

TIME	PROGRAM
4:00 - 4:05PM (5 mins)	Opening Remarks <ul style="list-style-type: none"> Mr. Satoru Yamadera, Advisor (ERCD), Asian Development Bank
4:05 – 4:25PM (20 mins)	Session 1: LEI Application in Malaysia <ul style="list-style-type: none"> Ms. Nurashiqin Asri, Deputy Director, Governor's Office, Investment Operations and Financial Market Department Bank Negara Malaysia
4:25 – 4:45PM (20 mins)	Session 2: ADB's Proposal to Standardize Foreign Exchange Reporting <ul style="list-style-type: none"> Mr. Satoru Yamadera, Advisor (ERCD), Asian Development Bank
4:45 – 4:55PM (10 mins)	Question & Answer Session
4:55 – 5:00PM (5 mins)	Closing Remarks <ul style="list-style-type: none"> Mr. Satoru Yamadera, Advisor (ERCD), Asian Development Bank

AGENDA



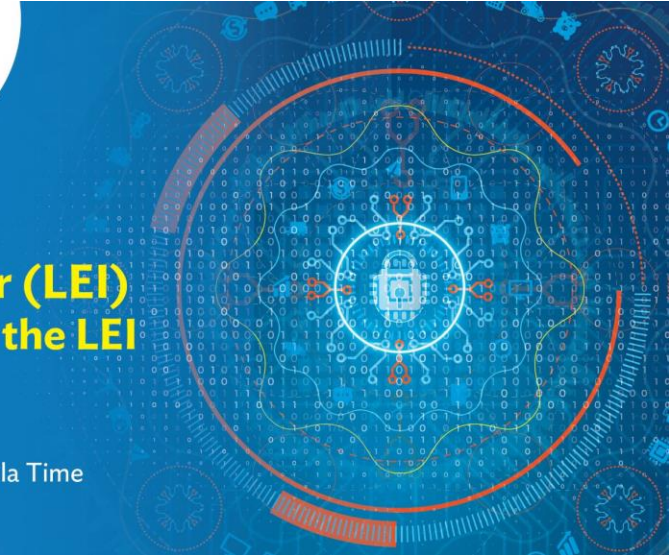
GLOBAL
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Joint Asia Webinar Series on

Legal Entity Identifier (LEI) Part 7 - Introduction of the LEI in ASEAN

Virtual Event via Zoom

9 July 2021, Wednesday / 4:00PM Manila Time



The seventh webinar in the series will discuss Introduction of LEI in ASEAN.

LEI Application in Malaysia

Malaysia introduced LEI in 2018 for bond transactions to identify holders of Malaysian bonds via its large value payment system as part of its initiative for enhanced transparency and facilitating greater surveillance in the onshore financial market.. Malaysia has also expanded the application of LEI into other financial reporting (FX) and is able to leverage on these information to formulate policies and develop useful tools for investors.

ADB's Proposal to Standardize Foreign Exchange Reporting

Through the Account Structure Study to Improve Know-Your-Customer Processes for Regulatory and Tax Reporting in ASEAN+3, the ASEAN+3 Bond Market Forum (ABMF) identified two distinctive Know-Your-Customer (KYC) processes; initial KYC and transactional KYC processes, which classifies customers' status for regulatory and tax reporting purposes. Initial KYC will always be required, regardless of whether future transactions of a customer. On the other hand, transactional KYC processes may be streamlined and standardized by utilizing the LEI. In addition, using the LEI in foreign exchange reporting with an application of ISO 20022 would create a large room for much quicker, easier, and automated reporting. ADB will share the discussion under the ABMF and regional plan for the standardization.



SPEAKER'S PROFILE



NURASHIQIN ASRI
Deputy Director
Governor's Office, Investment Operations
and Financial Market Department
Bank Negara Malaysia

Nurashiqin is a Deputy Director in the Governor's Office and plays a dual role as the Deputy Director overseeing the domestic financial markets in the Investment Operations and Financial Market Department of Bank Negara Malaysia. She is responsible in driving the strategic business plan of the central bank and provides strategic support to the Governor and senior management of the Bank. As part of her role in domestic financial market development, she is responsible in strategizing development initiatives to enhance efficiency, liquidity and surveillance in the domestic financial market as well as providing financial advisory to the government in its public debt issuances.

With more than 16 years of experience in treasury operations and financial markets, she has led various market development initiatives, which include amongst others, the dynamic hedging program as well as developing market infrastructures to facilitate domestic bond market surveillance.

Nurashiqin began her career at Bank Negara Malaysia in 2005 in various roles including the foreign exchange management unit, money market and securities operations before being in charge of her current portfolios. She holds a Master of Science in Wealth Management from Singapore Management University and a Bachelor of Financial Engineering (Hons) from Multimedia University. She is also a member of the Financial Markets Association of Malaysia and a licensed treasury dealer



SATORU YAMADERA
Advisor
Economic Research and Regional
Cooperation Department (ERCD)
Asian Development Bank

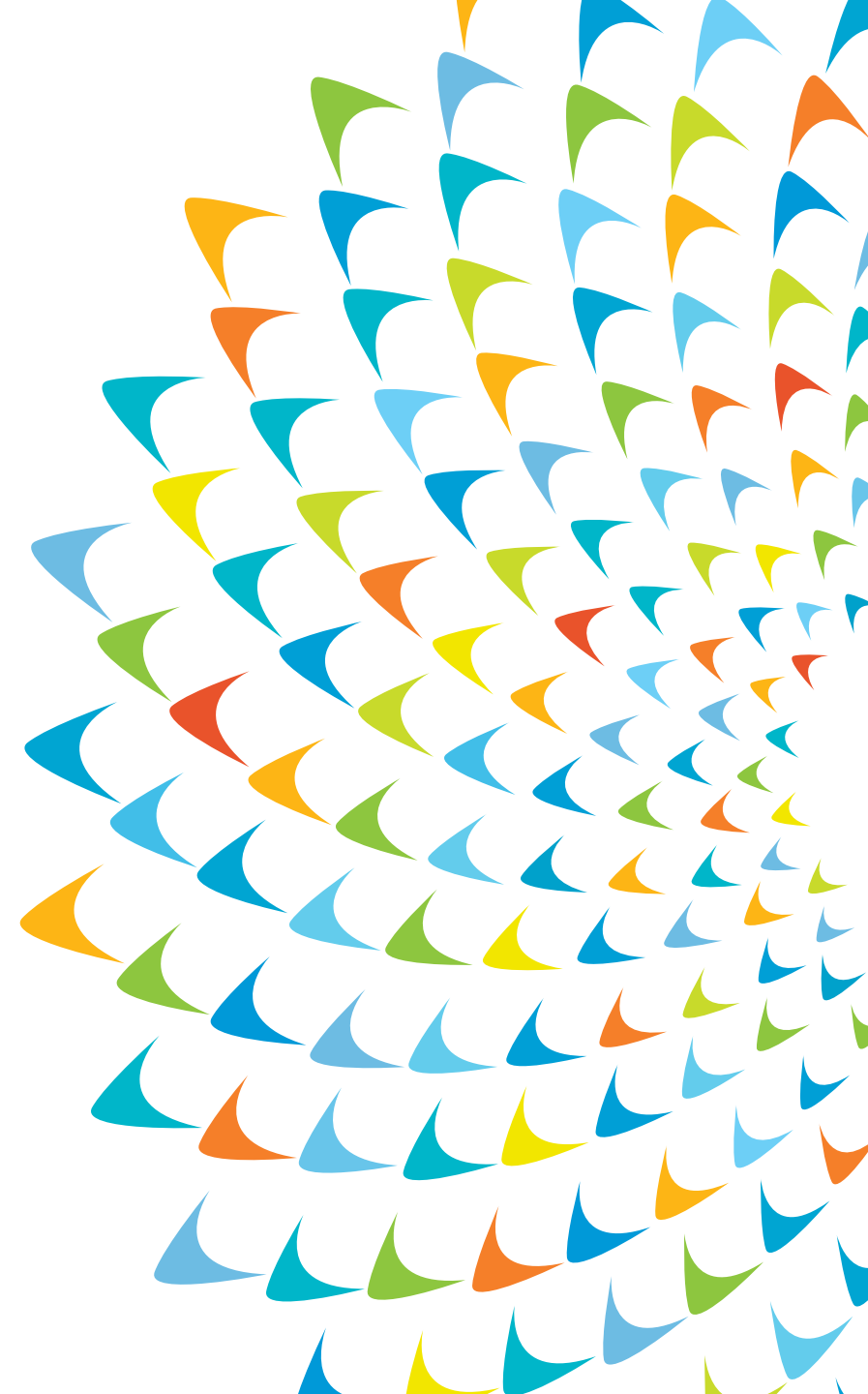
Satoru is an Advisor in ERCD and a member of the ADB secretariat supporting the Asian Bond Markets Initiative of the ASEAN+3 group of countries, and currently leads the ASEAN+3 Bond Market Forum and Cross-border Settlement Infrastructure Forum. He has over 25 years of experience in central banking including research, bank supervision, and payment systems at the Bank of Japan.



SESSION 1

MS. NURASHIQIN ASRI

Deputy Director, Governor's Office
Investment Operations and Financial
Market Department
Bank Negara Malaysia



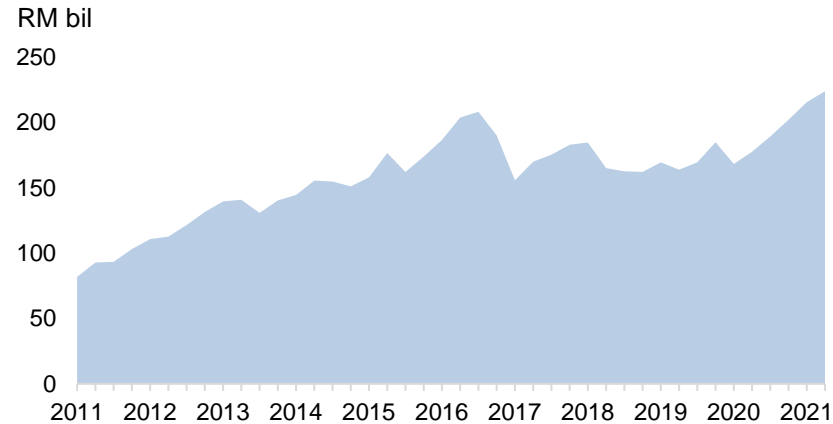
Malaysia's experience on adoption of LEI in domestic financial markets



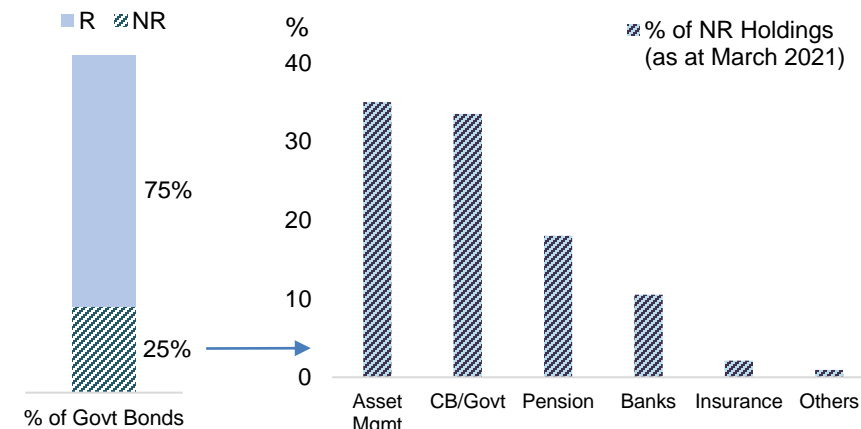
Enhanced surveillance and transparency are important elements of market development

Developments of domestic financial market

Non-resident holdings



Government bond holdings by investor type



Source: Bank Negara Malaysia

Policy tools developed to manage risks



Policy Objectives

- Entails effective surveillance, including identifying potential risk build-ups from behaviour and tendencies of investors
- Greater flexibility on the onshore FX market to facilitate global investors transition



Emerging Risks

- Rising NR government bond holdings leads to potentially greater vulnerabilities to global markets sentiment
- Opaque offshore market continued to grow with negative spillover risk to onshore market

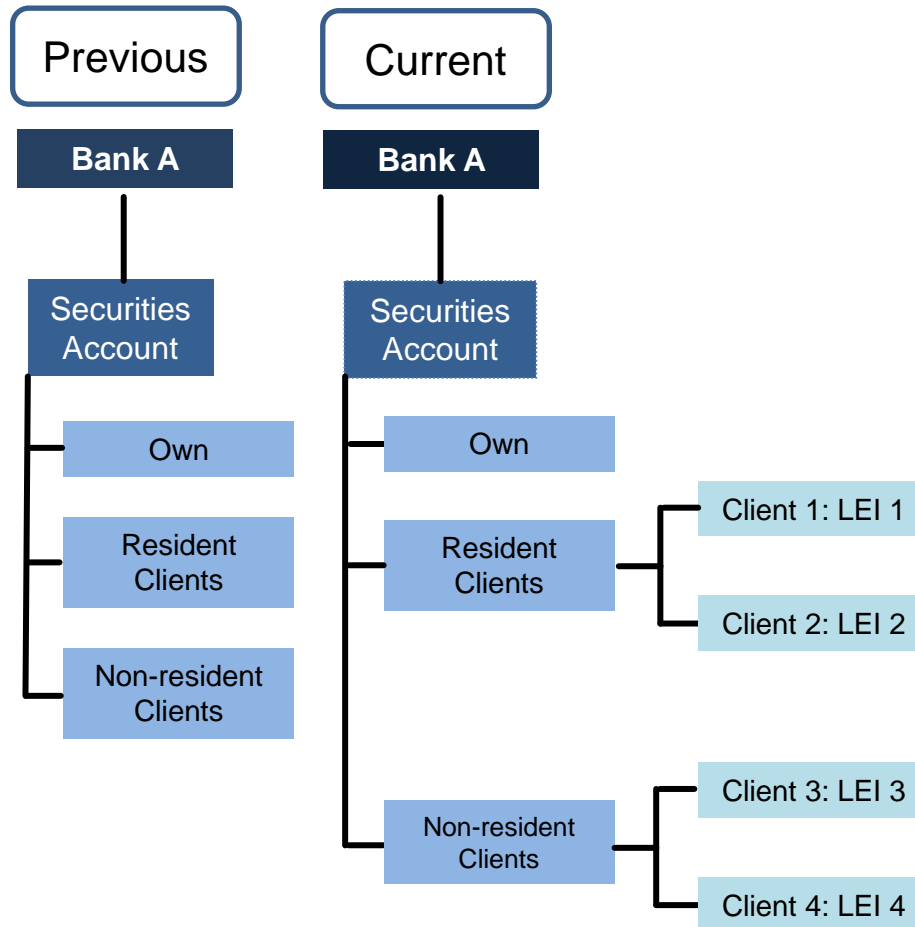


Policy Tools Developed

- RENTAS Segregated Securities Account (SSA)
- Dynamic Hedging Programme



Introduction of LEI in domestic bond market in 2018



- In an effort to strengthen financial market infrastructure, Bank Negara Malaysia in collaboration with Financial Markets Committee (FMC) in 2018, implemented **segregated securities account structure** in the domestic large value payment system (RENTAS), which serves as both central depository of scripless debt securities and wholesale payment infrastructure
- **LEI was introduced as a unique identifier for ultimate beneficial owners** of the segregated securities accounts (SSA) in addition to the SSA number
- Key objectives to utilise LEI and introduce SSA structure were:
 - i. Greater transparency with centralised real time data
 - ii. Improve overall operational efficiency by reducing manual reporting burden of depository institutions
 - iii. Facilitate effective surveillance in the onshore financial market



Implementation and challenges

Key considerations in implementation



Channel: Operating Procedures vs Policy

Consideration: Efficient implementation with minimal additional workload on investors



ID selection: LEI or Internal custom ID

Consideration: Cost to investors, familiarity and operational efficiency



Level of segregation: Fund manager/Entity level vs End beneficiary

Consideration: Level of disclosure required for effective surveillance

Challenges



Onboarding of Local players

- **Increase awareness:** Publish factsheet on LEI including introduction of Local Operating Units (LOUs), indicative fees and application process. Please refer to the following link:

<https://www.bnm.gov.my/documents/20124/54166/Legal+Entity+Identifier+%28LEI%29.pdf>

- **Introduce threshold:** Exclude retail investors and corporates with less than RM1 million holdings from segregated account requirement



Benefits of introducing SSA structure with LEI as identifier

Experience Thus Far



Effective surveillance and lower operational burden

- Real time data as holdings changes at end beneficiary level are fully reflected in the system upon settlement
- Remove monthly manual reporting requirement by custodian banks
- Investors with existing LEI has no additional requirement of obtaining new identifier



Policy formulation is able to leverage on the infrastructure

- LEI serves as an unique identifier across different data infrastructures and allows for seamless surveillance across different platforms. This provides policymakers greater flexibility when formulating policies.
- For instance, BNM has introduced the **Dynamic Hedging programme**, which allows institutional investors to actively manage their FX position with eligible underlying without the need to show documentation. This is predicated on BNM's ability to conduct necessary monitoring to ensure the investors abide by the Foreign Exchange Policy rules while reducing operational requirements between onshore banks and investors.

Moving Forward



Continue to facilitate effective surveillance, with potentially wider adoption of LEI in other financial instruments and reporting



Thank you



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

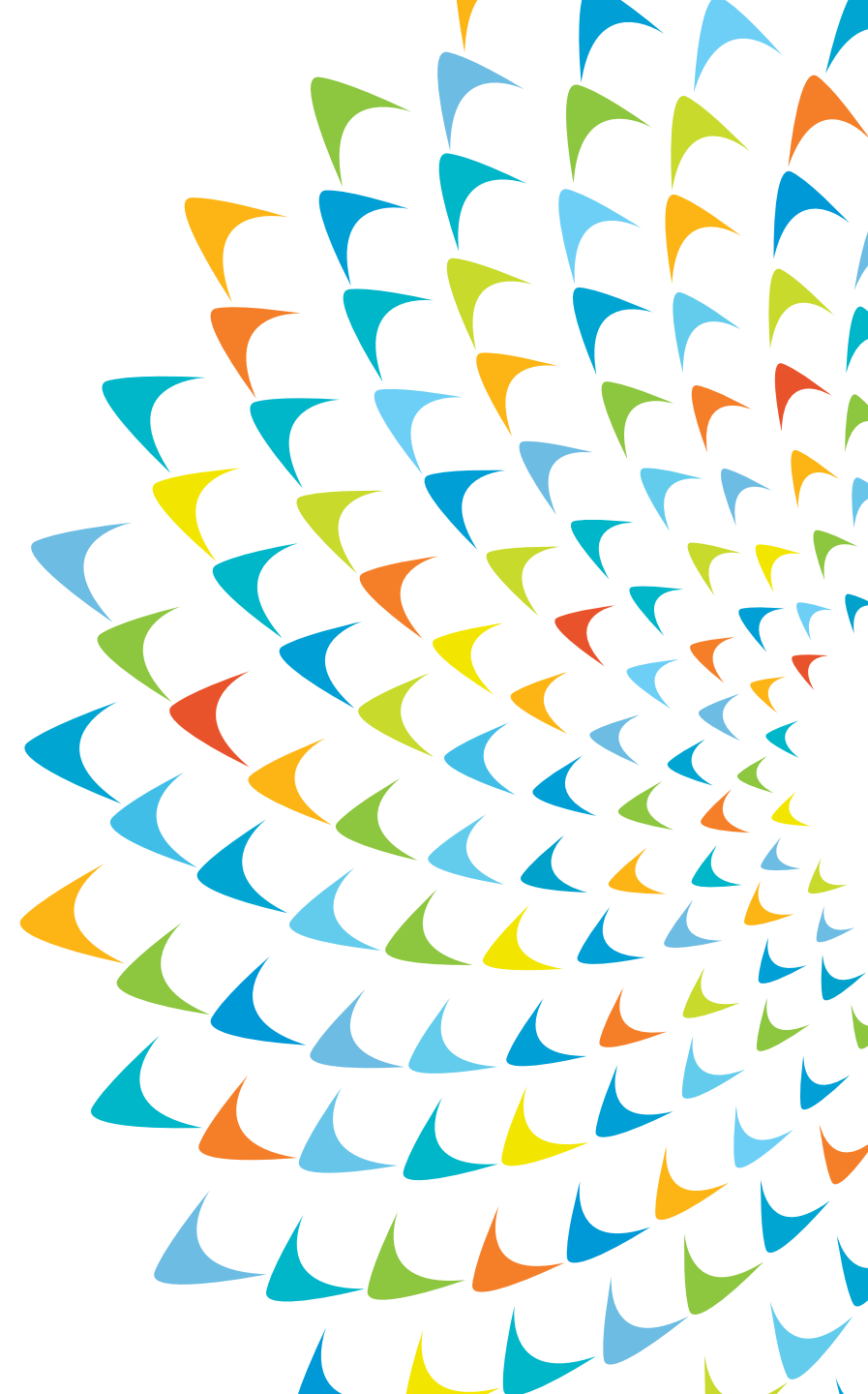


SESSION 2

MR. SATORU YAMADERA

Advisor

Economic Research and Regional
Cooperation Department (ERCD)
Asian Development Bank





ADB-GLEIF Joint Asia Webinar Series on Legal Entity Identifier (LEI)

Webinar 7: Introduction of the LEI in ASEAN
ADB's Proposal to Standardize Foreign
Exchange Reporting

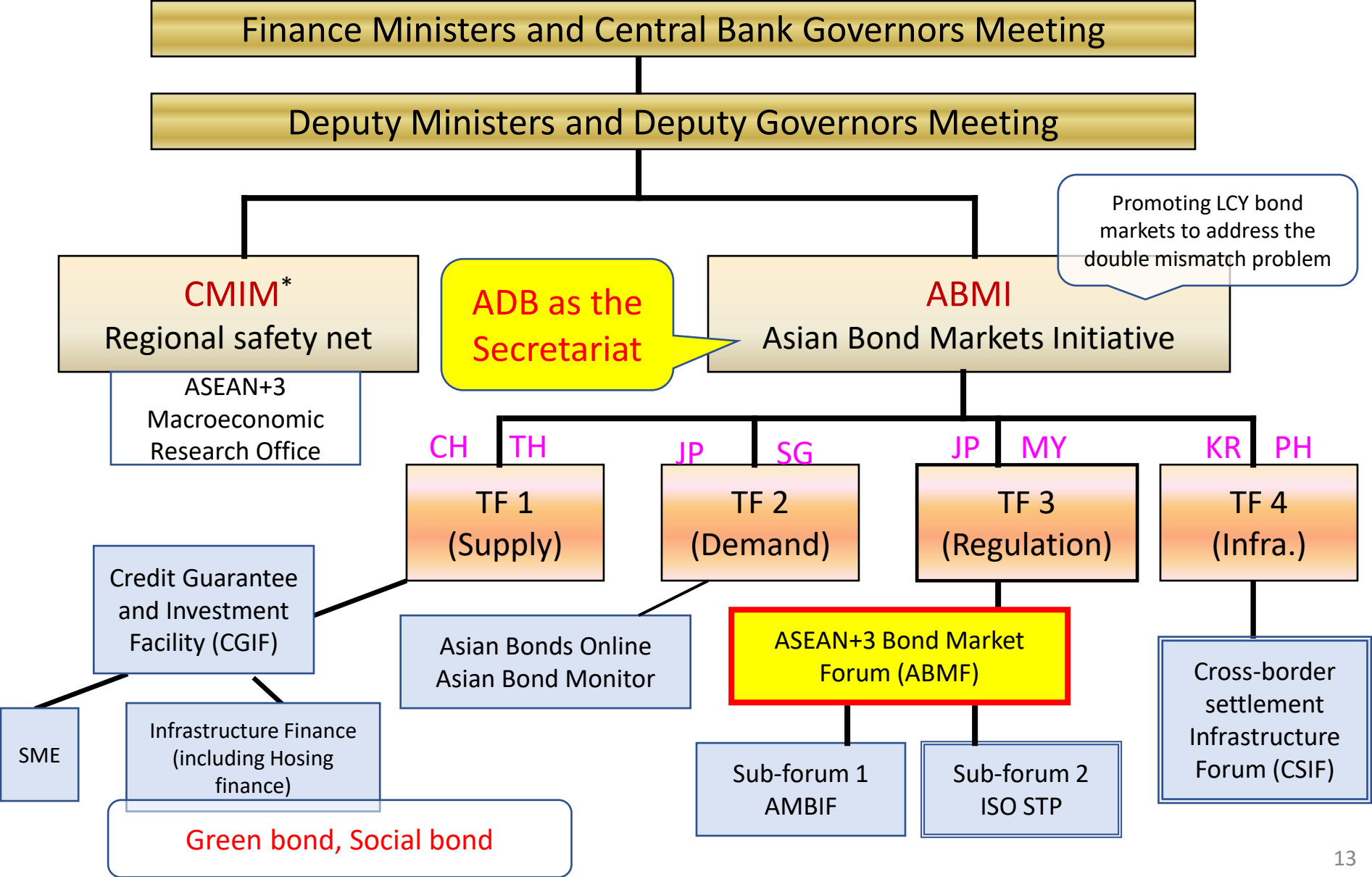




FX reporting in ASEAN+3

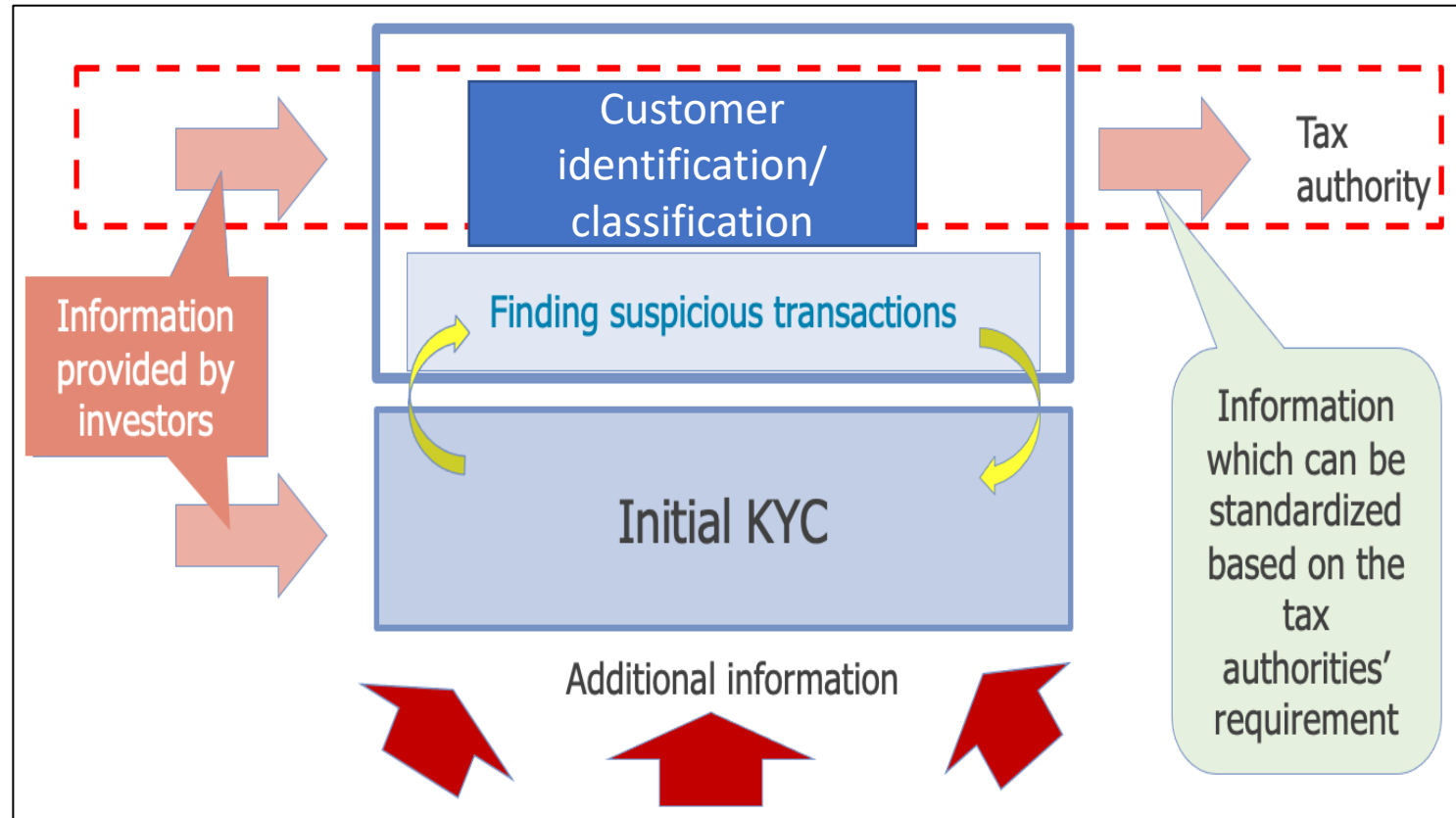
- In principle, cross-border transactions must be reported to the central banks in ASEAN+3.
- Reporting formats and systems are proprietary.
- However, reporting items are similar.
- As discussed under the ABMF account structure study, tax procedures can be streamlined in relation to transactional KYC, reporting of investors' residence.
- The G20 has made enhancing cross-border payments a priority.
- The G20 roadmap by FSB and CPML promotes the adoption of common data formats for cross-border transactions.
- ABMF will discuss the standardization of the FX reporting in ASEAN+3, aiming at automated real-time reporting under ISO 20022.

Institutional Framework of ASAEN+3 financial cooperation



FX reporting and client identification for taxation

- Based on the flows of information to fulfill the requirement of KYC, there are two types of KYC: initial KYC and transactional KYC (customer identification/ classification).
- We may be able to consider LEI for transactional KYC (customer identification/ classification).





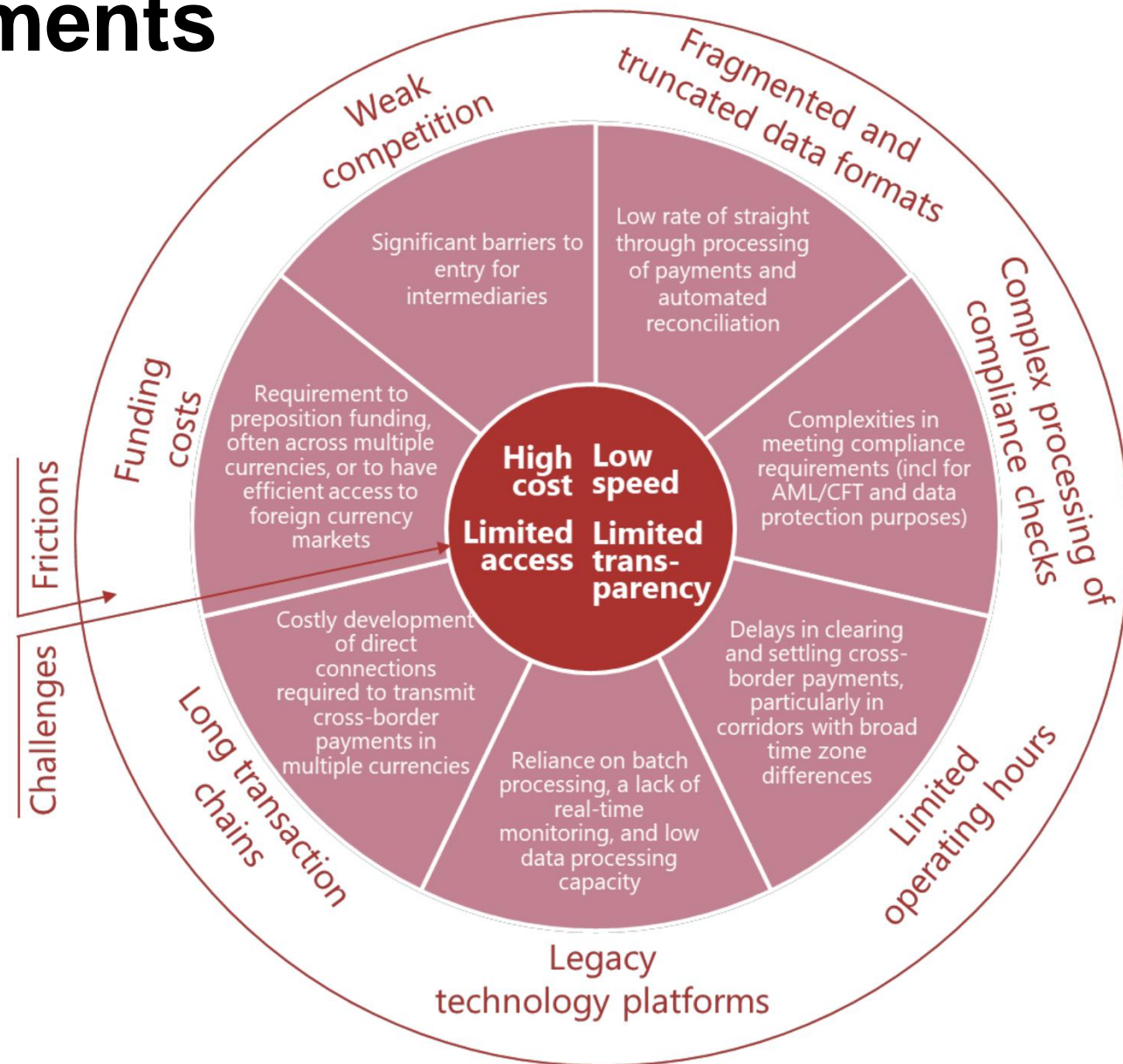
FSB reports identify challenges and frictions in cross-border payments

Stage 1 report sets out the challenges and the frictions in cross-border payments.

Stage 2 report describes the necessary elements of a response as 19 building blocks.

Stage 3 report proposes a roadmap to address the key challenges.

Source: CPMI. 2020. Enhancing cross-border payments: building blocks of a global roadmap, Stage 2 report to the G20





Overview of the focus areas and building blocks

- **Focus area A:** Committing to a joint public and private sector vision to enhance cross-border payments
- **Focus area B:** Coordinating on regulatory, supervisory and oversight frameworks
- **Focus area C:** Improving existing payment infrastructures and arrangements to support the requirements of the cross-border payments market
- **Focus area D:** Increasing data quality and straight-through processing by enhancing data and market practices
 - BB14: Adopt harmonised version of ISO 20022 for message; BB15: Harmonise API protocols for data exchange; BB16: Establish unique identifiers with proxy registries
 - Providing a globally standardised approach supporting the global Legal Entity Identifier for legal entities and a similarly standardised identifier for individuals.
- **Focus area E:** Exploring the potential role of new payment infrastructures and arrangements

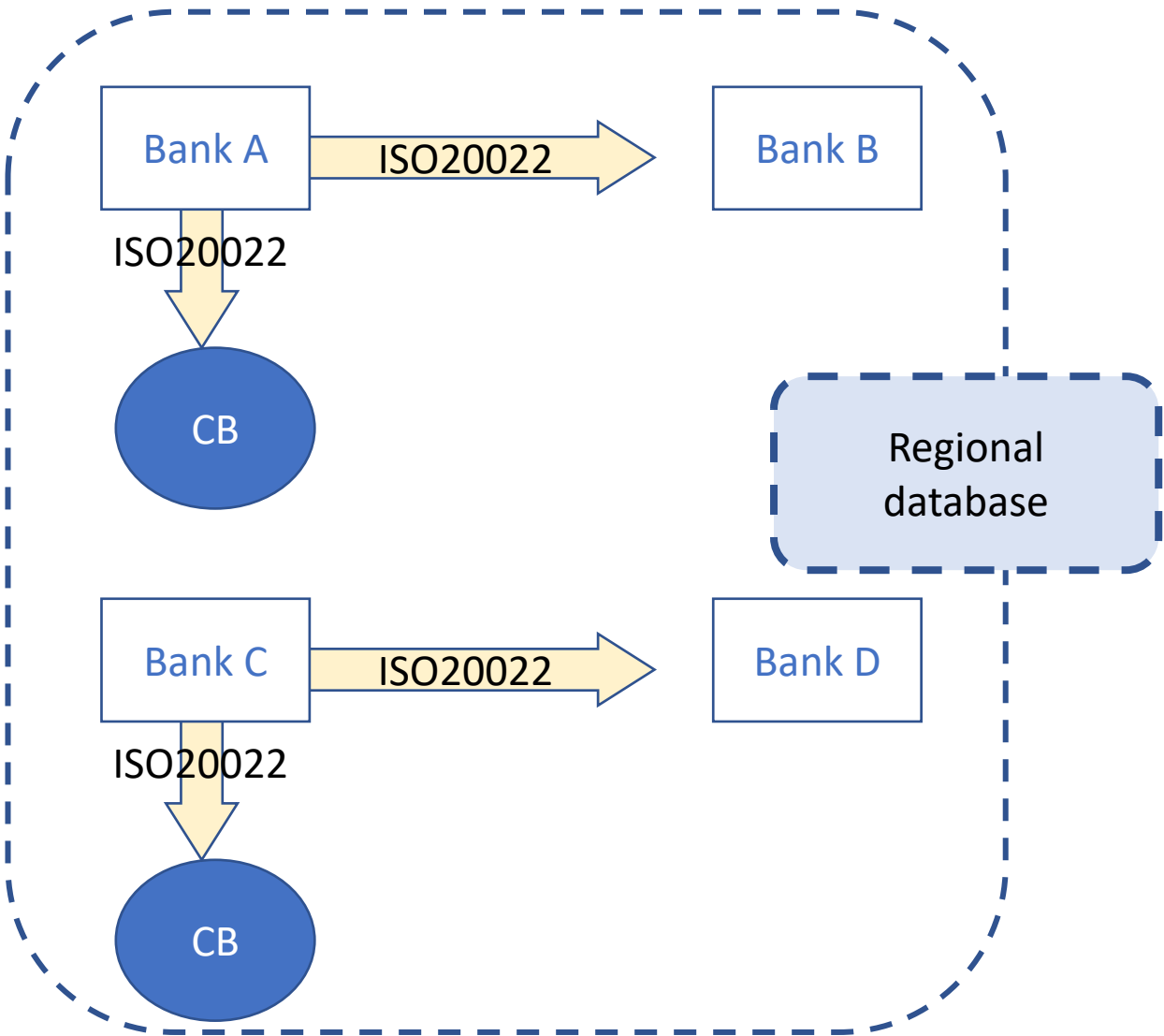
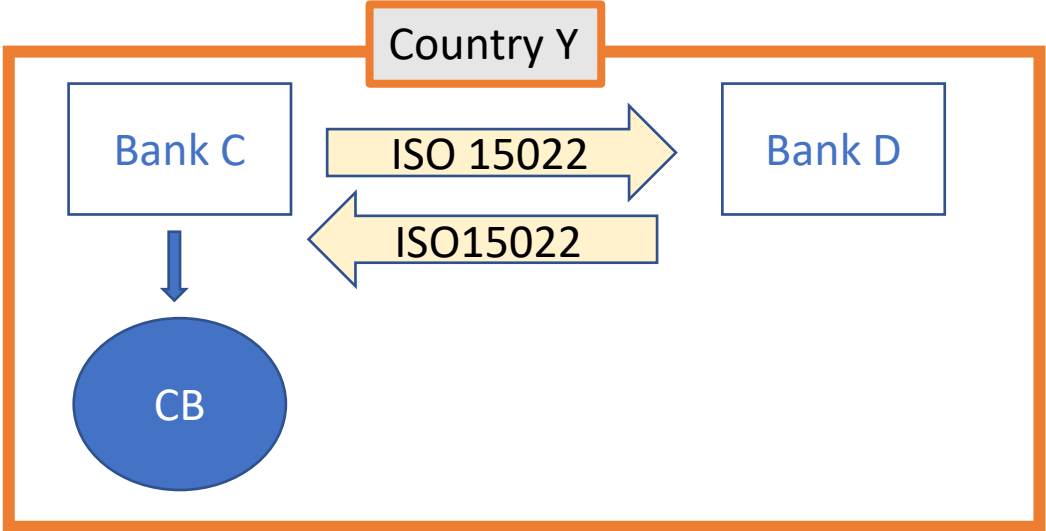
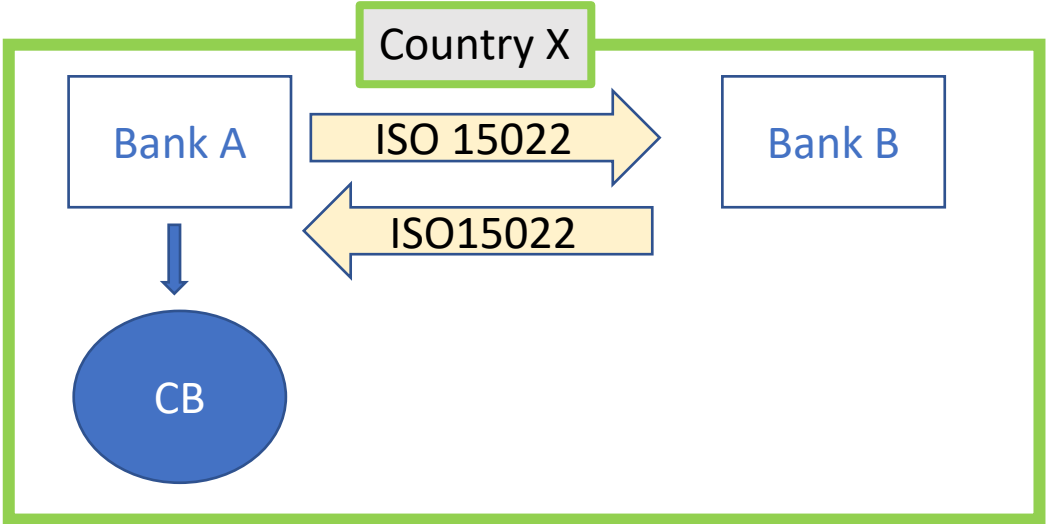


Related actions in the Roadmap

- Building Block 14 - Adopting a Harmonized ISO 20022 version for message formats (including rules for conversion/mapping)
 - Action 1: Tech sprint to identify new applications of ISO 20022 and APIs for data exchange to enhance cross-border payments
 - Action 2: Develop standard global ISO formats for cross-border payments
 - Action 3: Development of country-level plans for adoption of global ISO 20022 standard for cross border payments
 - Action 4: Development of an implementation guide and policy measures to ensure adoption.
- Building Block 16 - Establishing unique identifiers with proxy registries
 - Action 1: Review the scope, technical and operational requirements of existing and proposed global digital Identifiers for both legal entities and natural persons and analyse the need for a decentralised proxy registry.
 - Action 2: Determine the next steps to promote the use of a (global) digital Unique Identifier framework and decentralised proxy registry in jurisdictions

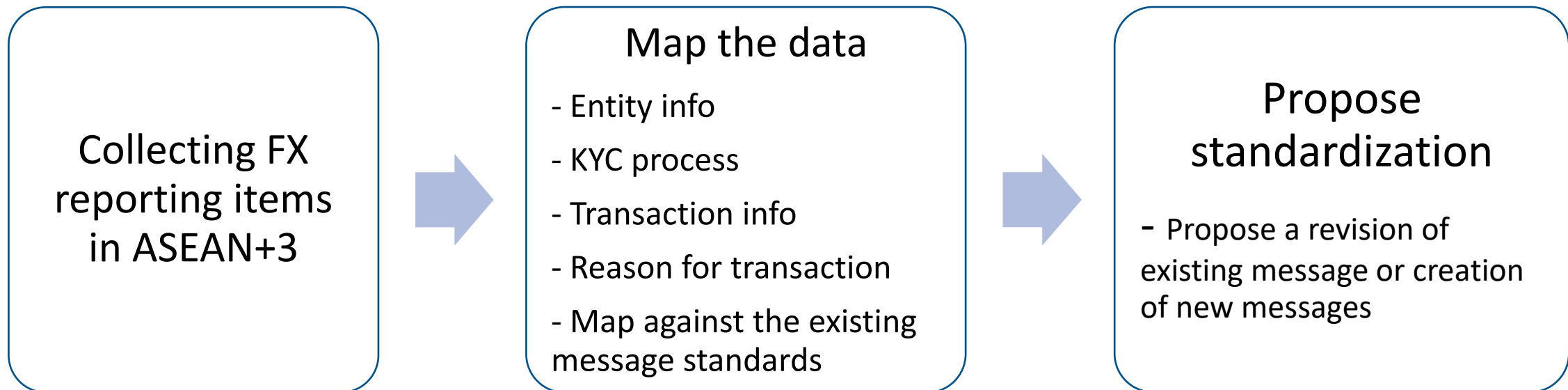


Let's take this opportunity to build back better!

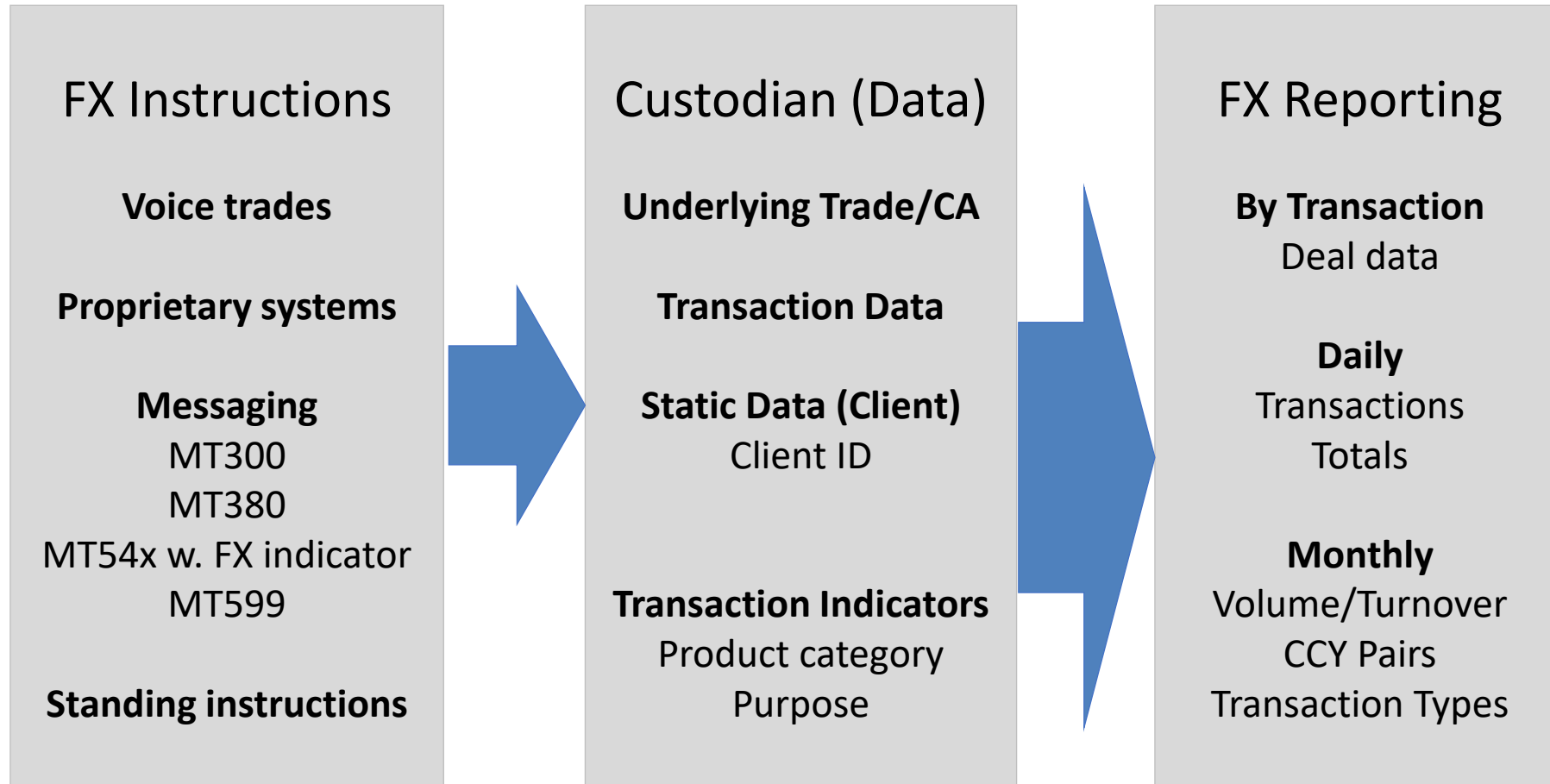


Next step: Standardization and FX reporting data mapping exercise

- Along with the implementation of ISO 20022 by 2025, there is a possibility that existing foreign exchange reporting in ASEAN+3 to be standardized.
- Not only reporting process can be streamlined and reporting burden would be reduced, but also the authorities may be able to have access to more data, hence, can gain more transparency in financial transactions.
- Standardization can support improving and streamlining of regulatory and tax reporting as well as digital transformation (DX) by financial institutions.
- LEI can be used for not only FX reporting but also other reporting including taxation.



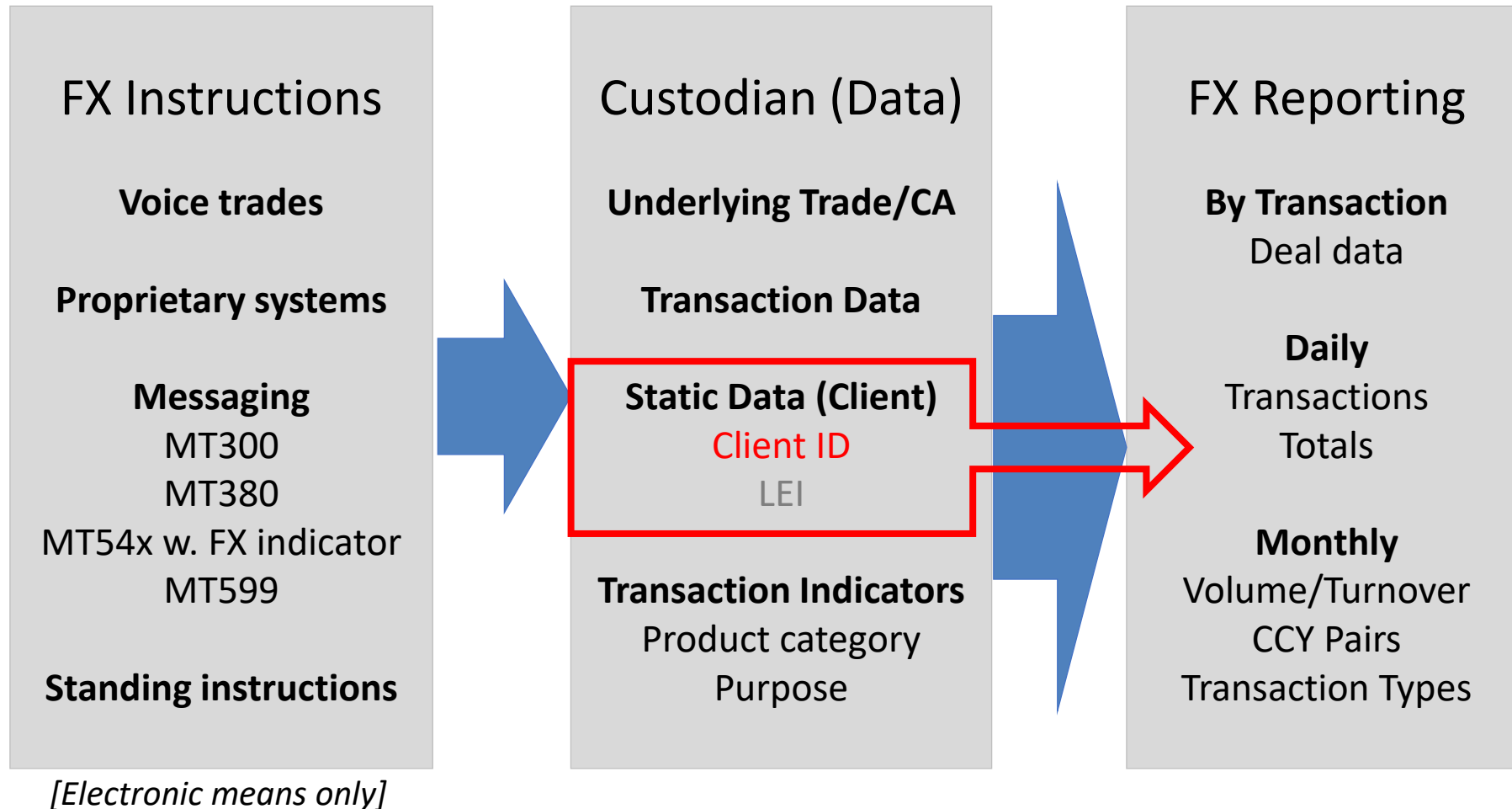
Approach to identify data element: Starting from existing transaction and message flows



[Electronic means only]

Relevance of standardized client ID

Statutory FX Reporting likely identifies (all) Entities by Client ID (at least proprietary ID within a custodian)





Use of LEI for customer identification and classification in transaction flows

- **Basic data elements for taxation**
- 1. individual or **non-individual (entity)**
- 2. **Name**
- 3. Nationality / **Legal domicile**
- 4. Identity Number (i.e. Tax ID and/or personal ID for individual)
- 5. Date of Birth / **Date of company establishment**
- 6. **Address**
- 7. **Type of Business** (only for institution)
 - a. Corporate (CP)
 - b. Foundation (FD)
 - c. Financial institution - bank (IB)
 - d. Financial institution - non bank (IB)
 - e. Insurance (IS)
 - f. Mutual Fund (MF)
 - g. Pension Fund (PF)
 - h. Securities company (SC)
 - i. Others (OT), i.e. government entity or international organization

LEI can provide the information in red.

LEI can cover most of investors

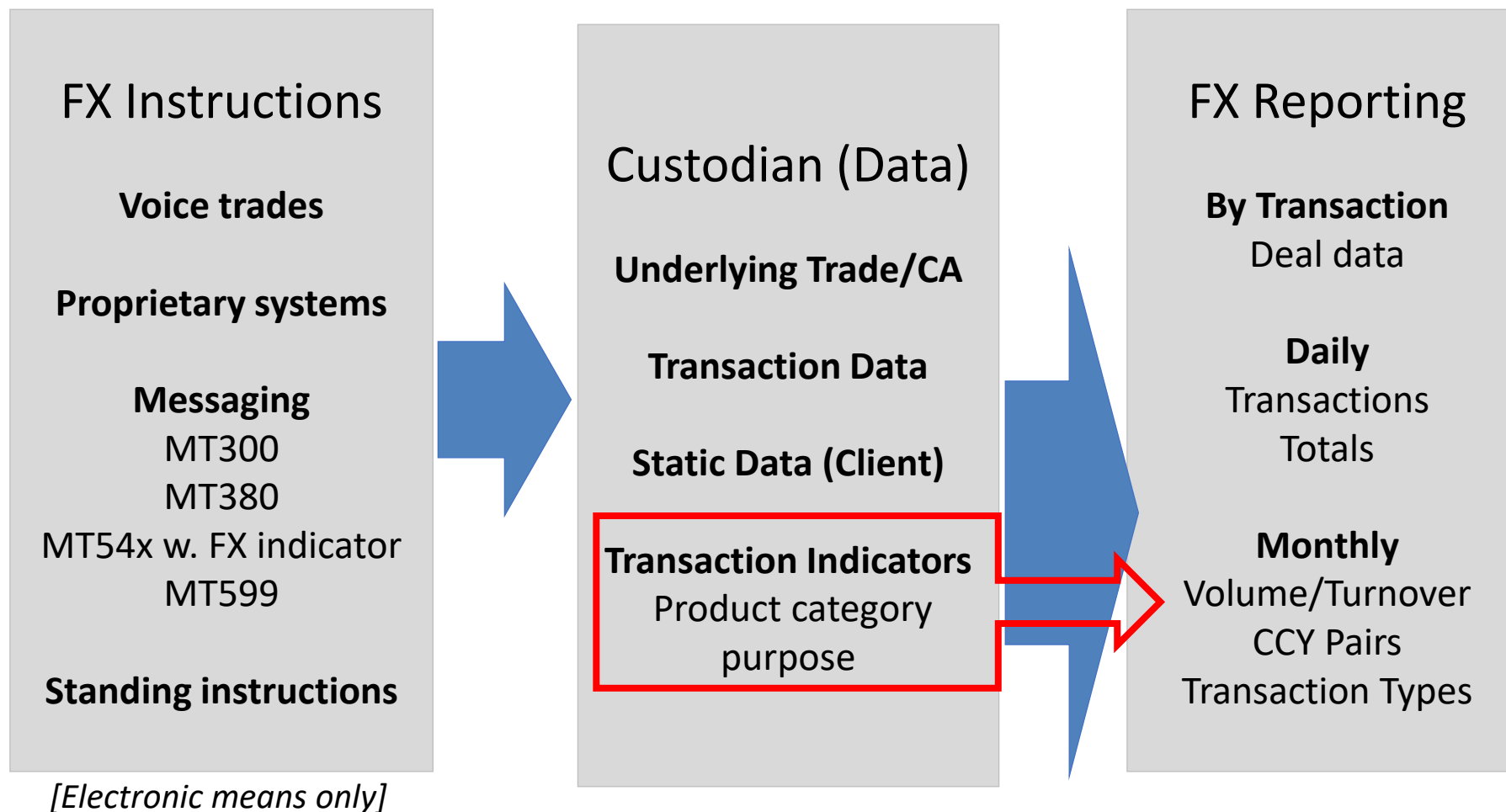
Entities with LEI

Entities
without
LEI

Individual investors

Relevance of standardized transaction identifiers

OTC derivative reporting will include UTI, UPI, and CDE





Globally agreed transaction indicators

- Unique Transaction Identifier (UTI)

uniquely identify individual OTC derivatives transactions required by authorities to be reported to TRs.

- Unique Product Identifier (UPI)

uniquely identify the product involved in an OTC derivatives transaction that an authority requires, or may require in the future, to be reported to a trade repository (TR).

- Critical Data Element (CDE)

critical OTC derivatives data elements other than those in the UPI and UTI

ABMF will follow the global discussion to create regional standards compatible with the global standards

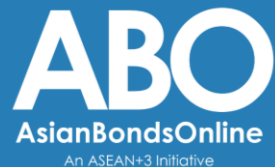
THANK YOU

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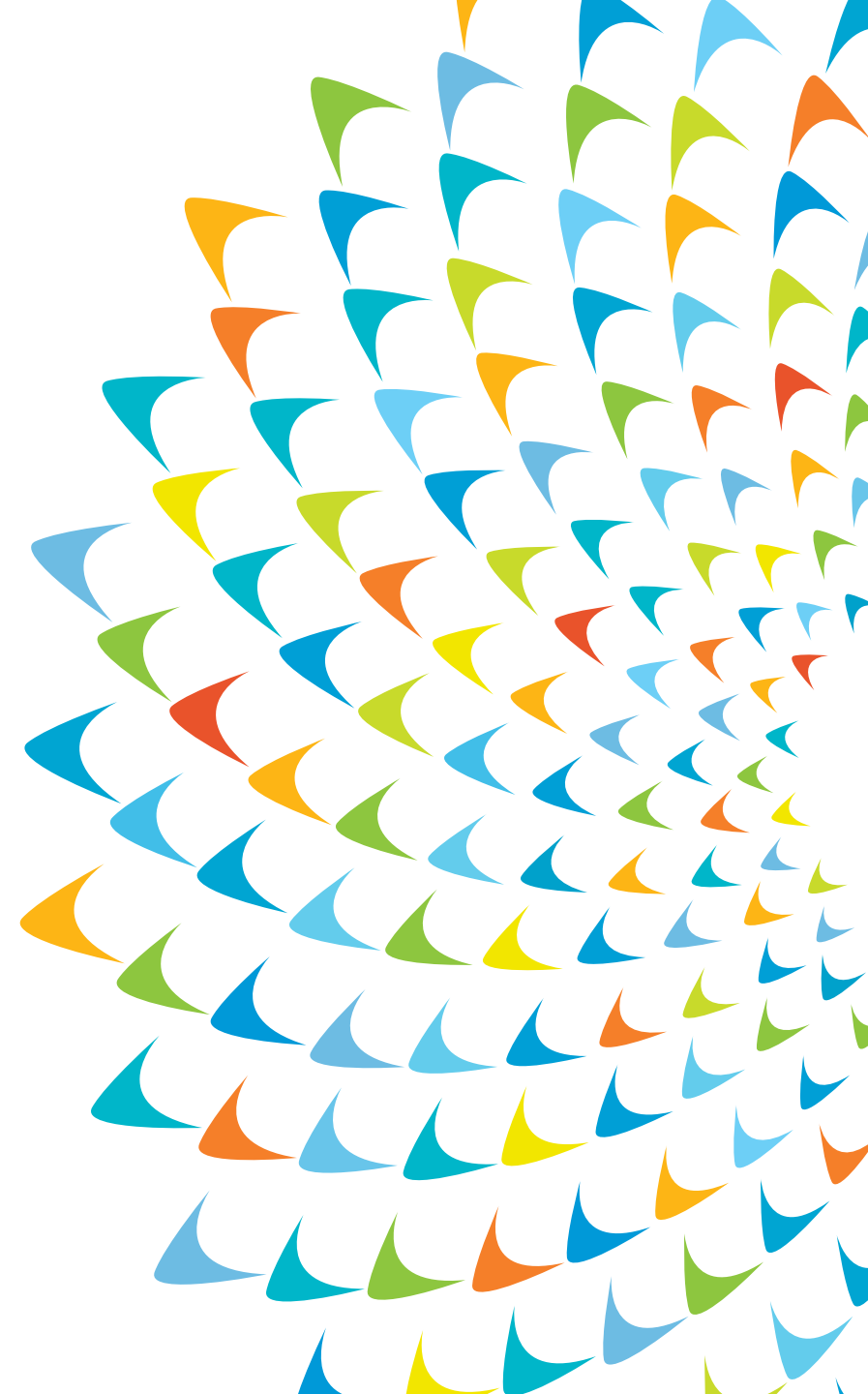


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Thank you for your participation



JOIN US AGAIN



ADB **LEI** GLOBAL LEGAL ENTITY IDENTIFIER FOUNDATION

Joint Asia Webinar Series on

Legal Entity Identifier (LEI)
Part 8 – Panel Discussion:
How to Maximize the Benefit
of LEI in Asia

Virtual Event via Zoom
12 July 2021, Monday
4:00PM Manila Time / 10:00AM CET / 1:30PM India

MODERATOR

Mr. Satoru Yamadera
Advisor
Economic Research and Regional
Cooperation Department (ERCD)
Asian Development Bank

Our Speakers

PANELIST

- **Mr. Daisuke Miura**, Public Management Specialist (Taxation), Asian Development Bank
- **Mr. Stephan Wolf**, Chief Executive Officer, Global Legal Entity Identifier Foundation (GLEIF)
- **Mr. Hans Huber**, Senior PO Trade Finance Innovation R&D, Commerzbank Germany
- **Ms. FENG Lei**, Section-Chief, Technology Department, People's Bank of China (PBOC)
- **Mr. ZHANG Yanzhao**, Senior Strategy Analyst, China Financial Certification Authority (CFCA)
- **Mr. P. Vasudevan**, Chief General Manager, Reserve Bank of India
- **Mr. Masayuki Tagai**, ISO RMG Convenor
- **Ms. Nurashiqin Asri**, Deputy Director, Investment Operations and Financial Market, Bank Negara Malaysia (BNM)
- **Mr. Oswald Kuyler**, Managing Director DSI, International Chamber of Commerce (ICC)