

MARKETS IN MOTION

developments that matter in financial markets

ASEAN Exchanges Collaboration

"ASEAN exchanges have several projects in the pipeline, including the development of exchange-traded funds, options and futures contracts linked to Southeast Asia's largest stocks, which would reinforce the single ASEAN identity."
Gan Seow Ann, President, Singapore Exchange

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Introduction

A collaboration of seven stock exchanges in Southeast Asian countries was formalized in April 2011 at the 15th ASEAN Finance Ministers' Meeting in Bali, Indonesia, which was also attended by the representatives of the ASEAN (Association of Southeast Asian Nations) exchanges. The move is aimed at promoting the growth of the ASEAN capital markets, with the intention of bringing more investment opportunities to more people. The seven stock exchanges from the ASEAN member countries have launched a new joint website (www.aseanexchanges.org), giving investors an integrated single-window view of the ASEAN capital markets that have a combined market capitalization of approximately \$1.8 trillion and participation of more than 3,000 companies. Some of these companies are the largest and most dynamic companies in the world, including leaders in finance and banking, telecommunications, commodities, automotive manufacturing, and other industrial sectors. ASEAN Exchanges Collaboration has also worked closely with the ASEAN Capital Market Forum (ACMF), comprising capital markets regulators from ASEAN jurisdictions to harmonize capital market rules and regulations.

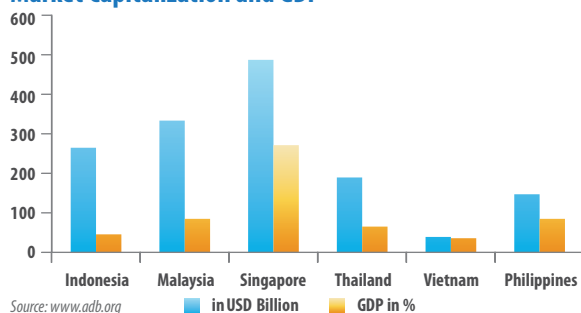
Collaboration of Seven Exchanges

ASEAN Exchanges Collaboration is a collaboration of seven exchanges from Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam—Bursa Malaysia Berhad, Hochiminh Stock Exchange, Hanoi Stock Exchange, Indonesia Stock Exchange, Philippine Stock Exchange, Singapore Exchange, Stock Exchange of Thailand—and it aims to promote the growth of the ASEAN capital markets by driving cross-border collaboration and creating ASEAN-centric products and investment opportunities to more people as well as bringing greater liquidity to members of the collaboration.

Unified Trading Bloc by 2015

The ASEAN Economic Community (AEC), comprising Indonesia, Thailand, the Philippines, Malaysia, Singapore, Brunei, Vietnam, Cambodia, Myanmar and Laos, works towards the goal of regional economic integration by 2015. It hopes to transform itself into a unified trading bloc with free flow of capital between its more developed member countries by 2015. AEC envisages a single market and production base, a highly competitive economic region, and a region fully integrated into the global economy.

Market Capitalization and GDP



Linkages of ASEAN Exchanges

The ASEAN markets offer tremendous opportunities for domestic and international investors. ASEAN envisages an integrated market, which is stronger and more efficient, where ASEAN products are viewed as an asset class and where investors would be able to trade ASEAN capital market products freely on any ASEAN exchanges.

ASEAN Exchanges Collaboration offers opportunities, diversity, and mobility to support regional financial cooperation by strengthening financial intermediation, capacity, and risk management to support national and regional growth and opens the way to greater cooperation that can help reduce vulnerabilities to external shocks and market volatility, a point that became clearer after the Asian crisis of 1997 and is underscored by the recent global financial crisis.

ASEAN Exchanges Collaboration can facilitate both domestic capital market development by providing liquidity, scale, and capacity to compete globally. Moreover, ASEAN Exchanges Collaboration can also provide a greater voice on financial stability and development issues on the global stage.

The idea of ASEAN Exchanges Collaboration was conceived in Bali in 2003 at the ASEAN Finance Ministers Meet for an integrated market that is stronger and more efficient where investors would be able to trade ASEAN capital market products freely on any ASEAN exchange. ASEAN Exchanges Collaboration would serve as a catalyst in driving ASEAN investment opportunities to the world and to build ASEAN into a world-benchmarked asset class. In such a scenario, anyone would be able to trade in ASEAN capital market products freely in any ASEAN market at a competitive fee from a single access point.

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 May 18, 2011
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