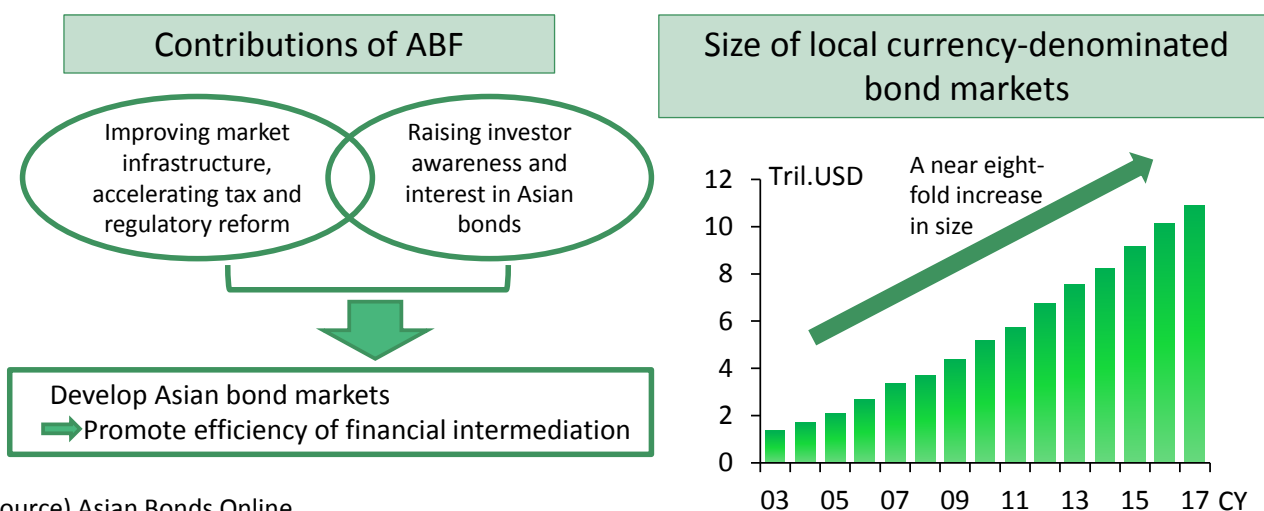


## Appendix: Overview of PAIF Securities Lending

By appointing a commercial securities lending agent, PAIF Securities Lending adds a new channel to access local currency-denominated bonds in the EMEAP region by lending securities held by PAIF. That is, PAIF Securities Lending enables a financial institution to borrow local currency-denominated bonds from PAIF against eligible collateral while PAIF retains the right to recall the loaned bond at any time. The financial institution as a borrower, for example, will be able to borrow cash in local currencies by using local currency-denominated bonds borrowed from PAIF.

PAIF Securities Lending also aims to support development of the securities lending markets in the EMEAP region. A better-developed securities lending market in the region will help to enhance the price-discovery mechanism with higher liquidity in the local currency-denominated bond markets and to advance institutional and settlement infrastructures.

(Contributions of ABF and the size of local currency-denominated bond markets)



(Source) Asian Bonds Online

(Note) The size of local-currency bond markets is the amount outstanding of local currency-denominated bonds in the EMEAP 8 economies; EMEAP except for Australia, New Zealand and Japan.

(Overview of PAIF Securities Lending)

