M fixed deposit rate*	4.80%
Spread over fixed deposit rate	0.70%
Coupon to Investors (p.a.)	5.50%
Governing Law	Bond Document – Cambodian Law Guarantee Document – English Law
Placement Agent	SBI Royal Securities PLC
Registrar	ACLEDA Bank PLC
Bondholders' Agent	ACLEDA Securities PLC

\* The offered fixed deposit rate from 4 SOBs (i.e. BIDV, VCB, CTG and Agribank) for the tenor of 12 months.

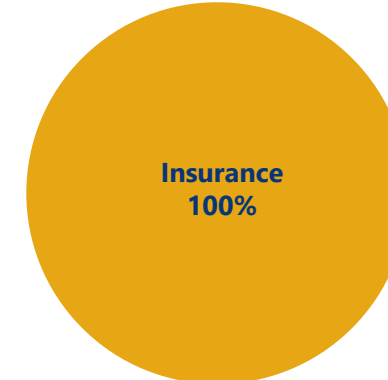
## Execution Highlights

- ✓ **The first CGIF-guaranteed AMBIF bond in Cambodia which is no 2 after HKL's first AMBIF bond which was issued without CGIF's guarantee.**
- ✓ **This transaction, together with PRASAC, helped the Cambodian bond investors to get familiarized with the SSF as they repeatedly reviewed the SSF based bond prospectus.**
- ✓ **This transaction ultimately contributed to the transportation and agricultural sectors in Cambodia which is crucial for the general well being of the country.**

### Geographical Distribution



### Investor Type Breakdown



# PRASAC Microfinance Institution Plc.'s KHR 127.2 Billion "Fixed Rate" Bond

## Transaction Summary

Issuer	PRASAC Microfinance Institution Plc. ("PRASAC")
Issuer Rating	N/A
Guarantor	Credit Guarantee & Investment Facility
Issue Rating	N/A
Bond Type	Unsecured, unsubordinated and guaranteed bonds in a registered form
Guarantee	100%
Coupon Type / Payment	Semi-annual
Distribution Method	Public Offering
Issue Size	KHR 127.2 billion (~USD31 million)
Issue Price	100%
Tenor	3 years
Issue Date	23-Apr-2020
Maturity Date	23-Apr-2023
Government Benchmark	N/A
Spread over Benchmark	N/A
Fixed deposit rate*	5.25%
Spread over fixed deposit rate	2.25%
Coupon to Investors (p.a.)	7.50%
Governing Law	Bond Document – Cambodian Law Guarantee Document – English Law
Placement Agent	SBI Royal Securities PLC
Registrar	ACLEDA Bank PLC
Bondholders' Agent	ACLEDA Securities PLC

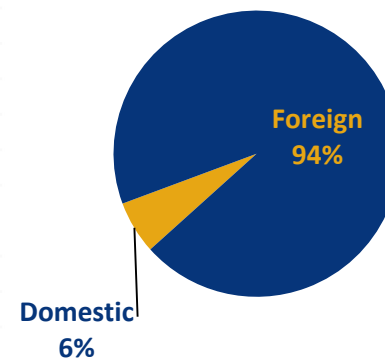
\* Interest rates on term deposits in "ECONOMIC AND MONETARY STATISTICS, November 2019 ", National Bank of Cambodia.



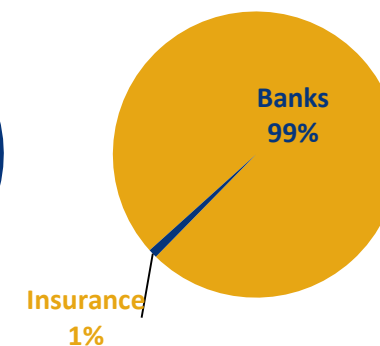
## Execution Highlights

- ✓ The second CGIF-guaranteed AMBIF bond in Cambodia after RMA Cambodia.
- ✓ This transaction, together with RMA Cambodia, helped the Cambodian bond investors to get familiarized with the SSF as they repeatedly reviewed the SSF based bond prospectus.
- ✓ Largest transaction in the history of Cambodian Capital market Fully subscribed by the key domestic and foreign market players

Geographical Distribution



Investor Type Breakdown





---

# **INFRASTRUCTURE RELATED GUARANTEED BONDS**

**(2019-2020 ISSUANCES)**

---

## CJ Logistics Asia Pte. Ltd. (Singapore)'s SGD 70 Million Bonds

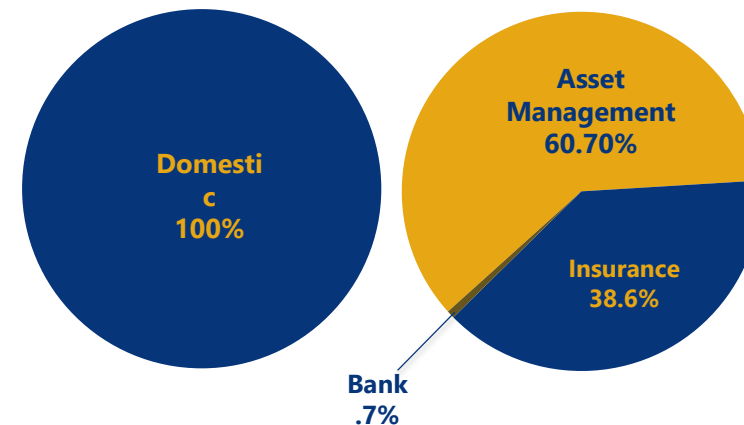
### Transaction Summary

Issuer	CJ Logistics Asia Pte. Ltd.
Issuer Rating	N/A
Guarantor	Credit Guarantee & Investment Facility
Issue Rating	AA (S&P)
Bond Type	Unsecured Guaranteed Bonds
Guarantee	100%
Coupon Type / Payment	Semi-annual
Distribution Method	Private Placement
Issue Size	SGD 70 million (~USD 52 million equivalent)
Issue Price	100%
Tenor	5 years
Issue Date	25-Mar-2019
Maturity Date	25-Mar-2024
Spread over Benchmark	90bps
Coupon to Investors (p.a.)	2.938%
Governing Law	Bond Documents - Singapore Law Guarantee Documents – English Law
Trustee & Registrar	Citicorp International Limited
Paying Agent & Transfer Agent	Citicorp Investment Bank (Singapore) Limited
Sole Lead Manager	HSBC

### Execution Highlights

- ✓ **This is the first senior unsecured bond under the ASEAN +3 Multi-Currency Bond Issuance Framework ("AMBIF") guaranteed by CGIF in Singapore**
- ✓ **The first Korean company to issue with CGIF's guarantee**
- ✓ **CGIF's guarantee helped the company achieve a strategic advantage by restructuring from short term loan to long term finance**
- ✓ **This transaction will ultimately contribute to the development of the logistics industry in the ASEAN region**

### Geographical Distribution Investor Type Breakdown





# Nexus International School (Singapore) Pte. Ltd.'s SGD150.0 Million Guaranteed Amortizing Bonds

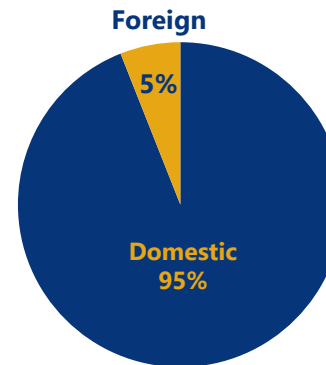
## Transaction Summary

Issuer	Nexus International School (Singapore) Pte. Ltd.
Issue Rating	AA (S&P)
Bond Type	Guaranteed Amortizing Bonds (under AMBIF)
Distribution Method	Public Offering to institutional, corporate and private bank investors
Issue Size	SGD150.0 million (~USD110.0 million equivalent)
Issue Price	100%
Tenor	12 years
Issue Date	3 Dec 2019
Maturity Date	3 Dec 2031
Benchmark	~1.65% p.a. (SOR)
Spread over Benchmark	~150 bps
Coupon to Investors (p.a.)	3.15% p.a.
Coupon Type / Payment	Semi-annual
Governing Law	Singapore Law (Bond)
Sole Lead Manager	Standard Chartered Bank Singapore
Paying & Transfer Agent	Citicorp Investment Bank
Trustee & Registrar	Citicorp International Limited

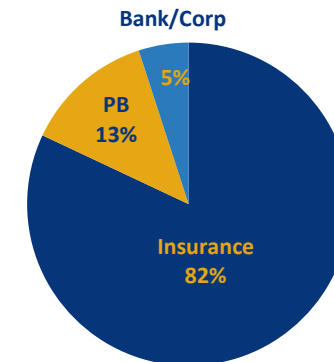
## Execution Highlights

- ✓ **An inter-ASEAN transaction: Guarantee supports the Malaysia-based Taylor's Education Group's ASEAN expansion**
- ✓ **CGIF's longest tenor to date\* i.e. 12 years**
- ✓ **CGIF's first guarantee for the education sector**
- ✓ **CGIF's first counter-guaranteed risk-sharing collaboration with an arranger i.e. market participation**
- ✓ **Reviving SGD amortizing bonds, an under-represented asset class in the SGD bond market**
- ✓ **Strong demand via cross-border investments delivered cost-savings to the issuer**
- ✓ **Innovative and solutions-based approach to simultaneously accomplish optimum structuring and bond market development**

Geographical Distribution



Investor Type Breakdown



\* as of date of issuance

## Hong Phong 1 Energy JSC's VND 2.55 Trillion "Project Bonds"

### Transaction Summary

Issuer	Hong Phong 1 Energy Joint Stock Company	
Issuer Rating	N/A	
Guarantor	Credit Guarantee & Investment Facility	
Issue Rating	N/A	
Bond Type	Unsecured, Unsubordinated, Guaranteed and Amortizing Bonds	
Guarantee	100% Unconditional and Irrevocable	
Coupon Type / Payment	Fixed Rate / Semi-Annual Payment	
Distribution Method	Private Placement	
Issue Size	VND 400 billion	VND 2,150 billion
	(~USD 17 million equivalent)	(~USD 93 million equivalent)
Issue Price	100%	100%
Tenor	5 years	15 years
Repayment profile	Fully amortizing	
Issue Date	24-Dec-2019	24-Dec-2019
Maturity Date	24-Dec-2024	24-Dec-2034
Government Benchmark	2.03%	3.64%
Spread over Benchmark	4.37%	3.86%
Coupon to Investors (p.a.)	6.40%	7.50%
Governing Law	Bond Documents – Vietnamese Law Guarantee Documents – English Law	
Placement Agent	Vietcombank Securities Company Limited	
Registrar, Paying and Transfer Agent	Vietcombank Securities Company Limited	
Bondholders' Agent	Vietcombank Securities Company Limited	

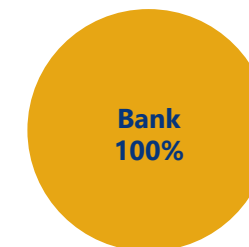
### Execution Highlights

- ✓ Support on 195MW Hong Phong 1A solar power project in Binh Thuan province, South Vietnam
- ✓ The project benefits from 9.35 US cent/kWH feed-in-tariff for 20 years PPA period
- ✓ First renewable energy Project Bond in Vietnam
- ✓ Innovative co-financing structure: VND project bond and USD loan from int'l commercial bank
- ✓ CGIF's first 15-year bond to match long term cashflow

T1 (5-yr bonds):  
Geographical Distribution



T1 (5-yr bonds):  
Investor Type Breakdown



T2 (15-yr bonds):  
Geographical Distribution



T2 (15-yr bonds):  
Investor Type Breakdown



# Vietnam Electrical Equipment Joint Stock Corporation's VND 1.15 Trillion "Fixed Rate" Bonds

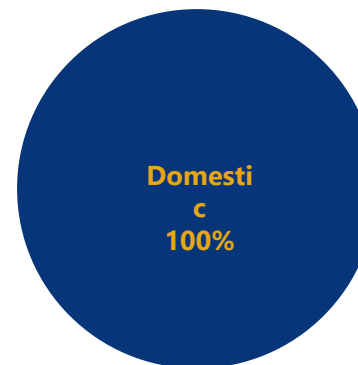
## Transaction Summary

Issuer	Vietnam Electrical Equipment Joint Stock Corporation ("GELEX")
Issuer Rating	N/A
Guarantor	Credit Guarantee & Investment Facility
Issue Rating	N/A
Bond Type	Unsecured, Unsubordinated and Guaranteed Bond
Guarantee	100%
Coupon Type / Payment	Semi-annual
Distribution Method	Private Placement
Issue Size	VND 1,150 billion (~USD 50 million)
Issue Price	100%
Tenor	10 years
Issue Date	31-Dec-2019
Maturity Date	31-Dec-2029
Government Benchmark	3.4025%
Spread over Benchmark	3.5475%
12M fixed deposit rate*	6.80%
Spread over fixed deposit rate	0.15%
Coupon to Investors (p.a.)	6.95%
Governing Law	Bond Document – Vietnam Law Guarantee Document – English Law
Placement Agent	Standard Chartered Bank
Registrar, Paying and Transfer Agent	Ho Chi Minh City Securities Corporation
Bondholders' Agent	Ho Chi Minh City Securities Corporation

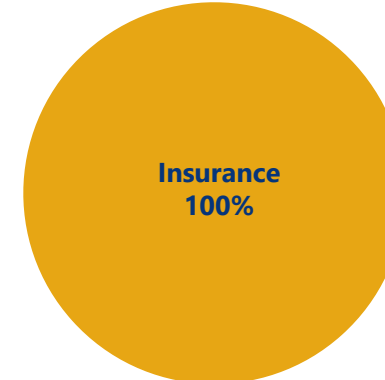
## Execution Highlights

- ✓ **First 10-year fixed rate corporate bond issuance by GELEX.**
- ✓ **Enable GELEX to diversify its funding sources and match long-term investment purpose.**
- ✓ **Proceeds of the bond will be used for solar power project and further increase renewable energy generation capacity to Vietnam country.**

## Geographical Distribution



## Investor Type Breakdown



\* The offered fixed deposit rate from 4 SOBs (i.e. BIDV, VCB, CTG and Agribank) for the tenor of 12 months.

---

# **INFRASTRUCTURE- RELATED PIPELINE DEALS**

**(AUGUST 2020)**

---

# INFRA DEALS

Deal Candidates	Industry	Currency	Gtee Amount (USD millions; up to)	Gtee Tenor (up to)	Status
Company 1 (ID)	Diversified Telecommunication Services	IDR	50 million	3, 5 years	Legal documentation ongoing
Company 2 (SG)	Health Care Providers & Services	PHP & SGD (AMBIF)	75 million	5 years	GOL underway
GUP-approved deals			125 million		
Company 3 (ID)	Diversified Telecommunications Services	IDR	75 million	7 years	DD ongoing
Company 4 (SG)	Independent Power & Renewable Electricity Producers	SGD	70 million	15 years	Awaiting FAL submission
Company 5 (TH)	Air Freight & Logistics	THB	61 million	10 years	Awaiting FAL submission
GCP-approved deals			206 million		
Company 6 (TH)	Independent Power & Renewable Electricity Producers	THB	50 million	7 years	Preliminary assessment ongoing
Company 7 (TH)	Independent Power & Renewable Electricity Producers	THB and/or LAK	100 million	12 years	Preliminary assessment ongoing
PIP stage deals			150 million		

\*As of 21 August 2020.

---

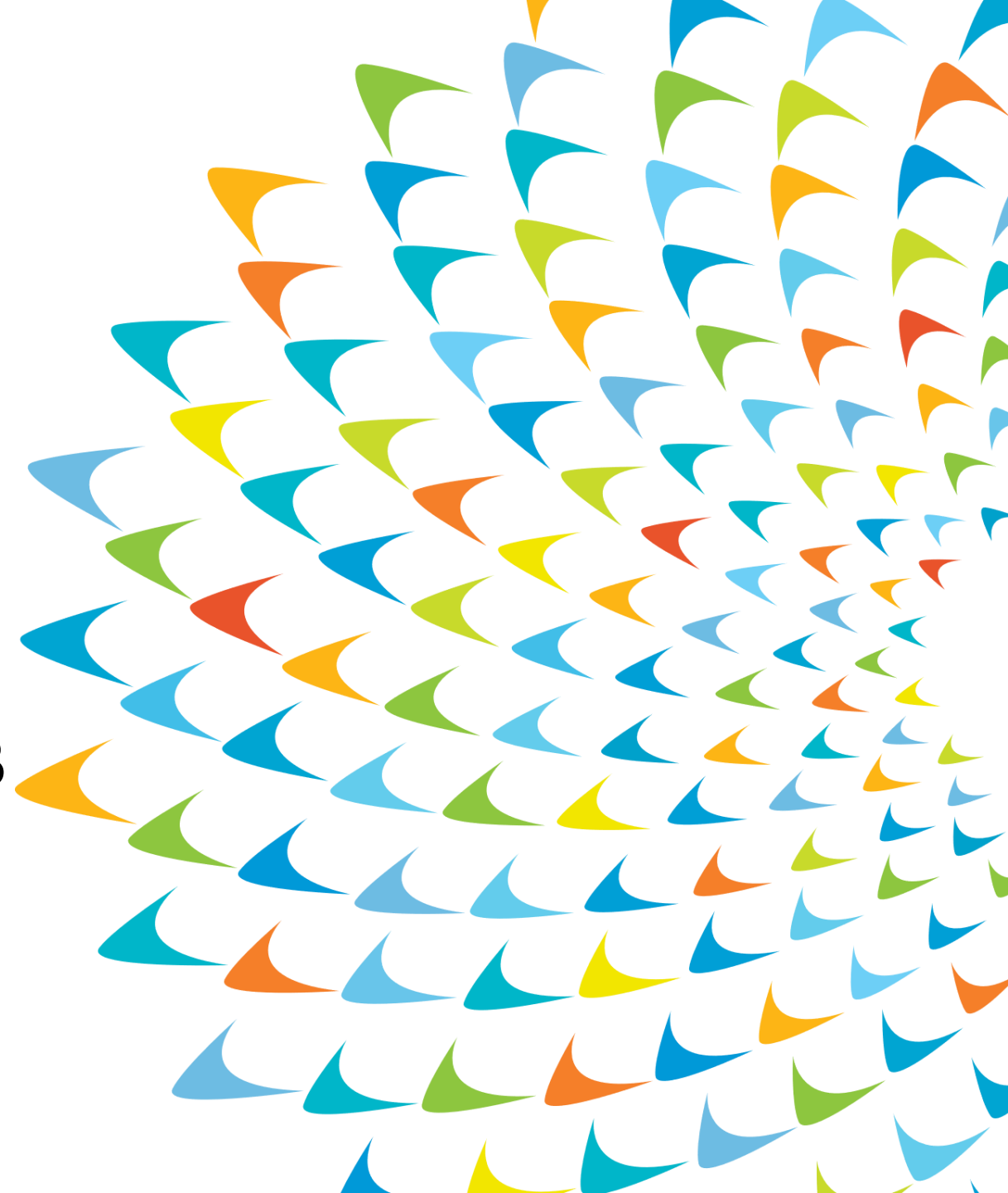
**THANK YOU**

---



## **Session 4: Update on Green Bond**

**- Mr. Kosintr Puongsophol, ADB**



# Creating Ecosystems for Green Local Currency Bonds for Infrastructure Development in ASEAN+3

- ASEAN+3 Bond Market Forum, Virtual Meeting, 31 August 2020

**Kosintr Puongsophol**

Financial Sector Specialist

Asian Development Bank

Email: [kpuongsophol@adb.org](mailto:kpuongsophol@adb.org)



# APPROVED TECHNICAL ASSISTANCE (TA): CREATING ECOSYSTEMS FOR GREEN LOCAL CURRENCY BONDS FOR INFRASTRUCTURE DEVELOPMENT IN ASEAN+3\*



## SUPPLY

Guide issuers and underwriters through the process of green bonds issuances, post-issuance reporting requirements.

Develop green bond framework based on international and regional standards and taxonomies

Address other constraints that are market-specific e.g. language, lack of awareness etc



## DEMAND

Partner with the AsianBondsOnline (ABO) to create a regional green bond information section on the ABO

Explore the feasibility of establishing ASEAN+3 green bonds exchange traded fund and ASEAN+3 green bonds index



## MARKET PRACTICES

Make Asian voices heard

Document and publish case studies to guide green bond issuers, and to develop good practices in issuing green bonds

Leverage on other initiatives under the Asian Bond Markets Initiative

### TA INFORMATION:

**Implementation Period:** March 2020 – February 2022

**Funding Support:** People's Republic of China Poverty Reduction and Regional Cooperation Fund

# GREEN BONDS FRAMEWORKS



GREEN BOND  
PRINCIPLES



CLIMATE BOND  
STANDARDS



ASEAN GREEN BOND  
STANDARDS



# RECENT TA ACTIVITIES

1. **ONLINE GREEN BOND BOOT CAMP (1-3 July 2020)** - ADB in collaboration with the Climate Bonds Initiative (CBI) successfully organized an online green bond boot camp for 34 staff of domestic credit rating agencies and interested institutions from Indonesia, Malaysia, Philippines, and Thailand.
2. **ASEAN+3 Green Bond Webinar (7 July 2020)** – ADB, together with the CBI organized the webinar on ASEAN+3 Green Bond Policies, Taxonomies and Certification Processes. Targeted participants were policymakers, underwriters, potential green bond issuers and interested parties in ASEAN+3. The webinar attracted more than 200 registered participants.

## APPROVED VERIFIERS IN ASEAN:



A Strategic Partner of S&P Global



## OTHER ACTIVITIES AND UPDATE

### RECENT GREEN BOND WEBINARS:

1. CBI-ADB webinar on "Green Bond Opportunities in Viet Nam" – 21 July 2020
2. CBI-ADB webinar on "Green Bond Market Development in Thailand" – 7 August 2020

### UPCOMING WEBINAR:

Joint UNDP-ADB webinar on "Building Low-Carbon, Climate Resilient Future through Green Bonds" – 17 September 2020

### OTHER UPDATE:

ADB became Observer for the Network for Greening the Financial System

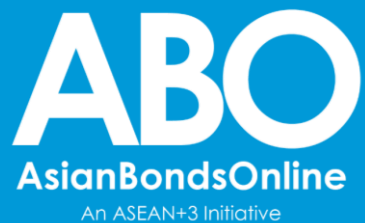


## GOING FORWARD.....

1. Collaborate with ASEAN+3 members, and Credit Guarantee and Investment Facility (CGIF) to promote green bond issuances, and to create the necessary ecosystem conducive to green finance
2. Together with the AsianBondsOnline, develop the green bond webpage on ABO to promote the development of green finance in ASEAN+3 to global investors
3. Develop and strengthen partnership with international development partners to scale up green finance in ASEAN and ASEAN+3
4. Review the scope of the TA amid the Covid-19 pandemic to ensure that bond market, through thematic bonds can promote economic recovery and support sustainable infrastructure development.
5. Provide hand-on support to potential green bond issuers, underwriters as well as local green bond verifiers.



# THANK YOU



[asianbonds\\_info@adb.org](mailto:asianbonds_info@adb.org)  
[asianbonds\\_feedback@adb.org](mailto:asianbonds_feedback@adb.org)

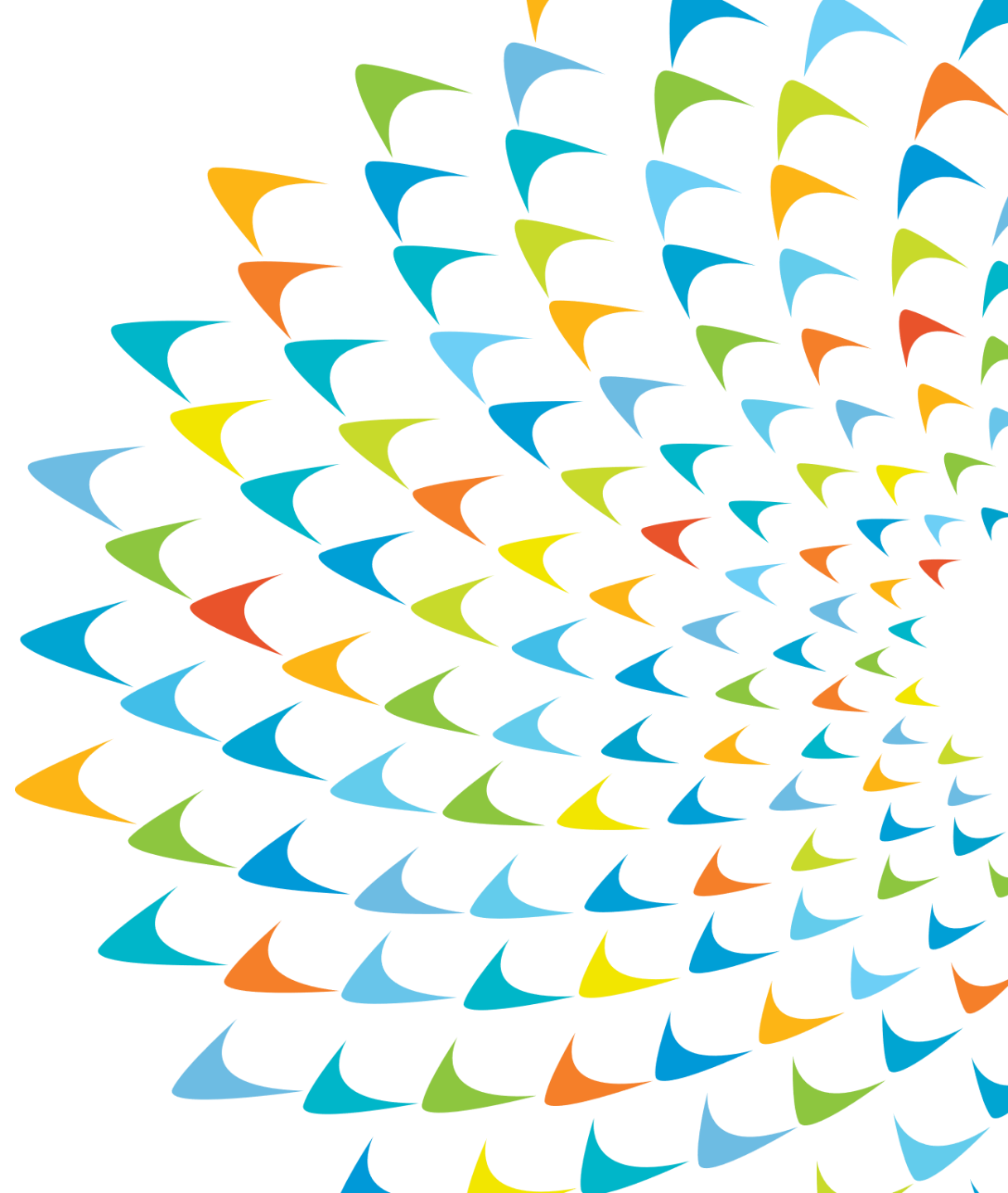


[asianbondsonline.adb.org](http://asianbondsonline.adb.org)



## **Session 5: New ASEAN+3 Bond Market Forum (ABMF) TA**

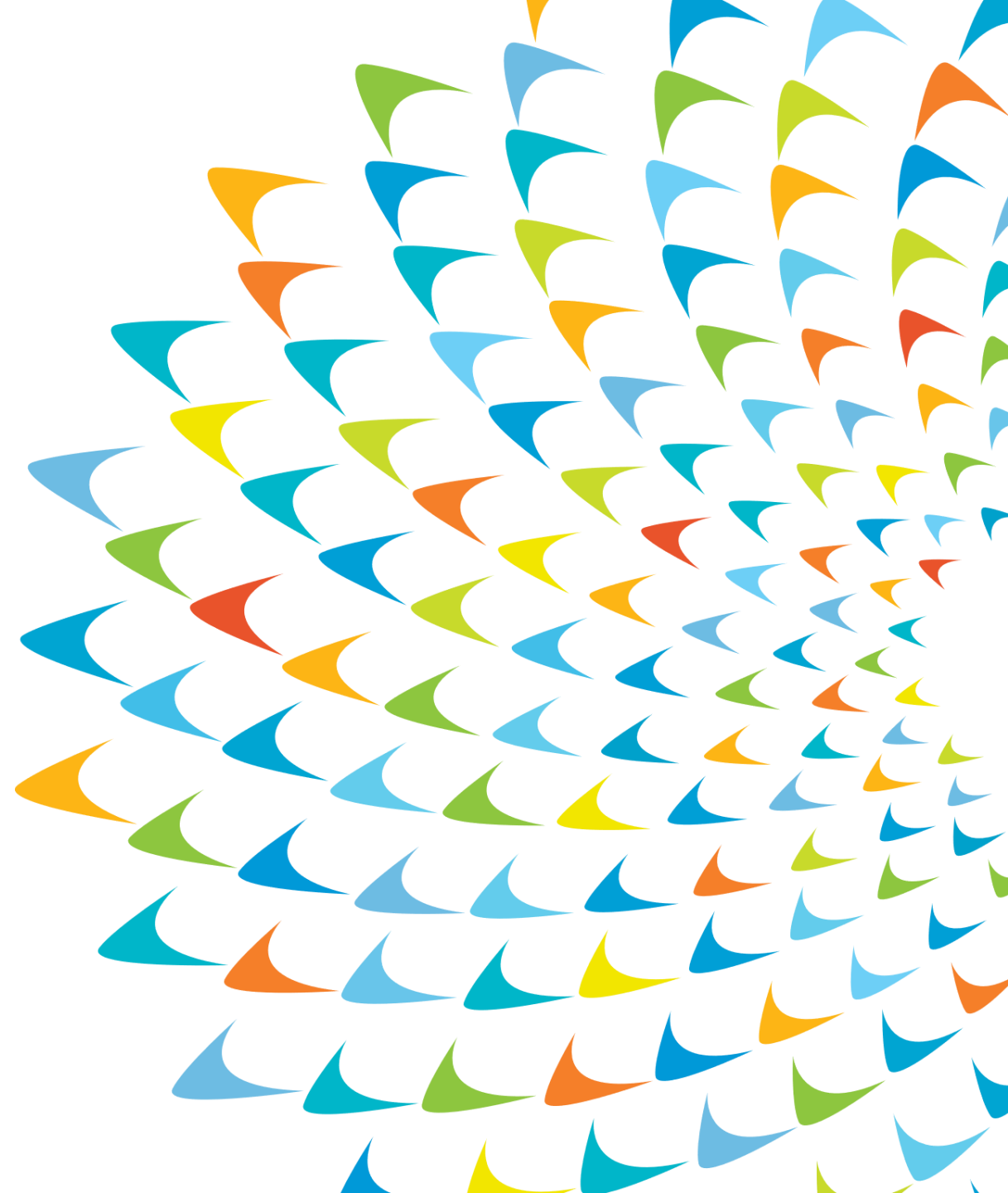
**- Mr. Satoru Yamadera, ADB**





# **New TA to support the ASEAN+3 Bond Market Forum**

***August 2020***





# Assessment of current TA's Target Outputs

	Target Output	Assessment
1	AMBIF participating markets increased	Cambodia joined
2	New AMBIF bond issuance created	6 AMBIF bonds issued
3	Regulatory and tax hurdles for AMBIF identified	Standardization of KYC process proposed
4	Challenges relating to cross-border collateral and repo as well as securities lending and borrowing identified	Linking to CSIF
5	International standards, including ISO 20022, adopted, or their adoption plan in the key market infrastructures announced	Achieved
6	Initial assessment of possible information platform conducted	ABO improvements



# List of Completed and Upcoming Publications under this TA

	Publication Title	Publication Date
1	Bond Market Guide: Indonesia	Aug-17
2	Bond Market Guide: Philippines	Oct-17
3	Bond Market Guide: Brunei Darussalam	Oct-17
4	Bond Market Guide: Lao People's Democratic Republic	Oct-17
5	Bond Market Guide: Myanmar	Feb-18
6	Bond Market Guide: Cambodia	Feb-18
7	Bond Market Guide: Republic of Korea	May-18
8	Good Practices for Developing a Local Currency Bond Market: Lessons from the ASEAN+3 Asian Bond Markets Initiative	May-18
9	Bond Market Guide: Viet Nam	Oct-18
10	Bond Market Guide: Exchange Bond Market in the People's Republic of China	Oct-19
11	AMBIF Implementation Guidelines for the Philippines	Feb-20
12	Bond Market Guide: Interbank Bond Market in the People's Republic of China	Aug-20
13	AMBIF Implementation Guidelines for Cambodia	upcoming
14	Supplementary Note for Bond Market Guide: Hong Kong, China	upcoming



# No. of Downloads of Completed Publications under this TA<sup>1</sup> (from date of publication to 10 Feb 2020)

	Publication Title	ADB <sup>2</sup>	ABO <sup>3</sup>	Total
1	Bond Market Guide: Indonesia	831	881	<b>1,712</b>
2	Bond Market Guide: Philippines	963	739	<b>1,702</b>
3	Bond Market Guide: Brunei Darussalam	197	282	<b>479</b>
4	Bond Market Guide: Lao People's Democratic Republic	234	227	<b>461</b>
5	Bond Market Guide: Myanmar	924	194	<b>1,118</b>
6	Bond Market Guide: Cambodia	855	287	<b>1,142</b>
7	Bond Market Guide: Republic of Korea	453	690	<b>1,143</b>
8	Bond Market Guide: Viet Nam	416	401	<b>817</b>
9	Bond Market Guide: Exchange Bond Market in the People's Republic of China	656	470	<b>1,126</b>
10	Good Practices for Developing a Local Currency Bond Market: Lessons from the ASEAN+3 Asian Bond Markets Initiative	911	N/A (linked to ADB website)	<b>911</b>
11	ASEAN+3 Multi-Currency Bond Issuance Framework: Implementation Guidelines for the Philippines	22	80	<b>102</b>
	<b>TOTAL</b>	<b>6,462</b>	<b>4,251</b>	<b>10,713</b>

<sup>1</sup> Bond Market Guides for Hong Kong, China; Japan; Malaysia; Singapore; and Thailand were completed during the previous ABMF TA which was also financed under ICFF (TA 8635).

<sup>2</sup> Available at <https://www.adb.org/publications/series/bond-market-guides>.

<sup>3</sup> Available at <https://asianbondsonline.adb.org/abmg.php>.



## Completed and Upcoming ABMF Meetings under this TA

ABMF Meeting No.	Date	Venue	No of participants
25th	3-5 Jul 2017	ADB HQ	150
26th	11-13 Oct 2017	ADB HQ	115
27th	1-2 Feb 2018	Phnom Penh	100
28th	18-21 Jun 2018	Fukuoka	145
29th	17-18 Sep 2018	Jakarta	107
30th	28-29 Jan 2019	ADB HQ	130
31st	24-28 Jun 2019	Tokyo	170
32nd	17-18 Oct 2019	Shenzhen	120
33rd	6-7 Feb 2020	ADB HQ	115
34th	31 Aug 2020	online	195*

\* estimates



## Other ABMF Related Achievements

- Introduction of Qualified Investor concept in Indonesia (2018)
- Introduction of Qualified Investor concept in Cambodia (2018)
- Amendment of Securities Law and related Decree in Viet Nam (expected in 2020)
- Enactment of Parakas on Debt Securities Offering to Qualified Investors in Cambodia (expected in 2020)
- Improvement of information dissemination through ABO as a regional information platform.
- Survey on cross-border collateral in ASEAN+3 presented at ABMF meetings
  - Further analysis will be made to create the transactions
- Account structure study and KYC process in ASEAN+3 presented at ABMF meetings
  - Further analysis will be made to make a recommendation
- Providing inputs to the Philippine tax reform on financial transactions



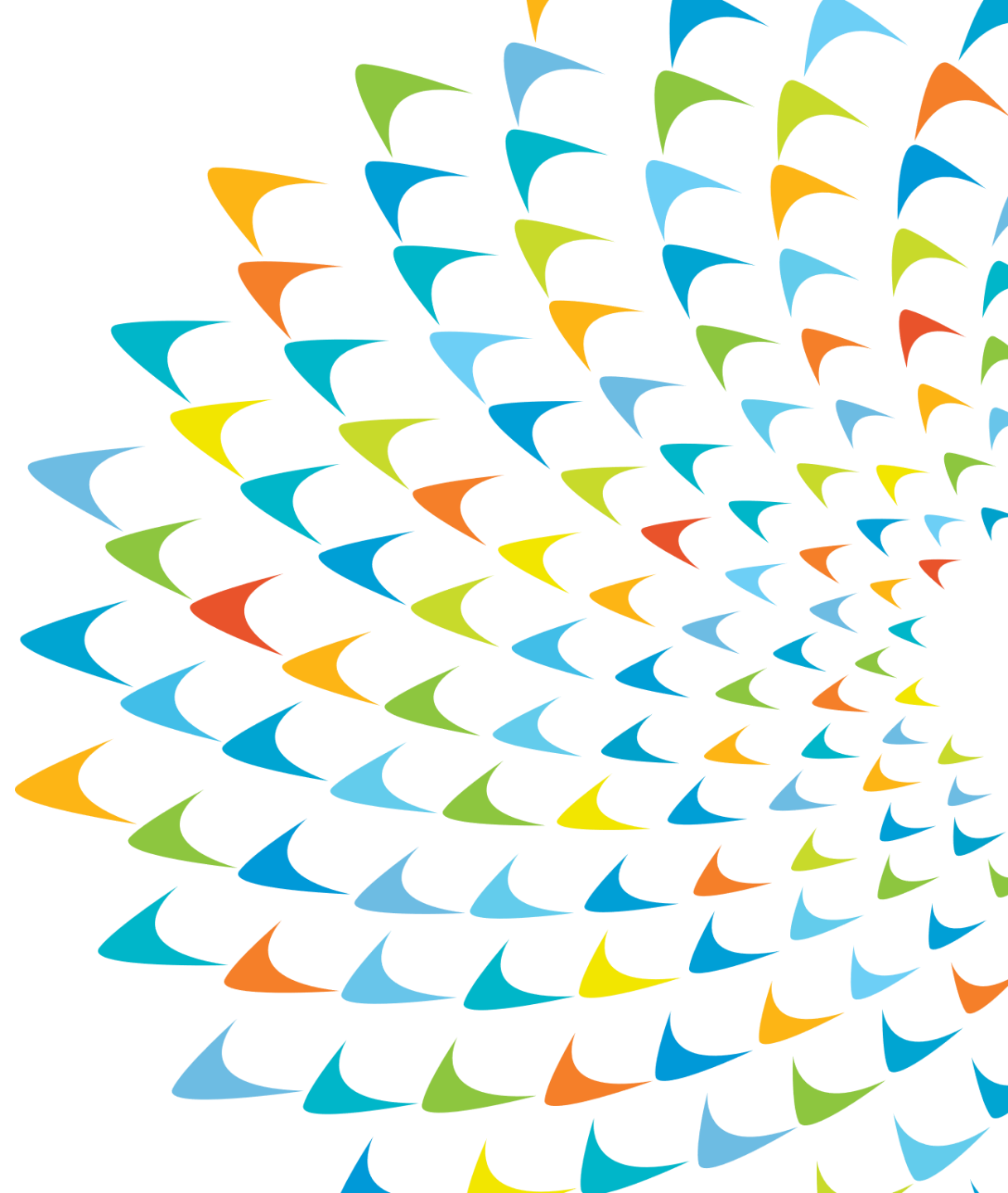
# Proposed Outputs of the Next TA

1. **continue to update and publish the Bond Market Guides** which will not only cover a legal and regulatory framework but also payment and settlement systems and market infrastructures, particularly where there are recent remarkable new technological advancements in the region;
2. **advance achievements made under ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF)** by promoting greater bond issuance and increasing the number of participating member countries to as many as possible
  - Establishment of Working Group on Comparative Capital Market Law (WG-CCML)
3. **promote the implementation of international standards**, particularly ISO20022 and ISO 17442: Legal Entity Identifier, which will facilitate intraregional portfolio investments by reducing regulatory reporting burden and increase market transparency
  - Standardization of tax KYC process, FX-related reporting
4. **further collaborate with ABMI's Technical Assistance Coordination Team (TACT) and ASEAN+3 Macroeconomic Research Office (AMRO)** to increase efficiency and effectiveness of the ASEAN+3 regional initiatives; and
5. **support the development of a new ABMI Medium-Term Road Map** to identify priorities for ASEAN+3 to consider supporting from 2023 to 2026.





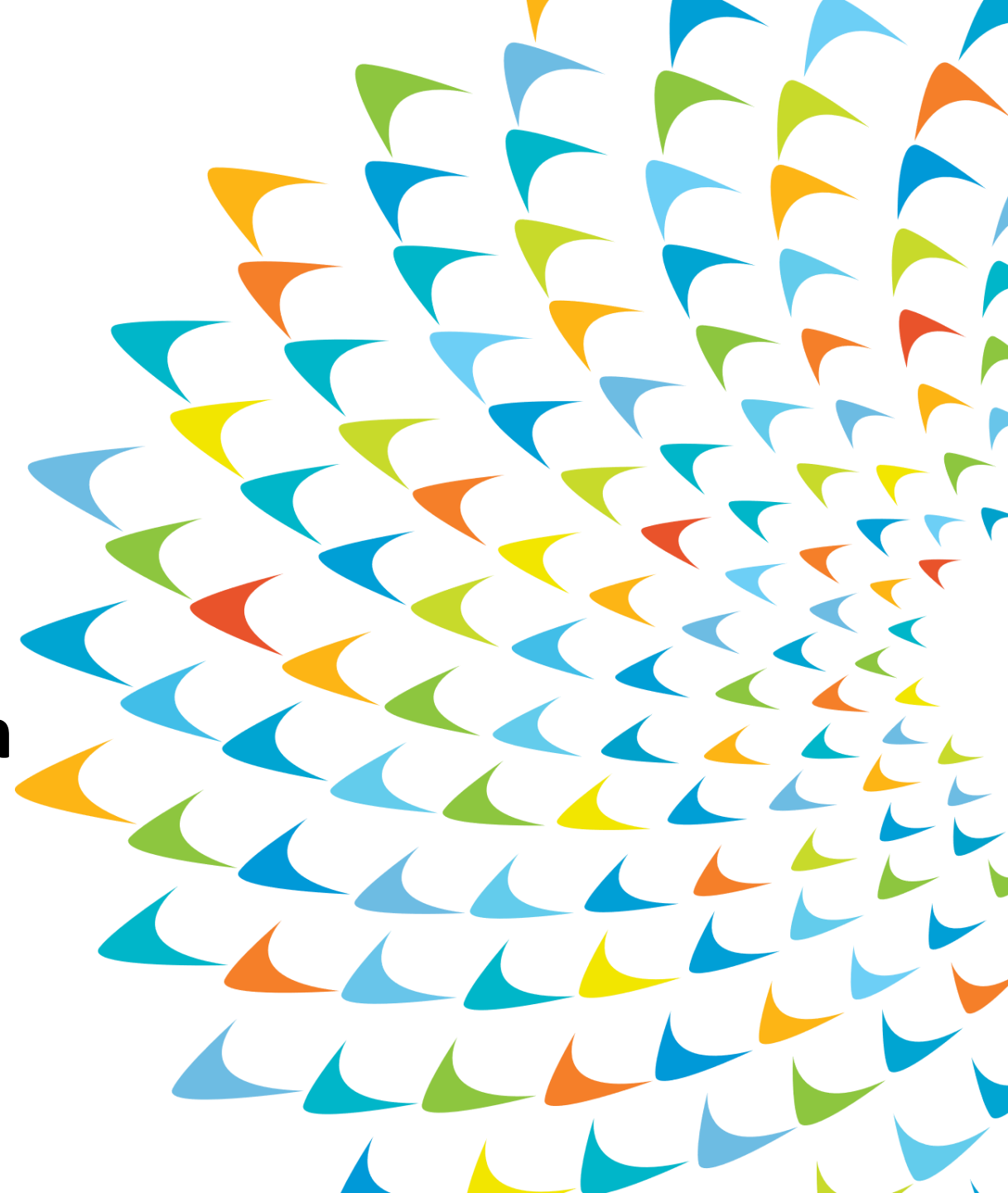
**Thank you**





## **Session 6: ISO 20022 and FX reporting**

**- Mr. Masayuki Tagai, JP Morgan Chase N.A**



# ISO 20022 Industry Challenges

Opportunities for FX reporting | August 31, 2020

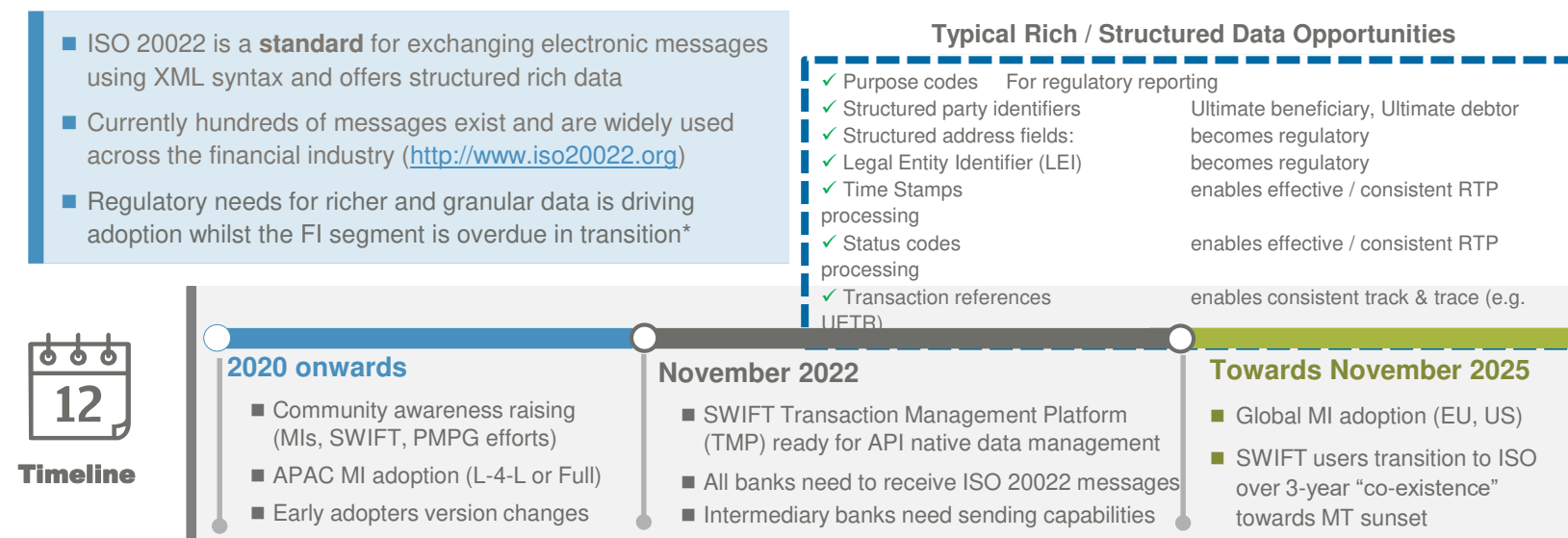
Prepared for the  
**JOINT ONLINE MEETING 34<sup>TH</sup> ASEAN+3 BOND MARKET FORUM (ABMF) and  
21<sup>ST</sup> CROSS-BORDER SETTLEMENT INFRASTRUCTURE FORUM (CSIF)**

Masayuki Tagai  
Managing Director  
Treasury Services Industry Issues, Wholesale Payments

---

# Accelerating APAC Market Infrastructure adoption of ISO 20022 is a catalyst for data innovation

ISO 20022 obliges banks to handle expanded and flexible data in addition to the traditional payment information. It means that banks need to be capable of handling data in a more granular way. This transition will create end-2-end efficiencies and a better client experience.



## Key Industry / Client Messages



J.P.Morgan

\* ISO20022 is also the anticipated standard for API based data exchanges on or off SWIFT, in addition to, or as an alternative to ‘messages’

# ISO 20022 enabling data driven innovation

Data can be transported in a structured way and allows businesses to prepare for data driven innovation



**1 Increased Efficiency:**  
Richer data means better information about the payment for application & reconciliation

**2 Enhanced Client Process:**  
More information about the payment enables better data integration to improve automation

**3 Automation:**  
Structured data enables better sanctions screening and AML monitoring

**4 Service Innovation:**  
ISO 20022 will standardize data exchanges beyond payments, unlocking new opportunities beyond transactions

**5 Frictionless Cross Border Payments:**  
Harmonized data structure, combined with gpi transparency in case of payments, eliminates many causes of delay

**6 Power of Data:**  
Standardization forums across various market infrastructures provide opportunities to harness the power of data

---

#### Confidentiality Clause and Disclaimer

This presentation was prepared exclusively for the internal use of the J.P. Morgan client to whom it is addressed (including the client's affiliates, the "Company") in order to assist the Company in evaluating, on a preliminary basis, certain products or services that may be provided by J.P. Morgan. This presentation is for discussion purposes only and is incomplete without reference to, and should be viewed solely in conjunction with, the oral briefing provided by J.P. Morgan. It may not be copied, published, disclosed or used, in whole or in part, for any purpose other than as expressly authorized by J.P. Morgan.

This presentation is confidential and proprietary to J.P. Morgan and is not intended to be legally binding. In preparing this presentation, J.P. Morgan has relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. Neither J.P. Morgan nor any of its directors, officers, employees or agents shall incur any responsibility or liability whatsoever to the Company or any other party in respect of the contents of this presentation or any matters referred to in, or discussed as a result of, this presentation. J.P. Morgan makes no representations as to the legal, regulatory, tax or accounting implications of the matters referred to in this presentation.

The products and services described in this presentation are offered by JPMorgan Chase Bank, N.A. or its affiliates subject to applicable laws and regulations and service terms. Not all products and services are available in all locations. Eligibility for particular products and services will be determined by JPMorgan Chase Bank, N.A. or its affiliates.

Readers are responsible for assessing all legal, regulatory (including under the Banking Act, the Payment Services Act, the Money Lending Business Act and the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates), accounting and tax implications and should obtain independent professional advice on contemplated transactions with respect to requirements, adequacy and appropriateness in specific situations.

J.P. Morgan is a marketing name for the Wholesale Payments businesses of JPMorgan Chase Bank, N.A. and its affiliates worldwide.

J.P. Morgan is licensed under U.S. Patent Numbers 5,910,988 and 6,032,137.

JPMorgan Chase Bank, N.A., organized under the laws of U.S.A. with limited liability.

© 2020 JPMorgan Chase & Co. -All rights reserved

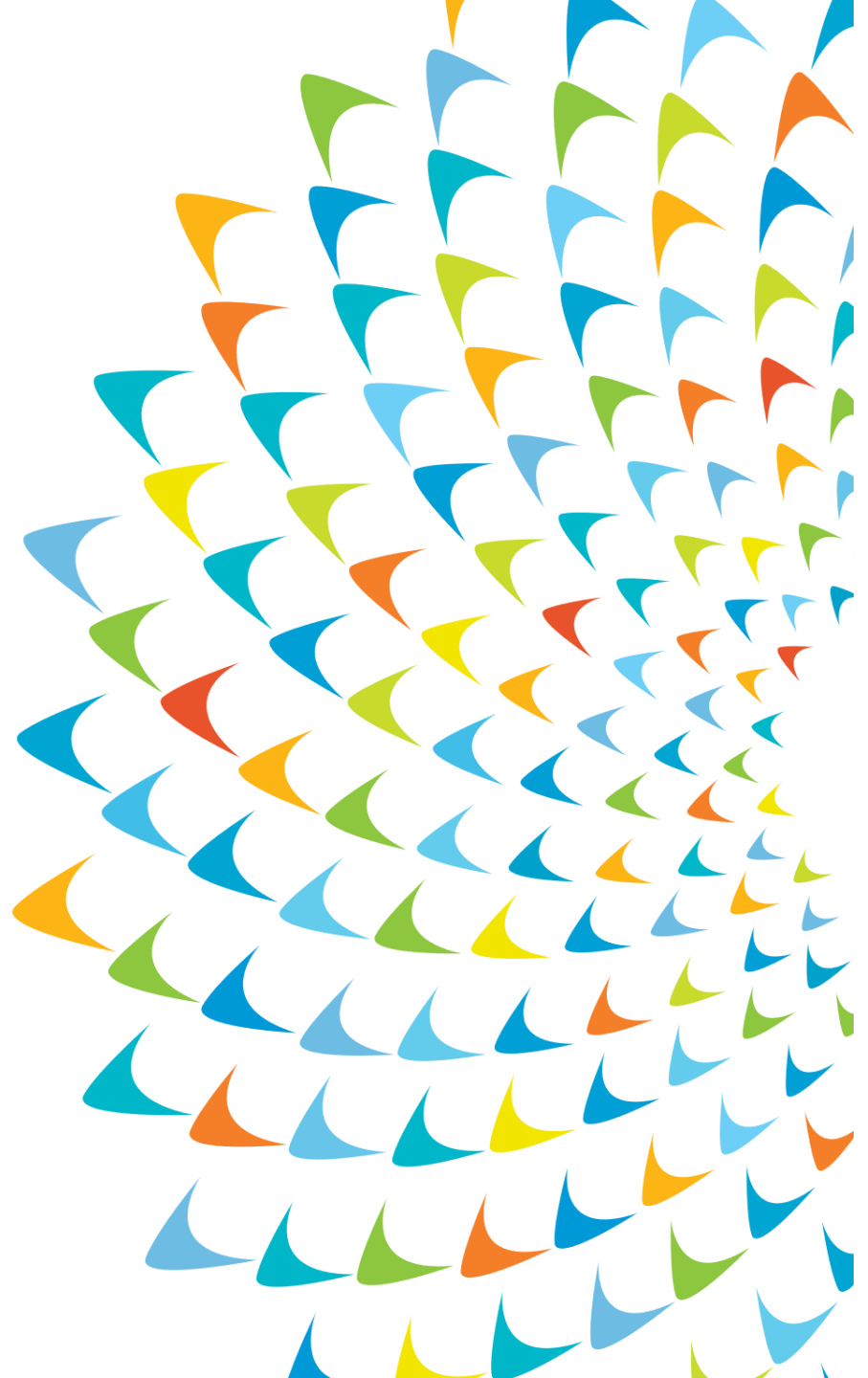
**J.P.Morgan**



# Proposed Study on FX Reporting (Brief Introduction)

**Satoru Yamadera**  
Principal Financial Sector Specialist  
[syamadera@adb.org](mailto:syamadera@adb.org)

34<sup>th</sup> ABMF (Virtual) Meeting, 31 August 2020





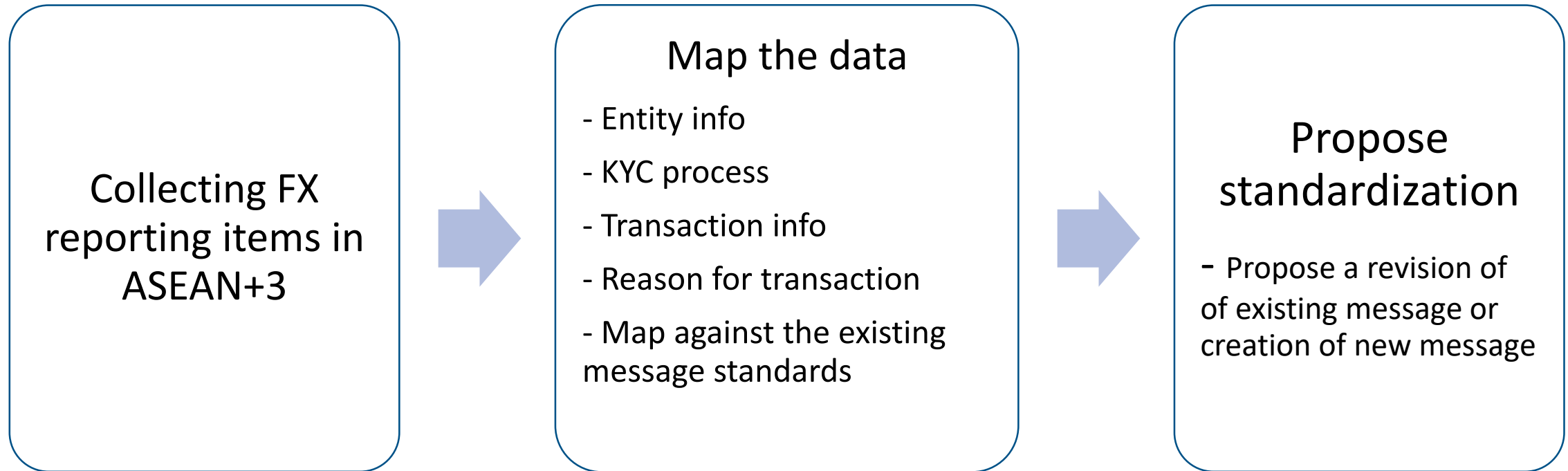
## Premise and key assumption

- FX transactions are the most international and standardised business transactions in the financial industry (**same input?**)
- Yet, FX instructions to support bond market transactions come in many forms and formats
- FX reporting is used for compilation of Balance of Payment Statistics (**same output?**)
- Yet, FX reporting to central banks differs by economy
- A standardised approach from FX transaction to FX reporting appears desirable
- The use of standards, such as LEI and ISO20022, could allow streamlining
- KYC for repeated cross-border transactions can be streamlined (account structure study)
- The FX Reporting Study will examine any such opportunity
- Some preliminary examinations done to support premise, derive assumptions





# Data mapping exercise





# Sample: BOK Report versus MT300

No.	Data Element	Data set by	Bank receives	Bank stores	Bank generates	BOK generates	Transaction specific?	Comments
1	Code of reporting institution	BOK					No	
2	Code of bank branch	KFTC					No	
3	Branch location identification number	external					No	
4	Bank branch (location/nature of business; code)	BOK					No	
5	Date of report	generated					No	
6	Date of transaction (value date)	Bank					Yes	check purpose
7	Time of report	generated					No	
8	Nature of report	BOK					No	
9	Registration/Reception number	(BOK)					No	
10	Transaction reference number	Bank					Yes	
11	FCY purchase or sale code	BOK					Yes	
12	Date of FCY purchase or sale	Bank					Yes	check vs 6
13	FCY currency code (ISO)	ISO					Yes	
14	FCY amount	Bank					Yes	
15	USD equivalent	Bank					Yes	USD rate missing
16	Reason code	BOK					Yes	
17	Country code (to/from FCY is remitted; ISO)	ISO					Yes	to be confirmed
18	N/A							
19	N/A							
20	Legal nature of FCY buyer/seller (code)	BOK					Yes	
21	Size of FCY purchaser/seller (code)	BOK					Yes	
22	Name of FCY purchaser/seller	Bank					Yes	
23	Investor Registration Certificate number	FSC					Yes	
24	Identification number of FCY purchaser/seller	?					Yes	to be confirmed
25	Residency of FCY purchaser/seller (code)	ISO					Yes	
26	Domicile of FCY purchaser/seller (code)	ISO					Yes	
27	Nationality of FCY purchaser/seller (code)	ISO					Yes	



# THANK YOU

## ABMF SECRETARIAT TEAM:

**Satoru Yamadera**

Principal Financial Sector Specialist  
syamadera@adb.org

**Prof. Shigehito Inukai**

ADB Consultant  
shige.inukai@me.com

**Kosintr Puongsophol**

Financial Sector Specialist  
kpuongsophol@adb.org

**Matthias Schmidt**

ADB Consultant  
macschmidt@me.com

AsianBondsOnline is a one-stop source of information on bond markets in emerging East Asia

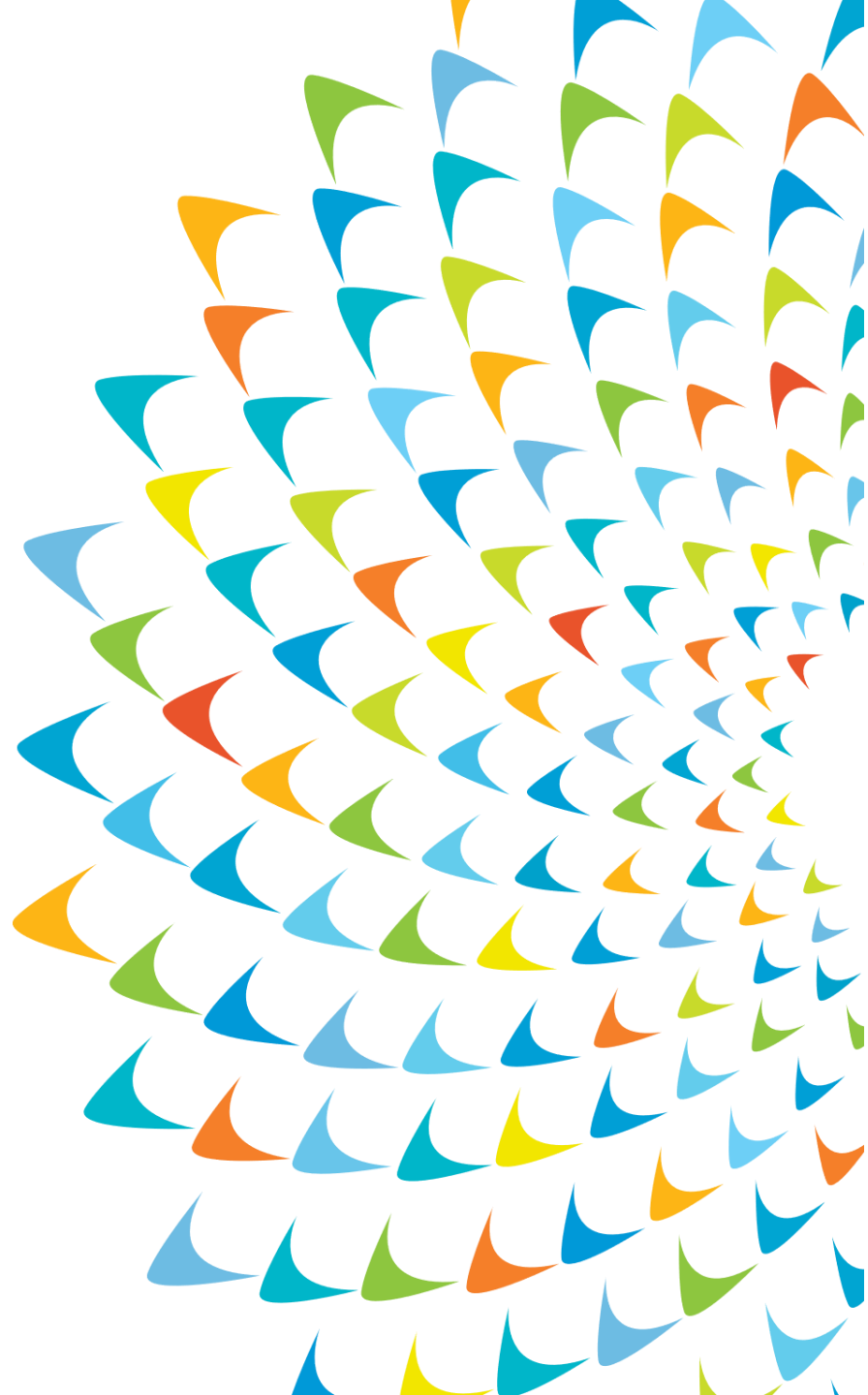
**ABO**  
AsianBondsOnline  
An ASEAN+3 Initiative



asianbonds\_info@adb.org  
asianbonds\_feedback@adb.org

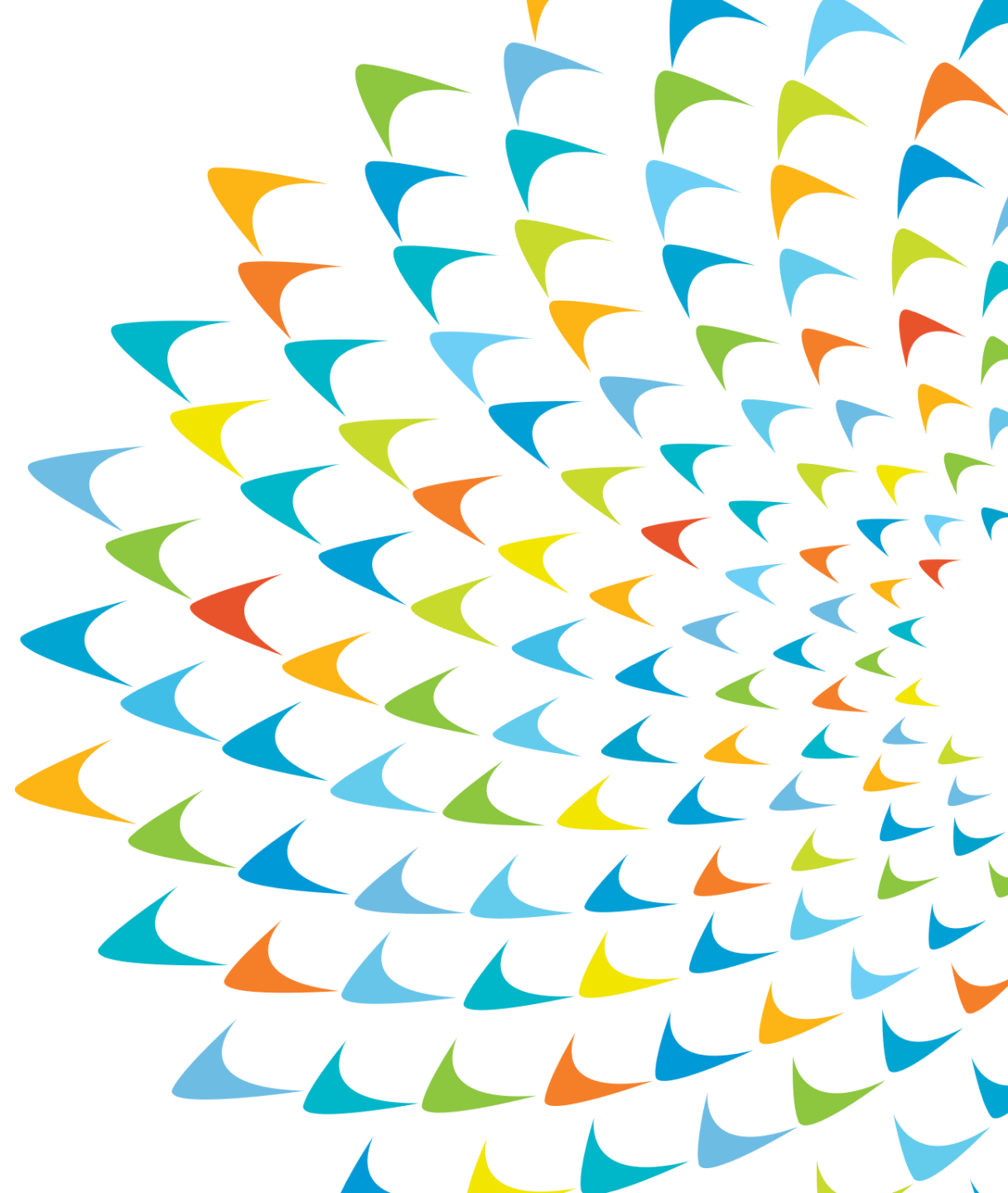


asianbondsonline.adb.org



## **Session 7: Progress Report of CSIF and New Cross-border Settlement Infrastructure Forum (CSIF) TA**

- Mr. Satoru Yamadera, ADB**
- Mr. Byung-Wook Ahn, ADB**



# Progress Report of CSIF

Prepared for the discussions at the 21<sup>st</sup> CSIF on 31 August 2020  
(virtual meeting over videoconference)

Satoru (Tomo) Yamadera: Principal Financial Sector Specialist Economic Research and Regional Cooperation Department,  
Asian Development Bank

Taiji Inui: ADB Consultant for CSIF and JICA Advisor for Central Bank of Myanmar

CSIF: Cross-border Settlement Infrastructure Forum

# Progress Report of CSIF



Progress Report of CSIF titled “Next Steps for ASEAN+3 CSD-RTGS Linkages” was published on ADB website in July 2020.

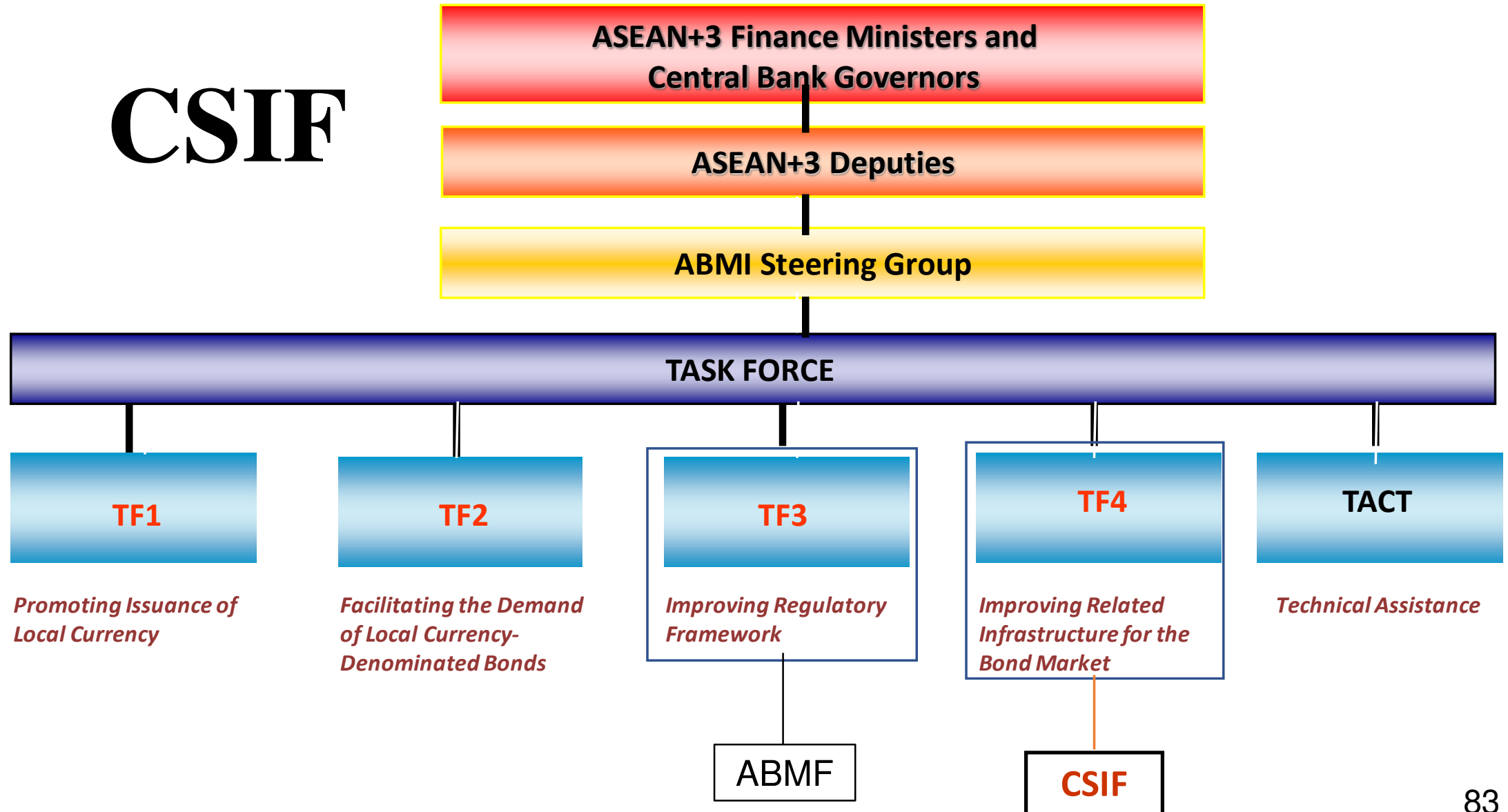
<https://www.adb.org/publications/asean3-central-securities-depository-csif-progress-report>

## Contents

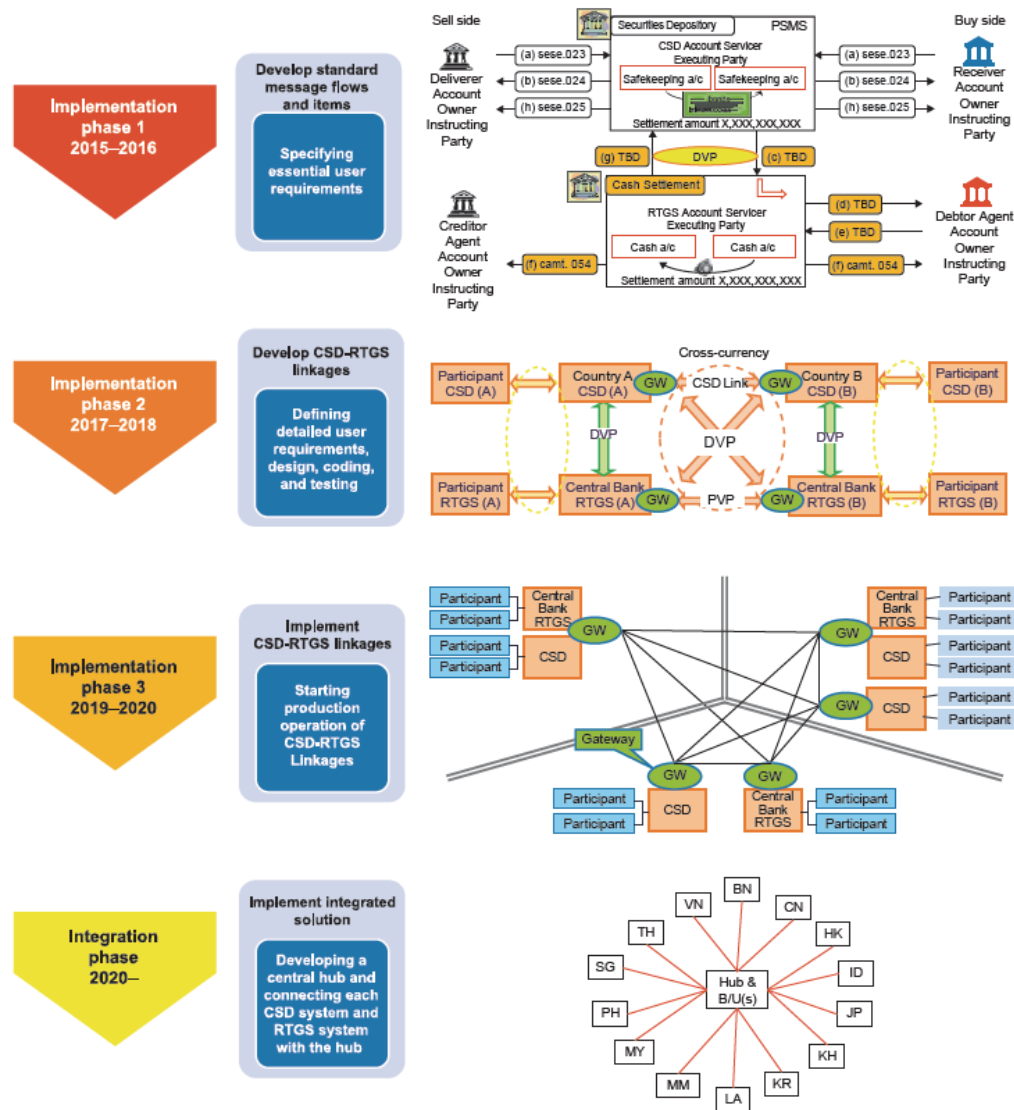
- I. Introduction
- II. Salient points in previous reports
- III. Progress of CSD-RTGS Linkage Models to date
- IV. Progress of standardization in ASEAN+3
- V. Emerging trends in cross-border transactions
- VI. Future challenges and next steps

# Structure of the CSIF

**CSIF**



# Roadmap of establishing RSI in ASEAN+3



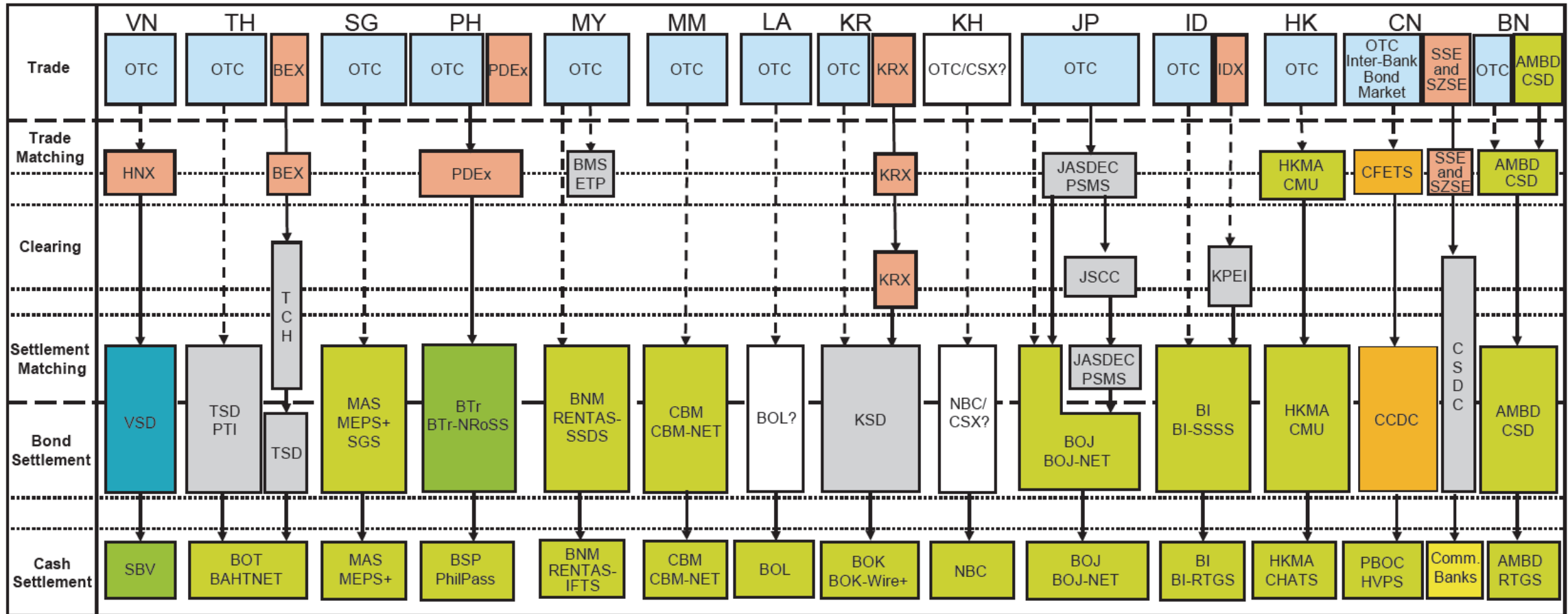
Currently:  
connecting CSD and RTGS systems bilaterally

1. Cross-border DVP linkage
2. CSD-CSD linkage
3. Payment versus payment linkage

Next steps:  
connecting CSD and RTGS systems multilaterally by utilizing DLT and blockchain technology



# ASEAN+3 Government Bond Market Diagram



NOTE:

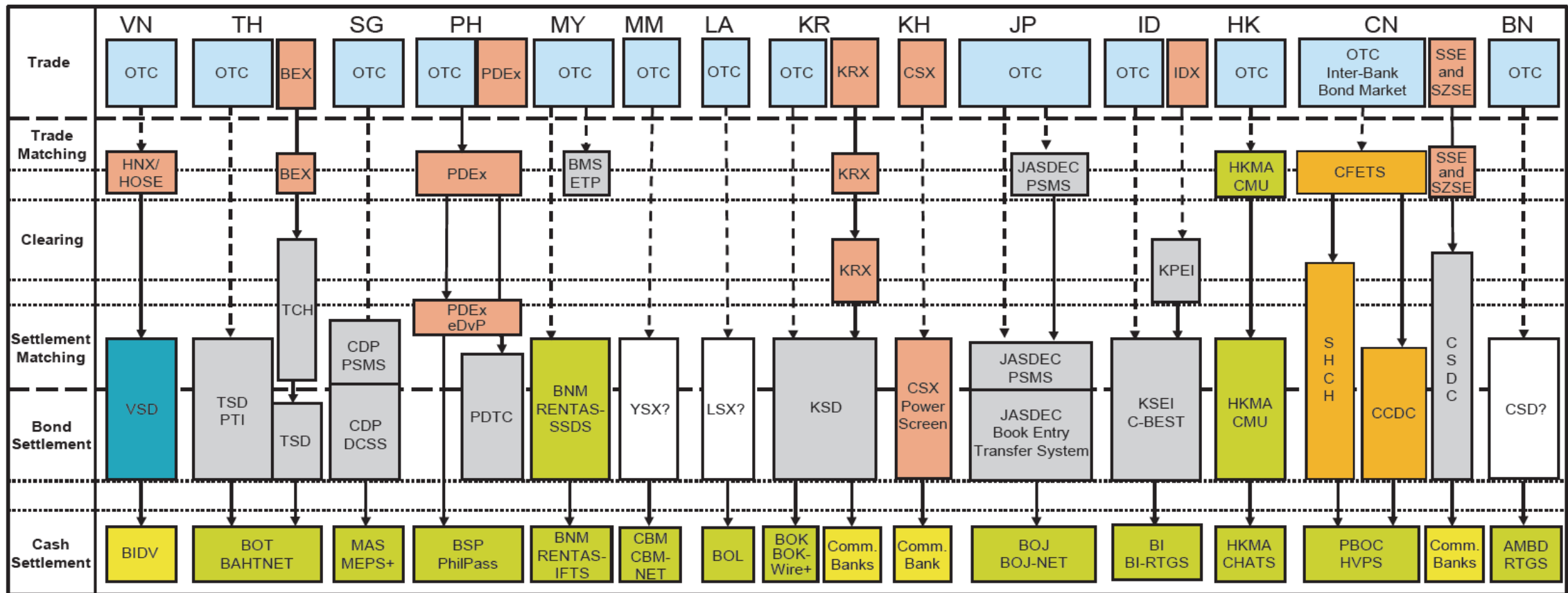
Exchange	Exchange related
Central Bank	Central Bank related
Government	Government related

Commercial Bank
To be developed

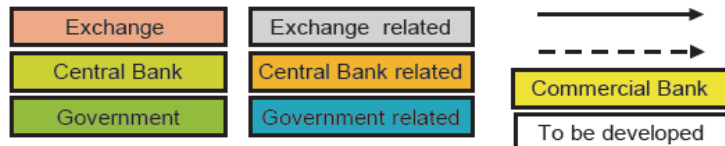
—————> Direct inter-system connection

- - - - -> Indirect connection; trade data (bond settlement instructions) are entered into CSD by agent custodians

# ASEAN+3 Corporate Bond Market Diagram



NOTE:



—————> Direct inter-system connection

- - - - -> Indirect connection; trade data (bond settlement instructions) are entered into CSD by agent custodians

# Adoption of ISO 20022 of CSD in ASEAN+3

	CSD (Type of Organization)	Name of System	Gov. or Corp. Bond	Year of Operation	Online Local Time Operating Hours (Time Difference from Jakarta)	ISO 20022 Local Approach (Plan)	ISO 20022 Cross-Border
BN	AMBD (CB&GA)	CSD	Gov.	2017	9:00 a.m.– 4:45 p.m. (+1) <sup>1</sup>	Y: big bang	Y
CN	CCDC (CbR)	CBGS	Both	2013	9:00 a.m.–5:00 p.m. (+1)	Y: big bang	Y
CN	CSDC (ExR)	MNS	Corp.	2011	8:00 a.m.–4:00 p.m. (+1)	Y (202X)	Y (202X)
CN	SHCH (ExR)	SHCH-SSS	Corp.	2011	9:00 a.m.–5:00 p.m. (+1)	Y (202X)	Y (202X)
HK	HKMA (CB& GA)	CMU	Both	1990	8:30 a.m.–6:20 p.m. (+1)	Y (2022)	Y (2022)
ID	BI (CB)	BI-SSSS	Gov.	2003	7:30 a.m.–8:00 p.m. (0)	Y (202X)	Y (202X)
ID	KSEI (ExR)	C-BEST	Corp.		4:00 a.m.–5:10 p.m. (0)	Y (202X)	Y (202X)
JP	BOJ (CB)	BOJ-NET JGB Services	Gov.	2015	8:30 a.m.–9:00 p.m. (+2)	Y: big bang	Y
JP	JASDEC (ExR)	BETS	Corp.	2014	9:00 a.m.–5:00 p.m. (+2)	Y: 5 year coex.	Y
KH	CSX (Ex)	(Power Screen)	Corp.	2018	8:00 a.m.–3:00 p.m. (0)	n.a.	n.a.
KR	KSD (ExR)	SSS/e-SAFE	Both	2011	9:00 a.m.–5:30 p.m. (+2)	n.a.	Y (2020)
MM	CBM (CB)	CBM-NET CSD	Gov.	2016	9:30 a.m.–3:00 p.m. (–0.5)	Y (2020)	Y (2020)
MY	BNM (CB)	RENTAS-SSDS	Both	1999	8:00 a.m.–6:00 p.m. (+1)	Y (202X)	Y (202X)
PH	BTr (GA)	BTr-NRoSS	Gov.	1996 <sup>2</sup>	9:00 a.m.–6:00 p.m. (+1)	Y (202X)	Y (202X)
PH	PDTC (ExR)	PDTC	Corp.	1995	8:00 a.m.–6:00 p.m. (+1)	Y (2021)	Y (2021)
SG	MAS (CB&GA)	MEPS+ SGS	Gov.	2006	9:00 a.m.–7:00 p.m. (+1)	Y (202X)	Y
SG	CDP (ExR)	DCSS	Corp.	2015	8:30 a.m.–5:30 p.m. (+1)	Y	Y
TH	TSD (ExR)	PTI	Both	2007	7:00 a.m.–8:30 p.m. (0)	Y (2021)	Y (2021)
VN	VSD <sup>3</sup>	VSD-BES	Both	2010	8:00 a.m.–5:00 p.m. (0)	Y (2025)	Y(202X)



# Adoption of ISO 20022 of RTGS in ASEAN+3

	Operator	Name of System	Current System Started	Online Local Time Operating Hours (Time Difference from Jakarta)	ISO 20022 Local Approach (Plan)	ISO 20022 Cross-Border
BN	AMBD	RTGS	2014	9:00 a.m.–5:00 p.m. (+1) <sup>1</sup>	Y: big bang	Y
CN	PBOC	CIPS2	2018	0:00 a.m.–11:59 p.m. (+1)	Y: big bang	Y
HK	HKMA	CHATS	1996	8:00 a.m.–6:00 p.m. (+1)	Y (2022)	Y (2022)
ID	BI	BI-RTGS	2000	7:00 a.m.–5:30 p.m. (0)	Y (202X)	Y (202X)
JP	BOJ	BOJ-NET FTS	2015	8:30 a.m.–9:00 p.m. (+2)	Y: big bang	Y
KH	NBC	-	2020	(to be confirmed)	Y	Y
KR	BOK	BOK-Wire+	2009	9:00 a.m.–5:30 p.m. (+2)	n. a.	Y (2021)
LA	BOL	-	2019	9:00 a.m.–3:30 p.m. (0)	Y	Y
MM	CBM	CBM-NET FTS	2016	9:30 a.m.–3:00 p.m. (–0.5)	Y (2020)	Y (2020)
MY	BNM	RENTAS-IFTS	2011	8:00 a.m.–6:00 p.m. (+1)	Y (202X)	Y (202X)
PH	BSP	PhilPaSS	2002	9:00 a.m.–5:45 p.m. (+1)	Y (2021)	Y (2021)
SG	MAS	MEPS+	2006	9:00 a.m.–5:30 p.m. (+1)	Y (202X)	Y (202X)
TH	BOT	BAHTNET	2013	9:00 a.m.–5:00 p.m. (0)	Y (2022)	Y (2022)
VN	SBV	IBPS	2010	8:00 a.m. –5:00 p.m. (0) <sup>2</sup>	Y (2025)	Y (202X)

# Next Steps

1. Disruptive technologies such as DLT, blockchain, crypto-asset, and tokenization could substantially influence the future technical architecture of payment and settlement systems in the region, hence, that of the CSD-RTGS Linkages. CSIF should study possible impact of such technologies thoroughly.
2. It is worth conducting further studies and analyses of retail payment infrastructures in particular CBDC. By exchanging information among CSIF members, knowledge and experiences can be shared.
3. CSIF may need to consider further technical specification and operational implementation of the CSD-RTGS linkages under the new technological environment.
4. The collateral usage of government bonds for LCY-to-LCY cross-border transactions and liquidity management needs to be discussed and studied in depth continuously.

# Next Steps

6. Enriched regional collateral pool for cross-border monetary transactions is another important layer of regional safety-net.
7. The cross-border DVP Linkage between the BOJ and the HKMA will be a leading example and important benchmark business case for further implementation to other jurisdictions in the region.
8. If other members come forward to link each other, CSIF shall provide necessary support.

# Thank you for your attention!

Satoru (Tomo) Yamadera: [syamadera@adb.org](mailto:syamadera@adb.org)

Taiji Inui: [taiji.inui@home.email.ne.jp](mailto:taiji.inui@home.email.ne.jp)

This PowerPoint slides are made solely for discussions purpose. Views expressed are those of the presenter and do not necessarily reflect those of ADB or any other organizations.

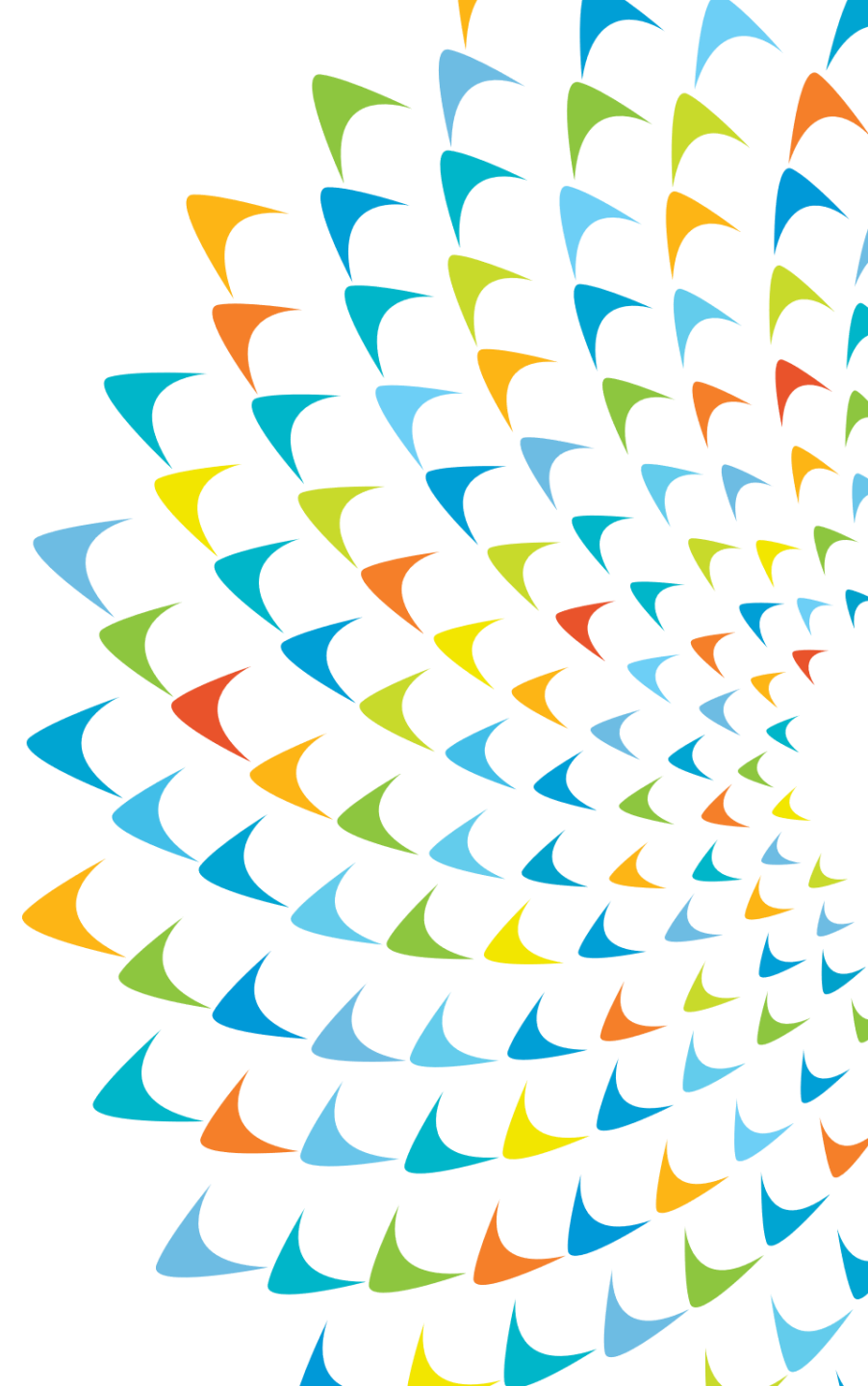


# **Session 7**

## **New Cross-Border Settlement Infrastructure Forum (CSIF) Technical Assistance (TA)**

21<sup>st</sup> CSIF Meeting  
31 August 2020

**BYUNG-WOOK (ANDREW) AHN**  
Financial Sector Specialist  
CSIF Secretariat  
Asian Development Bank







# Snapshot for previous CSIF TA (ended in June 2020)

<b>Title</b>	<b>Creating Regional Settlement Intermediary in ASEAN+3 Region</b>
<b>Tasks</b>	Supporting technical specification and operational implementation of the CSD-RTGS Linkages, the agreed RSI model
<b>Publications</b>	<ul style="list-style-type: none"><li>▪ Common Understanding on Cross-Border Business Continuity Planning and Cybersecurity (2018)</li><li>▪ Common Understanding on International Standards and Gateways For Central Securities Depository and Real-Time Gross Settlement (CSD-RTGS) Linkages (2019)</li><li>▪ Next Steps for ASEAN+3 Central Securities Depository and Real-Time Gross Settlement Linkages: A Progress Report for the Cross-Border Settlement Infrastructure Forum (2020)</li></ul>
<b>Amount</b>	USD500,000
<b>Funding</b>	Republic of Korea e-Asia and Knowledge Partnership Fund



## Next CSIF TA: **Implementation Background**

- The region still faces low intraregional portfolio investments and large infrastructure investment gap due to weak direct portfolio investment linkage among the member markets

➔ **CSIF needs to expand its focus to stimulate even more direct portfolio investment linkage in the region**



## Next TA for CSIF: **Proposed Actions**

1. Extensive and intensive study on **new technologies** possibly applicable to regional financial market infrastructure including the CSD-RTGS Linkages
2. Study on developing benchmark product and market infrastructure design for regional **fund markets and their infrastructures**
3. In-depth study on **collateral usage of government bonds** for LCY-to-LCY cross-border financial transactions and liquidity management



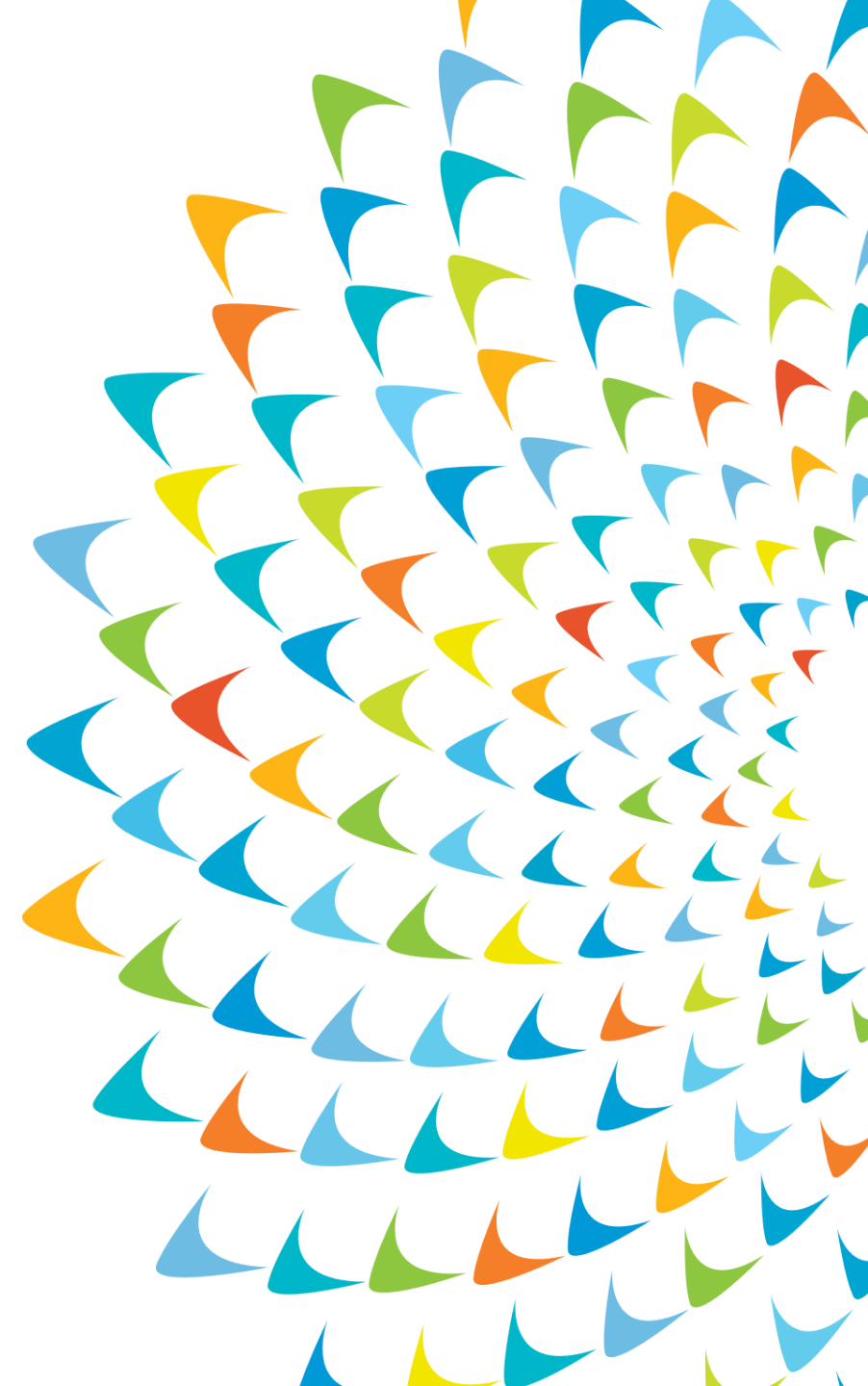
## Next TA for CSIF: Tentative Snapshot

<b>Title</b>	<b>Promoting Cross-Border Financial Transactions in ASEAN+3 Region:</b> Support to CSIF under the ABMI Medium-term Road Map 2019-2022
<b>Tasks</b>	<ul style="list-style-type: none"><li>■ Study on possible impacts of new technologies on financial market infrastructures in the region</li><li>■ Developing benchmark product and related infrastructure design for regional fund markets</li><li>■ Study on LCY collateral utilization in intraregional financial trading</li></ul>
<b>Amount</b>	USD500,000 (subject to approval)
<b>Funding</b>	Republic of Korea e-Asia and Knowledge Partnership Fund (subject to approval)
<b>Target period</b>	Oct. 2020 ~ Sep. 2022 (2 years)

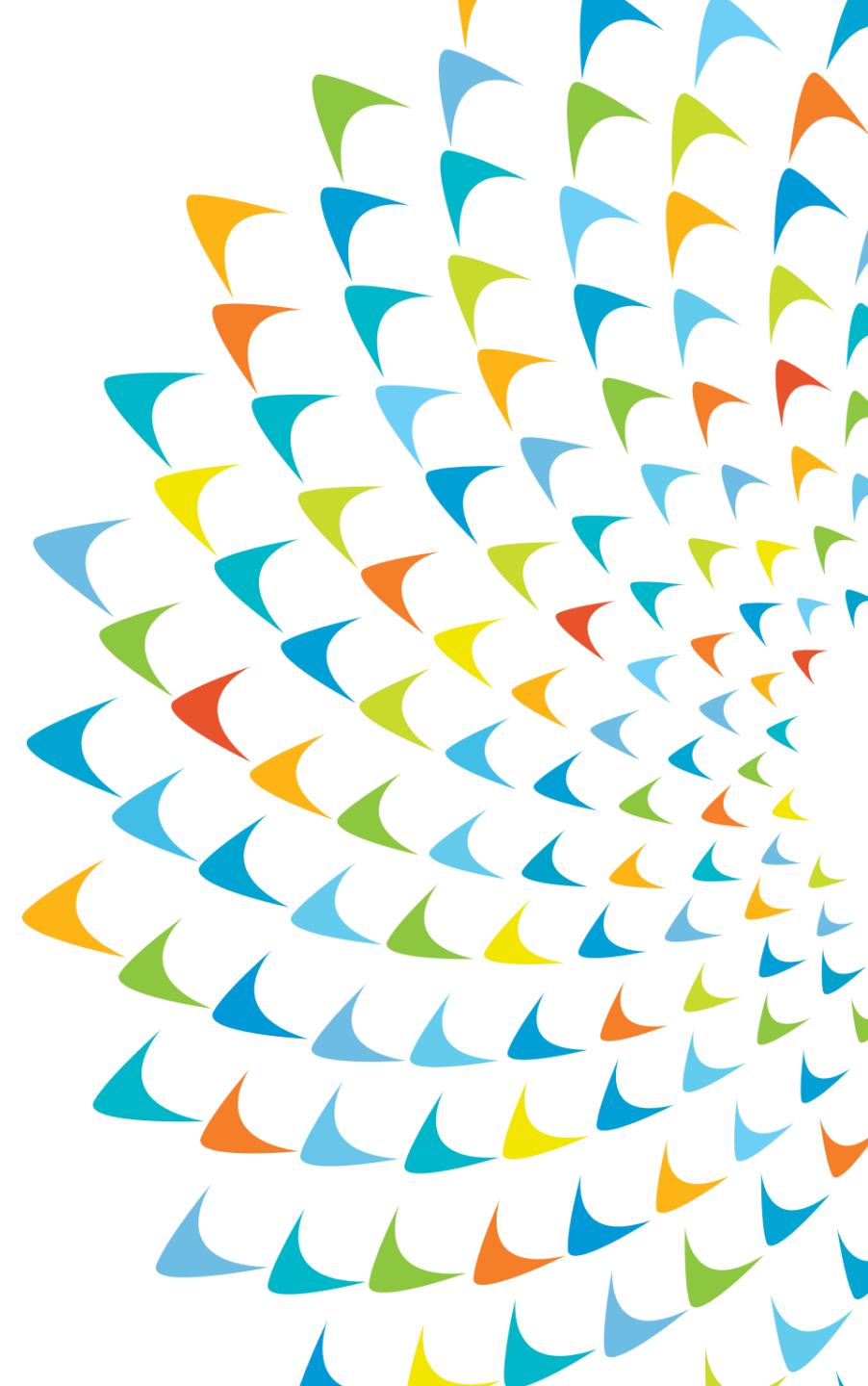


# THANK YOU

Byung-Wook (Andrew) Ahn  
[bahn@adb.org](mailto:bahn@adb.org)



**For Info: CSIF Supplementary  
Materials only**



# JPM Coin Overview

August 2020

A large, abstract graphic composed of multiple overlapping, semi-transparent blue waves. The waves flow from the left side towards the right, with varying heights and depths of blue, creating a sense of movement and depth. This graphic occupies the lower half of the slide.

J.P.Morgan

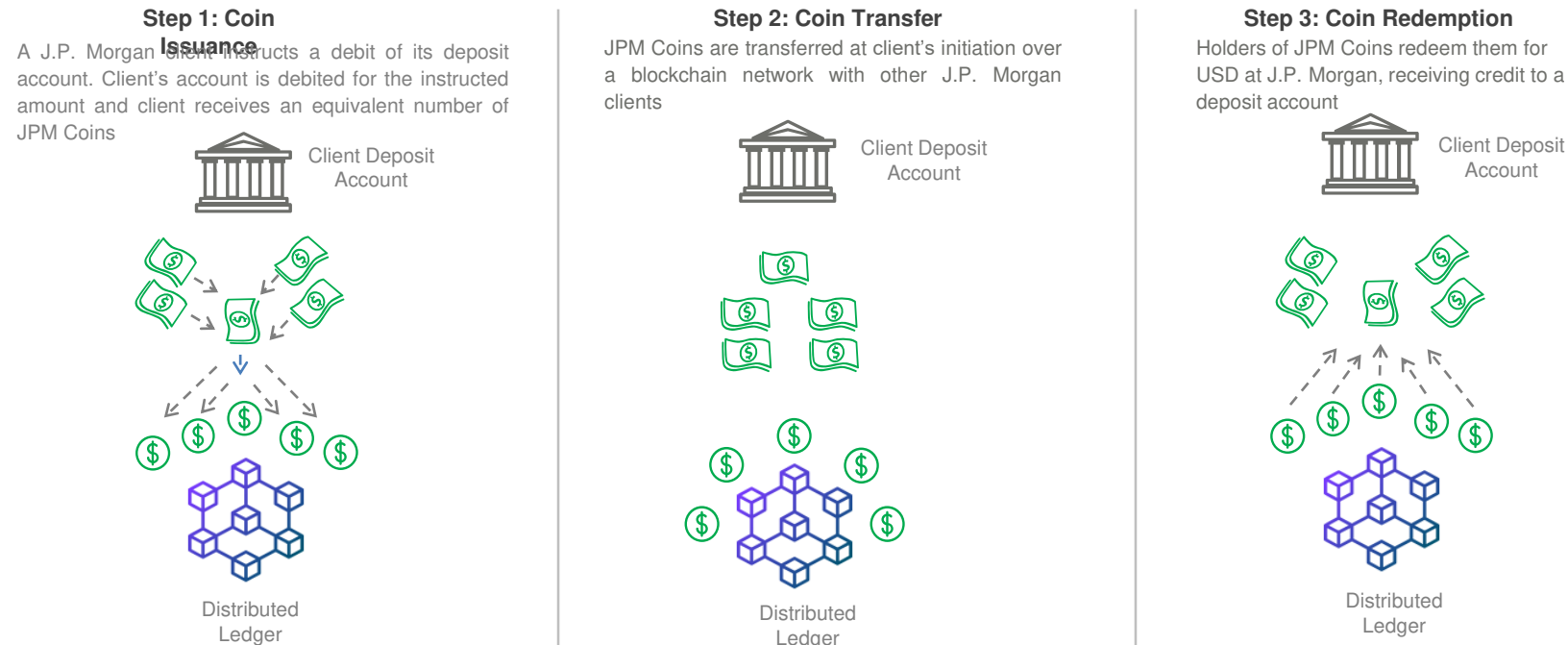
# JPM Coin value transfer via blockchain rails

JPM Coin<sup>1</sup>: JPM is developing JPM Coin to enable enterprise blockchain applications with secure payments from JPM bank accounts

## What is JPM Coin?

- A digital coin designed to facilitate instantaneous payments
- Created by J.P. Morgan to represent United States Dollars held in accounts at JPMorgan Chase Bank N.A.
  - Will be extended to other major currencies in the future, subject to client demand
  - Will be issued on Quorum Blockchain and may be subsequently extended to other platforms


## How JPM Coin works – Illustrative Example



<sup>1</sup> JPM Coin is a prototype. J.P.Morgan will complete all internal procedures and satisfy all regulatory and compliance obligations, prior to any live products or services being launched utilizing JPM Coin.



## How does JPM Coin differ from other cryptocurrencies<sup>1</sup>?

	Cryptocurrencies <sup>1</sup> (e.g., Bitcoin, Ether)	Fiat-backed Stablecoins (e.g., USDC, Tether)	JPM Coin
<b>Relationship to Fiat Currency</b>	<ul style="list-style-type: none"> <li>Value is intrinsic to the coin</li> <li>Uncollateralized</li> </ul>	<ul style="list-style-type: none"> <li>Most stablecoins claim to have a 1:1 fiat collateral</li> <li>Reserves held at a bank or custodian</li> <li>Transparency about adequacy of collateral varies by stablecoin</li> </ul>	<ul style="list-style-type: none"> <li>1:1 redeemable in fiat currency by clients of J.P.Morgan Chase Bank for credit to their J.P.Morgan Chase Bank account (e.g., US\$)</li> </ul>
<b>Examples</b>	<ul style="list-style-type: none"> <li>Bitcoin</li> <li>Ether</li> <li>Litecoin</li> </ul>	<ul style="list-style-type: none"> <li>Gemini dollar</li> <li>USDC</li> <li>Tether</li> </ul>	
<b>Blockchain</b>	<ul style="list-style-type: none"> <li>Public – open access</li> </ul>	<ul style="list-style-type: none"> <li>Public – open access</li> <li>In case of some stablecoins (e.g., USDC) only exchange customers can mint (buy with US\$) or redeem (sell for US\$) stablecoins but anyone can own or trade them</li> </ul>	<ul style="list-style-type: none"> <li>Permissioned (i.e., enterprise grade secure blockchain solutions built by J.P. Morgan and/or partners)</li> <li>Only institutional customers passing J.P. Morgan Chase Bank KYC and onboarded for the JPM Coin can transact with JPM Coin</li> </ul>
<b>Users</b>	<ul style="list-style-type: none"> <li>Primarily retail</li> <li>Limited wholesale investor base</li> </ul>	<ul style="list-style-type: none"> <li>Retail</li> <li>Limited wholesale investor base</li> </ul>	<ul style="list-style-type: none"> <li>Exclusively for institutional customers (e.g., Banks, Broker Dealers, Corporates)</li> </ul>
<b>Primary Uses</b>	<ul style="list-style-type: none"> <li>Investment</li> </ul>	<ul style="list-style-type: none"> <li>Investment</li> </ul>	<ul style="list-style-type: none"> <li>Facilitating payment settlement</li> </ul>

<sup>1</sup> J.P. Morgan does not endorse the use of any particular cryptocurrency for investment or other purposes

---

#### Confidentiality Clause and Disclaimer

This presentation was prepared exclusively for the internal use of the J.P. Morgan client to whom it is addressed (including the client's affiliates, the "Company") in order to assist the Company in evaluating, on a preliminary basis, certain products or services that may be provided by J.P. Morgan. This presentation is for discussion purposes only and is incomplete without reference to, and should be viewed solely in conjunction with, the oral briefing provided by J.P. Morgan. It may not be copied, published, disclosed or used, in whole or in part, for any purpose other than as expressly authorized by J.P. Morgan.

This presentation is confidential and proprietary to J.P. Morgan and is not intended to be legally binding. In preparing this presentation, J.P. Morgan has relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. Neither J.P. Morgan nor any of its directors, officers, employees or agents shall incur any responsibility or liability whatsoever to the Company or any other party in respect of the contents of this presentation or any matters referred to in, or discussed as a result of, this presentation. J.P. Morgan makes no representations as to the legal, regulatory, tax or accounting implications of the matters referred to in this presentation.

The products and services described in this presentation are offered by JPMorgan Chase Bank, N.A. or its affiliates subject to applicable laws and regulations and service terms. Not all products and services are available in all locations. Eligibility for particular products and services will be determined by JPMorgan Chase Bank, N.A. or its affiliates.

Readers are responsible for assessing all legal, regulatory (including under the Banking Act, the Payment Services Act, the Money Lending Business Act and the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates), accounting and tax implications and should obtain independent professional advice on contemplated transactions with respect to requirements, adequacy and appropriateness in specific situations.

J.P. Morgan is a marketing name for the Wholesale Payments businesses of JPMorgan Chase Bank, N.A. and its affiliates worldwide.

J.P. Morgan is licensed under U.S. Patent Numbers 5,910,988 and 6,032,137.

JPMorgan Chase Bank, N.A., organized under the laws of U.S.A. with limited liability.

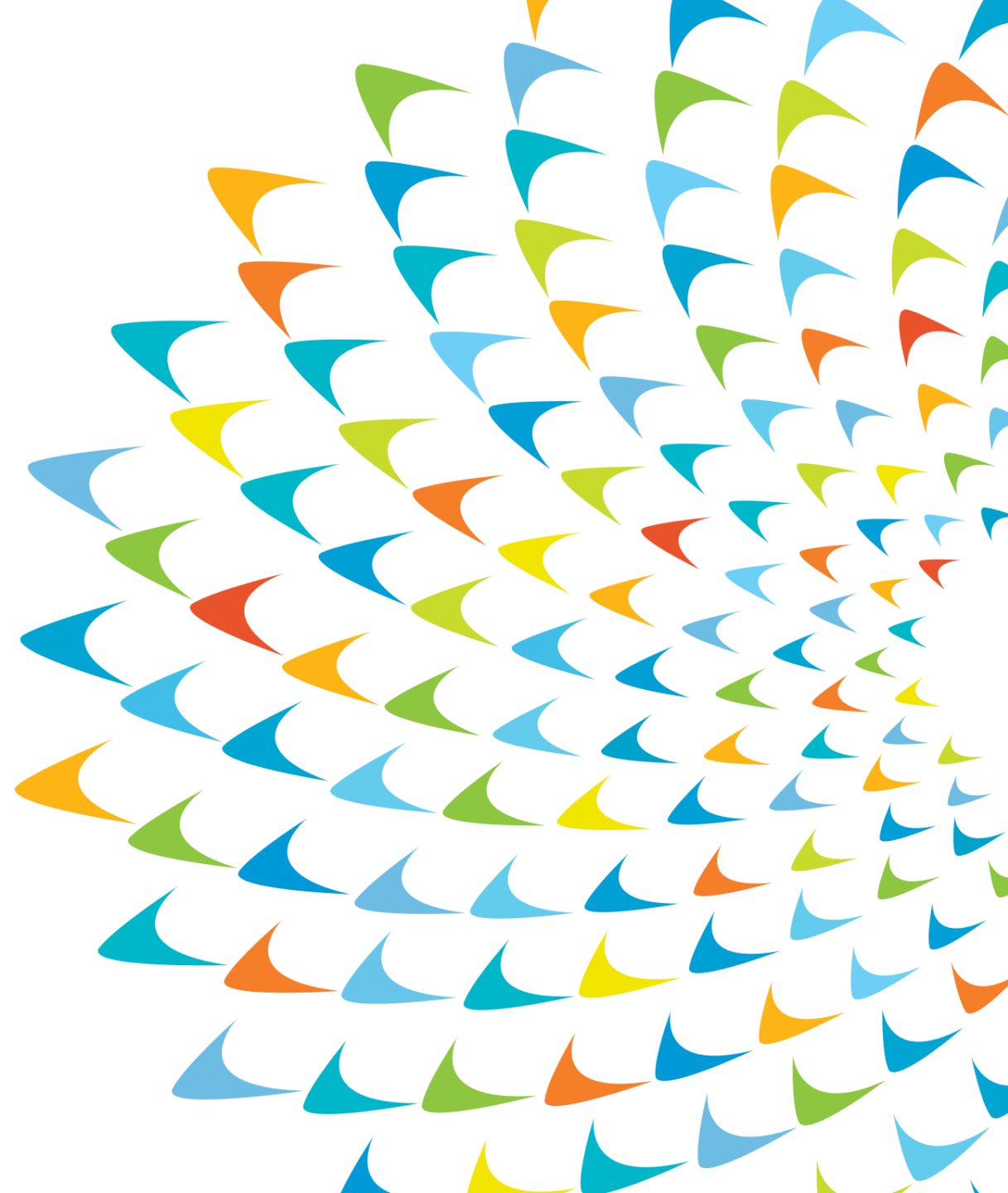
© 2020 JPMorgan Chase & Co. -All rights reserved

**J.P.Morgan**



## **Session 8: Inter-CSD Linkage via CIS Processing Platform**

**- Mr. John Oh, Korea Securities  
Depository (KSD)**





# Inter-CSD Linkage via CIS Processing Platform

Asian Bond Market Initiative (ABMI)

CSIF Technical Assistance Project

# CONTENTS

---

## 1. Background

- **Why CIS?**
- **CIS Passporting:** Game On for Asia

## 2. Challenges & Way Forward

- **Post-trade Barriers** in Cross-border Trading
- **Inter-CSD Linkage via CIS Processing Platform**

# I. Background

---

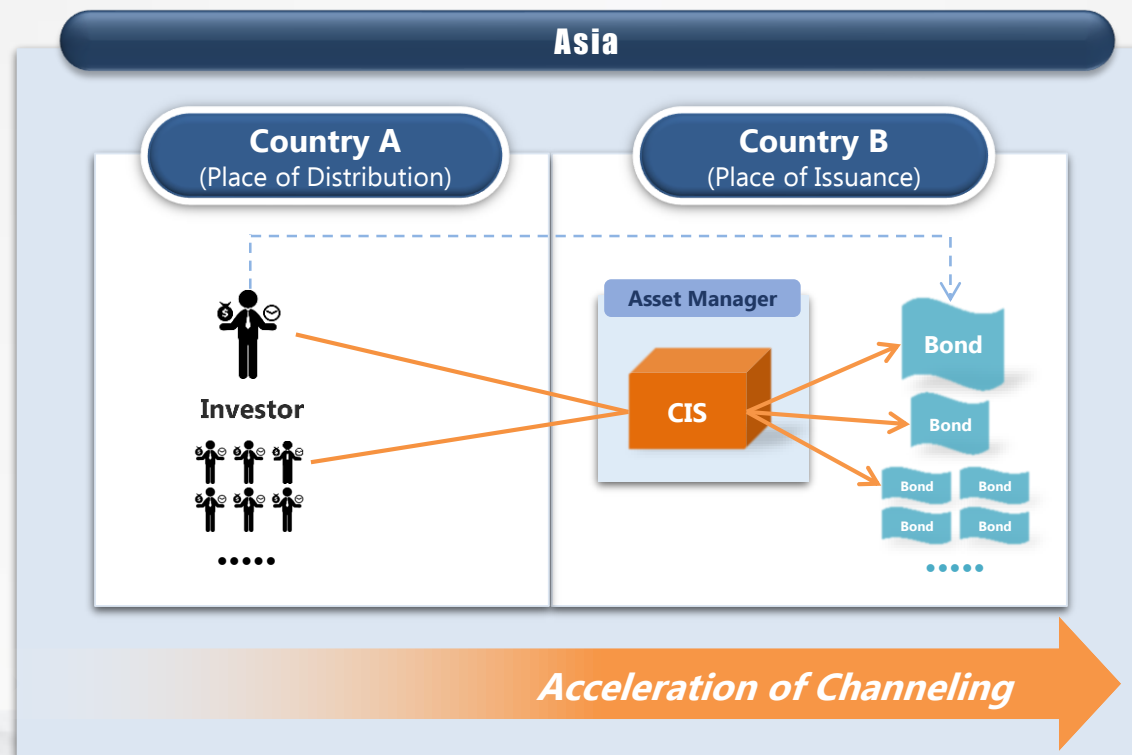


**Why CIS?**

**CIS Passporting: Game on for Asia**

### Out-of-the-box Approach: Channeling Effect of CIS

- One eye on direct investing and another on **indirect investing**
  - Untapped potential of **CIS as alternative growth driver** for the Asian bond markets
- **CIS as accelerator: "Channeling Effect"**
  - Attracting excess savings **by making bonds more approachable** for investors (e.g. reduced entry barriers)



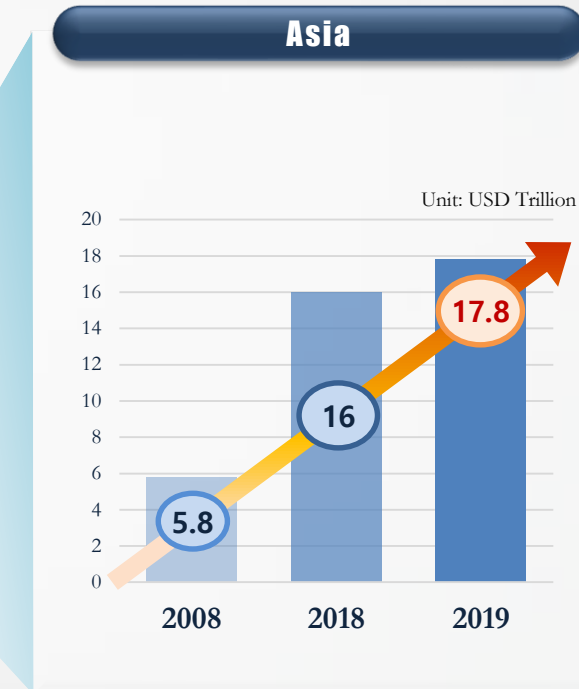
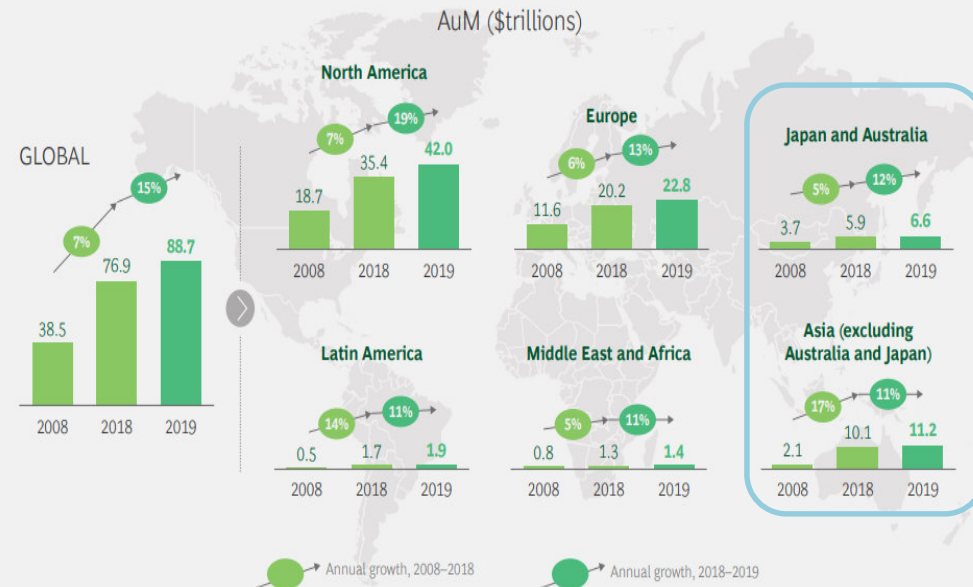
# I. Background

## Why CIS? (2/2)

### CIS Markets Growing in Size

- **Continuous growth of AUM in Asia**
  - From USD5.8tn (2008) to USD16tn (2018), and **to USD17.8tn (2019)**
- **Intra-regional Cross-border trading to be facilitated by regional passport schemes**
  - APEC ARFP, ASEAN CIS, and MRF (on next slide)

EXHIBIT 2 | 2019 Saw Double-Digit Growth, with Developed Regions as Top Performers



• Source: Global Asset Management 2020, Boston Consulting Group



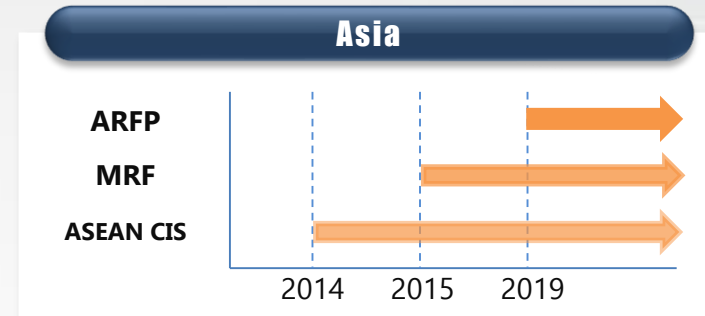
## I. Background

# CIS Passporting: Game On for Asia

### Market Integration Driven by 3 CIS Passports

- **Push for intra-regional cross-border trading since 2014**

- ① APEC **ARFP**(5): Australia, Japan, Korea, New Zealand, and Thailand
- ② **ASEAN CIS**(3): Malaysia, Singapore, and Thailand
- ③ **MRF**(2): China and Hong Kong

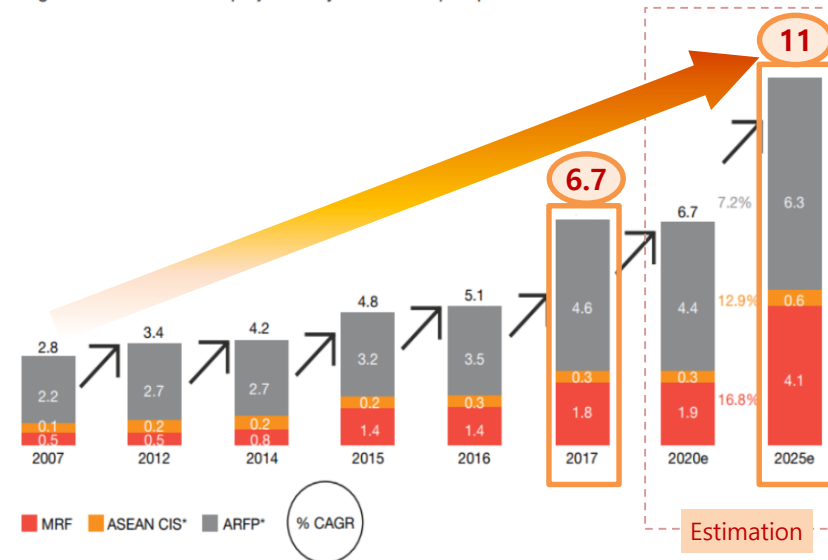


- **Ample growth potential in size and volume**

- **AUM** of Passport member states **has largely increased** from USD2.8tn (2007) to **USD6.7tn (2017)**

- **Still much room left for future growth**  
(estimated to hit **USD11tn by 2025**)

Figure 2: Asian fund AuM projection by countries in passport scheme for 2025



## II. Challenges & Way Forward

---



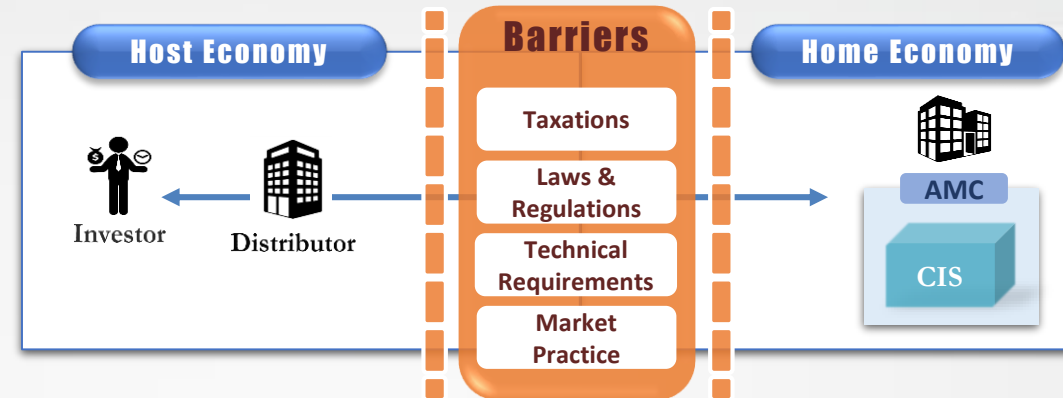
**Post-trade Barriers in Cross-border Trading**

**Inter-CSD Linkage via CIS Processing Platform**

## Barriers to Cross-border Trading

- Barriers mostly come from **national differences** in :

- ① Legal system
- ② Taxations
- ③ **Technical Requirements**
- ④ **Market Practices**



\* Inspired by "Giovannini Barriers" proposed in early 2000s in Europe

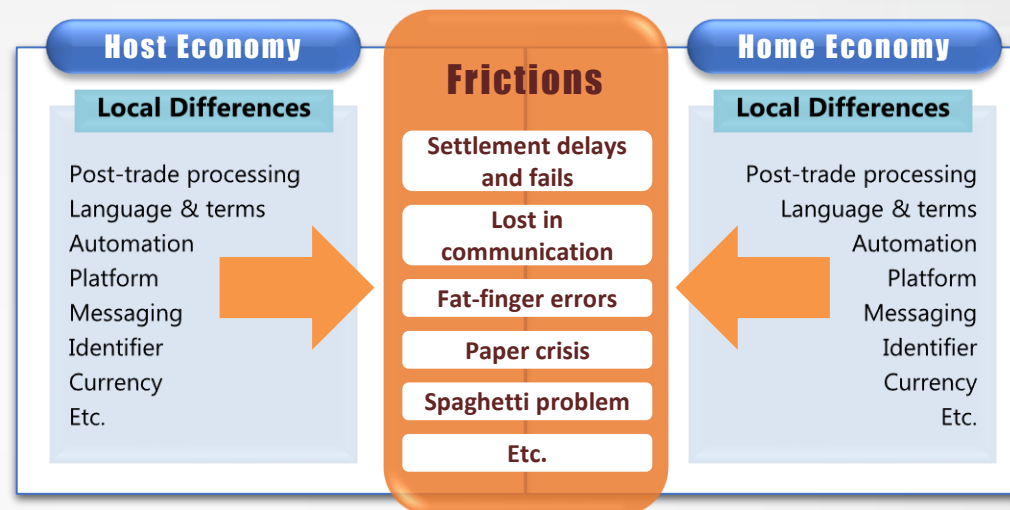
### Direction in Problem Solving

- ▶ **Legal certainty** and **tax neutrality** are **beyond reasonable control of CSDs** but should be escalated to and tackled by governments in Asia
- ▶ **Post-trade barriers from fragmented technical requirements and market practices can be addressed by CSDs and market participants**

### Barriers from Tech Requirements & Market Practices in Asia

*What works in your country may become a problem when trading with your neighbor*

- Post-trade processing **customized for “domestic trading”** thus far
- Inefficiencies and confusions likely to be caused by **too many local differences**



#### Direction in Problem Solving

- ▶ Map out the similarities and differences in technical requirements and market practices for the sake of interoperability
- ▶ Find the most effective way to perform bilateral/multilateral mapping to clarify and address post-trade operational differences

### Post-trade Operational Mapping via Central Platforms

- **Easier to clarify gaps** in technical requirements and market practices when linking the central platforms of two or more CSDs
- **Case in point:** MRF between China and Hong Kong (CSDC-HKMA Linkage)

Inter-CSD Linkage for MRF			
	China (CSDC)	<i>Harmonized!</i>	Hong Kong (HKMA)
Account structure	Segregated	Nominee	Nominee
SWIFT	X	O	O
Cut-off	9pm (HK time)	HK cut-off extended	6pm (HK time)
NAV disclosure	NAV(T-1) before 8am	NAV (T-2)	No NAV(T-1) before 8am
Decimalization	Up to 2 decimal places	Up to 2 decimal places	Up to 6 decimal places
Order Processing	Batch processing (Mandatory) Electronic order routing	Batch processing (Mandatory) Electronic order routing	Batch processing (Optional) Fax or electronic order routing
BD & Holidays	Local BDs & holidays	Common BDs only	Local BDs & holidays
Reporting Docs	Electronic docs	Electronic docs	Hardcopies still in use
Reconciliation	Daily	Daily	Monthly

# Thank You

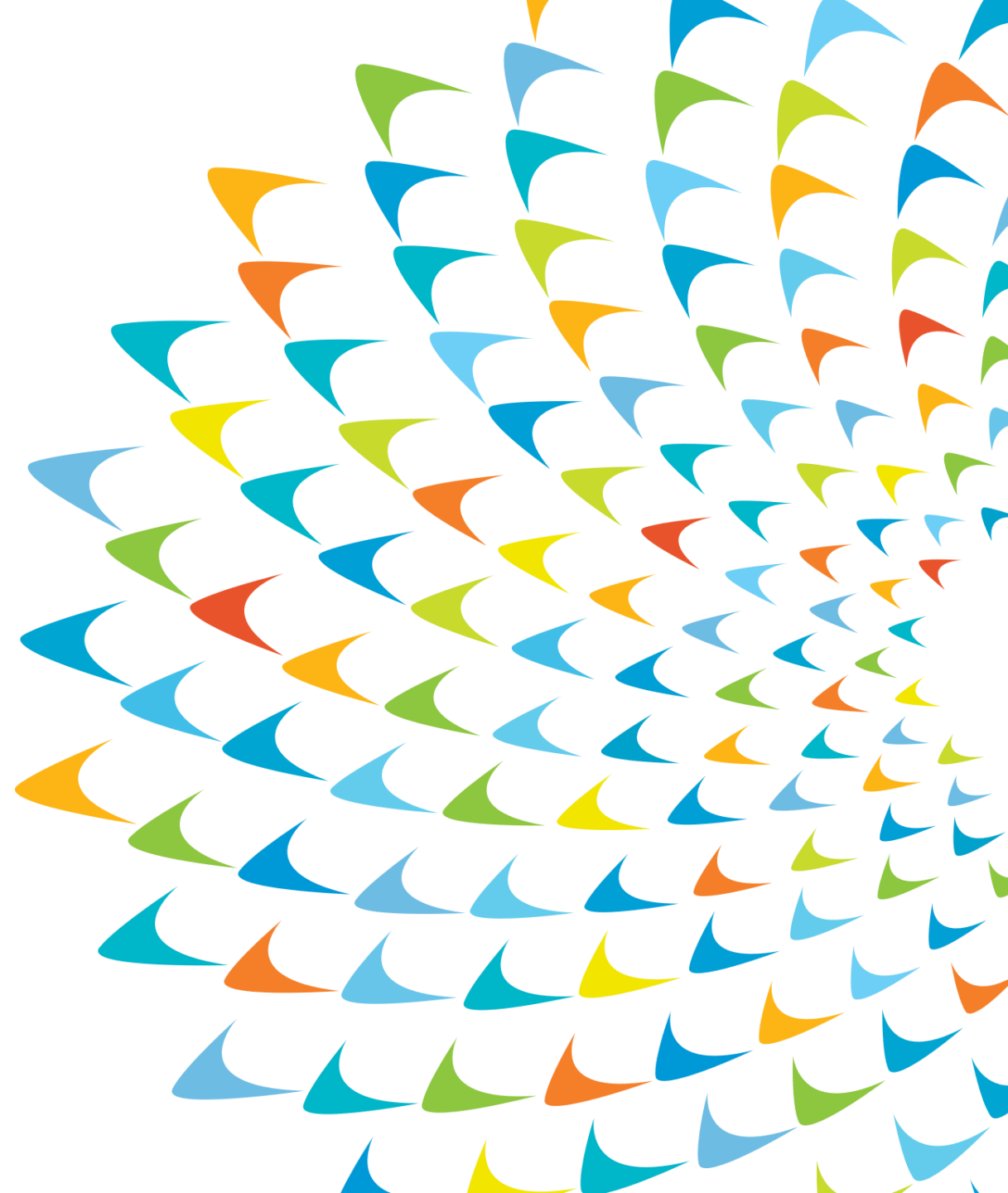
---

[Johnoh@ksd.or.kr](mailto:Johnoh@ksd.or.kr)



## QUESTION & ANSWER

(Please send in your question  
using the **Q&A** chat box)





## **Closing Remarks**

**MR. SATORU YAMADERA**

