



ABMF Webinar on Comparative Analysis of Capital Market Laws and Regulations based on Bond Market Guides 2016 – 2020

Virtual Event via Zoom
25 February 2021, 10:30 am Manila Time

The ASEAN+3 Bond Market Forum (ABMF) was established in May 2010 by the finance ministers of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China, Japan, and the Republic of Korea—collectively known as ASEAN+3—under the Asian Bond Markets Initiative (ABMI). The Forum is the only regional platform of which actions and recommendations are reported to the ASEAN+3 policy discussion. It functions to integrate the ASEAN+3 markets through standardization and harmonization of regulations and market practices as well as market infrastructures relating to cross-border bond transactions.

Since its establishment, the ABMF has produced various outputs and created impacts.

In 2012, the ABMF released the ASEAN+3 Bond Market Guide, the first officially recognized publication of bond market regulations and settlement procedures in ASEAN+3 economies. This ASEAN+3 Bond Market Guide (First edition) and its **comparative analysis** of the 10 regional markets helped narrow information gaps and increase market transparency, which was often regarded as the biggest barrier to market entry.

In 2014, to provide policy recommendations to standardize securities transaction flows in the region, ABMF published the Sub-Forum 1 (SF1) Phase 2 Report: Proposal on ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) as a regionally standardized bond issuance framework, and the Sub-Forum 2 (SF2) Phase 2 Report: ASEAN+3 Information on Transaction Flows and Settlement Infrastructures.

After the endorsement of both reports by the ASEAN+3 finance ministers in 2015, ABMF released two Phase 3 reports: Implementation of the AMBIF: ABMF SF1 Phase 3 Report, and Harmonization and Standardization of Bond Market Infrastructures in ASEAN+3: ABMF SF2 Phase 3 Report.

The SF1 Phase 3 report contained the Single Submission Form (SSF) to be utilized in the markets participating in AMBIF and explained the procedures for issuing an AMBIF bond. The SF2 Phase 3 report (i) identified and agreed upon key transactional financial messages to be harmonized and standardized to facilitate cross-border bond transactions, and (ii) successfully demonstrated the readiness of the region to implement key international standards such as ISO 20022 by 2025. As a result, implementation of ISO 20022 was included as one of the strategic measures for financial integration in the ASEAN Economic Community Blueprint 2025.

In 2020, ABMF completed the bond market guides for all ASEAN+3 markets. In addition, a number of bonds under AMBIF were issued. Based on the findings through the process of the publication of the bond market guides as well as the implementation of AMBIF, we could accumulate knowledge and experiences for further market integration. This webinar aims to provide an assessment of the local currency bond market developments in the region since the first comparative analysis in 2012. In addition, it aims to show the remaining challenges and the way forward for further market integration in ASEAN+3.

ABMF SF1 Webinar Schedule

10:30-11:40am (Manila time) on 25 February 2021

TIME	PROGRAM
10:30 – 10:40 (10 mins)	<p>Opening Remarks and Master of Ceremony (5 mins)</p> <ul style="list-style-type: none"> • Mr. Mitsuo Miwa, New Chair of SF1, Director General, Japan Exchange Group, Inc. together with Mr. Ko Ito, Former Chair of SF1, Advisor to CMAA • Mr. Satoru Yamadera, Principal Financial Sector Specialist, Asian Development Bank
10:40 – 11:20 (40 mins)	<p>Sessions : Assessment of the AMBIF Market developments from 2012 to 2021 and the Creation of WG on Comparative Capital Market Law (WG-CCML)</p> <ul style="list-style-type: none"> - Comparative Analysis 2012 versus current status (selected findings) - Introduction of WG-CCML and proposed approach - WG-CCML focus on specific subjects - Next version of Single Submission Form - Collection of market information <p>• Prof. Shigehito Inukai and Mr. Matthias Schmidt, ADB Consultants</p>
11:20 – 11:35 (15 mins)	<p>Q & A</p>
11:35 - 11:40 (5 mins)	<p>Closing Remarks</p> <ul style="list-style-type: none"> • Mr. Satoru Yamadera, Principal Financial Sector Specialist, Asian Development Bank

WELCOME



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

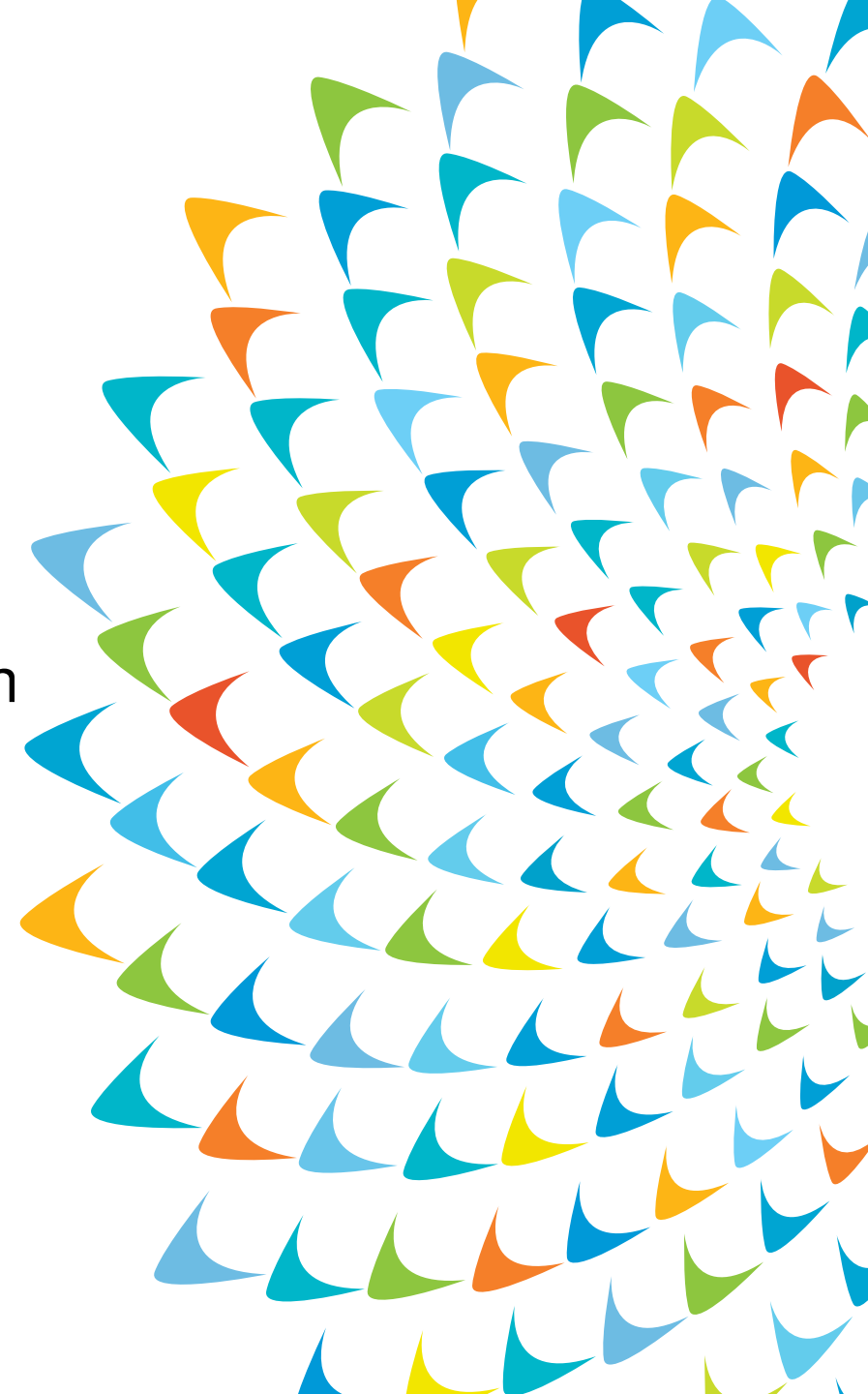
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Please MUTE/TURN OFF your mic during presentation to avoid unnecessary background noise

OPENING REMARKS

- Mr. Mitsuo Miwa, New Chair of SF1, Director General, Japan Exchange Group, Inc. together with
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- Mr. Satoru Yamadera, Principal Financial Sector Specialist, Asian Development Bank



**Market Developments 2012 to 2021
and
the Creation of the Working Group on
Comparable Capital Market Law and
Regulation (WG-CCML)**

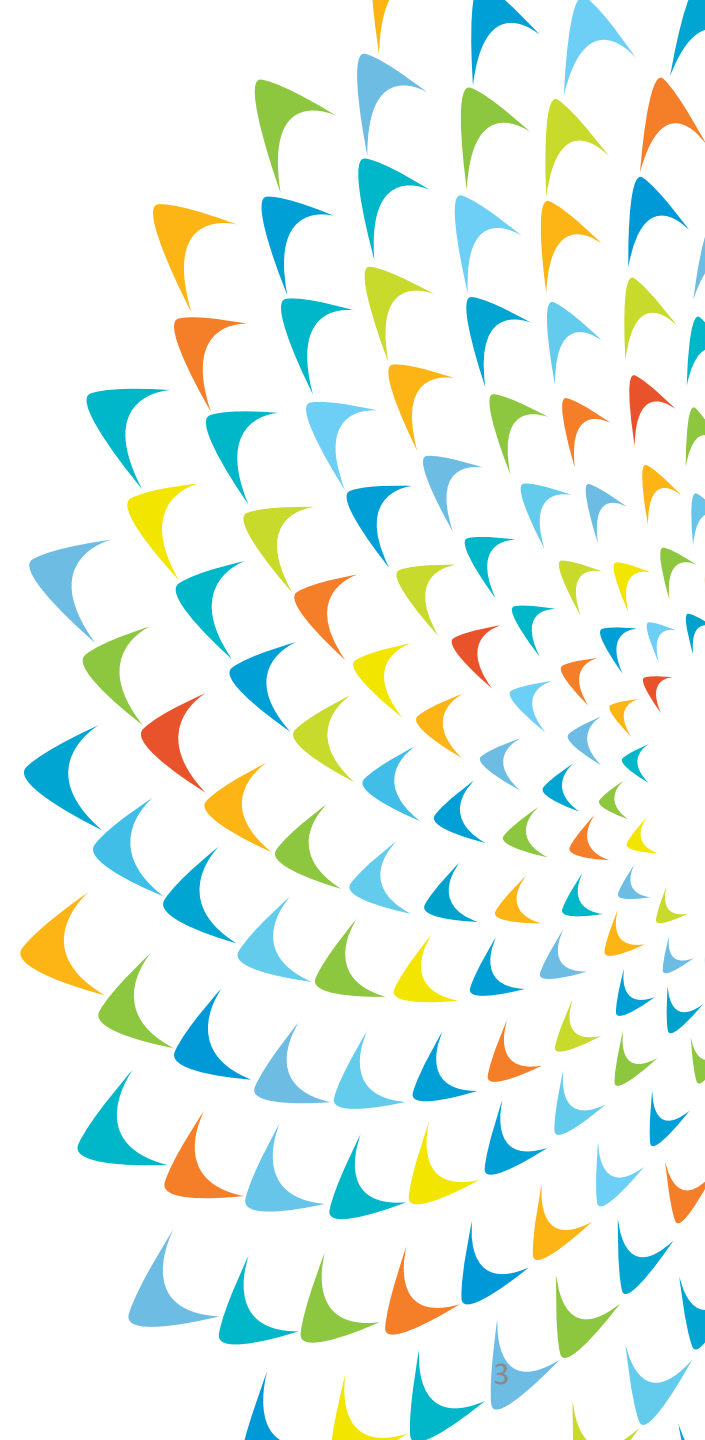
ABMF/ADB Secretariat Team

Satoru Yamadera, Principal Financial Sector Specialist

and

Shigehito Inukai / Matthias Schmidt

ADB Consultants





Contents

- I. ABMF Output and Market Coverage
- II. Professional Investors Market Developments in 4 Examples
- III. Comparative Analysis and Examples
- IV. Working Group on Comparable Capital Market Law and Regulation (WG-CCML)
- V. Questions & Answers Session



I. ABMF Output and Market Coverage

1. Then and Now
2. BMG, Comparative Analysis in 2012
3. AMBIF, Elements and SSF by 2015
4. Individual BMGs, Impl GLs since 2016



I-1. ABMF Output and Market Coverage - Then and Now

Economies	ABMF Sub-Forum 1 Phase 1 Report 2012		Individual Market		2021
	Bond Market Guide	Comparative Analysis	Implementation Guidelines	Bond Market Guide	Comparative Analysis
Brunei Darussalam				2017	✓
Cambodia			2020	2018	✓
China, People's Republic of	✓	✓		2019, 2020	✓, ✓
Hong Kong, China	✓	✓	2015	2016 (2020)	✓
Indonesia	✓	✓		2017	✓
Japan	✓	✓	2015	2016	✓
Korea, Republic of	✓	✓		2018	✓
Lao PDR	[✓]			2017	✓
Malaysia	✓	✓	2015	2016	✓
Myanmar				2018	✓
Philippines	✓	✓	2015 (2020)	2017	✓
Singapore	✓	✓	2015	2016	✓
Thailand	✓	✓	2015	2016	✓
Viet Nam	✓	✓		2018	✓

Notes: the PRC includes Exchange Bond Market and Inter-Bank Bond Market; () = update; Lao PDR voluntarily submitted market information in 2012.



I-2. BMG, Comparative Analysis (2012)

- The ASEAN+3 Bond Market Guide was published in 2012, as the first-of-its-kind comprehensive description of 10 [11] bond markets in the region*
- Based on the information gathered (which was more limited at the time) from the markets, notably the professional segments, the original Comparative Analysis of market features was compiled
- The intention had been to further study, and learn from the Comparative Analysis; it became the basis for the development of AMBIF

* *ASEAN+3 Bond Market Guide*, ABMF Sub-Forum 1 Phase 1 Report (Apr 2012)



I-3. AMBIF, Elements and SSF (2014-5)

- ABMF proposed the concept of AMBIF in 2014*
- Pursuant to the proposal for AMBIF, ABMF published the definition of *AMBIF Elements* and the *Single Submission Form (SSF)* in 2015, together with *AMBIF Implementation Guidelines* for an initial six markets#
- Described key market features and processes and has since further influenced development of professional bond markets in the region

* *Proposal on ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF)*, ABMF Sub-Forum 1 Phase 2 Report (Apr 2014)

Implementation of the ASEAN+3 Multi-Currency Bond Issuance Framework, ABMF Sub-Forum 1 Phase 3 Report (Aug 2015)



I-4. BMGs, Impl GLs (2016-2020...)

- Market developments, need for a more comprehensive coverage of markets and features resulted in individual Bond Market Guides / AMBIF Implementation Guidelines
- From the time of their initial compilation, BMGs and Impl GLs have been formulated on the premise of classifying and projecting information in a compatible manner, allowing for easy comparison
- Therefore, these publications represent a comprehensive knowledge system for bond markets in the region and a solid foundation for analysis

[15 BMGs, 1 Update; 7 Impl GLs, 1 Update; 2,273 pages (!) - and all available on *AsianBondsOnline!*]



II. Professional Investors Market Developments in 4 Examples

1. Cambodia
2. Indonesia
3. Philippines
4. Viet Nam



II-1. Cambodia

Introduction of Debt Securities Offerings to Qualified Investors

- Between 2016 and 2020, Cambodia established several regulations towards the creation of a professional bond market
- Following several pilot issues, the name of the professional market was finalized in 2020 to *Debt Securities Offerings to Qualified Investors*
- The first corporate bonds were issued in 2018, and the first AMBIF bonds in 2019 and, since then, several AMBIF bonds have been issued



II-2. Indonesia

Introduction of Professional Investors and Issuances to Professional Investors

- From no formal market segment 3 years ago, the professional market now offers multiple issuance types
- In 2018, OJK introduced the concept of Professional Investors through regulations establishing *Public Offerings to Professional Investors*
- Effective 2020, OJK established a regulatory framework for *Debt Securities / Sukuk Not Through a Public Offering*, enveloping the previously unregulated private placement market (referred to as 'MTN')
- ADB Secretariat is exploring the best AMBIF option in ongoing dialogue with OJK on necessary features (e.g., disclosure, profile listing)



II-3. Philippines

Introduction of Qualified Buyers Market

- Since 2015, PDEX's Qualified Board, a professional bond market enrollment (listing) system, has been continuously developed
- SEC abolished notice of exemption filing
- In 2019, changes to the rules in the BSP regulatory process for non-bank FI other than deposit-taking institutions were realized, eliminating long-standing concerns and allowing non-bank FI to participate in the corporate bond/AMBIF bond market
- The first AMBIF bond issue was also realized in the same year



II-4. Viet Nam

- The Securities Law contained provisions for nonpublic offers of securities (private placements) – defined as offers of securities to less than 100 investors, not including institutional (professional) investors; consequently, a significant portion of bond issuance is considered to take place via private placement
- The regulatory authorities made changes to the Securities Law and promulgated regulations to formalize the private placement market towards a professional market segment; HNX was appointed as Bond Information Center, to ensure initial and continuous disclosure of bond information
- The new law and regulations are presently in the process of implementation



III. Comparative Analysis and Examples

1. Why a Comparative Analysis Now?
2. ABMF Output as Solid Foundation
3. Professional investors and markets
4. Professional markets and features
5. Trustee or bondholders representative
6. New Issuance Types or Instruments



III-1: Why a Comparative Analysis Now?

- ABMF has published **substantial output** – now offers a **solid foundation** (see next page) for WG-CCML work
- Markets developed significantly since the Comparative Analysis was done in 2012 - development of AMBIF crystallized professional market features; need to recognize all bond market developments
- Increasing requests for ADB, ABMF to track and report on overall regional progress
- The Comparative Analysis offers opportunities to
 - ✓ Assess markets and their progress
 - ✓ Derive and share lessons and best practices
 - ✓ Project market features to interested parties



III-2: ABMF Output as Solid Foundation

- Bond Market Guides (BMGs) and AMBIF Implementation Guidelines (Impl GLs) have been reviewed and their contents approved by each market's regulatory authorities and market institutions so that interested parties and their service providers can pursue investment and issuance with ease and certainty
- It is an ideal foundation for mining the accumulated bond market information



III-3. Professional Investors and Markets

Table Preview

Introduced in 6 Markets since 2012

Economies	Existence of Professional Investor Concept		Existence of Professional Bond Market or Segment		Name of Market or Segment, Type of Offer
	2012	2021	2012	2021	
Brunei Darussalam		✓		✓	Offering of Debentures to Sophisticated Investors
Cambodia		✓		✓	Debt Securities Offerings to Qualified Investors
China, People's Republic of		✓		✓	1. Placement to Qualified Investors (Exchange Market) 2. Private Placements of Debt Financing Instruments to Designated or Specialized Institutional Investors (CIBM)
Hong Kong, China	✓	✓	✓	✓	Professional Investors Only Market
Indonesia		✓		✓*	1. Public Offerings to Professional Investors 2. Debt Securities/Sukuk Not Through a Public Offering
Japan	✓	✓	✓	✓	TOKYO PRO-BOND Market
Korea, Republic of	✓	✓	✓	✓	QIB Market
Lao PDR					
Malaysia	✓	✓	✓	✓	Excluded Offers – Sophisticated Investors Market
Myanmar					
Philippines		✓		✓	Qualified Buyers' Market
Singapore	✓	✓	✓	✓	Wholesale Market (Institutional Investors Market)
Thailand	✓	✓	✓	✓	PP-II Regime
Viet Nam		✓		✓	New PP (Institutional Investors & HNWI) Market#

Notes: CIBM = China Inter-Bank Bond Market, PP = private placement, QIB = Qualified Institutional Buyer;

* ID market designation pending; # market designation in VN is tentative.



III-4. Professional Markets and Features

Table Preview

Economies	Name of Market or Segment, Type of Offer	Continuous Disclosure Concept			Remarks
	2021	Reg	Profile Listing	Full Listing	2021
Brunei Darussalam	Offering of Debentures to Sophisticated Investors	✓			[Tentative]
Cambodia	Debt Securities Offerings to Qualified Investors	✓		✓	Listing concessions
China, People's Republic of	1. Placement to Qualified Investors (Ex. Market), 2. Private Placement of Debt Financing Instruments to Designated or Specialized Institutional Investors	✓	✓		Primary place of disclosure shown
Hong Kong, China	Professional Investors Only Market		✓		
Indonesia	1. Public Offerings to Professional Investors, 2. Debt Securities/Sukuk Not Through a Public Offering	✓ ✓		✓	Listing and disclosure concessions
Japan	TOKYO PRO-BOND Market		✓		
Korea, Republic of	QIB Market	✓			
Lao PDR					
Malaysia	Excluded Offers – Sophisticated Investors Market	✓	✓		BM Exempt Regime
Myanmar					
Philippines	Qualified Buyers' Market		✓		
Singapore	Wholesale Market (Institutional Investors Market)		✓		Private placements
Thailand	PP-II Regime	✓			
Viet Nam	New PP (Institutional Investors & HNWI) Market*	✓**			Registration w. HNX

- Market designation in VN is tentative. ** HNX will act as Bond Information Center; BM = Bursa Malaysia,
- Reg = Registration, PP = Private Placement, QIB = Qualified Institutional Buyer, II = Institutional Investor.



III-5. Trustee / Bondholder Representative

Table Preview

Evident in 2021

Economies	Investor Protection Feature			Name of the Concept	Mandated for Issuance Type		
	BR	Trustee	Other	2021	PO	Prof Inv	PP
Brunei Darussalam		✓		Bond Trustee	Yes	Yes	N/A
Cambodia	✓			Bondholders Representative	Yes	Yes	N/A
China, People's Republic of		✓		Bond Trustee (CIBM + EX)	Yes	Yes/No	N/A
Hong Kong, China		✓	✓	Bond Trustee, Fiscal Agent	No	No	N/A
Indonesia			✓	Monitoring Agent	Yes	Conditional	Yes
Japan			✓	Commissioned Company for Bondholders (Bond Managers)	Conditional	No	No
Korea, Republic of		✓		Indenture Trustee	Yes*	No	N/A
Lao PDR			✓	Custodian Bank	Yes	N/A	N/A
Malaysia		✓		Bond Trustee	Yes	No	N/A
Myanmar							
Philippines		✓	✓	Trustee of the Bondholders, Fiscal Agent	Yes	No	No
Singapore		✓		Bond Trustee	Conditional	No	N/A
Thailand	✓			Bondholder Representative	Yes	No#	No#
Viet Nam	✓			Representative of Bondholders	Conditional	No	No

BR = Bondholder Representative, CIBM = China Inter-Bank Bond Market, EX = Exchange Bond Market, PO = Public Offering, PP = Private Placement; * may depend on issuer; # unless secured bond or foreign issuer, as the case may be.



III-6. New Issuance Types or Instruments

Table Preview

In many Markets since 2012

Economies	New Issuance Types		New Instrument Types (Bonds or Sukuk)			
	Public Offers to Prof. Investors	Seasoning Concepts	Savings Bonds	Green Bonds	Social Bonds	Sustainability Bonds
Brunei Darussalam		✓				
Cambodia	✓					
China, People's Republic of	✓			✓	✓	✓
Hong Kong, China		✓	✓	✓		
Indonesia	✓		✓	✓	✓	
Japan				✓	✓	✓
Korea, Republic of				✓	✓	✓
Lao PDR						
Malaysia	✓		✓	✓		✓
Myanmar						
Philippines				✓	✓	✓
Singapore		✓	✓	✓	✓	✓
Thailand				✓	✓	✓
Viet Nam				✓		

Note: ESG bond info based on CBI report 1H2020 plus updates.



IV. Working Group on Comparable Capital Market Law and Regulation (WG-CCML)

1. Creation of the WG
2. Purpose of WG-CCML
3. Key Objectives of the WG
4. WG-CCML Subjects All Connected
5. Examples of Potential Topics
6. Proposed Participants
7. Proposed Approach



IV-1: Creation of WG-CCML

- Constitute as a working group under ABMF
- ABMF Secretariat Team will assemble, assess available information, and prepare draft reports for each subject
- ABMF members, experts and legal professionals to formulate recommendations
- Focus on legal and regulatory prescriptions, processes, and practices in the professional bond markets from an intra-regional point of view



IV-2: Purpose of WG-CCML

- To support further development of an AMBIF market as an intra-regional professional bond market, and a common market understanding in ASEAN+3
- **To promote the standardization of issuance procedures and issuance documents**, with the cooperation of practitioners and regulatory authorities, using the Single Submission Form (SSF) as a conduit, and paying close attention to institutional and operational differences in each market

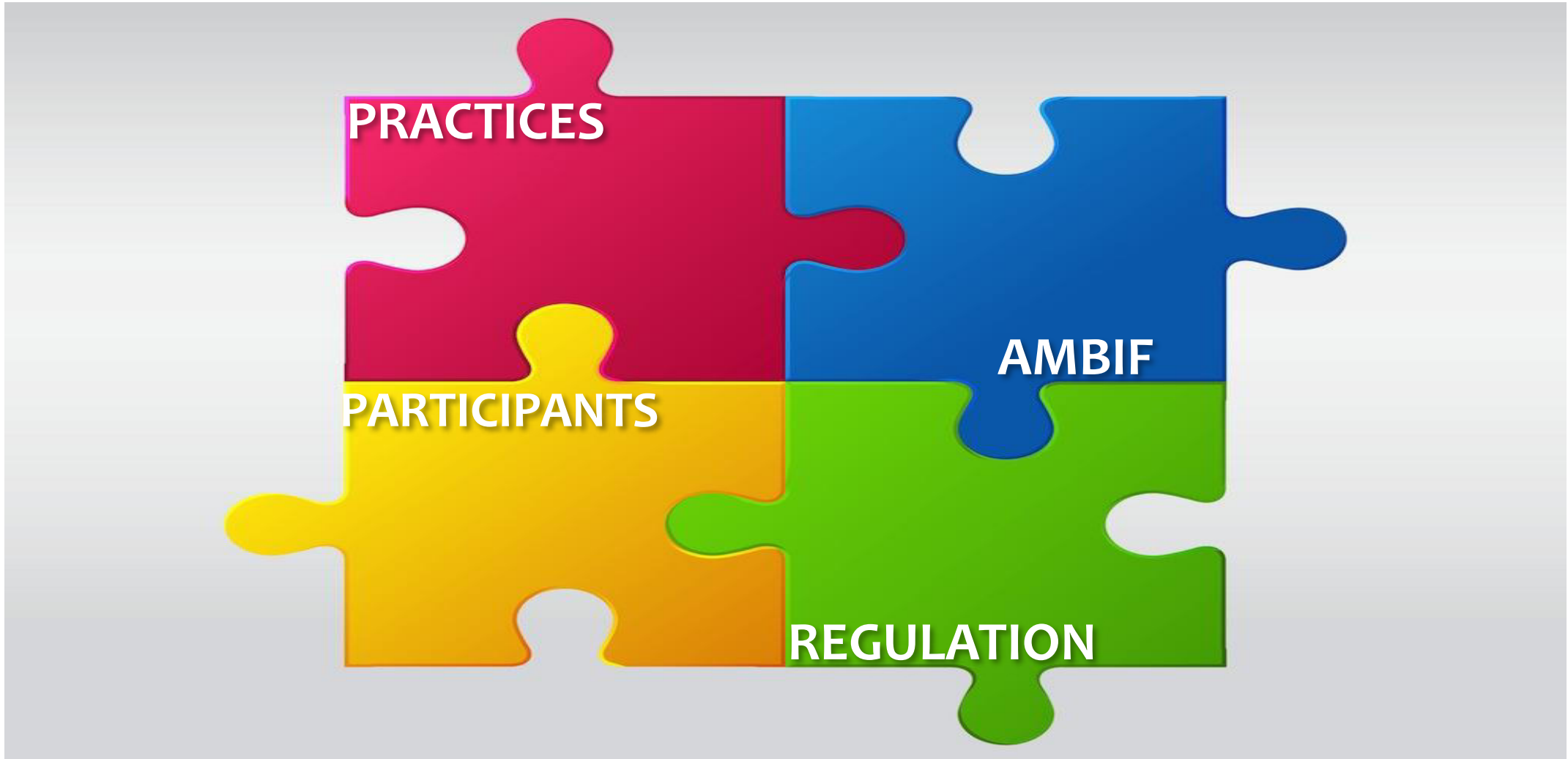


IV-3: Key Objective of WG-CCML

- To provide comfort to investors and issuers on the legal and regulatory environments across regional markets
- Through WG-CCML, ABMF wants to identify and show equivalence in domestic laws and regulations, in particular for those features needed for professional bond markets
- WG-CCML will initially target ASEAN5 markets



IV-4. WG-CCML Subjects All Connected



Original image courtesy of freevector.com



IV-5-1. Examples of Potential Topics

Examples of specific topical comparisons - important for the sound development of practices across markets:

1. Principles, best practices in **underwriting (examinations)** of securities firms; establishment of best **due-diligence (DD) practices**
2. Common features and practices in **registration, listing and profile listing** of professional bonds and programmes, promotion/appropriate usage of programme method for issuers
3. Handling of **issuance documents in English** - usability of English as admissible and lawful language for issuing documents; how well English stands up in court or at arbitration
4. Issues with **choosing the governing law** - what the governing law should be (with the use of Asian law in mind) in documentation, including issuance and CGIF guarantees; how effective is the law of a third country?



IV-5-2. Examples of Potential Topics

5. **Private placements versus public offer variants** in relation to disclosure, etc.
6. **Impact of differences in jurisdiction as dispute resolution areas**, differences in the response of arbitration institutions, alternative dispute resolution mechanisms and courts
7. **Project finance:**
In support of the CGIF business focus and the increasing project finance needs in the region, additional focus will be placed on specific practices for project bonds, project loans or project finance overall



IV-5-3. Examples of Potential Topics

8. Need to better understand **legal and regulatory implications** (how to hold and transfer securities value and rights; leading to finality, ownership, title) **from new developments** such as:
 - Tokenization and/or digitization of assets, smart contracts, DLT/blockchain for bond issuance and settlement
9. What should be the foreseeable **recommended practices** on legal/regulatory subjects, including:
 - Collateral and collateralization, commercial retention rights, pledge settings for securities, escrow
 - Legal ownership, finality of settlement, recognition of new settlement mechanisms by investors

Most such subjects have previously not been covered in Bond Market Guides or AMBIF Implementation Guidelines



IV-6. Proposed Participants

- ABMF members, experts w. regulatory focus
- CGIF Legal Department
- Legal practitioners supporting AMBIF, SSF
- Law firms (e.g., from previous market visits)
- Securities firms, investment banks (ABMF IEs and other collaborators)
- Stakeholders, experts on specific aspects (e.g., project finance), as needed
- Interested parties



IV-7: Proposed Approach

- ADB/ABMF Secretariat Team, with the help and support from ABMF participants, to collect and compile relevant data
- Draft information to be presented to and validated by stakeholders
- Draft information to be reviewed by, input from professional firms who have agreed to work voluntarily
- ADB/ABMF Secretariat Team to facilitate dialogue to discuss, progress specific topics
- Compilation of results into a WG report
- No dedicated (full WG) meetings expected



ありがとうございました!

cảm ơn bạn!

salamat!

ขอบคุณครับ! 谢谢!

thank you!

terima kasih!

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감사합니다!

ကျေးဇူးတင်ပါသည်!

ຂອບໃຈ!



V. Questions & Answers Session

- We welcome all questions or needs for clarification
- During the webinar or via email
- Please MUTE/TURN OFF your mic when someone is speaking to avoid unnecessary background noise
- If possible, kindly TURN ON your video when it's your turn to ask question/speak



THANK YOU

ABMF SECRETARIAT

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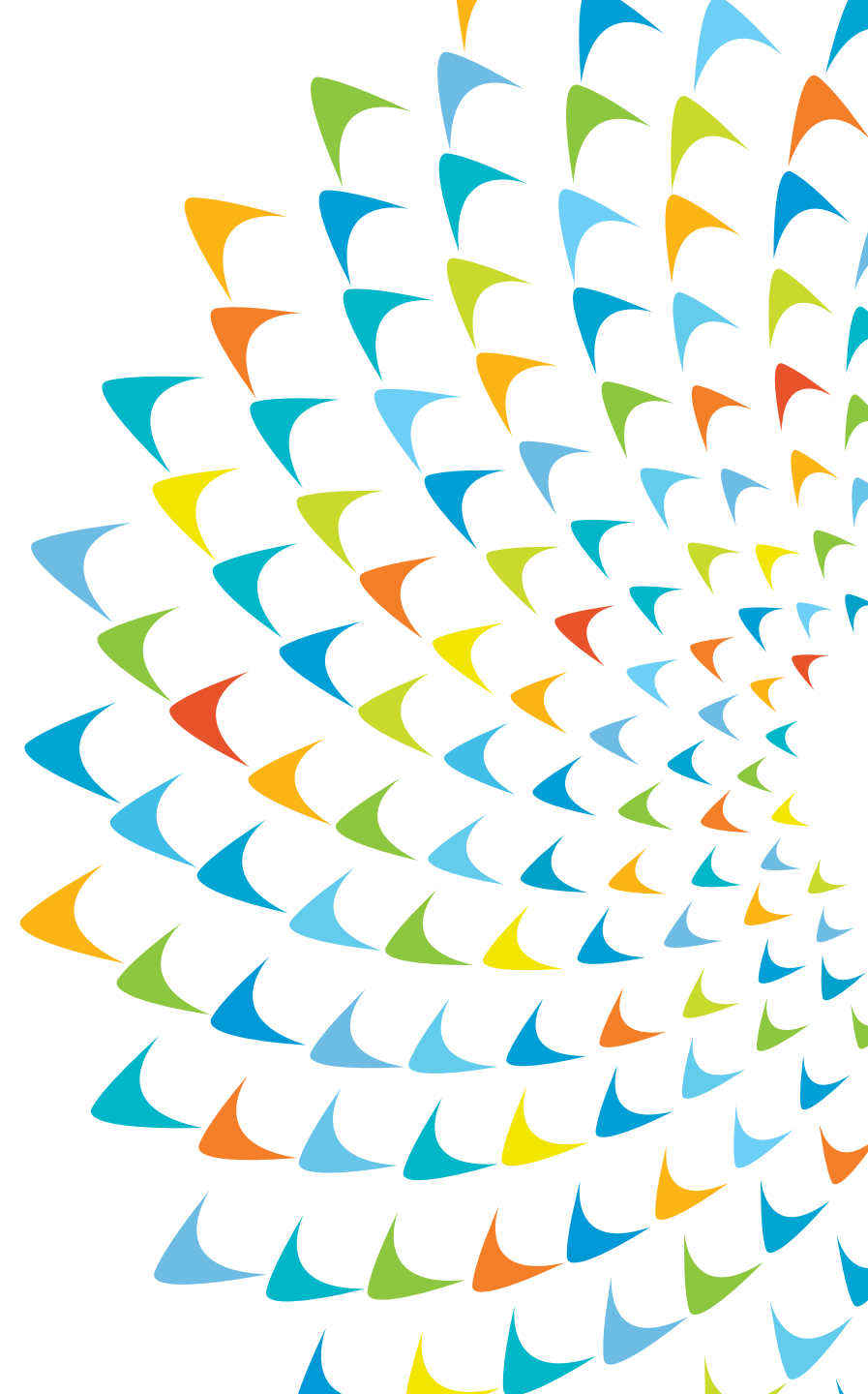


CLOSING REMARKS

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Asian Development Bank





Thank you for your
participation

