# COMPARISON OF ORIGINAL AND REVISED SUBPROGRAM 2

1. At the inception of the Support to Capital Market-Generated Infrastructure Financing Program in 2020, the program consisted of two subprograms. During the approval of subprogram 1, the Government and ADB agreed to include 17 indicative policy actions as a basis for subprogram 2. Due to the issues and challenges arising out of the mobility restrictions used to control the spread of the coronavirus disease (COVID-19) pandemic, and subsequent severe economic downturn, and its cascade effect on financial markets, some of the program's original indicative actions were not fully completed or completed as planned. Revisions were also necessary to reflect the government's timely and active response to the pandemic as well as its new and emerging priorities. These changes have not affected the expected development results and no changes were made to the program's performance indicators.

2. Of the 17 original indicative actions, 12 indicative actions were completed as proposed, and one policy action was partially completed.[1] Four indicative policy actions were not accomplished (numbers 11, 15, 20 and 22) due to a shift in priorities or because market conditions were simply not accommodative. Policy actions that were not accomplished have been included in the new Capital Market Development Blueprint 2019–2025 and the post-program partnership framework (P3F) reflecting the government's commitment to complete the reforms as conditions allow. Five new policy actions were added (numbers 2, 6, 8, 9, and 14). These policy actions are all consistent with the government's existing reform program and largely accelerated the effort and strengthened the policy matrix by capturing the government's recognition of the need to formalize capital market development planning, reform the legal framework underlying corporate pensions to help develop a domestic institutional investor base and diversify the government bond market by encouraging more retail participation. The revised subprogram 2 now contains 18 high impact policy actions, all of which have been completed, reflecting the government's priorities under the revised Philippine Development Plan 2017–2022. A more detailed summary of the status of the second subprogram's original indicative policy actions follows.[2]

3. For those indicative policy actions that were not accomplished:

i. **Policy Action 11** originally called for the government to further support the development of firm two-way markets by: (i) establishing the necessary controls; (ii) broadening participation in repo markers to include non-bank institutions; and (iii) increasing the efficiency of trading by linking Bloomberg's repo trading platform to nRoSS. Basically, the COVID-19 pandemic triggered mobility restrictions, which in turn triggered economic downturns and financial sector turbulence. Central banks around the world responded by providing significant amounts of liquidity to their financial systems to maintain stability. This action reduced or even eliminating liquidity pressures within individual banks. Thus, there was little demand or commercial justification for moving liquidity within banks and little incentive to launch or even use the repurchase market. This initiative remains a priority and has been included in the Capital Market Development Blueprint 2019–2025. Moreover, the recent IMF Financial Sector Assessment program has listed this

[1] Nine indicative policy actions (numbers 1, 3, 4, 5, 13, 17, 18, 19, and 21) were fully accomplished as proposed. Two indicative policy actions were accomplished and exceeded expectation (numbers 7 and 10) while one indicative policy action was partially accomplished (number 12). One indicative policy action was accomplished but dropped (number 16) to reflect the emerging delineation of work between the ADB and World Bank.

[2] Following the new Staff Instructions on Business Processes for Policy-based Lending (January 2021), policy actions are no longer distinguished as prior actions and policy milestones.

reform as a priority recommendation. To reflect the government's ongoing commitment, the reform has been included in the P3F.

ii. **Policy Action 15** called for the government to encourage more international participation in the capital market by implementing the TRAIN Package 4 to remove tax arbitrage between finance subsectors, and to reduce the disparities in the tax treatment afforded to foreign and domestic investors. This legislation remains a government priority and is contained in the Capital Market Development Blueprint 2019–2025. However, other legislation was deemed more critical to supporting the ongoing recovery from the COVID-19 pandemic, such as the Retail Trade Liberalization law which was prioritized and adopted. To reflect the government's ongoing commitment, the reform has been included in the P3F.

iii. **Policy Action 20** originally called for the BSP and SEC to encourage more entities to assign a credit rating to a wider variety of financial instruments. This, in turn, would facilitate an increase in investments eligible for purchase by the contractual savings sector. This reform was partially addressed by policy action number 18 which expanded the participation of insurance companies in infrastructure finance.[3] Nevertheless, given the continuous deterioration in asset quality and rising risk aversion in the banking sector, and the need for the government to provide credit and guarantees to the economy, implementation of this reform was postponed. The Capital Market Development Blueprint 2019–2025 includes targets for both strengthening the credit rating agency (Philratings) and using credit ratings more widely. To reflect the government's ongoing commitment, the reform has been included in the P3F.

iv. **Policy Action 22** originally called for the SEC to approve and the PDEx to list additional securities by foreign issuers either through direct issuance or through the ASEAN+3 Multi-Currency Bond Issuance Framework. This is more a function of the reduced market activity rather than a lack of initiative on the part of the government. Simply put, no applications were received. To reflect the government's ongoing commitment, the reform has been included in the P3F.

4. New policy actions added:

i. **Policy Actions 2 and 14** emanate from the same initiative. After addressing many of the development constraints to building a local currency government debt market, the government turned its attention to addressing the lack of an institutional investor base. While such a reform would be part of any plan to build a domestic capital market, the perceived difficulty of such precluded its inclusion in subprogram 2 due to estimates of the time necessary to build a consensus, complete stakeholder outreach and navigate the legislative process. However, the COVID-19 pandemic sharply highlighted the need to provide a stronger social protection framework. In this case, the current corporate pension system does not provide sufficient income in old age income, nor does it provide a base of investable funds which can support the economic development of the country.

In addition, and related to the difficulty in revising the existing corporate pension

[3] This reform allowed insurance companies to invest in lower rated debt, which corresponds to the ratings typically assigned to stand-alone infrastructure projects.

law, the government determined that the current ad hoc informal approach to capital market development could not support such a complex undertaking. To address these issues, the government launched an accelerated and concerted, and unexpected effort to enact legislation, i.e., the Capital Market Development Act, which would formalize the capital market development process, and reform the corporate pension law. Under this proposed law, pensions would be pre-funded and portable, thereby allowing employees to save throughout their careers, and by harnessing the power of the capital market, which would begin an end to inter-generational old age poverty. The proposed legislation has three parts: (i) formalizing the Capital Market Development Council and providing it with a mandate; (ii) revising the corporate pension law by extending its coverage, requiring prefunding through the employees working career, and allowing portability; and (iii) requiring the nonbank financial sector to conduct financial literacy to complement the efforts of the central bank. House Bill No. 9343 was passed by the House of Representatives on 28 May 2021 (246 yes, 6 no, 2 abstain). As such, the government has exceeded expectations in this area. Final passage of the proposed Act has been included in the Capital Market Development Blueprint 2019–2025 and the P3F, reflecting the government's commitment to this reform.

ii. **Policy Action 6** was added to capture reforms enacted to address the mobility restrictions which were implemented to address the COVID-19 pandemic, as well as the government's ongoing digital transformation. These reforms will likely become permanent as the government moves to digitize the economy.

iii. **Policy Actions 8 and 9** are related in that they were included in the program to capture the government's efforts to diversify participation in the government bond market, in this case, by increasing the level of retail participation. Policy action 7, which is an original indicative policy action for subprogram 2, reflects the genesis of this effort by launching a BTr sponsored retail ordering platform which allowed all market makers to provide increased access to government bonds for retail investors. The government completed this action and exceeded expectations by granting access to several mobile applications (Apps) through which retail investors may directly purchase government bonds, including the Landbank Mobile Application App, OFBank Mobile App, Bonds.ph App, First Metro Securities Ordering Platform, and the BTr Online ordering facility. Policy action 8 complemented and leveraged reforms under policy action 7 by launching a mobile application to provide a centralized digital information platform to: (i) educate potential investors about the functions of the BTr and the different types of government securities; and (ii) provide easy access to the online ordering platforms and investment channels. Likewise, policy action 9 broadened the appeal of the government bond market to retail investors by approving and issuing a new class of government securities named Premyo, or "lottery bonds" in small lot denominations of P500 which were used to raise PHP4.96 billion in 2019 and PHP6.56 billion in 2020.

5. For the indicative policy action that was accomplished but dropped:

i. **Policy Action 16** originally called for the government to encourage additional demand from specialized pools of international investment funds by issuing regulations and guidelines to support the issuance of social and sustainable bonds based on the ASEAN standards. The relevant guidelines were issued in April 2019, prior to the program period for subprogram 2, with the support of the World Bank as part of their capital market development policy-based program. To better delineate a division of labor between the ADB and World Bank, this policy action, while completed, was dropped and replaced with a reform which launched a brand-new asset class; the Real Estate investment Trust (REIT). First, REITs hold a more immediate potential to support the financing of infrastructure by recycling capital out of established, seasoned real estate projects through a public offering of shares. The fund raised in this manner must, by regulation, be re-invested within the Philippine economy. Second, ADB played a more direct role in the launch of this asset class, providing a seasoned REIT executive from the United States to provide advice, assistance to draft the regulations, and an expert to help evaluate and monitor subsequent requests to establish and list REITs.

6. For the indicative policy action that was partially accomplished:

i. **Policy Action 12** originally called for the government to launch version 2.0 of nRoSS scripless registry to facilitate the introduction and trading of floating rate notes, repurchase agreements, and switch auctions. This upgrade has begun and has been partially accomplished. Transparency has been improved by giving direct participants the ability to create nRoSS sponsored accounts for their clients Otherwise, delays in completing the upgrade emanate largely from the COVID-19 pandemic during which time the BTr deferred a number of activities, including the launch of the underlying cited products. This delay in product launch reduced the urgency of the upgrades. The balance of the reforms will be implemented, as called for in the Capital Market Development Blueprint 2019–2025 and therefore the reform has been moved to the P3F.

| Indicative Policy Actions: Subprogram 2 October 2019 to December 2021[a] | Status of Accomplishments | Formulation of Policy Actions/Accomplishments for Subprogram 2 |
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| **Reform Area 1: Strategic Oversight and the Enabling Environment** | | |
| **1. To expand and strengthen the comprehensive direction provided to market development activities, the DOF, BSP, SEC, BTr, and other key stakeholders draft, adopt, and begin implementing a broader capital market development roadmap.** | This policy action was fully accomplished as proposed. The wording of the policy action has been expanded to capture the pertinent details of the reform. | The government, through the DOF, BSP, SEC, and BTr ensured the further development of the domestic capital market and expanded planning beyond the original government debt market development plan by completing, adopting and commencing, through the CMDC, a new Capital Market Development Blueprint 2019–2025, which includes a broader range of stakeholders including the contractual savings sector and more comprehensive growth targets covering contractual savings, green and ESG investments |
| 2. There was no subprogram 1 pre-curser for this policy action. | This policy action was not included within the original subprogram 2 because of the perceived difficulty in legislating such a reform. Nevertheless, the government was able to draft and socialize House Bill No. 9343 which was passed by the House of Representatives on 28 May 2021 (246 yes, 6 no, 2 abstain). As such, the government has exceeded expectations in this area. | The government strengthened the planning and development process by submitting the Capital Market Development Act to Congress which, among others, establishes the CMDC as a formal organization, co-chaired by the Secretary of Finance and a representative of the private sector, with a mandate to develop the domestic capital market by, among others: (i) identifying development impediments; (ii) promoting investor confidence and financial literacy; (iii) identifying opportunities to streamline and simplify related regulatory processes; and (iv) developing a new capital market development plan every five years. |
| 3. The BSP implements the amended charter through the adoption of implementing rules and regulations. | This policy action was fully accomplished as proposed. The wording of the policy action has been expanded to capture the pertinent details of the reform. | The BSP strengthened the conduct of monetary policy and further reduced systemic risks by implementing its revised charter and adopting a range of implementing regulations to: (i) improve the conduct of monetary policy by incorporating BSP issued securities (bills and bonds) within the Interest Rate Corridor |

| Indicative Policy Actions: Subprogram 2 October 2019 to December 2021[a] | Status of Accomplishments | Formulation of Policy Actions/Accomplishments for Subprogram 2 |
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| | | System and expanding the secondary market participants for BSP securities; and (ii) strengthen its monitoring and supervision regime over domestic systemically important banks by adopting an evaluation and rating system which incorporates the institution's potential impact on the financial system, as well as its risk profile, to ensure that those financial institutions that pose a potentially higher impact on the financial system receive a proportionally higher degree of supervisory intensity. |
| 4. To implement the National Payment Systems Act, the BSP requires registration of all operators of payment systems to enable the BSP to create a baseline inventory of these operators. | This policy action was fully accomplished as proposed. The wording of the policy action has been expanded to capture the pertinent details of the reform. | The BSP increased the security and efficiency in the payment system, and to reduced systemic risks by implementing the National Payment Systems Act by adopting a range of implementing regulations which: (i) establishes a payment system oversight framework, and a governance policy for operators of payment systems; (ii) sets forth principles for financial market infrastructures; (iii) provides prudential requirements for designated clearing and settlement banks, and (iv) reduces friction costs for PERA accounts by allowing self-custody. |
| 5. **The government, through the SEC, implements the revised corporation code by issuing regulations covering the establishment of OPCs; the number and qualification of incorporators; the dissolution, revocation, and revival of expired corporate existence; and the conversion from ordinary stock corporations to OPCs.** | This policy action was fully accomplished as proposed. The wording of the policy action has been expanded to capture the pertinent details of the reform, including actions designed to increase diversity in the Boards of publicly traded companies and public issuers. | The SEC encouraged growth and diversity in capital market participants and strengthened shareholder rights by implementing the revised corporation code by approving regulations that: (i) govern the establishment of OPCs; (ii) extend the corporate term to perpetual; (iii) clarify the rights of shareholders to put items on the agenda for both regular and special stockholders' meetings and to vote on sales of corporate assets, and; (iv) published a Code of Corporate Governance for Public Companies |

| Indicative Policy Actions: Subprogram 2 October 2019 to December 2021[a] | Status of Accomplishments | Formulation of Policy Actions/Accomplishments for Subprogram 2 |
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| | | and registered issuers that recommends the adoption of a policy on Board diversity. |
| 6. There was no subprogram 1 pre-curser for this policy action. | This reform was added to capture reforms enacted to address the mobility restrictions which were implemented to address the COVID-19 pandemic, as well as the government's ongoing digital transformation. | The SEC reduced regulatory burdens during the COVID-19 pandemic by easing filing requirements and allowing more wide-spread use of telecommunication by Boards |
| **Reform Area 2: Liquidity, Transparency, and Price Discovery in the Government Bond Market** | | |
| 7. The BTr increases participation in the retail ordering platform and engages all market makers to connect to the online retails ordering platform of Retail Treasury Bonds to provide increased access to government bonds for retail investors. | This policy action was fully accomplished and exceeded expectations. The BTr rolled out its own online retail ordering facility and enabled connections with a number of other retailing ordering platforms which broadened the participation of retail investors in the government bond market. | The BTr increased retail participation in the government bond market by granting access to several mobile applications (Apps) through which retail investors may directly purchase government bonds, including the Landbank Mobile Application App, OFBank Mobile App, Bonds.ph App, First Metro Securities Ordering Platform and BTr Online ordering facility. |
| 8. The corresponding Subprogram 1 policy action[b] did not have a proposed subprogram 2 policy action. | This new policy action was added to reflect the efforts of the BTr to provide the public with an easy means of accessing information about the retail treasury bonds and information about where platforms can be found to place orders. | The BTr diversified retail participation in the government bond market by launching a mobile application which provides a centralized digital information platform to: (i) educate potential investors about the functions of the BTr and the different types of government securities; and<br>(ii) provide easy access to the online ordering platforms and investment channels. |
| 9. The corresponding Subprogram 1 policy action[c] did not have a proposed subprogram 2 policy action. | This new policy action was added to reflect the BTr efforts to attract retail investors by designing a product specifically targeted at the retail level. The bonds have a low minimum investment, carry rates of interest comparable to bank accounts, and offer lottery drawings at coupon dates and at maturity with the prizes determined by the volume of the bonds sold. | The DOF broadened the appeal of the government bond market to retail investors by approving and issuing a new class of government securities named Premyo, or "lottery bonds" in small lot denominations of ₱500 which were used to raise ₱4.96 billion in 2019 and ₱6.56 billion in 2020. |
| 10. The government, through the BTr, maintains its focus on building large benchmarks through reissuance and | This policy action was fully accomplished and exceeded expectations. Benchmark consolidation has continued, and more issues have now | The BTr continued to implement actions designed to provide a more reliable yield curve, including: (i) increasing trading |

| Indicative Policy Actions: Subprogram 2 October 2019 to December 2021[a] | Status of Accomplishments | Formulation of Policy Actions/Accomplishments for Subprogram 2 |
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| reinforces the obligations of market makers by requiring them to maintain firm bid/ask prices on each series through regular price quotes in a public forum. | reached critical mass wherein they attract trading participants due to their increased liquidity. In addition, the BTr has maintained activity at the short end of the curve which provides benchmark pricing at these tenors. | volumes in key tenors by reducing the number outstanding ISIN's to 72 as of year-end 2020 from 74 at the beginning of the program and 204 in 2013; (ii) boosting liquidity by increased the number of ISIN's that have reached critical mass of at least ₱80 billion to 16 from 14 at the start of the program; and (iii) strengthening the short end of the curve by maintaining its T-bill issuance program with a bills-to-bonds ratio of 1.816 in 2020 and 0.811 in 2021. |
| 11. To further support the development of firm two-way markets, the government establishes the necessary controls and broadens participation in repo markers to include non-bank institutions and increases the efficiency of trading by linking Bloomberg's repo trading platform to nRoSS. | This policy action was not accomplished. During the pandemic triggered lockdowns, central banks worldwide introduced measures to provide liquidity to financial markets. Loan demand was also muted. This ensures stability but has the effect of reducing or even eliminating liquidity pressures within individual banks. Thus, there is little demand or commercial justification for moving liquidity between banks, and thus little incentive to launch or even use the repurchase market. Nevertheless, introducing this product has been included in the Capital Market Development Blueprint 2019–2025 given its potential to serve as a substitute for the current short-term reference rate which is based on a methodology similar to that of LIBOR. In addition, the recent FSAP included a strong recommendation for the central bank to adopt a more accommodative stance towards repos. To reflect the government's continuing commitment, the action was moved to the P3F as follows:<br><br>To further support the development of firm two-way markets, the government establishes the necessary controls and broadens participation in repo markers to include non-bank institutions and | None. |

| Indicative Policy Actions: Subprogram 2 October 2019 to December 2021[a] | Status of Accomplishments | Formulation of Policy Actions/Accomplishments for Subprogram 2 |
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| | increases the efficiency of trading by linking Bloomberg's repo trading platform to nRoSS. | |
| 12. **The government, through the BTr, launches version 2.0 of nRoSS to facilitate the introduction and trading of floating rate notes, repurchase agreements, and switch auctions.** | This policy action was partially accomplished. The upgrade is underway but did not include all the planned upgrades due to delays in launching the underlying cited products as well as the prioritization of other activities during the pandemic. This delay reduced the urgency of the upgrades. The balance of the reforms will be implemented, as called for in the Capital Market Development Blueprint 2019–2025 and therefore the reform has been moved to the P3F as follows:<br><br>The government, through the BTr, completes the planned upgrades to the scripless registry to facilitate the introduction and trading of floating rate notes, repurchase agreements, and switch auctions. | The government, through the BTr enhanced the underlying capital market infrastructure, by completing the 1st phase of upgrades to the nRoSS which allowed for improved transparency and efficiency by giving direct participants the ability to create nRoSS sponsored accounts for clients. |
| 13. **The government, through the SEC approves and grants a license to a qualified and eligible benchmark administrator and ensures maintenance of a reliable yield curve and transparent price disclosures.** | This policy action was fully accomplished as proposed. The wording of the policy action has been expanded to capture the pertinent details of the reform as this arrangement is unusual for Bloomberg and is IOSCO compliant. | After granting a series of provisional approvals, the SEC granted a permanent license to Bankers Association of the Philippines to serve as the benchmark administrator for the government securities market after the latter fully complied with the conditions of the provisional license as follows: (i) completing an external audit assessment of Bloomberg's B-Val; (ii) documenting the customization of B-Val for the Philippines; and (iii) documenting the process used to select the officer of the week and the escalation process if there is a complaint. |
| **Reform Area 3: Institutional Participation in the Capital Market** | | |
| 14. There was no subprogram 1 pre-curser for this policy action. | This policy action was not included within the original subprogram 2 because of the perceived difficulty in legislating such a reform. | The government proposed to stimulate growth in capital markets, develop an institutional investor base to support infrastructure, and |

| Indicative Policy Actions: Subprogram 2 October 2019 to December 2021[a] | Status of Accomplishments | Formulation of Policy Actions/Accomplishments for Subprogram 2 |
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| | Nevertheless, the government was able to draft and socialize House Bill No. 9343 which passed by the House of Representatives on 28 May 2021 (246 yes, 6 no, 2 abstain). As such, the government has exceeded expectations in this area. | address old-age and intergenerational poverty, by submitting the Capital Market Development Act to Congress which, among others: (i) revises the corporate pension law to increase its coverage, requires liabilities to be pre-funded, and makes pension assets portable; and (ii) provides a mandate to the nonbank financial sector to increase financial literacy. |
| 15. **To provide a level playing field, the government encourages more international participation, and implements the TRAIN Package to remove tax arbitrage between finance subsectors, the government.** | This policy action was not accomplished as other high priority legislation, such as the Retail Trade Liberalization law, were enacted first to address the effects of the COVID pandemic. However, the legislation remains a government priority as reflected in the Capital Market Development Blueprint 2019–2025 and thus was moved to the P3F as follows:<br><br>To provide a level playing field, and to encourage more international participation, the government adopts and implements the TRAIN Package to remove tax arbitrage between finance subsectors and to provide fairer treatment of foreign investors. | |
| 16. To encourage additional demand from specialized pools of international investment funds, the SEC issues regulations and guidelines to support the issuance of social and sustainable bonds based on the ASEAN | This policy action was accomplished but was dropped to reflect a division of labor with the World Bank's financial sector program. It was replaced with a policy action reflecting the introduction of REITs which can support infrastructure by recycling capital from income producing properties into new construction. In addition, ADB provided direct support to this reform. | The SEC increased the variety and depth of capital market instruments and freed up resources for infrastructure by issuing implementing regulations for the REIT law which allowed commercial real estate developers to recover and redeploy equity from income producing properties as long as the proceeds were reinvested in the domestic economy. |
| 17. The government, through the SSS, adopts operating guidelines and | This policy action was fully accomplished as proposed. The SSS also authorized investment in | The SSS strengthened public pensions, encouraged the formation of a larger |

| Indicative Policy Actions: Subprogram 2 October 2019 to December 2021[a] | Status of Accomplishments | Formulation of Policy Actions/Accomplishments for Subprogram 2 |
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| policies to implement the new Social Security Act, focusing on increased membership including women OFWs, contributions, and expanded investment powers. | indebtedness of the Philippine Government, or any of its agencies or instrumentalities to finance domestic infrastructure projects (up to 30% of the insurance reserve fund), and authorized investment in indebtedness of educational or medical institutions to finance the construction, improvement and maintenance of schools and hospitals (up to 10% of the insurance reserve fund). However, the approval of these expanded investment powers, while meeting the government's original commitment, was completed just prior to the implementation period of subprogram 2. Otherwise, the wording of the policy action has been expanded to capture the pertinent details of the reform. | institutional investor base which will support finance to infrastructure by implementing the Social Security Act of 2018 by: (i) raising contribution rates, expanding compulsory coverage to self-employed workers and OFWs, and opening voluntary coverage to heads of households; and (ii) establishing a mandatory, defined-contribution provident fund. |
| 18. The Insurance Commission further refines its guidelines to encourage the insurance sector to make additional investments in long-tenor investments, including infrastructure related investments. | This policy action was fully accomplished as proposed. The wording of the policy action has been expanded to capture the pertinent details of the reform. | The Insurance Commission encouraged growth in insurance products, and increased the sector's potential to support infrastructure by: (i) authorizing investments in foreign currency denominated debt and equity instruments rated or guaranteed by an entity rated at least B by S&P and B2 by Moody's, which captures most stand-alone infrastructure projects; and (ii) ensuring the timely approval of these investments by adopting a 20 day processing period for approvals of new products with automatic approval if a decision is not granted within this window. |
| **19. The BSP completes the upgrades to the PERA system and issues guidelines to streamline the PERA investment process.** | This policy action was fully accomplished as proposed. The wording of the policy action has been expanded to capture the pertinent details of the reform. | The BSP encouraged growth in voluntary retirement savings by: (i) expanding the number of PERA administrators and introducing a digital PERA platform to make the products of all approved administrators available to investors (47.6% of which are women); (ii) streamlining account opening and digitizing the issue of Tax Credit Certificates |

| Indicative Policy Actions: Subprogram 2 October 2019 to December 2021[a] | Status of Accomplishments | Formulation of Policy Actions/Accomplishments for Subprogram 2 |
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| | | by the BIR which has reduced the time between onboarding and placement to 2–3 days from 15–20 days previously; and (iii) reducing friction costs by eliminating the need for a third-party cash custodian and enabling contributions through instapay. |
| 20. To strengthen credit ratings, and to facilitate an increase in investments eligible for purchase by the contractual savings sector, the BSP and SEC encourage entities to assign a credit rating to a wider variety of financial instruments. | This policy action was not accomplished. Given the severe economic contraction, and decline in lending, other initiatives were deemed to be of higher priority. Expanding the use of credit ratings remains a key objective as reflected in the Capital Market Development Blueprint 2019–2025. As such, the activity was moved to the P3F as follows:<br><br>The SEC encourages the development of stronger credit rating institutions in line with global standards as well as an increased reliance on credit ratings in investment decisions. | |
| 21. To further encourage the development of the corporate bond market, the BSP phases out the issuance and use of Long-Term Negotiable Certificates of Deposit which had previously provided banks a tax-arbitraged alternative to publicly listed corporate bonds. | This policy action was fully accomplished as proposed. The wording of the policy action has been expanded to capture the pertinent details of the reform. | The BSP encouraged growth in the corporate bond market by placing an indefinite moratorium on the issuance of long-tern negotiable certificates of deposit by banks which eliminated a funding cost advantage and placed (Circular 1059 dated 15 Nov 2019). |
| **22. The SEC approves and the PDEx lists additional securities by foreign issuers either through direct issuance or through the ASEAN+3 Multi-Currency Bond Issuance Framework.** | This policy action was not accomplished as no applications were received to issue under the ASEAN+3 Multi-Currency Bond Issuance Framework largely due to the decline in economic activity caused by the COVID-19 pandemic. Activity is expected to return in the coming years. Therefore, the reform was moved to the P3F as follows to reflect the government’s continuing commitment: | None. |

| Indicative Policy Actions: Subprogram 2 October 2019 to December 2021[a] | Status of Accomplishments | Formulation of Policy Actions/Accomplishments for Subprogram 2 |
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| | The SEC approves and the PDEx lists additional securities by foreign issuers either through direct issuance or through the ASEAN+3 Multi-Currency Bond Issuance Framework. | |

ADB = Asian Development Bank, App = application, ASEAN = Association of Southeast Asian Nations, BSP = Bangko Sentral ng Pilipinas (Central Bank of the Philippines), BTr = Bureau of the Treasury, COVID-19 = coronavirus disease, CMDC = Capital Market Development Council, DOF = Department of Finance, ESG = Environmental, FSAP = Financial Sector Assessment Program, Social, and Governance, GMRA = Global master Repurchase Agreement, HBN = House Bill Number, ICAAP = Internal Capital Adequacy Assessment Process, IOSCO = International Organization of Securities Commissions, LIBOR = London Interbank Offered Rate, nRoSS = National Registry of Scripless Securities, OFW = Overseas Filipino Worker, OPC = one-person corporation, P3F = Post Program Partnership Framework, PDEx = Philippine Dealing and Exchange Corporation, PERA = Personal Equity Retirement Account, REIT = Real Estate Investment Trust, S&P = Standard and Poors, SEC = Securities and Exchange Corporation, SRO = Self-Regulatory Organization, SSS = Social Security System, TRAIN = Tax Reform for Acceleration and Inclusion.

[a] In the original indicative policy matrix prepared at Subprogram 2, prior actions are bold while policy milestones are non-bold.

[b] The government, through the BTr, gained additional efficiencies and improved transparency in the government bond market by migrating physical trading of government securities to a modern vender platform (Bloomberg E-bond) which provides significant efficiencies, improved transparency, and price disclosure (Bloomberg BVAL), which in turn provided a more reliable yield curve.

[c] To increase trading levels of peso denominated government securities, the BTr implemented its enhanced primary dealer system by utilizing previously developed criteria to select 10 “market makers” who are responsible for participating in all auctions, maintaining 2% of secondary market activity, and posting two-way indicative market prices for benchmarks on a third-party information provider.