



*Funding the Republic*

REPUBLIKA NG PILIPINAS  
KAGAWARAN NG PANANALAPI  
**KAWANIHAN NG INGATANG-YAMAN**  
(BUREAU OF THE TREASURY)  
Intramuros, Manila 1002

**Press Release**

**BSP-BTR-SEC CONDUCTS LOCAL CURRENCY  
DEBT MARKET DEVELOPMENT WORKSHOP**

25 August 2017, 1:00-4:00 PM

Venue: BSP Auditorium, 18th Floor, Multi-Storey Building, BSP

The Bangko Sentral ng Pilipinas (BSP), the Department of Finance (DOF), the Securities and Exchange Commission (SEC), and the Bureau of the Treasury (BTr) announced today a package of joint and coordinated initiatives to spur the further development of the domestic debt market to enhance the country's economic growth and financial sector development. The regulatory initiatives were presented at a Workshop on Local Currency Debt Market Development with the Bankers Association of the Philippines, the Money Market Association of the Philippines, and other market participants and stakeholders.

The workshop builds on the statement of Finance Secretary Carlos G. Dominguez III on the importance of developing the domestic capital market. According to Secretary Dominguez, "the development of the domestic capital market will provide complementary local currency resources for our infrastructure program and reduce our vulnerability to vicissitudes in the external environment."

BSP Governor Nestor A. Espenilla, Jr. cited that a deep and liquid money market and long-term debt market augment the effective transmission of monetary policy through the economy. On the other hand, National Treasurer Rosalia V. De Leon explained that money and government bond markets together provide a foundation that can support the mobilization of savings for financing the government's and private sector's investments and that the reforms will result in broadening the variety of investment choices for the public. Lastly, SEC Commissioner Ephyro Luis B. Amatong mentioned that the reforms aim to enhance the liquidity, depth, and resiliency of both money markets and government bond markets.

The proposed reforms are designed to increase efficiency and reduce the cost of dealing in government bonds, provide market incentives to increase levels of participation, introduce new products including hedging tools based on global standards, and reduce current levels of variability and uncertainty in the pricing of government bonds.

Some of the salient features and innovations that will be introduced under the reform package include: (1) a permanent increase in the volume of treasury bills, (2) the consolidation of government bonds into 6 liquid tenors : 2Y, 3Y, 5Y, 7Y, 10Y, and 20Y, (3) the adoption of common semi-annual coupon payment dates, (4) the designation of market makers with concomitant obligations and privileges, (5) the introduction of a GMRA-based repo market, (6) the consideration of an SRO for a possible organized OTC market, and (7) regulatory reforms to support the adoption of a market based and IOSCO-compliant market pricing benchmarks.

The reforms will be undertaken over an 18-month time frame upon formal launch with specific targets for regulatory and institutional milestones every six months. All reforms will be implemented in a coordinated manner in the respective spheres of responsibility of each of the implementing partner government agencies.

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