

Development initiatives to further enhance market accessibility and liquidity

The initiatives announced earlier in May this year have received considerable support and positive feedback from market participants and intermediaries. To date, the expanded dynamic hedging programme currently has nine additional investors, bringing the cumulative total to 97 investors, managing a ringgit asset size of USD34 billion. Approvals have also been granted to provide flexibilities for registered investors to undertake dynamic hedging above the 25% limit.

In line with the Bank's ongoing efforts for market development, four new initiatives have been announced to further enhance market accessibility and liquidity.

1. Additional flexibilities for identified Appointed Overseas Offices (AOOs) to facilitate market-making after onshore trading hours

A pilot programme with an identified group of AOOs will be introduced by end-August 2019 to provide additional flexibilities for these AOOs to facilitate efficient pricing of ringgit transactions with non-resident investors after onshore trading hours, particularly London and New York hours.

2. Principal Dealers will quote all off-the-run bonds available on the Bank's Securities Operations

To further boost liquidity in the secondary bond market, Principal Dealers will quote all off-the-run bonds available under the Bank's Securities Operations, beyond their existing commitment to quote benchmark bonds. This is effective immediately.

3. Standard documentation guide for FX transactions is available on public domains

A standard documentation guide for foreign exchange (FX) transactions has been published on 16 August 2019 on BNM, ABM, AIBM and FMAM's website for convenient reference by all market participants. This document is an industry-led initiative, aimed at streamlining minimum due diligence processes by banks to improve transparency, document requirements and enhance investors' experience.

4. Exposure draft on Repurchase Agreement Transactions is available for industry consultation

The Bank has on 16 August 2019 issued revised repo guidelines for industry consultation and feedback, incorporating new flexibilities such as a longer tenor limit up to 5 years from 365 days previously and a wider range of repo securities.