

Accelerating Development of Asian Bond Markets (Outline)

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Keidanren

Local Businesses

Interregional and Local Infrastructure Development

Stable supply of medium- to long-term capital

Acceleration

Creation of Functional Asian Bond Markets

Acceleration

Fostering Institutional Investors and Market Authorities

1. Fostering Institutional Investors

Present

Both private financial institutions and central banks of Asian markets foster institutional investors through the Asian Bond Fund (ABF). Bond markets should be improved to be easily accessible to institutional investors.

Recommended measures

- The private sector should promote the technical assistance to institutional investors in investment in Asian bond markets and the development of new financial instruments.
- Asian governments should address climate development for institutional investors, including the development of swap markets and secondary

2. Training for Financial Authorities, Exchange Officials and Market Players

Present

Human resource training is provided by Japan's Ministry of Finance and Financial Services Agency, and by the Bank of Japan, Japan International Cooperation Agency (JICA), Tokyo Stock Exchange, and so on so forth.

Recommended measures

- The private sector should support the training of human resources with practical skills in the field of capital markets.

- Tokyo market functions as a market for issuer's capital procurement
- Tokyo market should be a model for Asian bond markets

Developing Market Infrastructure

3. Supporting Development of Asian Local Rating Agencies That Have Expertise in Evaluating Local Companies

Present

The Association of Credit Rating Agencies in Asia (ACRAA) improves the capacity of member rating agencies and enhances information intermediary functions through ratings.

Recommended measures

- ACRAA should promote the standardization of rating practices in Asia and efforts to raise the reliability of ratings by local agencies.
- The private sector should foster local rating agencies.

4. Promoting the Asian Bond Markets Initiative (ABMI)

Present

The ASEAN+3 Finance Minister's Meeting, with ABMI, has been taking steps to develop regional bond markets since 2003. In 2010, the Credit Guarantee and Investment Facility (CGIF), which is a regional guarantee organization, and the ASEAN+3 Bond Market Forum (ABMF), which is a forum for dialogue among government officials and the private sector, were established.

Recommended measures

- (1) Expanding credit guarantee systems for bond issues
 - Japan Bank for International Cooperation (JBIC) should support CGIF to introduce simple procedures at low cost.
- (2) Promoting efforts for deregulation and harmonization of market rules
 - The ABMF should relax and harmonize regulations and promote market infrastructure development consistently by making a roadmap.
 - Japan's government and private sector should jointly take the initiative in the ABMF.

5. Boosting Active Use of Japan's Bond Markets

Present

In April 2010, JBIC launched its guarantee facility for the issue of samurai bonds. In the spring of 2011, there is a plan to launch a new bond market in Japan for professional investors. Challenges remain, especially the limited acceptance of English-language in disclosure documents and the lack of enough financial specialists.

Recommended measures

- The Japanese government should promote the training of financial specialists and the deregulation of bond markets for foreign participants, such as permitting the use of English-language in the disclosure documents required to issue new bonds.
- (1) Boosting the use of samurai bond markets
 - The Japanese government should promote the relaxation of regulations and simplified procedures for bond issuance.
 - JBIC should further strengthen its facilitation function for samurai bond issuance.
 - (2) Boosting the use of bond markets for professional investors
 - The Japanese government should introduce low cost and simplified procedures in the bond market for professional investors.

6. Utilizing Private-sector Funds for the Interregional and Local Infrastructure Development

Present

The private sector establishes funds for infrastructure. The reduction of accompanied risks is required.

Recommended measures

- The private sector should develop attractive infrastructure funds that support Japan's packaged infrastructural development projects abroad.
- JBIC and Nippon Export and Investment Insurance (NEXI) should consider reducing insurance costs and relaxing the conditions for use of the insurance.