

Bond Market Sub-Committee 01/17
16 February 2017
Bank Negara Malaysia

1. Enhancing surveillance of the Malaysian Bond Market

- The meeting discussed on the implementation of registration and identification systems to promote greater transparency and timeliness in reporting of bond holdings. The meeting also discussed on the adoption of Legal Entity Identifier and Single Investor Identification in line with the global standards, and enhancement of the infrastructure to improve real-time market surveillance.

2. Increasing liquidity of the bond market

- To increase liquidity in the bond market, it was proposed that the framework for regulated short-selling is expanded to include Malaysian Government Investment Issue to further develop the local sukuk market.
- The meeting also discussed the proposal to expand the short-selling framework to include resident investors as participants. This liberalisation is aligned with the objective to boost liquidity in the government bond market and promote diverse participation across various resident market participants.
- The meeting discussed on repo market and issues faced by insurance companies participating in the repo market. The meeting agreed for a detailed proposal to be prepared by the industry for holistic review and consideration.

3. Updates on OTC derivatives margining requirements

- The meeting was updated on the implementation of margining requirement for non-centrally cleared derivatives in jurisdictions like US, EU and Japan. The Financial Markets Association of Malaysia will engage member banks to gauge the readiness and relevant implications arising from this new development.

4. Standardised documentation requirement

- The meeting discussed the proposal to consider expanding the industry standard documentation requirement for investors that participate in the Malaysian bond market, with respect to compliance with the industry-driven Foreign Exchange Administration rules.

5. Promoting awareness on retail investment products

- The meeting was updated on the progress of the retail Negotiable Instruments of Deposit Programme. It was also proposed that an article will be produced to create greater awareness to retail investors, on the availability of retail NIDs as an investment product.