



ASEAN CAPITAL MARKETS FORUM

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'Focus of ACMF 2022 on sustainable development, inclusivity and resiliency'

Message from H.E. Sou Socheat, SERC Director General and Chair of ACMF 2022.

THE ASEAN Capital Market Forum (ACMF) and the Securities and Exchange Regulator of Cambodia (SERC) as Chair have had another remarkable year in 2022.

ACMF is a high-level grouping of capital market regulators from all 10 ASEAN jurisdictions, established in 2004 under the auspices of the ASEAN Finance Ministers.

The primary responsibility of the ACMF is to develop a deep, liquid and integrated regional capital market.

The ASEAN Economic Community Vision (AEC) 2025 outlines "a highly integrated and cohesive regional economy, a competitive, innovative and dynamic community with enhanced connectivity and sectoral cooperation with improvements in regional frameworks, and a more resilient, inclusive and people-oriented, people-centred community, a global ASEAN".

To support this, ACMF has put in place the ACMF Vision 2025 for an "Inter-connected, Inclusive and Resilient ASEAN Capital Market" and adopted the ACMF Action Plan 2021-2025.

The ACMF Action Plan 2021-2025 set three strategic objectives: (i) fostering growth and recovery with sustainability, (ii) promoting and sustaining inclusiveness, and (iii) strengthening and maintaining



H.E. Sou Socheat, SERC Director General and Chair of ACMF 2022. SUPPLIED

orderliness and resiliency.

Therefore, to align with the AEC 2025 and the ACMF strategic objectives, as well as in response to the Covid-19 pandemic, SERC, as Chair of ACMF 2022, is focusing on three key priorities: sustainable development, inclusivity, and resiliency.

Acknowledging the roles of the capital market in promoting sustainable development and building

recovery from the covid-19 pandemic, ACMF has put in a collective effort towards our mission, with the strong support of our key dialogue and development partner, ADB.

With its consolidatory action in committing to keep the global average temperature rise to as close as possible to 1.5 degrees Celsius above pre-industrial levels, ACMF has adopted and taken part in many activities and initiatives.

These include the adoption of the Roadmap for ASEAN Sustainable Capital Markets and the ASEAN Green, Social and Sustainability Bond Market.

Under these standards, issuances amounting to USD29.82 billion had been raised as of October 21, 2022, since their introduction in 2017 and 2018.

In addition, ACMF is one of the four sectoral bodies working on

developing the ASEAN Taxonomy for Sustainable Finance (ASEAN Taxonomy), which was launched on November 10, 2021.

ACMF has been providing very strong support in the development of the ASEAN Taxonomy, of which Version 2 is expected to be launched in January 2023.

The ASEAN Taxonomy will serve as a common building block enabling an orderly transition and fostering sustainable finance adoption by ASEAN Member States.

Through the unity of its members, ACMF has successfully completed our action plan for 2022 with the launch on October 28, 2022 of key standards – the ASEAN Sustainability-Linked Bond Standards, ASEAN Sustainable and Responsible Fund Standards, the Legal Wrappers for the SDG Bond Toolkit, and the ASEAN Collective Investment Scheme (CIS) Digital Repository.

We have also reactivated our action on the promotion of capacity building for young regulators.

In addition, ACMF works closely with the private sector and international standard charters, and this is the uniqueness of this high-level forum – we always successfully address challenges because we look at both the smaller and the bigger picture.

As Chair of the ACMF, I would like to convey my deepest appreciation to all its members, the Industry Advisory Group, the International Capital Market Association, the Sustainable Finance Institute and ADB for all their support and contributions to the development of sustainability, inclusivity and resiliency in the region. ■

Message from the Asian Development Bank



ADB country director for Cambodia Jyotsana Varma

THE Asian Development Bank (ADB) extends its warmest greetings and congratulations to the ASEAN Capital Markets Forum (ACMF) on the successful hosting of its 37th Chairs Meeting and International Conference on October 27-28, 2022, in Phnom Penh.

The ADB also extends its congratulations to the Securities and Exchange Regulator of Cambodia (SERC) for its able Chairmanship of the ACMF for 2022, and for carrying forward the initiatives under the ACMF Action Plan 2021-2025 and the Roadmap for ASEAN Sustainable Capital Markets.

In particular, we congratulate

the ACMF on the launch of the ASEAN Sustainability-Linked Bond Standards, ASEAN Sustainable and Responsible Fund Standards, ASEAN CIS Digital Repository and the Legal Wrappers for the SDG Bond Toolkit.

We note that these and other ACMF initiatives have benefited from the long-standing Technical Assistance provided by the ADB to the ACMF and affirm our continued support for the ACMF's Vision 2025 Strategic Objectives of (i) enhancing ASEAN connectivity, (ii) promoting inclusiveness and (iii) strengthening the orderliness and resilience of ASEAN capital markets.

Indeed, even as the ASEAN region continues to recover from the impact of the COVID-19 pandemic, the role of capital markets and capital

market regulators cannot be overestimated.

As noted in the recent Asian Development Outlook 2022 Update, Southeast Asia is expected to experience healthy GDP growth of 5.1 per cent in 2022 and 5.0 per cent in 2023.

However, this recovery faces continuing headwinds from, among other things, rising inflation (5.2 per cent in 2022, 4.1 per cent in 2023), a sharp deceleration in global growth, continued supply-chain disruptions, and stronger-than-expected monetary policy tightening in advanced economies.

Against this backdrop, the ACMF's goal of promoting integrated, inclusive, resilient, competitive and sustainable capital markets continues to have the ADB's full support. ■

ACMF accomplishes sign

Despite the impacts of a global economic downturn and the Covid-19 pandemic, the 2022 ASEAN Capital Markets Forum under the Chairmanship of the Securities and Exchange Regulator of Cambodia (SERC) fulfilled its commitment to promoting sustainable development, inclusivity and resiliency.

THE ASEAN Capital Markets Forum (ACMF) in 2022 fulfilled its commitment to promoting sustainable development, inclusivity and resiliency despite the impacts of a global economic downturn and the Covid-19 pandemic.

Hosted by the Securities and Exchange Regulator of Cambodia (SERC), ACMF on October 27 convened the 37th ACMF Chairs' Meeting at the Sofitel Phnom Penh Phokeethra hotel in the capital.

ACMF endorsed and launched the ASEAN Sustainability-Linked Bond Standards – which was a Priority Economic Deliverable for the financial sector under the 2022 Chairmanship of Cambodia – and the ASEAN Sustainable and Responsible Fund Standards.

Information on these two standards is available on the ACMF website – www.theacmf.org.

The brief of the two standards will be published in *The Phnom Penh Post* in December.

The launch of the two standards will support ASEAN in narrowing

the gap towards the 2030 Agenda in combating climate change.

In addition, their endorsement indicated the group's commitment to meeting the Strategic Objectives of the ACMF Action Plan 2021-2025.

ACMF has always placed sustainable development as



Inclusivity is a prime goal of SERC's ACMF Chairmanship. We want to ensure all ASEAN member states benefit from developments.

HE SOU SOCHEAT /
SERC DIRECTOR-GENERAL

a top priority mission – and on the journey of promoting sustainable development, it has made remarkable progress.

As of October 21, 2022, issuances amounting to US\$29.82 billion have been issued under the ASEAN Green, Social and Sustainability Bond Standards, which were introduced in 2017 and 2018.

The launch of the ASEAN Sustainability-Linked Bond Standards and the ASEAN Sustainable and Responsible Fund Standards will widen the range of sustainable investments in ASEAN, thereby accelerating sustainable development across the region.

With the strong support of the Asian Development Bank (ADB), Cambodia will have ASEAN Green Bonds in the market, and while yet another milestone for a young market like Cambodia's, also represents the Kingdom's commitment to meeting Sustainable Development Goals.

ACMF has provided strong and active support for the development of the ASEAN Taxonomy for



'Another milestone for SERC as Chair of the ASEAN Capital Markets Forum'

H.E. Ros Seilava, Secretary of State at the Ministry of Economy and Finance, and Vice Chairman of the Non-Bank Financial Service Authority, sends a message of congratulation on the successful hosting of ACMF 2022.

THIS year has marked another milestone for the Securities and Exchange Regulator of Cambodia (SERC) as the Chair of the ASEAN Capital Markets Forum (ACMF) 2022.

As the Vice-Chairman of the Non-Bank Financial Service Authority (FSA) of Cambodia, I have witnessed and can acknowledge the efforts of the SERC in its journey as the Chair of the ACMF 2022 to ensure that all members benefit from this high-level forum and the ACMF Action Plan 2021-2025 strategic objectives are met.

As the Chair of ASEAN 2022, Cambodia has been focusing on the theme "ASEAN ACT: Address Challenges Together" to support the implementation of the ASEAN Economic Community Master Plan 2025.

We have placed priority on ensuring ASEAN's effectiveness in responding to challenges and risks, especially accelerating recovery and promoting

sustainable, inclusive and resilient economic growth.

In the same manner, the SERC's chairmanship of the ACMF has focused on three priority tasks: promoting sustainable development, inclusivity and resiliency, which aligns with the overall theme of ASEAN 2022 and the ACMF Action Plan 2021-2022.

In the journey of mitigating climate change and promoting recovery from the Covid-19 pandemic, funding is needed.

Therefore, the role of the capital market is essential, and I really appreciate the best and collective efforts of the ACMF and commitment of ADB in supporting the mission to achieve the goals of the Paris Agreement to keep the global average temperature rise to as close as possible to 1.5 degrees Celsius above pre-industrial levels.

The launch of the ASEAN Sustainability-Linked Bond Standards, the ASEAN

Sustainable and Responsible Fund Standards, ASEAN CIS Digital Repository and the SDG Bond Toolkit Legal Wrappers will narrow the gap of the ASEAN economy in transitioning to a green economy.

Therefore, I would like to call for action and participation of all key stakeholders to join with the ACMF and ADB to promote the ASEAN Capital Markets together for the safety of our planet and the next generations as it is not just anyone person or group's mission, it is our collective mission.

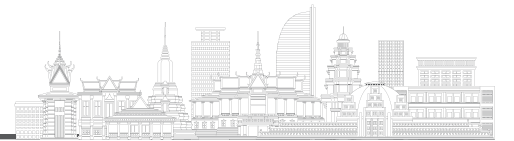
Once again, Congratulation to the SERC for successfully performing your role as Chair of ACMF 2022 and launching the standards and implementing ACMF's initiatives in 2022.

You have made Cambodia proud.

Also, our appreciation to the ADB for your consistent support and being ACMF's reliable dialogue partner over the years. ■



H.E. Ros Seilava, Secretary of State at the Ministry of Economy and Finance. SUPPLIED



Significant progress in 2022



Hosted by the Securities and Exchange Regulator of Cambodia (SERC), ACMF convened the 37th ACMF Chairs' Meeting in Phnom Penh. SUPPLIED

Sustainable Finance (ASEAN Taxonomy) Version 2.

Version 1 was completed in November 2021.

The ASEAN Taxonomy will enable an orderly transition and foster sustainable finance adoption by the ASEAN Member States, and will serve as a common language across the different jurisdictions to communicate and coordinate on labelling for economic activities and financial instruments.

The ASEAN Taxonomy has its beginnings at the 6th ASEAN Finance Ministers' and Central Bank Governors' Meeting (AFMGM) on October 2, 2020.

The meeting committed to enhancing the cohesiveness of the finance track for sustainable finance, stating: "We commit to furthering a cohesive sustainable finance agenda cutting across banking, capital markets and insurance areas at the [ASEAN Finance Ministers' Meeting] AFMM and AFMGM respectively, with greater coordination amongst the relevant ASEAN working committees."

Thereafter, the ASEAN Taxonomy Board – comprising the ACMF, ASEAN Insurance Regulators' Meeting (AIRM), ASEAN Senior Level Committee on Financial Integration (SLC) and ASEAN Working Committee on Capital Market Development (WC-CMD) – was established in March 2021.

Inputs received by the ASEAN Taxonomy Board following stakeholder consultations on Version 1, which involved both the public and private sectors as well as international standards setters, will be used in developing the next version of the ASEAN Taxonomy.

Version 2 of the ASEAN Taxonomy is expected to be published in early 2023.

To further promote sustainable development through promoting

sustainability disclosure across ASEAN and to enhance the voice of the region in international standard-settings, ACMF engaged with the International Sustainability Standards Board (ISSB) to convey the ASEAN perspective on the draft ISSB standards.

This focused on the areas of interoperability; proportionality in implementation; and the phasing in of industry-specific metrics.

This engagement with the ISSB has laid the foundations for future collaboration and will help ACMF evaluate the feasibility of adopting ISSB standards based on each jurisdiction's own legal and regulatory arrangements in a

way that promotes consistent and comparable sustainability disclosures across ASEAN.

To promote and publicise cross-border offerings of funds and collective investment schemes in the region, ACMF endorsed and launched the ASEAN Collective Investment Schemes (ASEAN CIS) Digital Repository.

To coordinate capacity-building programmes and efforts to optimise resources, and to avoid duplication of programmes, the ACMF established the ACMF Market Development Program (A-MDP), which is currently Co-chaired by the SERC and the State Securities Commission of Vietnam.

A-MDP serves to respond to critical

capacity-building needs based on regional priorities, as well as those of member countries or groups of countries on a needs basis.

Every year, under this programme, ACMF members send staff to attend on-the-job training and many other training programmes, although on-the-job training was postponed during the Covid-19 pandemic.

With the support of ADB, ACMF collaborated with the Program on International Financial Systems (PIFS) of Harvard Law School to provide training for ACMF members in late 2021 and 2022.

In the first meeting of his Chairmanship, HE Sou Socheat, Delegate of the Royal Government

in charge as Director-General of the SERC, said: "Inclusivity is a prime goal of SERC's Chairmanship of the ACMF."

"We want to ensure that all ASEAN member states can benefit from developments in the capital markets through capacity building as well as the exchange of information."

Thus, despite the pandemic, ACMF still performed very well in terms of capacity building for young regulators.

In relation to the efforts to promote transparency, confidence and governance in ASEAN, the ACMF has extended its collaborations with various partners including ADB and the Organisation for Economic Cooperation and Development (OECD).

ACMF also organises the ASEAN Corporate Governance Awarding ceremony, in which six countries participate – Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

While the 2021 awards ceremony was postponed due to the Covid-19 pandemic, it is expected to be organised again in December 2022.

SERC plans to assign listed companies in Cambodia to join the next ASEAN Corporate Governance competition, and believes that attending this programme will bring the Kingdom's capital market to another level.

Throughout the ACMF journey, ADB has been a key development partner, providing crucial technical assistance to ensure the ACMF's objectives are met and its mission realised.

ACMF has made great progress in 2022 under the Chairmanship of the SERC.

In 2023, the Chair passes to Indonesia's Otoritas Jasa Keuangan (OJK) financial services authority, with the Lao Securities Commission Office (LSCO) as Vice-Chair. ■



The Securities and Exchange Regulator of Cambodia was Chair of the ASEAN Capital Markets Forum 2022. SUPPLIED

ASEAN Capital Markets Forum (ACMF) Action Plan 2021-2025

TO DRIVE the regional integration agenda of the Association of Southeast Asian Nations (ASEAN) post-2015, the ASEAN Capital Markets Forum (ACMF) – the high-level grouping of ASEAN capital market regulators – developed the ACMF Vision 2025 of an inter-connected, inclusive and resilient ASEAN capital market.

The ACMF Vision 2025 has three Strategic Objectives:

- (i) To enhance and facilitate better pan-ASEAN connectivity to realise the growing potential of its capital markets;
- (ii) To promote and sustain the inclusiveness of capital markets within the region; and
- (iii) To strengthen and maintain the orderliness and resilience of ASEAN capital markets.

These strategic objectives of the ACMF Vision 2025 were to be delivered in two phases.

The first was implemented through the ACMF Action Plan 2016-2020 (“AP 2016-2020”), which focused on the following six key priorities with specific initiatives driving the work of ACMF:

- (i) Improve regional market infrastructure and connectivity;
- (ii) Drive more cohesiveness in regulations and practices;
- (iii) Promote ASEAN asset classes;
- (iv) Foster better mobility for professionals;
- (v) Attract greater investor participation;
- (vi) Promote greater stakeholder interaction, co-operation and co-ordination.

AP 2016-2020 was the first phase towards achieving the ACMF Vision 2025, and ultimately supporting and realising the ASEAN Community Vision 2025’s vision of an ASEAN Economic Community (AEC).

It envisioned an AEC that is “a highly integrated and cohesive regional economy; a competitive, innovative and dynamic community which fosters robust productivity growth; with enhanced connectivity and sectoral cooperation with improvements in regional frameworks; and a more resilient, inclusive, and people-oriented, people-centred community, a global ASEAN”.

In developing AP 2021-2025, ACMF carried out a survey and held a series of seventeen engagement sessions with capital market participants and other stakeholders to gather their views and suggestions.

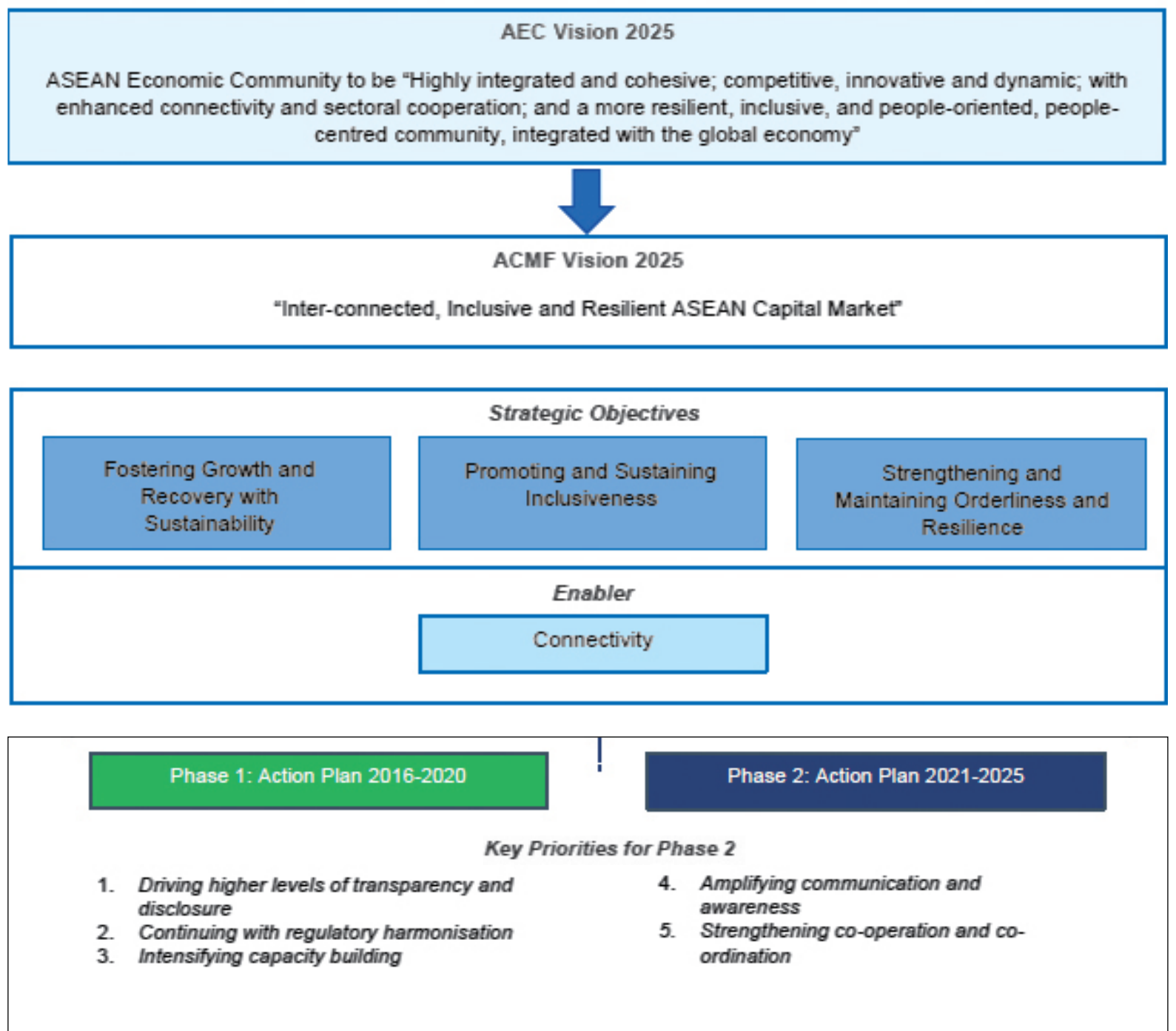
The survey conducted by ACMF sought to gauge stakeholders’ feedback on the Implementation of AP 2016-2020 and to seek input on the potential focus areas that need to be considered in AP 2021-2025.

It also gathered industry participants’ views on the opportunities and challenges under the present economic environment and over the next five years.

Using the feedback from the survey and engagements, ACMF identified three Strategic Objectives for AP 2021-2025:

- (i) Fostering Growth and Recovery with Sustainability;

ACMF Vision 2025



- (ii) Promoting and Sustaining Inclusiveness;
- (iii) Strengthening and Maintaining Orderliness and Resilience.

ACMF also identified five Key Priorities to support the Strategic Objectives under AP 2021-2025:

- (i) Driving higher levels of transparency and disclosure;
- (ii) Continuing with regulatory harmonisation;
- (iii) Intensifying capacity building;
- (iv) Amplifying communication and awareness building;
- (v) Strengthening co-operation and coordination.

At the same time, the importance of sustainability had been identified and incorporated into the Action Plan, resulting in the Strategic Objective of Enhancing and facilitating growth and connectivity being augmented to include sustainability.

Given the current landscape globally and regionally, Fostering Growth with Sustainability is an imperative.

Growth needs to be fuelled with capital and market-based financing which needs to be channelled

efficiently with adequate risk and rewards pricing.

However, this time there must be greater attention accorded to sustainable growth to secure the long-term future of ASEAN.

The growing awareness and demand for sustainability by the various stakeholders of businesses will mean that in the long term, businesses that do not adopt sustainability practices will not be able to survive.

Investors too are demanding that their investments are aligned to sustainability, in part because of their moral preferences and in part because they realise the economic risks arising from businesses that ignore sustainability considerations.

The impact of the pandemic on ASEAN will exacerbate inequalities among its citizens.

Concurrently, the differing economic impact on AMS will also create greater divergence in economic and social development.

As such, it is important for ACMF’s efforts to be even more inclusive to bring AMS and ASEAN citizens closer and to prevent fragmentation.

Therefore, Promoting and Sustaining Inclusiveness of ASEAN

capital markets remains as a Strategic Objective for AP 2021-2025.

The economic and financial fallout during various stages of the pandemic highlights the importance of maintaining the orderliness and resilience of the capital markets.

The orderliness and resilience of capital markets are necessary to attract fund flows and to lower the cost of capital, while also protecting and giving confidence to investors.

Furthermore, resilient capital markets provide support to the real economy by providing the capital needed to bounce back from an adverse event.

Given the recent experience, Strengthening and Maintaining the Orderliness and Resilience of ASEAN Capital Markets is an important Strategic Objective.

The achievement of the Strategic Objectives will require Connectivity as an enabler.

Connectivity is fundamental to all the Strategic Objectives in different ways.

In Fostering Growth and Recovery with Sustainability, Connectivity can help move the capital needed to drive growth to, around and within the region wherever it is needed.

Connectivity can also help promote Inclusiveness by building capacity, strengthening empowerment and reorienting resources and capital to where they are needed.

Capital markets that are suitably connected can help with Resilience through the benefits of scale, information and/or coordinated actions.

Under the Chairmanship of the Securities and Exchange Regulator of Cambodia (SERC), in 2022 the ACMF has begun to roll out the initiatives under AP 2021-2025.

These initiatives include:

- 1) The launch of the ACMF Collective Investment Schemes (CIS) Digital Repository;
- 2) The launch of the ASEAN Sustainable and Responsible Fund Standards (SRFS);
- 3) The launch of the ASEAN Sustainability-Linked Bond (SLB) Standards; and
- 4) The Publication of the ASEAN SDG Bond Toolkit legal wrappers.

With the foregoing initiatives, the second phase of the journey towards ACMF Vision 2025 has well and truly begun with a running start. ■