

Cross Border Cooperation : Case of ASEAN Capital Market Integration

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Agenda

ASEAN Capital Market integration;

- **Background**
- **Objective**
- **Strategic Plan**
- **Key Achievements**

Background

- At the 13th ASEAN Summit in 2007, ASEAN leaders jointly adopted the ASEAN Economic Community Blueprint 2015, with the goal of establishing ASEAN as a single market and production base, with free flow of goods, services, investments, skilled labor, and freer flow of capital.
- For capital market, the ASEAN Finance Ministers established the ASEAN Capital Market Forum (ACMF) which composed of capital market regulators from 10 ASEAN countries.
- ACMF prepared a roadmap for capital market integration known as “Implementation Plan⁽¹⁾” which was endorsed by the ASEAN Finance Ministers in 2009.

(1) Implementation Plan to Promote the Development of an Integrated Capital market to Achieve the Objectives of the AEC Blueprint 2015



Objective

- To improve the competitiveness of the ASEAN capital markets in the global arena
- Reduce the risk of marginalization as individual markets ★
- To improve level of market efficiency and expanded investment choices for local investors and issuers

Strategic Plan

I : Mutual Recognition framework to facilitate

- Cross border fund raising
- Product distribution
- Cross border investments within ASEAN
- Market access by intermediaries

II : ASEAN exchange alliance and governance framework

- Build trading linkages and setup ASEAN Board
- Enhance governance, trading efficiency & cost reduction
- Clearing, depository, and settlement linkage
- Marketing and investor education

III : Promote new products and build ASEAN as an asset class

- Promote private sector led regional products development
- Promote ASEAN star companies under the ASEAN board

IV : Strengthen bond markets

- Accelerate reform initiatives in bond issuance, listing & distribution
- Design a regional strategy for ratings comparability
- Improve market liquidity, and clearing & settlement of linkages

V : Align domestic CMDP to support regional integration

- Align national development initiatives to support cross border integration
- Adopt phased approach to liberalization to ensure domestic market readiness

VI : Reinforce ASEAN working process

- Establish ASEAN Coordinating Team, comprising dedicated resources from ASEC and dedicated point persons from ACMF members to monitor, coordinate, report and raise issues on the Implementation Plan.



Key Achievements

ASEAN Exchanges

- ASEAN Exchanges is a collaboration of the 7 exchanges from Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.
- The collaboration aims to promote the development of ASEAN as an asset class, with the intention of increasing liquidity of the member exchanges.
- The ASEAN Exchanges launched the ASEAN Trading link to enhance visibility of ASEAN as an asset class. This e-trading link, through one single access point, allows intra-ASEAN cross border trading. ★
- The first 3 exchanges to be connected on the ASEAN Trading Link are Bursa Malaysia, Singapore Stock Exchange and Stock Exchange of Thailand. Malaysia and Singapore go live on Sep 2012 followed by Thailand on Oct 2012.



Key Achievements

ASEAN Disclosure Standard Scheme

- As at April 1, 2013, Singapore, Malaysia and Thailand agreed to implement the set of harmonized disclosure standards for offering of equity and plain debt securities issued from and sold to investors in any of 3 jurisdictions on a cross border basis.
- The scheme aims to facilitate fund raising activities as well as to enhance the investment opportunities within ASEAN capital markets.

Key

Achievements

ASEAN Framework for Cross Border Offering of Collective Investment Scheme (CIS)

- Malaysia, Singapore and Thailand have signed MOU to establish the ASEAN CIS Framework for Cross Border Offering of CIS.
- They have agreed to adopt a set of common standards to govern the cross border ASEAN CIS which enables ASEAN CIS to be offered to non-retail investors.
- The Scheme is targeting to implement in the first half of 2014.

Thank you



Market Capitalization by Country

Country	Market Cap (USD billion)	%World
Japan	4,425.26	7.64%
China	3,353.78	5.79%
Hong Kong	3,430.17	5.92%
India	1,050.43	1.81%
South Korea	1,170.64	2.02%
Taiwan	904.55	1.56%
Singapore	580.62	1.00%
Malaysia	486.88	0.84%
Indonesia	387.11	0.67%
Thailand	394.82	0.68%
Philippines	224.01	0.39%
Vietnam	44.26	0.08%
ASEAN	2,117.70	3.65%
Pakistan	50.65	0.09%
Sri Lanka	17.60	0.03%
Australia	1,337.25	2.31%
New Zealand	58.31	0.10%
Asia	17,916.34	30.92%
World	57,942.56	100.00%

Source: Bloomberg



ASEAN Trading Link Model

