



ACMF ACTION PLAN 2016-2020

Endorsed by ASEAN Finance Ministers

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Prepared by

ASEAN Capital Markets Forum (ACMF)

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The ASEAN Capital Markets Forum or ACMF was established in 2004 to develop a deep, liquid and integrated regional capital market to meet the objectives of the ASEAN Economic Community (AEC) Blueprint 2015. The work of the ACMF until the end of 2015 was guided by the ACMF Implementation Plan 2009 which provided a clear roadmap with strategic initiatives. Given the varying levels of development of member countries, the ACMF adopts a pragmatic approach whereby countries opt-in to participate in ACMF initiatives based on their levels of readiness and ability to meet the requirements of the respective frameworks. As at the end of 2015, the ACMF had achieved several key milestones as set out in Appendix 1.

In order to drive the next phase of the regional integration agenda post-2015, the ACMF developed the ACMF Vision 2025 of being an inter-connected, inclusive and resilient ASEAN capital market. The ACMF Vision 2025 is to support the AEC Vision 2025 for the ASEAN Economic Community to be “highly integrated and cohesive; competitive, innovative and dynamic; with enhanced connectivity and sectoral cooperation; and a more resilient, inclusive, and people-oriented, people-centred community, integrated with the global economy”.

The three strategic objectives underpinning the ACMF Vision 2025 are:

1. Enhancing and facilitating growth and connectivity;
2. Promoting and sustaining inclusiveness; and
3. Strengthening and maintaining orderliness and resilience.

The ACMF aims to achieve these strategic objectives in two phases over a 10-year period to enable a more targeted approach whilst retaining flexibility to re-evaluate ACMF’s priorities against prevailing market conditions.

To cover the first phase, the ACMF has developed the ACMF Action Plan 2016-2020 in collaboration with the industry, market practitioners and other stakeholders. This five-year Action Plan is an outcomes-based plan, where six key priorities have been identified with specific initiatives designed to drive the work of the ACMF taking into consideration associated risks, particularly transmission risks. These initiatives will be reviewed, and if necessary, augmented or replaced on a yearly basis to ensure that the strategic objectives are pursued in the most effective and efficient manner.

A holistic review on the achievements accomplished in this Action Plan will be conducted towards the end of the five-year term. This will provide the basis for the development of the next action plan to drive ACMF’s efforts under the second phase for the five years from 2021 to 2025, to achieve the ACMF Vision 2025, and ultimately support the AEC Vision 2025.



The key priorities identified for the ACMF Action Plan 2016-2020 to achieve the ACMF’s strategic objectives are set out below:

Key Priority 1: Improve regional market infrastructure and connectivity

Improving regional market infrastructure is a key driver in connecting capital markets within ASEAN. Whilst the ASEAN Trading Link (ATL) has electronically connected the exchanges of Malaysia, Singapore and Thailand, the ACMF will encourage the ASEAN Exchanges Working Group (AEWG) to consider additional measures to enhance the ATL’s value proposition and generate wider participation by ACMF member country exchanges. The ACMF has partnered with the Asian Development Bank (ADB) to carry out an assessment on the ATL and the modality of the associated post-trade infrastructure to support the work of the ASEAN Stock Exchange Connectivity Working Group.

Recognising the different stages of development that ASEAN capital markets are currently at, ACMF members will endeavour to support each other in facilitating the development of their domestic markets and in building market as well as industry readiness to enable meaningful participation in ACMF initiatives. The ACMF Market Development Programme (A-MDP) will be a common platform to co-ordinate capacity building programmes and efforts to optimise resources and avoid duplication of programmes. The A-MDP will serve to respond to critical capacity building needs based on regional priorities as well as member countries or groups of countries on a needs basis.

Key Priority 2: Drive more cohesiveness in regulations and practices

Equal and seamless access to regional issuance and investment opportunities is facilitated through the adoption of mutually accepted and cohesive rules and practices for capital market products and services. The ASEAN Disclosure Standards and Common Prospectus Streamlined Review Framework have been introduced to enable multi-jurisdiction offerings of equity and plain debt securities to retail investors using a single prospectus. The ACMF will explore the inclusion of other fixed income instruments such as medium-term notes (MTN). The ACMF will also look at facilitating and accommodating industry-driven initiatives to lower informational barriers on regional risk capital and credit information, particularly for micro and smaller businesses, to improve their access to domestic and regional bond markets.

As ACMF implements more frameworks facilitating the offering of securities across the region, it will become important that this is complemented by the ability of member countries to share information and undertake supervision as well as enforcement action on cross-border activities. In this regard, the IOSCO Multilateral Memorandum of Understanding (MMoU) is the key platform through which members will cooperate and share information for enforcement purposes. To supplement the IOSCO MMoU, ACMF will work on developing alternative cooperation and information sharing arrangements with members that are not yet signatories to the IOSCO MMoU in line with the needs of each ACMF initiative that the members are able and ready to participate in.

In facilitating the participation of sophisticated investors including institutional investors in cross-border capital market activity, the ACMF will study enhancing cross-border private placement regimes which will ease access to regional capital. Concurrently, the ACMF will further assess facilitating the cross-listing and cross-border offering of real estate investment trusts (REITs), business trusts (BTs), infrastructure funds and other investment structures.

Key Priority 3: Promote ASEAN asset classes

Boosting the flow of investments within and into the region, coupled with the development of attractive regional fundraising and investment products, will provide positive spillover effects for ASEAN in terms of increased trade activity. Increased marketing and branding efforts will be required post-2015 to promote and strengthen the appeal of ASEAN asset classes within and outside the region. The ACMF will develop a holistic ACMF Market Facing and Communications Plan to promote ACMF's efforts and intensify engagements with the wider public through its website, media channels, roadshows and conferences.

To promote ASEAN asset classes, there must be sufficient product diversity, including equity, debt products and Collective Investment Schemes (CIS) available to create and sustain investor interest. In the equities segment, the ACMF will work on strengthening the momentum going forward by expanding the current set of ASEAN Indices (e.g. the FTSE ASEAN Index Series) as well as related equity products to improve the prominence of ASEAN asset classes. The creation of different sets of indices on ASEAN will help drive specific investment themes such as natural resources, oil and gas, sustainable and responsible investments and Shariah-compliant or Islamic investments, and will facilitate the introduction of more ASEAN-centric exchange-traded funds (ETFs).

The ASEAN CIS stands out as a promising segment with the potential to be a globally accepted product. Building upon encouraging industry response for the ASEAN CIS Framework, the ACMF will look to expand the number of signatories as well as the types of funds and underlying assets. The long-term objective would be to create an ASEAN funds passporting regime that will be complemented by increased mobility of capital market professionals in the region.

Key Priority 4: Foster better mobility for professionals

The ease of professional mobility within ASEAN will contribute towards greater regional integration. In this regard, the ACMF will explore opportunities for greater co-operation in facilitating mobility of ASEAN capital market professionals whilst promoting and strengthening the ASEAN identity of capital market services firms and professionals.

The cross-recognition of qualifications on education and experience of market professionals can be pursued as evidenced by bilateral co-operation between Singapore and Thailand in 2007 to establish a framework for the mutual recognition of product knowledge examinations required for the admission of market professionals dealing with securities and CIS in both jurisdictions. The ACMF will consult with industry players in the region to explore efforts towards facilitating the movement of capital market professionals in specific capital market segments.

Key Priority 5: Attract greater investor participation

A well-established investor protection regime within the region will instil trust and confidence in ASEAN capital markets and encourage greater investor participation in ASEAN capital market products and services. It will also promote increased cross-border investments as investors feel more confident when participating in markets across the region.

A cross-border dispute resolution mechanism is in progress with the ACMF Working Group on Dispute Resolution and Enforcement Mechanism finalising the proposed best practice guidelines and a framework for domestic dispute resolution bodies to co-operate. This will promote investor confidence by making available recourse mechanisms to investors who invest in or receive services from licensed persons or entities residing in other ASEAN member countries.

In addition, the ASEAN Corporate Governance (CG) Scorecard was created to supplement efforts to improve investor confidence in the quality of companies from the region by strengthening CG standards among ASEAN public-listed companies. The ACMF will further enhance the CG Scorecard and improve the assessment process by incorporating reviews by external experts to ensure wider acceptability by international investors, analysts and other stakeholders as well as encourage participation from the remaining member countries¹. Further initiatives that will be undertaken by the CG Task Force include a review on the effectiveness of a stewardship code and the possible establishment of an ASEAN CG Research Institute.

¹ Currently, six member countries, namely Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam are participating in this initiative.

Key Priority 6: Promote greater stakeholder interaction, co-operation and co-ordination

The realisation of the vision for an inter-connected regional market is a shared responsibility of the public and private sector. This calls for a clear vision and effective messaging through mechanisms and channels to promote dialogues and agree on shared interests and objectives. There is a necessity to communicate a single ASEAN voice particularly when collaborating with regulatory and regional forums and groupings which could be achieved through a strengthened centralised institutional structure. Towards this end, the ACMF will discuss the structure for a permanent ACMF Secretariat as well as its roles and areas of responsibilities.

Given that the success of ACMF initiatives largely depends on the participation of the industry, the ACMF has formed the ACMF Industry Consultative Panels (AICP) to provide a formal engagement platform for continuous dialogue with industry representatives to obtain market views to further drive connectivity of ASEAN capital markets.

The ACMF will also explore channels for active co-operation by the relevant capital market regulators to enhance and develop greater regional capacity and capability in the area of cross-border supervision and enforcement of markets.

Summary of initiatives

A summary of the initiatives under each key priority is set out in the table below.

ACMF Action Plan 2016-2020
<p>Key Priority 1:</p> <ul style="list-style-type: none">• Engagement with AEWG to monitor its efforts and progress• ASEAN Stock Exchange Connectivity Working Group to work with AEWG to implement enhanced ASEAN stock market connectivity including an effective and efficient post-trade linkage• A-MDP to prioritise and implement capacity building programmes
<p>Key Priority 2:</p> <ul style="list-style-type: none">• Further develop existing Streamlined Review and ASEAN CIS Frameworks• Working Group A to study facilitation for cross-listing and offering of REITs and BTs, as well as review the feasibility of enhancing cross-border private placements regime• Working Group B to consider extending the ASEAN CIS Framework for infrastructure funds and other investment funds• Explore an alternative information sharing arrangement for ACMF members
<p>Key Priority 3:</p> <ul style="list-style-type: none">• Review and enhance current arrangements used by signatories for ASEAN CIS Framework• Roll out ACMF Market Facing and Communications Plan• Promote more ETFs and other new products

Key Priority 4:

- Review comparability and equivalence of qualifications towards mobility of professionals

Key Priority 5:

- Finalise best practice guidelines for Dispute Resolution and Enforcement Mechanism
- Review ASEAN CG scorecard and develop an integrated system for CG assessment

Key Priority 6:

- Set up ACMF Secretariat Task Force
- Establish the AICP
- Explore channels for cross-border supervision and enforcement

Next Steps

The ACMF strategic objectives and key priorities provide members with a clear direction towards achieving greater capital market connectivity over the next five years and beyond. It is expected that as the initiatives introduced for fundraising and investments generate greater member and industry participation, and gain traction, this will elevate the self-financing capacity of ASEAN. Further, the ACMF will pursue active supervisory and enforcement cooperation among relevant capital market regulators to instil investor trust and confidence that will bring about greater investments in the region. Collectively, these measures are envisaged to raise the region's resilience against external financial shocks.

The Action Plan 2016-2020 aims to establish the fundamental building blocks for regional capital market connectivity over the next five years. This includes achieving better linkages between exchanges and greater facilitation of cross-border offering of basic capital market products such as equity and bonds, as well as reducing the developmental gap among members. Over the subsequent five years from 2021 to 2025, the ACMF will be scaling up its efforts on all key priority areas with the objective of having at least a majority of member countries signing on to the various ACMF initiatives.

Appendix 1: Completed Initiatives under the ACMF Implementation Plan 2009

Since the endorsement of the ACMF Implementation Plan 2009, the ACMF has made substantial progress on the various initiatives. These include facilitating greater cross-border fundraising activities, cross-border distribution of products and offering of services, and extending ASEAN's reach to a broader investor base.

Broad Themes	Key Initiatives	Milestones Achieved
Creating an enabling environment for regional integration	<ul style="list-style-type: none"> Harmonisation and mutual recognition frameworks 	<ul style="list-style-type: none"> Expedited Entry of Secondary Listings ASEAN Disclosure Standards Streamlined Review Framework for Common Prospectuses ASEAN Trading Link ASEAN Corporate Governance Scorecard ASEAN Collective Investment Schemes Adhoc technical support
Creating the market infrastructure and regionally focused products and intermediaries	<ul style="list-style-type: none"> ASEAN exchange linkages ASEAN corporate governance framework Building ASEAN as an asset class Strengthening bond markets 	
Strengthening the implementation process	<ul style="list-style-type: none"> Aligning domestic capital market development plans to support regional integration Reinforcing the ASEAN working processes 	

Initiatives completed at the end of 2015 are as follows:

1. Expedited Entry of Secondary Listings

The Memorandum of Understanding (MoU) on Expedited Review Framework for Secondary Listings was signed in March 2012 between regulators from Malaysia, Singapore and Thailand. Under the MoU, the time-to-market for corporations seeking a secondary listing in a participating ASEAN country has been significantly reduced from 112 days to 35 business days.

2. ASEAN Disclosure Standards for equity and plain debt securities

The ASEAN Disclosure Standards were implemented by Malaysia, Singapore and Thailand in April 2013 to facilitate multi-jurisdiction offerings of equity and plain debt securities to retail investors within ASEAN. This framework provides greater ease of access and reduces cost for raising funds in ASEAN by allowing issuers to comply with a single set of disclosure standards for prospectuses.

3. Streamlined Review Framework for Common Prospectuses

The Streamlined Review Framework for the ASEAN Common Prospectus was developed to coordinate the review of a single prospectus for offering or listing applications of equity and plain debt securities. The MoU was signed by Malaysia, Singapore and Thailand in March 2015, effectively synchronising the review process whereby approvals will be granted by the relevant authorities at the same time, within the indicative timeframe of 3–4 months from the submission date.

4. ASEAN Trading Link

Launched in late 2012, the ASEAN Trading Link (ATL) electronically connects the stock exchanges in Malaysia, Singapore and Thailand. The ATL aims to promote intra-ASEAN cross-border trading of equities by allowing investors to trade shares across the connected markets through their broker.

5. Corporate governance ranking of ASEAN public-listed companies

The ASEAN Corporate Governance (CG) Initiative was introduced in 2011 to raise CG standards and practices of ASEAN public-listed companies (PLCs) and to give greater international visibility to well-governed ASEAN companies. Six member countries, namely Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam have participated in this initiative.

The 4th round of CG assessment on 555 top ASEAN PLCs (based on market capitalisation) was completed and culminated in the inaugural ASEAN Corporate Governance Conference and Awards in November 2015 where the ASEAN top 50 PLCs were recognised.

6. Framework for Cross-Border Offering of ASEAN Collective Investment Schemes

The ASEAN Framework for Cross-Border Offering of Collective Investment Schemes (CIS) was operationalised in Malaysia, Singapore and Thailand in August 2014 following the signing of the MoU in October 2013. The framework allows fund managers operating in a member jurisdiction to offer CIS, such as unit trust funds, constituted and authorised in that jurisdiction, to retail investors in other member jurisdictions under a streamlined authorisation process. The signatories also signed a separate MoU to provide mutual assistance and exchange of information in relation to cross-border offering of ASEAN CIS to non-retail investors.

As at 29 February 2016, 13 funds have been authorised as Qualifying CIS. Securities Commission Malaysia and the Monetary Authority of Singapore have each approved six funds as Qualifying CIS while the Securities and Exchange Commission of Thailand has approved one fund application.