Regional: Developing Securitization Markets in ASEAN+3 Region

Project Name: Developing Securitization Markets in ASEAN+3 Region

Project Number: 41233-012

Country: Regional

Project Status: Closed

Project Type / Modality of Assistance: Technical Assistance

Source of Funding / Amount: TA 6469-REG: Developing Securitization Markets in ASEAN+3 Region
Japan Special Fund
US$ 700,000.00

Strategic Agendas: Inclusive economic growth
Regional integration

Drivers of Change: Governance and capacity development

Sector / Subsector: Finance - Money and capital markets

Gender Equity and Mainstreaming

Description: The technical assistance (TA) aims to support the development of efficient securitization structures and to enable capital markets across the ASEAN 3 region to further encourage greater cross border investments, and to stimulate increased issuance opportunities for securitization transactions within the region. The study will first briefly summarize the current status of securitization in ASEAN 3 countries, analyze existing securitization techniques and innovative products in the region, and draw parallels to more developed securitization markets, such as in the US and Europe. Second, the study will discuss how to apply securitization techniques in ASEAN 3 countries and explore the possible underlying assets that can be securitized by identifying the region’s needs. Third, the study will identify common impediments legal and regulatory environment, taxation, data limitations, and other causes of market inefficiency within the region with the aim of defining ways to further develop the region’s securitization markets, especially for cross border transactions (where investors are resident in jurisdictions other than those where the underlying assets are located). Based on this analysis, the study will then generate a set of standards and best practices including the required environment and market infrastructure necessary to enhance securitization structures in ASEAN 3 countries, and draft a self assessment template for ASEAN governments to assist them in periodically assessing progress toward developing efficient securitization markets. Finally, the study will explore how to facilitate active securitization markets in ASEAN 3 countries. The study will specifically explore how to enhance liquidity of issued securitized products (to develop secondary markets) and identify possible schemes to assist securitization transactions. The study will utilize the findings of recent OREI publications in particular the April 2007 Asia Bond Monitor, which included a theme chapter on securitization. The TA will assist ASEAN 3 officials by offering policy recommendations to address the impediments to securitization and suggesting ways to introduce innovative securitization schemes that will encourage not only securitization specifically, but also further develop the region’s capital markets in general. The results of the study will be presented to the ABMI WG1 members for further consideration.

Project Rationale and Linkage to Country/Regional Strategy

Impact: Developed local currency bond markets will reduce financial vulnerabilities and encourage the use of Asian savings within the ASEAN+3 region

Project Outcome

Description of Outcome: Informed decision by ASEAN+3 officials in developing securitization markets

Progress Toward Outcome

Implementation Progress

Description of Project Outputs

1. Analysis of securitization case studies and best practice recommendations
2. Reference sheet to promote cross-border issuance and trading of securitized products
3. List of new assets and securitization structures
4. Draft policy recommendations for promoting securitization in ASEAN+3 countries

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location: Regional

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation
Three international consultants (a financial market specialist, a structured finance legal and regulatory specialist, and a securitization specialist) and one national consultant (project coordinator) will be engaged for a total of 17 person months of international consultancy services and 12 person months of national consultancy services.

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Timetable

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**TA 6469-REG**

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Project Page: https://www.adb.org/projects/41233-012/main
Request for Information: http://www.adb.org/forms/request-information-form?subject=41233-012

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