

How to create Common and Suitable Self-Regulatory Rules in Asian Capital?

ADB's role as the regional catalyst

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The logo of the Asian Development Bank (ADB), consisting of the letters "ADB" in a white serif font on a dark blue square background.

What is the ABMI?

The Asian Bond Markets Initiative (ABMI) was endorsed by the ASEAN+3 Finance Ministers Meeting in August 2003 in Manila, Philippines.

– ASEAN+3: Association of Southeast Asian Nations plus People's Republic of China, Japan and Republic of Korea

- *Develop efficient and liquid bond markets in the region*
- *Foster a high degree of financial independence in Asia*

The ABMI aims to:

- Develop a robust bond market
- Lessen dependence on bank borrowings
- Avoid the double mismatch of maturity and currency
- Re-channel more Asian savings into the Asian economies
- Promote regional financial harmonization and integration

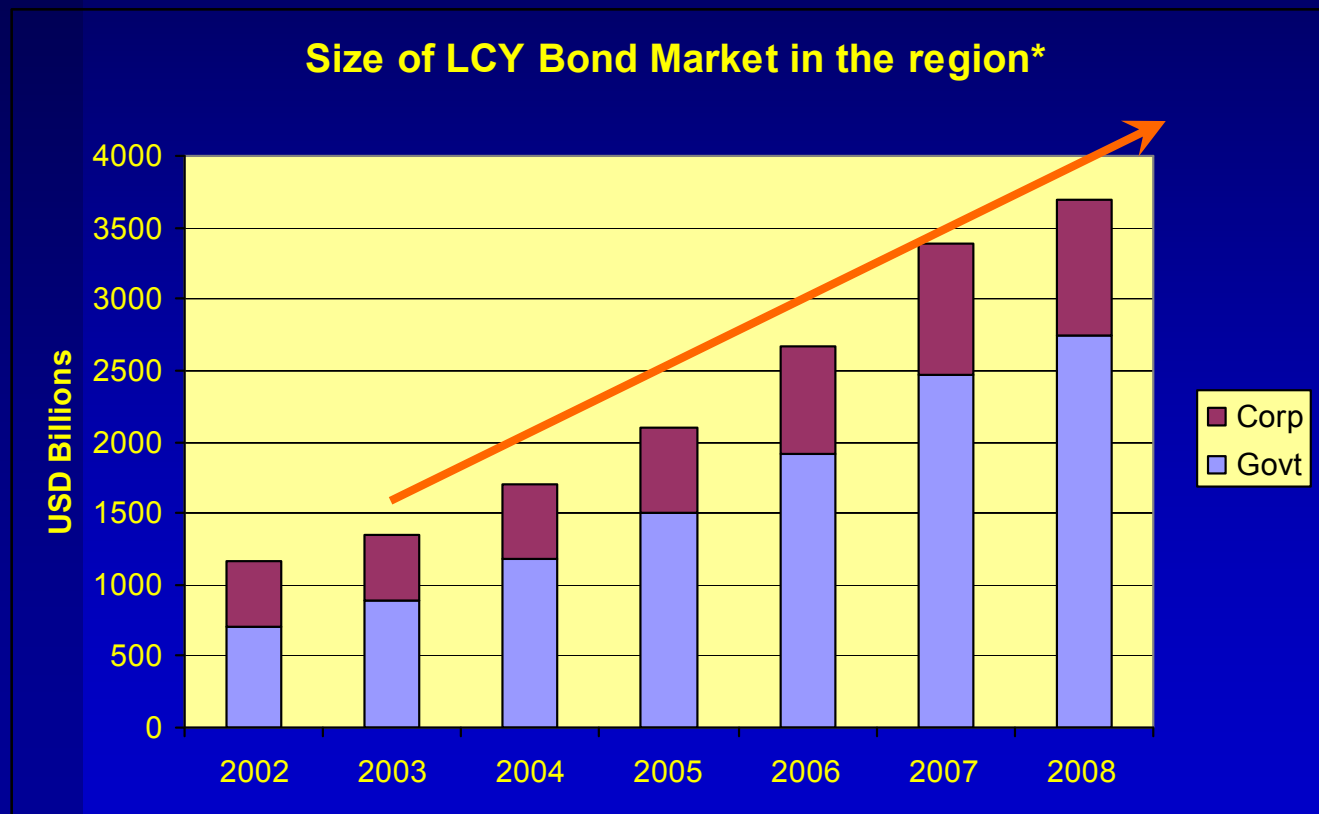
Lessons from the Asian currency crisis

Smooth public finance for infrastructure building

ADB

Local Currency Bonds

LCY bond markets are developing rapidly.



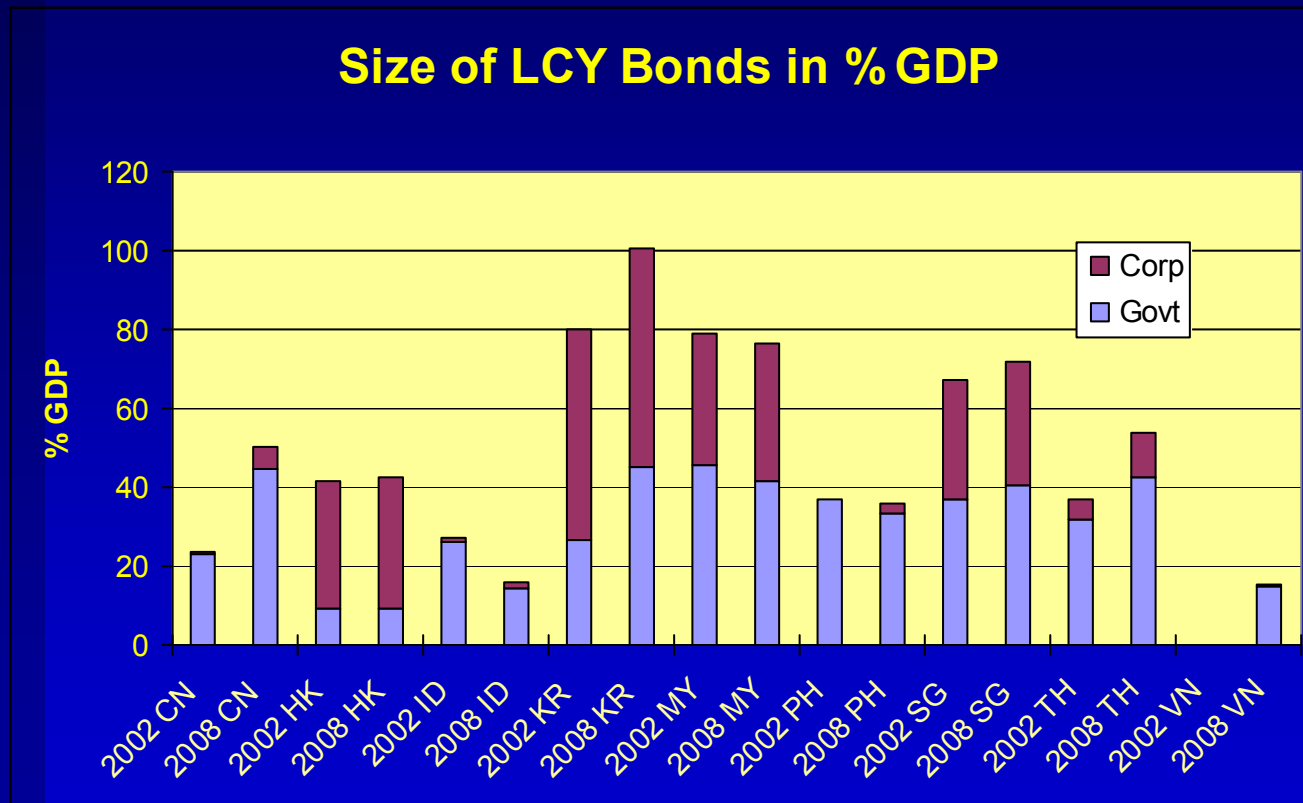
Source: AsianBondsOnline (<http://asianbondsonline.adb.org>)

* The region covers P.R. China, Hong Kong, China, Indonesia, Korea, Malaysia, Philippines, Singapore, Thailand and Viet Nam

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Local Currency Bonds

But in some markets, more efforts are required.



Source: AsianBondsOnline (<http://asianbondsonline.adb.org>)

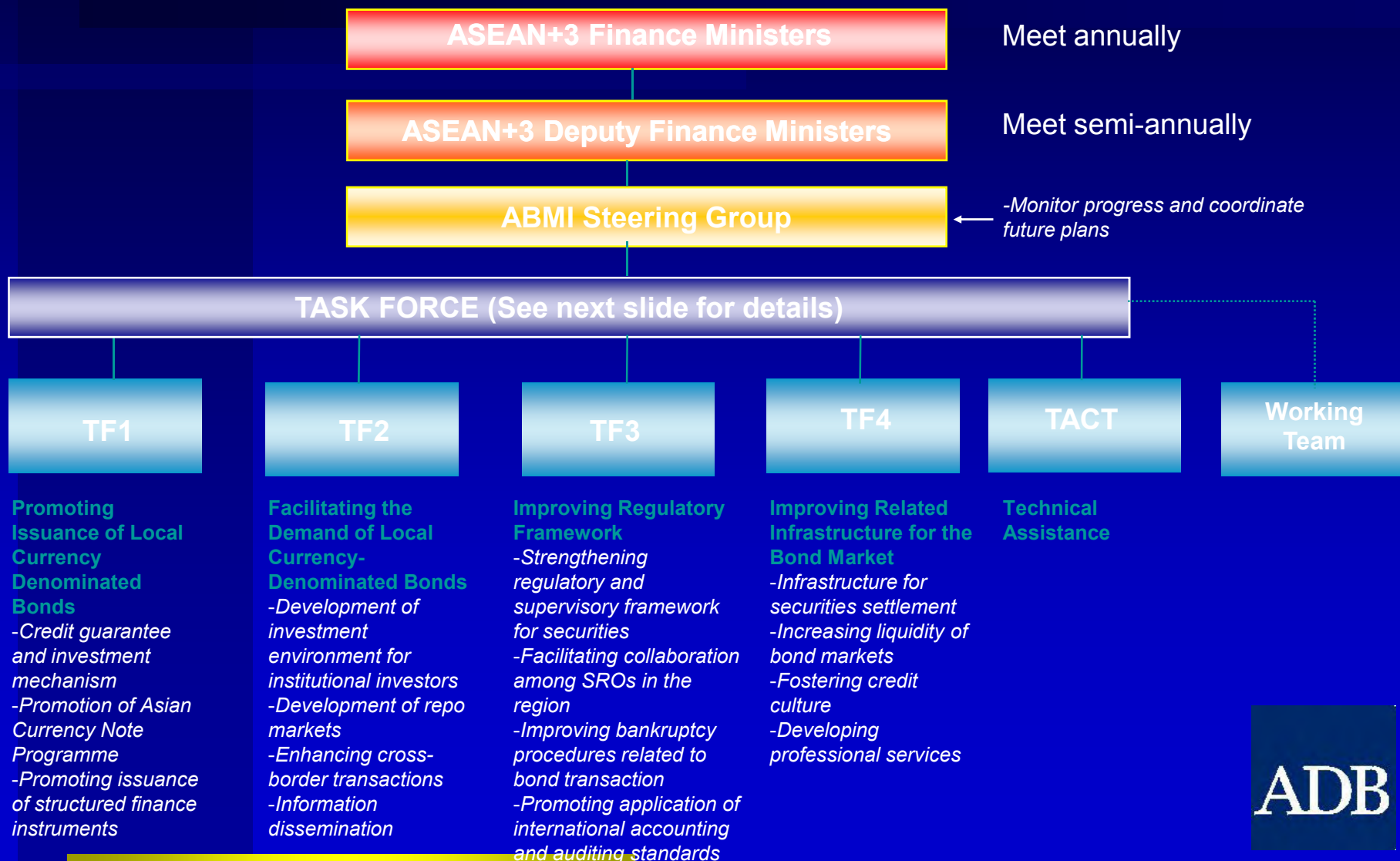
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Potential Barriers to bond market integration

Underdevelopment due to:

- Lack of issuers (supply side)
- lack of investors (demand side)
- Regulations less favorable for bond investments
- Underdevelopment of infrastructures (clearing and settlement)

The Framework



Recommendation to improve regional security settlements by the Group of Experts (GoE)

- GOE as An independent group under the ambit of the ASEAN+3 countries to discuss key issues related to cross-border bond transactions and settlement issues.
- private sector entities or individuals with expertise in cross-border bond or foreign exchange transactions and settlements issues, nominated by each ASEAN+3 member country
 - 17 national member institutions and 9 international member institutions including CSDs, local custodians, global custodians, ICSDs
- Provide a non-binding recommendation to the TF4.

Harmonization of Bond Standards in ASEAN+3

- Government bond secondary market
- Corporate bond market
- Self-regulatory organization
- The public conference is scheduled on 2-3 December 2009
- The final report will in early 2010.

ADB's role as the catalyst



For more information

- AsianBondsOnline:
<http://asianbondsonline.adb.org>
- GoE Website:
<http://asean3goe.adb.org>
- Satoru Yamadera: syamadera@adb.org



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