BOUNDARY ADVISORS

Asia Market Structure and Policy Intelligence

MARCH 17, 2026

EDITORIAL NOTE

This briefing tracks the structural developments, regulatory actions, and policy decisions shaping Asian financial markets. It is intended for financial executives who need to understand structural change across the region — not as investment analysis, but as industry intelligence. *This content is produced using AI-assisted research workflows. Please verify critical information independently.*

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Asian markets are entering a new phase of structural sophistication. Expanded derivatives toolkits, accelerating ETF issuance, and deepening cross-border connectivity are giving participants more nuanced ways to navigate volatility. The early-March volatility event—including circuit breakers across multiple markets, heavy foreign outflows from parts of the region, and the KOSPI's largest single-day decline on March 4—provided the sharpest test of these developments so far this year.

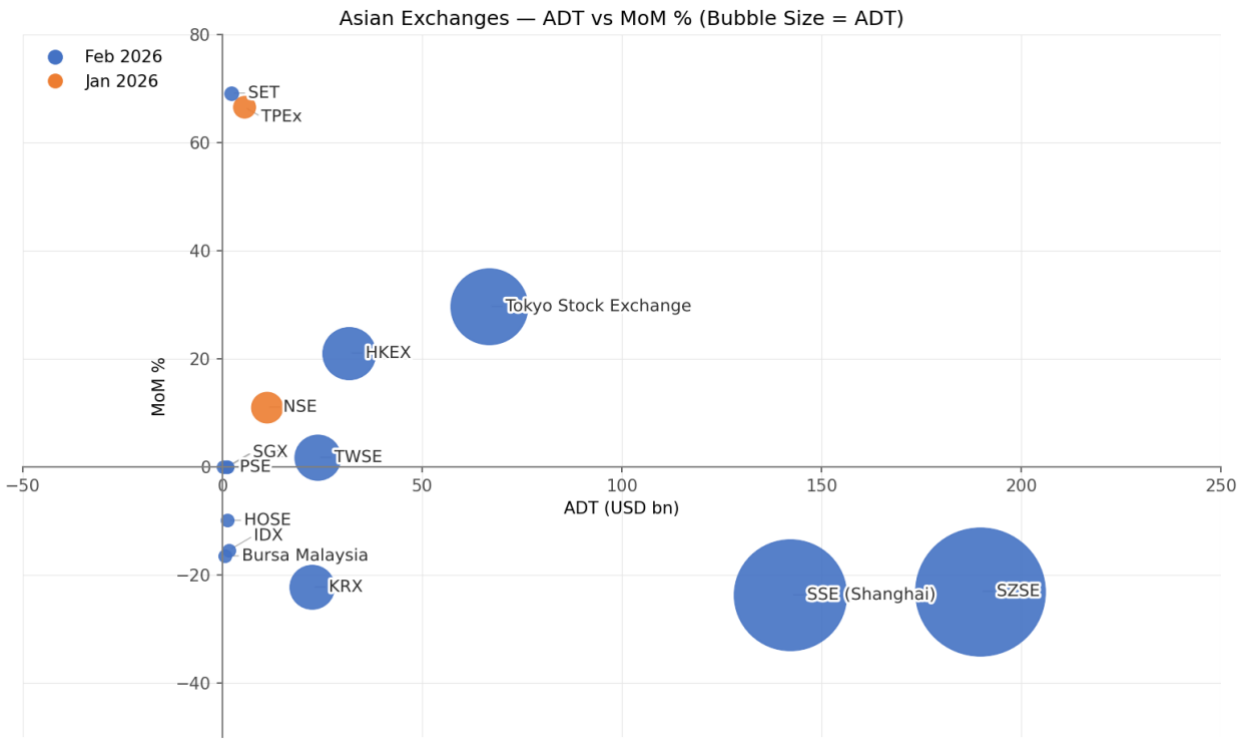
Regional Index Performance

Index	Price	WTD	1-Month Return	1-Year Return
Hang Seng Index	26,213	2.93%	-1.85%	9.40%
HSCEI	8,947	3.17%	-1.36%	0.77%
CSI 300	4,708	0.83%	1.02%	17.51%
Nikkei 225	54,041	0.41%	-4.87%	45.85%
KOSPI	5,688	3.66%	3.28%	121.63%
TAIEX	33,891	1.47%	0.85%	54.27%
SENSEX	75,503	1.26%	-9.34%	2.27%
NIFTY 50	23,409	1.11%	-8.85%	4.52%
IDX Composite	7,117	-0.28%	-13.33%	9.23%
S&P/ASX 200	8,586	-0.36%	-3.93%	10.22%

Market Data retrieved at March 17 2026 at 10:13 AM (HKT)

Asian equity trading opened 2026 with exceptionally strong liquidity, led by a surge in

onshore China. Combined SSE+SZSE average daily value traded (ADT) jumped to over US$430B in January before easing to US$332B in February but still stood more than 40% above February last year, underscoring how elevated turnover remains year-to-date. Asia as a whole saw a pullback in ADT in February driven largely by China and Korea, while markets such as Japan, Hong Kong and Taiwan held steady or improved versus late-2025 levels. Japan recorded its highest-ever February derivatives trading value alongside record ETF and single-stock options activity, while HKEX posted US$31.6 billion in ADT in February, amounting to a 17% year-on-year rise in the first two months of the year.



Themes and Coverage

This briefing surveys recent structural, regulatory, and product-market developments unfolding across the region. It examines shifts in activity across ETFs, equities, primary issuance, and derivatives, along with ongoing adjustments to cross-border and climate-finance frameworks, and recent policy direction from China's National People's Congress. The aim is to give financial executives a broad, integrated view of key developments across the region, offering context that reaches beyond any single asset class

or area of focus.

Equity Primary Markets

A Resurgent Start to 2026

Asia's IPO market has carried strong 2025 momentum into early 2026, with larger, higher-profile offerings across technology and energy transition even as execution remains selective in some markets. Hong Kong, Mainland China and India are all contributing meaningful deal flow, but with different mixes of sector focus, valuation discipline and aftermarket performance.

- On HKEX, primary activity has accelerated sharply. In the first two months of 2026, 24 companies listed on the Main Board and GEM versus 10 a year earlier, while IPO fundraising jumped from HK$8.0 billion to HK$89.2 billion. By early March total IPO fundraising had surpassed HK$97 billion—around ten times the comparable 2025 period.
- Mainland exchanges remain key venues for industrial and energy-transition capital-raising. Zhejiang Zhenshi New Material, a leading supplier of fibre-reinforced composites for wind and photovoltaic applications, raised roughly CNY 2.92 billion in its January Shanghai IPO to fund capacity expansion and R&D. These A-share deals complement the offshore activity by providing scale funding for China's clean-energy and advanced-manufacturing ecosystem.
- India's primary market has started 2026 more cautiously after a record 2025, but continues to print sizeable transactions. Brookfield-backed Clean Max Enviro Energy Solutions, the country's largest commercial and industrial renewables platform, raised about US$341 million (INR 31 billion) in its March Mumbai listing—India's largest IPO year-to-date—though the stock fell around 16–18% on debut amid weak retail participation and softer broader sentiment. Forecasts from investment banks and EY still point to India generating potentially US$20–25 billion in IPO proceeds over 2026.

Technology, AI and consumption remain the dominant themes in early 2026 issuance. In Hong Kong, Chinese AI and semiconductor names have led deal flow: MiniMax Group raised about HK$4.82 billion (roughly US$620 million) and doubled on debut; Zhipu AI raised HK$4.35 billion (~US$560 million); and GPU designer Iluvatar CoreX secured around HK$3.5–3.7 billion (~US$475 million) in a heavily oversubscribed IPO. Beyond tech, Muyuan Foods'

H-share offering raised approximately HK$10.68 billion (around US$1.4 billion), currently the largest completed IPO in the city this year. Taken together, early-2026 deal flow suggests a market that has shifted toward fewer but larger, thematically coherent offerings.

Around Asia

- **HKEX consults on biggest listing reforms since 2018:** HKEX has launched a consultation on broadening its regime for "innovative" issuers, proposing to cut the minimum valuation threshold for weighted-voting-rights (WVR) listings from HK$40 billion to HK$20 billion and to open confidential filing to all new applicants, not just secondary listings and certain tech issuers. The exchange is positioning the package as its biggest listing reform since 2018, aimed at attracting a more diverse pipeline of high-growth companies as New York, London, Singapore and Tokyo all compete for similar issuers.

- **Cross-Border Listing Quality and GBA Connectivity:** The CSRC is raising standards for cross-border listings, shifting focus from issuance volume toward investability. Chairman Wu Qing used the Two Sessions on March 6 to announce elevated listing standards for the ChiNext board and direct enforcement against follow-on financing mechanisms historically used for cash extraction rather than genuine capital expenditure. The CSRC is also advancing a proposal to mandate a minimum market capitalization threshold for mainland entities pursuing dual listings in Hong Kong. HKEX itself reported a 36% jump in 2025 net profit to HK$17.75 billion, driven by surging trading volumes and a recovery in IPO activity. Separately, HSBC Asia Chairman Peter Wong proposed an "IPO Connect" programme on March 3 that would permit cross-border retail subscriptions across the Greater Bay Area.

- **Hong Kong Regulators Raid Major Brokerages Amid IPO Boom Scrutiny:** Hong Kong authorities raided the equity capital markets divisions of Citic Securities' local unit and Guotai Junan International on March 10, detaining at least one senior executive for questioning and seizing documents, in what marks a high-profile escalation of scrutiny over the city's booming IPO market. The raids follow a January 30 SFC circular that identified "serious deficiencies" in sponsor work—including poor due diligence, over-stretched principals, and unqualified staff—suspending vetting on 16 applications and ordering comprehensive reviews by 13 named sponsors amid warnings that "gatekeeping may have been eroded in the eager pursuit of deal volume." The SFC has since tightened RA6 licensing standards, conducting more rigorous on-site inspections of IPO principals, with new licensees falling sharply to just 28 in February from a monthly average of 235 in the latter half of 2025. Recent market reporting also suggests the quality-control challenge is broadening beyond

domestic China issuers, as rising interest from Southeast Asian candidates increases cross-border due-diligence complexity at the same time that the SFC is demanding stricter sponsor gatekeeping.

- **KRX KOSDAQ Reforms: Quality Thresholds, Delistings, and IPO Pressures:** Korea Exchange is tightening entry and exit standards on KOSDAQ simultaneously. On March 9, KRX reduced the number of specialized technology evaluation agencies from 26 to 16, concentrating vetting among more established firms. On the exit side, KRX announced on February 19 a dedicated Delisting Intensive Management Task Force running through June 2027, shortening the maximum improvement period from 18 to 12 months, moving capital impairment reviews to a semiannual basis, and reducing the cumulative disclosure penalty threshold from 15 to 10 points — changes that could expose 150–220 firms to removal. The FSC has framed these exit reforms as integral to restoring investor confidence in the new issue market, where more than 10 companies are currently in subscription or pre-listing stages across KOSDAQ and KOSPI. Separately, voluntary put-back options granted to retail investors during the 2025 IPO boom are now being exercised following early-March market swings, straining underwriter balance sheets. Progress on dual-listing guidelines — designed to restrict uncompensated spin-off structures — faces further delay pending a Democratic Party of Korea hearing on March 25.

- **Indonesia IDX: IPO Standards Reform and MSCI Re-inclusion Pathway:** The sweeping reform package announced by IDX and OJK in response to the late-January MSCI warning has moved into implementation. The focus now is on execution risk and the May 2026 MSCI decision. Acting IDX Chief Jeffrey Hendrik has set up readiness-based compliance batching — one to three years depending on each issuer's capacity to release shares — with OJK projecting 70–75% of the 267 non-compliant companies meeting the new 15% minimum free-float within the first year. The revised Regulation I-A tiered listing rules (25% / 20% / 15% free-float by market-cap band, with hard floors of 300 million shares and 10,000 SID holders for Main Board) apply immediately to new listings. For the primary market, the reforms raise the practical bar for IPO candidates: sub-scale issuers that cannot meet distribution floors may be redirected to the Development Board or deterred altogether.

- **SGX: Dual-Track Pipeline Strategy Targets China Tech and ASEAN Issuers** — SGX is actively courting China and ASEAN technology firms to list, with the mid-2026 launch of the SGX-Nasdaq Global Listing Board — a joint initiative enabling companies with S$2 billion+ market cap to dual-list using a single prospectus — positioned as the primary catalyst for higher-growth names that would not otherwise consider Singapore as a standalone venue. The framework directly addresses a

structural deficit in which delistings have consistently outpaced new listings for over a decade. It is complemented by MAS's S$5 billion Equity Market Development Programme, which invests in SGX-listed equities via external fund managers — S$2.85 billion of which has already been allocated — to build baseline liquidity and attract institutional capital. Despite reporting strong profits in its recent results, SGX faces continued pressure to convert pipeline momentum into completed transactions.

- **India eases minimum float requirements for mega IPOs, smoothing the path for listings such as NSE and Jio:** India has introduced graded public float rules for very large issuers—those valued above ₹5 trillion—allowing them to list with just 2.5% initial public float, compared with the previous 5% requirement. Companies will then follow a glide path to 15% public shareholding within five years and 25% within ten years. The reform is designed to reduce execution risk for oversized IPOs by avoiding the need to sell a disproportionately large block of shares at listing, directly benefiting long-anticipated offerings such as NSE and Reliance Jio. NSE has already appointed a record 20 merchant banks and multiple law firms, and local reporting now indicates it may target a valuation of roughly ₹6-7 trillion in an entirely secondary share sale of about 4.5-5.0% of equity, implying a potential issue size of roughly ₹28,000-38,000 crore, with draft papers expected within the next four to six weeks.

ETF Landscape

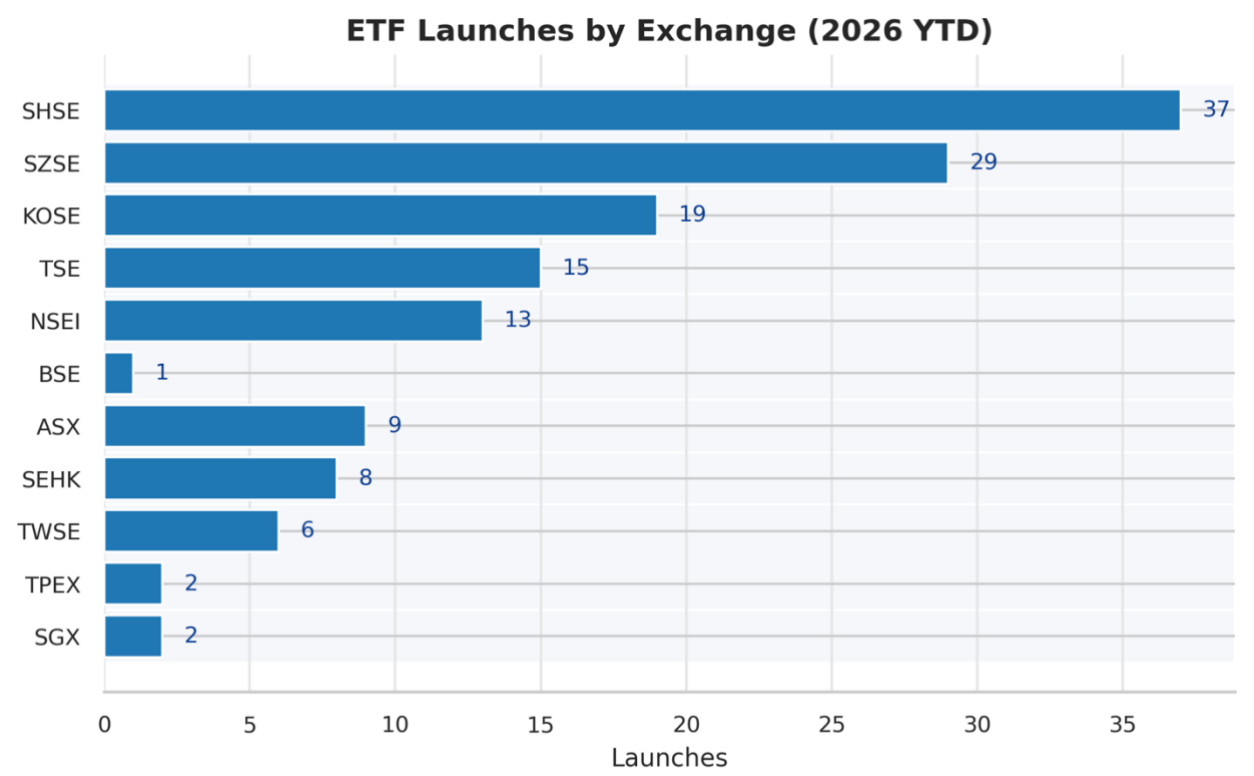
Further Acceleration in ETF Issuance

The Asian ETF market continues its strong growth trajectory into 2026, with 141 new ETF launches recorded through March 12— a 24% increase compared to the same period in 2025. Mainland China remains the epicenter of activity, with the Shanghai Stock Exchange (SHSE) and Shenzhen Stock Exchange (SZSE) together accounting for just under half of all regional issuance. This SSE/SZSE dominance reflects China's strategic push to develop domestic passive investment products, particularly in technology and semiconductor sectors aligned with national policy priorities. The 2025 calendar year saw an extraordinary 800 ETF launches across Asia—an 81% surge from 443 in 2024—indicating sustained structural demand for exchange-traded products that shows no signs of abating.

Geographic & Exchange Concentration

The geographic concentration of ETF issuance reveals distinct market characteristcs. Beyond Mainland China, South Korea and Japan represent the next tier, followed closely by India.

Australia, Taiwan, Hong Kong, and Singapore collectively contribute the remaining issuance, with Singapore registering only a very small number of launches YTD.



AI & Chip Design ETFs are highly represented on Chinese exchanges, reflecting state-aligned technology investment priorities, while Fixed Income products remain well-represented on the Tokyo Stock Exchange, consistent with Japan's mature bond market infrastructure. Hong Kong Connect-themed ETFs also continue to demonstrate strong investor appetite for cross-border mainland equity access, with launches split between SHSE and SZSE.

Thematic & Liquidity Insights

The thematic landscape reveals a striking dominance of AI and technology-focused strategies. Across AI, semiconductors/chips, robotics, and broader digital/technology themes, these categories collectively represent one of the largest thematic groupings in 2026 YTD issuance.

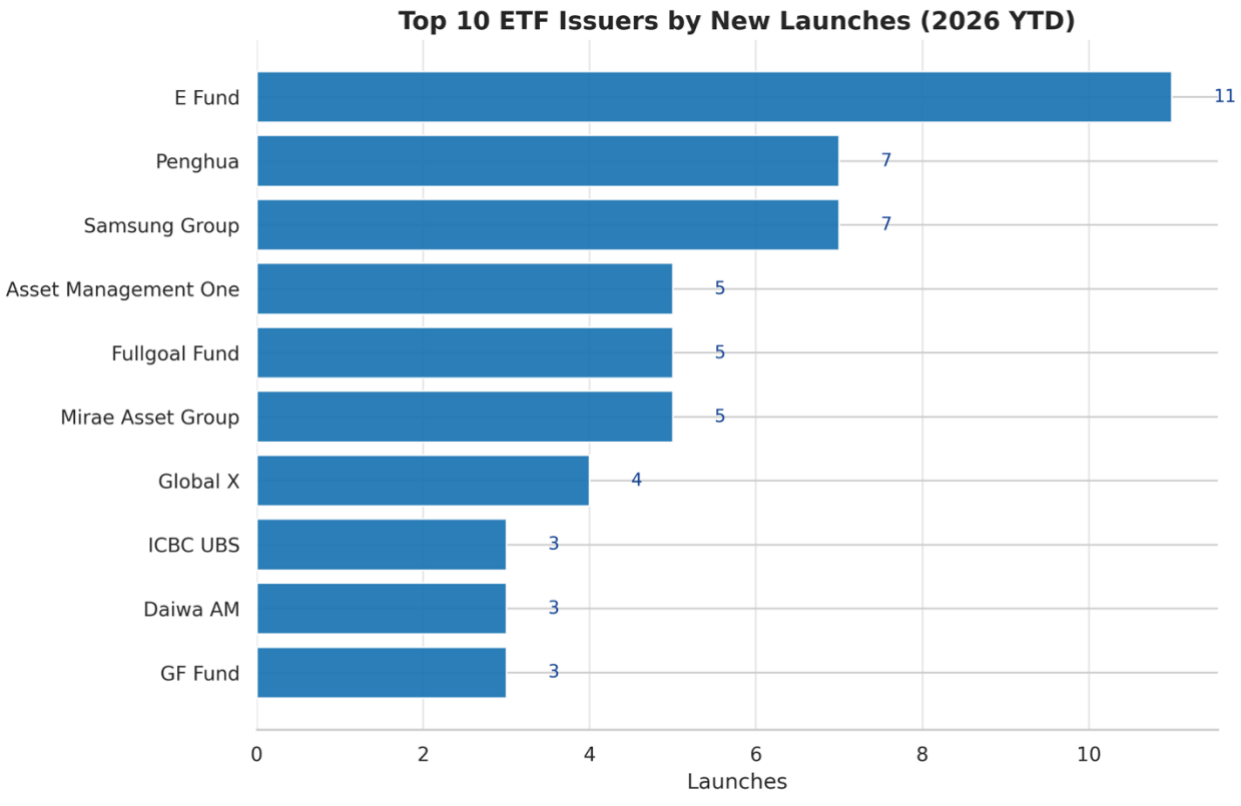
Metals & Mining ETFs continue to show asset-gathering potential, suggesting institutional investor preference for commodity-linked exposures amid global supply chain concerns. Financial Sector ETFs historically demonstrate high average daily trading value, led by deep-liquidity markets such as Taiwan. The Index/Broad Market theme remains among the

most active categories in launch volume, reflecting continued demand for passive core exposure across the region.

These liquidity disparities carry important implications: while China-domiciled ETFs benefit from large and active domestic trading pools, smaller exchanges across the region continue to face structural challenges in developing sustainable secondary-market liquidity for new products.

Issuer Landscape

The issuer concentration is notable—E Fund Management leads with 11 new launches YTD, followed by a cluster of Chinese managers including Penghua, Fullgoal, ICBC UBS, ChinaAMC, Bosera, and Hwabao WP. Chinese asset managers collectively command a majority of new product launches. Japanese issuers (Daiwa, Nomura) show strength in specialized fixed income and thematic products, while Korean managers such as Samsung and Mirae Asset, along with Indian managers, demonstrate growing regional ambitions with diversified product suites.



Around Asia

- **China ETF Connect Record Expansion and Southbound Inflows:** The Shanghai-Hong Kong and Shenzhen-Hong Kong ETF Connect schemes underwent their largest-ever expansion in January 2026 with the inclusion of 98 additional ETFs, broadening cross-border access for mainland and international investors. On March 9 southbound funds poured a record HK$37 billion+ into Hong Kong-listed ETFs, with the largest Hang Seng Tech Index ETF alone attracting over 9.3 billion yuan in net inflows year-to-date and posting sharp outperformance. The flows reflect renewed foreign optimism toward Chinese technology names and have tightened spreads while boosting secondary-market liquidity in the connected universe. Passive EM and China-focused trackers experienced automatic reallocation into the favored constituents, creating arbitrage opportunities for market makers and incremental index turnover for issuers in the Hang Seng Tech basket.

- **Korea: Active KOSDAQ ETFs, Retail Leverage and Platform Competition:** Korea Exchange listed the country's first two active KOSDAQ ETFs on March 10 — Timefolio Asset Management's TIME KOSDAQ Active and Samsung Asset Management's KoAct KOSDAQ Active — marking a structural shift toward active strategies within an ecosystem that has until now been dominated by passive products. Foreign and institutional flows rotated into these growth-focused vehicles targeting semiconductor and AI alpha, while heavy retail concentration in passive KOSPI-linked ETFs has introduced a localized volatility feedback loop: large inflows trigger rapid market-maker hedging that amplifies intraday swings in underlying large caps. Retail demand for leveraged products has surged—constrained by a domestic 2x cap, Korean retail accounts have increasingly sought exposure through US-listed triple-leveraged vehicles, contributing to record daily ETF turnover. NEXTRADE, the alternative trading platform that marked its first anniversary on March 3, has outlined plans to introduce ETF trading and fractional execution by Q4 2026, adding competitive pressure on KRX through extended hours and fee compression.

- **Korea: FSS Intervention:** The Financial Supervisory Service has ramped up oversight amid the volatility. On March 5 it warned against misleading ETF advertising that understates fees, obscures total cost metrics beyond headline TER, or implies guaranteed returns. On March 12 the FSS convened commodity-market experts and directed firms to strengthen risk disclosures for oil and commodity-linked ETFs and ETNs amid the surge in oil prices and 11-fold increase in related ETP trading volumes (to daily averages of 167.6 billion won). Regulators highlighted potential divergences between market prices and intrinsic values during heightened volatility, particularly for leveraged and inverse products. In parallel, major brokerages have sharply tightened margin terms and, in some cases, temporarily suspended credit transactions: at Korea Investment & Securities, only around 7% of stocks still qualify

for 60% consignment margin while the rest now require 100% cash, and firms such as Mirae Asset and SK Securities have raised margins or halted margin loans entirely to cool leveraged speculation.

- **Bursa Malaysia consults on framework for listed digital currency ETFs:** Bursa Malaysia has published a consultation paper on rule changes to permit listing and trading of digital currency ETFs, following the Securities Commission's March revision of ETF Guidelines to accommodate such products under an enhanced regulatory framework. The move would give Malaysian investors on exchange access to crypto exposures within a supervised wrapper, extending the region's gradual convergence between conventional ETF markets and digital assets.

- **Singapore SGX ETF Momentum: Record Turnover and Debut of First Home-Grown Physical Gold ETF** — SGX posted record ETF trading volumes in January 2026, with monthly turnover doubling to S$1.4 billion and total ETF AUM reaching S$19.1 billion, capping the strongest start to any year on record. Building on this momentum, LionGlobal Investments will list Singapore's first home-grown physical gold ETF on March 26, offering investors direct exposure to London Bullion Market gold without currency or custody frictions. The combined developments enhance product depth and institutional participation in the S$19 billion ETF segment, delivering tighter spreads and improved price discovery for market makers while expanding allocation options for passive and active funds benchmarked to SGX-linked benchmarks.

- **India: SEBI Proposes ETF Pricing Overhaul Following Gold/Silver Anomaly.** SEBI issued a consultation paper on February 12 proposing a structural overhaul of ETF base pricing and price band frameworks, triggered by a documented 21.26% single-day pricing dislocation in gold and silver ETFs during late-January volatility — a direct consequence of the existing T-2 NAV reference system, which creates a one-day lag that left ETF prices misaligned with rapidly moving underlying assets. The proposal would shift base price determination to T-1 metrics and replace the uniform ±20% fixed band with differentiated dynamic bands: an initial ±10% for equity and debt ETFs (expandable to ±20% with cooling-off periods) and ±6% for gold and silver ETFs (with staged relaxation aligned to commodity derivatives limits). A pre-open session for commodity ETFs is also under consideration to facilitate equilibrium price discovery. Separately, SEBI mandated from April 1, 2026 that gold and silver ETFs shift valuation from LBMA benchmarks to domestic exchange-published spot prices, further aligning ETF pricing with real-time Indian market conditions. The public comment period closed March 6, with implementation timelines pending.

- **BoJ Divestment Pressure & FSA Digital Asset Integration Roadmap:** Japanese lawmakers are escalating pressure on the Bank of Japan to formalize a definitive liquidation glide path for its $615 billion legacy ETF portfolio, aiming to unwind the systemic market distortion caused by prolonged quantitative easing. While the BoJ executes opportunistic localized divestment, the unquantified scale of the overhang heavily impacts forward volatility modeling. In parallel, the Financial Services Agency (FSA) outlined a regulatory overhaul of the Investment Trust Act slated for 2028. The framework will legally classify digital assets as eligible holdings for domestic ETFs and proposes harmonizing the current punitive 55% cryptocurrency capital gains tax rate with the flat 20% levy applied to traditional equities.

Equity Market Structure

Index Rebalancings and Constituent Developments

- **MSCI China Index Rebalancing: Sectoral Tilt Toward Technology Names:** MSCI's February 2026 quarterly review, effective February 27, delivered the largest net addition of Chinese stocks to its Global Standard Indexes in nearly three years (+21 net constituents after adding 37 and removing 16), with explicit weighting increases toward technology, AI, semiconductors, and autonomous-driving names including SenseTime, Pony.ai and Hesai Technology for the second consecutive quarter. The adjustments reflected a pure sectoral reallocation within the overall China country exposure rather than any aggregate weight change, as confirmed in the index-provider's constituent list release. Passive funds benchmarked to MSCI China and ACWI indices experienced automatic rebalancing flows into the added tech constituents, with direct implications for market makers managing index-tracking arbitrage and for listed issuers in non-tech sectors facing relative underweight pressure in global EM allocations.

- **Indonesia Capital Market Reforms: Disclosure Threshold Lowered and Free-Float Mandate Accelerated Post-MSCI Warning:** IDX and KSEI on March 3, 2026, began monthly publication of shareholder names for stakes above 1% across all listed issuers, down from the prior 5% threshold, directly responding to MSCI's late-January rebalancing pause over free-float opacity and suspected price coordination risks that contributed to an $80 billion JCI drawdown. OJK simultaneously enforced a phased increase in the minimum free-float requirement from 7.5% to 15%, projecting a 70-75% compliance rate among ~956 issuers within the first year through readiness-based batching (one- to three-year windows for the ~267 non-compliant names, unlocking up to Rp187 trillion or $11 billion in potential share supply), with special

notations imposed on laggards. IDX expanded the list of stocks eligible for liquidity-provider support and introduced a more flexible incentive scheme effective March 2, 2026. Separately, Indonesian authorities said they were accelerating the exchange's demutualization by preparing the necessary government regulation, with completion of the broader demutualization process targeted for the first half of 2026 as groundwork for a possible private placement and, later, an IPO.

Meanwhile, S&P Dow Jones Indices proceeded with its March quarterly review despite MSCI and FTSE Russell pauses, positioning passive EM trackers for potential reweighting flows and easing compliance burdens for concentrated large-cap issuers ahead of the May MSCI decision. While OJK has set the policy direction, local reporting indicates that IDX is still drafting the detailed amendments to Listing Rule I-A and is racing to finalize them before a self-imposed end-March deadline, underscoring execution risk around the May 2026 MSCI review date. The outstanding question is whether the pace of compliance — and MSCI's own assessment at its May review — is sufficient to lift the index's reclassification pause and restore Indonesia's weighting trajectory in EM benchmarks, which would be the decisive catalyst for the passive inflows the reforms are designed to attract.

- **Vietnam: Circular 08 Completes Pre-Funding Reform Ahead of FTSE EM Inclusion:** Vietnam's Ministry of Finance issued Circular 08/2026/TT-BTC effective February 3, extending the non-pre-funding framework first introduced under Circular 68 in November 2024 — the structural reform that triggered FTSE Russell's reclassification of Vietnam as an Emerging Market in October 2025. Circular 08's core addition permits foreign investors to execute trades directly through international broker intermediaries, removing the requirement to engage a local Vietnamese securities firm as executing broker while retaining local custody arrangements. FTSE Russell's March 2026 interim review will assess implementation progress on direct brokerage access ahead of Vietnam's expected inclusion in the FTSE Emerging Markets Index in September 2026, an event projected to catalyze significant passive inflows.

Product and Derivatives Developments

- **KRX signs 24-hour derivatives agreements as domestic extended-hours plan loses momentum:** KRX signed agreements on March 9 with Eurex and ICE to support 24-hour trading of Korea-linked index derivatives, but its separate plan to extend domestic equity trading hours is running into mounting resistance and may slip from the original late-June target into the second half of 2026. Recent Korean reporting indicates repeated policy changes over whether ETF liquidity providers would be

required to participate during extended hours, alongside industry concerns over staffing, system readiness, and market concentration if only selected ETFs are included. Those issues matter because ETF price formation during off-peak sessions depends heavily on active LP support; without it, wider tracking error and weaker execution quality could undermine the reform's intended competitiveness benefits.

- **BSE Derivatives Expansion: SEBI Approves Focused Midcap Index Futures and Options:** SEBI approved BSE's launch of index futures and options on the newly created BSE Focused Midcap Index, which tracks the top 20 mid-cap companies by free-float market capitalization, alongside contracts on the Sensex Next 30. The products expand BSE's derivative offerings beyond Sensex and Bankex, providing market makers and proprietary desks with targeted hedging tools in the mid-cap segment and enabling more precise exposure for institutional allocators and passive strategies.

- **Indian Retail Derivatives Surveillance: SEBI Crackdown on Retail F&O Activity:** SEBI accelerated its crackdown on retail-driven hyperactivity in the F&O segment. With quantitative options volume caps failing to tangibly slow participation rates by late February, SEBI Chairman Tuhin Kanta Pandey shifted focus to underlying retail catalysts. The regulator deployed its AI-driven surveillance architecture, "Sudarshan," on March 2 to systematically neutralize over 120,000 misleading posts. In parallel, structural trading costs face heightened scrutiny as institutional reports highlight the BSE's elevated transaction fee regime.

Equity Market Development and Governance

- **Singapore Equity Market Development Programme: MAS Expands Commitment to S$6.5 Billion:** MAS announced on February 12, 2026, an expansion of the Equity Market Development Programme from S$5 billion to S$6.5 billion through a S$1.5 billion top-up to the Financial Sector Development Fund, building on S$3.95 billion already deployed across nine institutional managers including JPMorgan Asset Management and Fullerton. The program channels dedicated capital into Singapore-listed equities to lift institutional participation, trading volumes, and liquidity depth—particularly for mid- and small-caps—while catalyzing third-party inflows and supporting SGX issuers amid broader structural initiatives such as SGX RegCo's review of smaller board lots for higher-priced stocks. Early 2026 trading data are consistent with that objective: in February 2026 SGX's securities daily average value rose 45% year-on-year to S$2.1 billion (a six-year high), total securities turnover grew 30% to S$38.5 billion, small- and mid-cap turnover surged 135%, and ETF turnover jumped 172% year-on-year to S$1.1 billion amid record net inflows and the Straits Times

Index briefly crossing the 5,000 level. Passive benchmarked funds and market makers stand to benefit from improved price discovery and reduced execution slippage in the S$1 trillion equity market as the next manager cohort is appointed around mid-2026.

- **Pan-Asian Clearing Optimization and Exchange Governance:** Bourses across South and Southeast Asia executed fragmented microstructural and governance tightening. Pakistan successfully compressed its capital market settlement cycle to T+1 on February 11 to mitigate counterparty risk. Bursa Malaysia formalized a reclassification of investor segments on February 24 to clarify trading participation metrics, while the SET introduced targeted liquidity reforms to capture rebounding local volumes. In the Philippines, the SEC intervened in exchange governance, floating a strict 10-year tenure cap for broker directors to neutralize institutional entrenchment.

- **Philippines: SEC Develops Dedicated Tech Growth Board:** The Philippine Securities and Exchange Commission has initiated structural groundwork for a dedicated technology-focused growth board, targeted for launch in the first half of 2026. The initiative reflects a broader ASEAN trend—visible also in Korea's KOSDAQ quality reforms and Malaysia's Capital Market Masterplan—of exchanges creating tiered listing venues to attract high-growth technology issuers that may not meet main board capitalization or profitability thresholds. Further details on listing eligibility criteria and governance framework are pending.

Volatility Safeguards

- **KRX Circuit Breakers Triggered Twice During Asia's March 2026 Energy Shock:** South Korea's KRX triggered level-1 market-wide circuit breakers on both the KOSPI and KOSDAQ on March 4 and again on March 9, 2026, after a Middle East-driven oil shock and forced deleveraging sent the KOSPI into its worst one-day percentage fall on record on March 4 and another 8%-plus decline on March 9; KOSPI 200 futures also hit sell-side and later buy-side sidecars during the ensuing volatility. The selloff erased roughly $550 billion in market value within two sessions, while ETF turnover surged to more than 34 trillion won a day on average in March, versus 19.2 trillion won in February and 6.6 trillion won in December. Across the rest of Asia, markets including Japan, Taiwan, India, Hong Kong and Singapore also sold off sharply on the same energy shock, while Pakistan separately reported a March 9 market halt. After the panic, Korean equities staged sharp rebound sessions, but the recovery remained incomplete and volatile through mid-March, with markets still

highly sensitive to oil prices, currency moves and geopolitical headlines.

Fixed Income and Currencies

- **SGX: Asian Government Bond Futures Incoming:** SGX announced on March 9 plans to launch government bond futures covering India, Indonesia, Malaysia, Thailand, and the Philippines—with contracts spanning 3-, 5-, and 10-year maturities per country, USD-settled and priced against a basket of sovereign bonds. CEO Loh Boon Chye, speaking at a conference in Florida, cited clear demand for duration risk management tools as Middle East tensions drive bond market volatility globally. The launch, expected within weeks, will meaningfully extend SGX's fixed income derivatives franchise beyond its existing JGB, SORA, and TONA futures suite.

- **Offshore RMB Utility and Regional Clearing:** On February 2, 2026, Clearstream enabled offshore Chinese government bonds as eligible collateral for initial margin segregation, in direct collaboration with pioneering institutions including Crédit Agricole CIB, CITIC Securities, and Shanghai Pudong Development Bank. This upgrade integrates China's US$26 trillion sovereign bond market more effectively into international repo and OTC derivatives margin infrastructures, enhancing capital efficiency for global participants. Regionally, SGX Group is actively exploring deeper interoperability with HKEX to expand offshore CNH (yuan) trading volume and cross-trading linkages, while advancing its new Global Listing Board in partnership with Nasdaq—scheduled for launch around mid-2026—to streamline dual listings via simplified single-prospectus processes for qualifying companies.

- **Chinese Bank De-Risking: US Treasury Concentration Guidance:** Chinese regulators in early February communicated verbal guidance to some of the country's largest banks — including major state-owned and commercial institutions — advising them to limit new purchases of US Treasuries and reduce existing positions where exposure has become concentrated. The guidance, which does not apply to China's official state-held Treasury reserves and carries no specific reduction targets or deadlines, was framed by regulators as a concentration risk and market volatility management measure rather than a geopolitical signal. Chinese banks collectively hold an estimated $298 billion in USD-denominated bonds, and the directive continues a years-long structural reduction in China's Treasury exposure — which has roughly halved since 2013. For regional market structure, the guidance adds incremental pressure on cross-border fixed income flows at a moment when offshore sovereign bond markets are already navigating elevated volatility.

- **Bilateral Swap Restricting and Reserve Reliance:** The U.S. Treasury and Federal Reserve formally rejected South Korea's bilateral currency swap proposal in early March, establishing a restrictive precedent for dollar liquidity access. Despite the South Korean won breaching the psychological 1,500-per-dollar threshold, Washington justified the denial by pointing to Seoul's $1 trillion in total foreign currency assets, including $400 billion in official reserves and $500 billion held by the National Pension Service. Bank of Korea Governor Rhee Chang-yong deployed verbal interventions to temper the depreciation, highlighting that external borrowing spreads and CDS premiums remain stable near 25 basis points, indicating the sell-off stems from Middle Eastern geopolitical risk rather than fundamental insolvency. This transactional shift in U.S. monetary diplomacy forces emerging Asian markets to lean entirely on internal buffers, structurally validating the persistent physical reserve accumulation seen in jurisdictions like Malaysia, which reported a reserve climb to $127.9 billion in mid-February to guarantee 4.7 months of import cover.

- **RBI: Draft Framework to Bring NDF Activity Onshore:** The Reserve Bank of India published draft directions on February 16 that would allow Authorised Dealer Category-I banks to trade foreign exchange and currency interest rate derivatives on regulated offshore electronic trading platforms—including beyond domestic market hours—as part of a structural effort to recapture rupee NDF volumes currently transacted offshore. The draft also permits AD banks to undertake rupee non-deliverable derivative contracts (NDDCs) cash-settled in rupees or foreign currency, subject to maintaining an IFSC banking unit, and allows placement of foreign currency deposits with overseas counterparties within prudential limits. Offshore platforms must be domiciled in FATF-member jurisdictions and regulated by CPMI- or IOSCO-affiliated authorities.

Commodities

- **Hong Kong and Singapore: Competing to Anchor Asia's Gold Market Infrastructure:** Elevated gold prices have catalysed a jurisdictional contest between Hong Kong and Singapore to capture physical storage, clearing, and trading flows currently anchored to the LBMA. Hong Kong's February 25 Budget proposed tax incentives for eligible gold trading and settlement institutions, a cooperation agreement with the Shanghai Gold Exchange already signed earlier this year, and plans to establish a central clearing platform for gold — with tax legislation expected to be introduced in H1 2026. The initiative is designed to position Hong Kong as the primary conduit for RMB-denominated bullion flows and deepen integration with mainland pricing infrastructure. Singapore's MAS has simultaneously been engaging

JPMorgan, UBS, ICBC Standard Bank, DBS, UOB, and OCBC over the feasibility of establishing a competing physical gold trading and warehousing hub targeting central banks, asset managers, and family offices — though all plans remain at an early stage with no formal infrastructure or policy commitments announced. The parallel initiatives, if realised, would fragment physical gold price discovery across distinct Asian custody and clearing pools, tightening spreads and expanding arbitrage opportunities between LBMA, SGE, and potential new Asian benchmarks.

- **New Commodity Derivatives and Structured Products:** CME Group printed its first block trade of 100 contracts in its newly launched South Asia Crude Palm Oil futures on March 5 — brokered by ICAP between Avere Commodities and Olam Agri — with the cash-settled CFR India contract offering Indian importers a direct hedge against landed crude palm oil costs, sidestepping Malaysian production benchmarks as the pricing reference. On March 6, KB Securities listed four leveraged and inverse silver futures ETNs on Korea Exchange, tracking COMEX silver indices via Solactive, capturing retail demand for short-term precious metals exposure amid elevated commodity volatility.

- **SHFE: Multiple Rounds of Metal Margin Tightening in January:** The Shanghai Futures Exchange executed two rounds of copper and aluminum futures tightening within a single week in late January, culminating in price limits raised to 9% and speculative margins to 11% effective January 28 — the second adjustment following an initial January 22 round that raised limits to 8% and margins to 10% as prices hit multi-year highs. Concurrent adjustments raised nickel price limits to 10% and margins to 12% (speculative), while silver contracts saw limits widened to 17% alongside significant margin increases. The coordinated tightening — the SHFE's most active intervention cycle since 2021 — also included enforcement actions against clients failing to disclose common control of trading accounts. Industrial hedgers retain differentiated hedging margin rates throughout, while speculative and proprietary desks face materially higher capital requirements across the base and precious metals complex.

- **India: SEBI Removes CTM Band for Commodity Options:** SEBI is eliminating the Close-to-Money classification for commodity options on goods, aligning their treatment with options on futures. The CTM band currently requires explicit exercise instructions for strikes within three intervals of at-the-money, imposing elevated margin requirements on out-of-the-money strikes approaching expiry. Its removal reduces compliance costs and margin burdens for institutional hedgers on the MCX and NCDEX, improving capital efficiency at expiry for active commodity derivatives participants.

- **Bursa Malaysia: Intraday Short Selling Suspended for Three O&G Counters:** Bursa Malaysia's automatic intraday short selling (IDSS) suspension mechanism was triggered on March 10 for Hibiscus Petroleum, Hengyuan Refining Company, and Petra Energy after their share prices dropped more than 15% or 15 sen from their reference prices amid energy-sector weakness tied to Middle East oil price movements. Normal trading in the affected shares continued throughout; only intraday short selling was halted, resuming the following morning at 8:30am. The episode illustrates the automatic stabiliser mechanisms embedded in Bursa's market rules, designed to limit short-selling amplification of sharp single-session declines in individual names.

Carbon Markets

- **China: National ETS Enforcement and Provincial Allocation Shifts Signal Structural Tightening:** China's national ETS is maturing rapidly on both enforcement and allocation fronts: a Ningxia-based combined heat and power plant incurred the scheme's largest-ever penalty — RMB 424 million (approximately USD 59 million), equivalent to five times the market price of unsubmitted 2023 allowances under the May 2024 Interim Regulations — marking the first fine exceeding RMB 100 million in the national scheme. At the provincial level, Guangdong's 2026 allocation plan requires covered industrial entities to purchase 5–10% of required allowances via auction, departing from near-total free allocation, while Shenzhen separately cut its free allocation baseline — both aligned with Two Sessions proposals to strengthen carbon pricing signals ahead of China's 2030 emissions peak. National carbon prices, which breached RMB 100 per tonne in late 2025, are stabilizing at elevated levels; rising compliance costs increase liquidity requirements for covered industrial issuers while expanding price-discovery and risk-management opportunities for market makers and carbon-focused strategies across China's expanding ETS universe.

- **EU CBAM Enters Definitive Phase: March 31 Authorisation Deadline and April 7 First Certificate Price:** The EU Carbon Border Adjustment Mechanism entered its definitive phase on January 1, 2026, with Asian exporters of covered carbon-intensive goods now subject to binding compliance obligations. Importers must submit applications for authorized CBAM declarant status before March 31—those who apply by this deadline may continue importing throughout 2026 while their application is processed, but unauthorized importers without a pending application face denial of free circulation at EU customs. The European Commission will publish the first quarterly CBAM certificate price on April 7, calculated as the average Q1

2026 EU ETS auction clearing price—though actual certificate purchases are not required until February 2027 to cover 2026 imports, with the 2026 CBAM factor phased at 2.5% of full carbon cost en route to 100% by 2034. The mechanism nonetheless operates as the primary structural catalyst accelerating domestic carbon pricing adoption across Southeast Asia, as jurisdictions seek to capture carbon revenues locally rather than remit them as EU border adjustments.

- **HKEX and Brazil's B3 Sign MoU to Explore Cross-Border Carbon and Commodity Opportunities:** HKEX and Brazil's B3 exchange signed a memorandum of understanding to jointly explore cross-border carbon market development, commodity product opportunities, and potential equity cross-listing arrangements alongside new ESG-linked products. The partnership leverages complementary strengths — B3's depth in commodity and agricultural derivatives and HKEX's role as Asia's premier international exchange and sustainable finance gateway — and aligns with Hong Kong's strategic positioning as a carbon and commodities hub bridging Western and Asian capital. For market participants, the MoU opens prospective liquidity and hedging channels across gold and carbon-linked strategies while creating potential new allocation vehicles for thematic and ESG-focused passive funds.

- **Vietnam: Decree 29/2026 Establishes Carbon Exchange Framework, Pilot Launch Delayed to Late 2026:** Vietnam's Decree 29/2026/ND-CP (January 19) formally establishes the country's first domestic carbon trading exchange within existing securities infrastructure—with HNX as trading operator and VSDC handling clearing and settlement—on a fee-free basis through December 2028 ahead of full commercialization in January 2029. Despite the legal architecture now being in place, actual pilot trading has been delayed to late 2026 due to an incomplete national carbon registry, administrative restructuring following the 2025 ministry consolidation into the new Ministry of Agriculture and Environment, and a severe MRV capacity deficit—with only two to three internationally accredited GHG inventory centers domestically—forcing covered entities to route verifications through high-cost international intermediaries.

- **India: GCC-TERI MoU Targets Digital MRV Platform for Decentralized Carbon Markets:** The Global Carbon Council and TERI formalized an MoU on March 4 to jointly explore developing India's first digital carbon marketplace—or integrating projects into GCC's existing ASCENT Energy Access Portal—built around TERI's LaBL 2.0 program, aggregating micro-scale mitigation activities including rural solar installations and clean cookstoves. The platform's Digital MRV architecture is designed to pool household-level distributed renewable energy assets into tradeable,

institutional-grade carbon credit pools, compressing the verification transaction costs that have historically made sub-commercial project scales economically unviable. If operationalized, the model offers a scalable commercial blueprint for decentralized mitigation transfers potentially eligible under Article 6.2 bilateral mechanisms, creating an incremental high-integrity voluntary credit supply accessible to Indian corporates and international ESG-focused funds.

- **India: MNRE Notifies Carbon Intensity Thresholds for Green Ammonia and Methanol:** India's Ministry of New and Renewable Energy issued standards on February 27, 2026 — publicly announced March 7 via PIB — capping eligible Green Ammonia at 0.38 kg CO_2 eq/kg and Green Methanol at 0.44 kg CO_2 eq/kg, calculated as a 12-month average across the full production chain from hydrogen production through on-site storage. The standards operate under the National Green Hydrogen Mission's existing green hydrogen definition and establish a verifiable certification framework for Indian exporters targeting EU and other regulated markets, reducing CBAM-related cost exposure relative to non-certified producers. Measurable green commodity benchmarks of this type are a necessary precondition for developing liquid hedging instruments for green hydrogen derivative trade flows.

Digital Assets

- **South Korea: Crypto Exchange Ownership Cap and Consolidation**— South Korea's Financial Services Commission and the ruling party's Digital Asset Task Force agreed in early March to cap major shareholder stakes in domestic crypto exchanges at 20%, with exceptions of up to 34% permitted through enforcement decrees for new business owners only, and a three-year compliance window for existing holders once legislation is passed. The measure will force ownership restructuring at major platforms — Upbit's founder holds approximately 25.52% and Binance holds a significant stake in Gopax — while exchanges simultaneously accelerated delistings of locally-originated tokens, with a substantial portion of "kimchi coins" either removed or scheduled for termination as of early March. The Financial Intelligence Unit issued a preliminary notice of six-month partial suspension against Bithumb on March 9 over AML/KYC breaches. The ownership cap is expected to be embedded in the forthcoming Digital Asset Basic Act, which will also cover stablecoin issuance and crypto ETFs.

- **China: Eight-Regulator Joint Notice Tightens Crypto and RWA Restrictions:** On February 6, eight Chinese regulatory authorities led by PBoC — including the CSRC, NDRC, NFRA, and SAFE — issued a joint notice reinforcing and expanding the

mainland's prohibition on virtual currency activities. The notice explicitly bans mainland entities from issuing RMB-pegged stablecoins whether onshore or offshore, and prohibits RWA tokenization activities and related intermediary services within China. Importantly, the notice does not constitute an offshore ban — companies operating under local regulatory approval outside mainland China, including in Hong Kong, retain latitude to pursue tokenization activities. The directive is widely interpreted as protecting monetary sovereignty and the digital yuan from private competition, while drawing a sharper regulatory boundary between the mainland and Hong Kong's separate licensing framework.

- **Hong Kong readies first bank-issued stablecoins under 2025 ordinance:** The HKMA is expected to grant the first licenses for fiat-referenced stablecoins by late March under Hong Kong's Stablecoin Ordinance, with market reports suggesting HSBC and Standard Chartered are among the frontrunners even though the authority has not confirmed individual applicants. If realized, this would anchor regulated stablecoin issuance in the banking system rather than non-bank fintechs, reinforcing Hong Kong's strategy to build a tightly supervised digital-asset hub while supporting tokenized deposits and on-chain settlement experiments.

- **Hong Kong: SFC Permits Perpetual Contracts and Affiliated Market Making:** The SFC published two frameworks on February 11 under its ASPIRe roadmap: one permitting licensed virtual asset trading platforms to offer perpetual contracts to professional investors and another allowing platforms to engage affiliated companies as market makers. Perpetual contracts — open-ended derivative contracts with no expiry date — will require individual SFC approval for each proposed product, with mandatory funding rate convergence mechanisms and automated liquidation safeguards. The affiliated market maker framework requires platforms to notify the SFC, submit an independent third-party compliance report, and accept specific license conditions. Together the two frameworks represent a meaningful expansion of Hong Kong's virtual asset product suite under the ASPIRe roadmap.

- **Southeast Asia: Wholesale Tokenization Frameworks Advance:** Bank Negara Malaysia launched the Digital Asset Innovation Hub in February, initiating trials for a Digital Ringgit and wholesale tokenized deposits with tier-one intermediaries including Maybank and CIMB. Malaysia's Securities Commission separately issued guidance allowing existing CMSL holders to offer digital asset broking for prescribed securities, avoiding a bifurcated licensing model in exchange for stringent operational audits. In Thailand, the SEC anchored its 2026 plan around tokenized mutual funds using DLT for instant redemptions, alongside a 5% cap on investor crypto portfolio allocations. The common thread across ASEAN is the acceleration of wholesale

tokenization within institutional guardrails while ring-fencing retail exposure.

- **Pakistan's Transition to a Federal Virtual Asset Regime:** The Pakistani government formally unwound the State Bank of Pakistan's (SBP) 2018 prohibition on digital assets, bringing a substantial informal trading sector under federal purview. The National Assembly finalized the Virtual Assets Act of 2026 on March 6, following Senate clearance in late February. The legislation institutionalizes the Pakistan Virtual Assets Regulatory Authority (PVARA)—previously operating under a temporary presidential ordinance since July 2025—as the primary statutory supervisor for all Virtual Asset Service Providers. Triggered heavily by FATF compliance requirements and the need for revenue capture, the statutory framework mandates formalized clearing and integration protocols between PVARA, the Securities and Exchange Commission of Pakistan (SECP), and the SBP to bridge domestic banking rails with regulated digital asset custodians and exchanges.

Policy and Regulation

- **China's 15th Five Year Plan Sets the Policy Backdrop:** China's National People's Congress concluded on March 12 with formal adoption of the 15th Five-Year Plan (2026–2030), setting an important policy backdrop for the biggest market in Asia. The Plan represents a shift in emphasis: where the 14th FYP focused on balancing development with security, the 15th frames "financial power" as an active policy instrument. It directs financial services to support key national strategies, including technological self-reliance and green finance. On market structure, the Plan calls for steady development of futures, derivatives, and securitization markets under strengthened supervision. On climate finance, it mandates expansion of the national carbon trading market and encourages orderly innovation in carbon-related financial products. It also reinforces Hong Kong's role as an offshore RMB hub, calls for building a "commodity trading ecosystem," and supports cautious expansion of cross-border connectivity — including optimisation of QFII/RQFII and construction of an independent, controllable RMB cross-border payments infrastructure.

- **Indonesia OJK Capital Market Crackdown: IDR 23.6 Billion in Administrative Fines Issued** — OJK announced in early March, the imposition of administrative sanctions totalling Rp23.6 billion for violations including price manipulation, financial misreporting, and underwriting lapses, accompanied by one license revocation, three suspensions, and four formal orders. The intensified enforcement builds on prior actions against influencer-driven coordination and IPO due-diligence failures, directly

addressing MSCI investability concerns. Listed issuers and intermediaries face heightened compliance risks and potential share-supply adjustments, while passive EM funds and market makers gain from reinforced market integrity and reduced concentration-driven volatility.

- **Malaysia: Capital Market Masterplan 2026–2030 and Taxonomy Alignment:** The Securities Commission Malaysia unveiled the Capital Market Masterplan 2026–2030 on March 9—introduced by Prime Minister Anwar Ibrahim—targeting 6–8% CAGR growth in market size from RM4.3 trillion in 2025 to RM5.8–6.3 trillion by 2030, with a 20-year vision of RM20 trillion by 2046. The plan is anchored on four themes — vibrancy, inclusivity, sustainability, and regional opportunities — with emphasis on optimising equity market valuations, scaling the sukuk and bond market, accelerating venture capital and private equity, and deepening ASEAN institutional integration. Separately, BNM and the SC published a joint call for feedback on March 2 for Malaysia's first unified national sustainable finance taxonomy, aligning domestic green and amber classifications with the ASEAN Taxonomy for Sustainable Finance and consolidating BNM's existing CCPT and the SC's SRI Taxonomy into a single framework—with the consultation period open until April 14. On the enforcement front, the SC in late February charged AUF MBZ Consortium PLT and its founder with two counts of dealing in securities without a Capital Markets Services License under Section 58(1) of the CMSA 2007, with offenses spanning June 2021 to February 2024.

- **South Korea: Corporate Value-Up Disclosure Eased; FIU Under Capacity Pressure:** Korea Exchange softened its Corporate Value-Up disclosure framework on January 22, permitting listed companies to substitute qualitative governance commitments for rigid quantitative improvement targets — an accommodation for cyclical sectors whose financial metrics are sensitive to macro volatility. The adjustment preserves the program's momentum while reducing compliance burden on issuers less able to commit to fixed return-on-equity or valuation thresholds. Separately, the Financial Intelligence Unit flagged rising suspicious-transaction volumes against a backdrop of constrained supervisory capacity, raising questions about enforcement throughput as virtual asset activity and cross-border flows continue to expand.

- **China: Margin Ratio Restored to 100% and SSE Releases 2026 Service Initiatives:** The Shanghai, Shenzhen, and Beijing Stock Exchanges raised the minimum margin ratio for new securities-financing contracts from 80% to 100% on January 14, with CSRC approval, reversing the August 2023 easing that had been deployed to bolster market activity. Existing contracts and their rollovers retain the prior 80% ratio. The adjustment was framed explicitly as a counter-cyclical measure,

implemented as SSE margin balances reached RMB 1.34 trillion — approaching the all-time record of RMB 1.5 trillion set in June 2015. On February 12, the SSE released its 2026 List of Practical Initiatives, comprising 10 actions across listing review, frontline regulation, product innovation, market services, investor protection, and digital transformation. Key commitments include approximately RMB 1.113 billion in fee reductions, expansion of the "Fixed Income+" multi-asset index system, ESG disclosure evaluation updates, and hybrid online-offline board secretary training.

- **Thailand Derivatives Market Expansion: Crypto Assets and Carbon Credits Cleared as Eligible Underlyings** — Following Cabinet approval on February 10, 2026, the Securities and Exchange Commission of Thailand expanded the Derivatives Act B.E. 2546 to permit digital assets, including BTC as underlying instruments for regulated futures and options while reclassifying carbon credits as “goods” enabling both cash-settled and physically delivered contracts. The SEC will amend derivatives business licenses for digital-asset operators and update supervisory frameworks for TFEX and clearing houses to align with international standards while strengthening risk management and investor protection. Market makers and institutional desks gain new hedging tools across crypto and ESG-linked products, with passive and thematic funds benefiting from improved price discovery and allocation options in the upgraded derivatives ecosystem.

- **India: SEBI Mutual Fund Framework Overhaul and Liquidity Tools:** SEBI on February 26 introduced a comprehensive overhaul of mutual fund scheme categorization, consolidating products into five broad categories and discontinuing solution oriented schemes in favour of a new Life Cycle Fund category. These open ended, goal based funds follow predetermined 5–30 year maturities in five year increments, with a maximum of six active Life Cycle Funds allowed per AMC at any time. The reforms reinforce a stricter true-to-label regime, reducing scheme overlap and tightening thematic discipline. Separately, SEBI has strengthened investor protection by launching a voluntary debit freeze facility for mutual fund folios—across demat and non demat accounts—from April 30, allowing investors to block unauthorized redemptions. In parallel, SEBI finalized rules permitting mutual funds to use tightly framed intraday borrowings from April 1, 2026, strictly to meet same day redemptions, interest, and distribution payments. The borrowing framework aims to smooth liquidity management during timing mismatches while preserving overall leverage limits.

- **India: RBI Mandates 100% Collateral for Broker Funding:** The RBI's revised Commercial Banks Credit Facilities Directions—effective April 1, 2026—mandate 100% collateral for all bank credit to brokers and capital market intermediaries, apply

a minimum 40% haircut on equity collateral, and prohibit banks from funding broker proprietary trading. Market-making activities and short-term debt warehousing remain eligible for bank funding, while margin trading facilities for clients may continue on a strictly secured basis. The measures are expected to reduce leverage materially across the brokerage sector and accelerate consolidation among tier-two discount brokers.

- **India: SEBI Launches SWAGAT-FI Framework for Trusted Foreign Investors:** SEBI introduced the Single Window Automatic and Generalised Access for Trusted Foreign Investors (SWAGAT-FI) framework on January 16, effective June 1, 2026, offering eligible low-risk institutional investors a streamlined combined FPI and FVCI registration pathway, 10-year validity periods, and reduced documentation requirements. Qualifying investors must meet objective verification criteria—focusing on regulatory standing, track record, and jurisdiction of domicile—reducing long-term entry friction for institutional capital without compromising SEBI's risk-tiering approach. The framework is SEBI's most substantive FPI onboarding reform since the 2019 FPI consolidation.

- **Vietnam Securities Market Development: Corporate Governance Code 2026 and Proposed Commodity Derivatives Law** — The State Securities Commission launched the Vietnam Corporate Governance Code 2026 on February 3-4 in partnership with IFC and SECO, aligning with updated G20/OECD principles across nine core areas and replacing prior best-practice guidelines to enhance transparency, board accountability, and foreign-investor confidence ahead of potential market reclassification. Concurrently, the Ministry of Industry and Trade opened public consultation on a dedicated Law on Commodity Derivatives Trading to replace fragmented rules in the 2025 Commercial Law, prioritizing agricultural-commodity contracts for price-risk management. Listed issuers gain clearer governance benchmarks supporting foreign inflows, while derivatives market participants and passive EM trackers anticipate deeper liquidity and hedging mechanisms in key export sectors.

Technology & Infrastructure

Exchange Technology Modernisation

- **KRX: First Corporate Acquisition Targets AI Data Analytics:** Korea Exchange completed its first-ever corporate acquisition on February 10, purchasing a 67% stake in AI data analytics startup FairLabs for ₩6.7 billion (~$4.6 million)—selected from a

pool of approximately 30 candidates evaluated over the prior year. Founded in 2020, FairLabs specializes in converting unstructured data—including news, regulatory disclosures, IR materials, and ESG information — into structured investment insights using AI. KRX intends to integrate FairLabs' technology into market surveillance, data services, and investment product development, with the acquisition marking a strategic pivot toward becoming a data-driven exchange operator.

- **ASX: LSEG to Replace Legacy ASX 24 Derivatives Platform:** ASX entered an agreement with LSEG Markets Technology on March 3 to replace its legacy ASX 24 derivatives trading platform with a high-performance, low-latency system engineered for resilience and capacity. The partnership covers platform design, testing, migration, and participant readiness through 2026, under pressure from a string of recent system outages that intensified scrutiny of ASX's core infrastructure. The upgrade covers interest-rate, equity, and commodity derivatives—one of the world's most actively traded interest rate derivatives ecosystems—and comes as ASX continues rebuilding institutional confidence following the aborted blockchain CHESS replacement.

- **HKEX: Legacy Participant Gateway Decommissioning by Q3 2027:** HKEX announced in mid-February that it will fully decommission its legacy Participant Gateway by Q3 2027 as part of its Orion Cash Platform overhaul, mandating migration to new API-based post-trade services. The transition aims to reduce operational friction, shorten processing cycles, and improve straight-through processing rates across the exchange's post-trade infrastructure.

- **Taiwan: TDCC Partners with Proxymity for STP Proxy Voting:** The Taiwan Depository & Clearing Corporation partnered with Proxymity in February 2026 to deliver straight-through-processing proxy voting for foreign institutional investors, digitizing the cross-border corporate governance workflow and addressing longstanding friction points in ESG compliance and shareholder engagement.

Market Infrastructure Developments

- **Korea: KRX Outages and Broker System Failures Under FSS Scrutiny:** Korea Exchange experienced two brief trading disruptions on March 9—failing or delaying order processing between 12:30–12:33 p.m. and 1:39–1:41 p.m. amid record intraday KOSPI volatility. Separately, on March 5, the FSS launched a formal investigation into balance inquiry failures on Korea Investment & Securities' mobile trading platform during the geopolitical-driven market swings, with Mirae Asset Securities and Kakao Pay Securities also reporting service errors across the same three-day period. The FSS

is reviewing root causes and will determine whether further regulatory action is warranted. The concurrent failures at the exchange and brokerage level—during the most volatile sessions in 576 days—raise structural questions about system capacity under simultaneous stress scenarios.

- **Singapore SGX custody reform shifts towards omnibus broker accounts:** SGX RegCo has issued a major consultation to allow Singapore-listed shares to be held in omnibus broker custody accounts by default, rather than only in segregated CDP or segregated broker accounts, bringing the market closer to global post-trade practice. Direct CDP and segregated custody will remain available for investors who prioritise name-on-register status, but the change would materially reshape record-keeping, shareholder engagement, and post-trade economics across SGX's cash-equity market.

- **BSE: Real-Time Infrastructure Observability via ITRS Geneos:** The Bombay Stock Exchange selected ITRS Geneos in February 2026 to implement end-to-end real-time observability across its trading infrastructure, supporting SEBI's operational resilience framework and enabling proactive detection of latency and capacity issues ahead of stress events.

- **India: SEBI Investigates NSDL Settlement Glitch:** SEBI Chairman Tuhin Kanta Pandey confirmed on February 13 that a root-cause analysis is underway for NSDL's early-February inter-depository transfer glitch, which delayed settlements for several days and exposed capacity constraints within legacy software architecture. Corrective upgrades are expected to follow the investigation.

- **Vietnam: T+2 Settlement Delay Resolved on Newly Deployed KRX System:** The VSDC resolved a T+2 settlement delay on February 27 affecting equities, fund certificates, warrants, and bond transactions from February 25–26 trades, attributed to extended scheduled maintenance on Vietnam's newly deployed KRX-built trading system—highlighting operational friction during the migration to higher-capacity matching infrastructure.

Central Bank Digital Infrastructure

- **Bank of Japan: Wholesale CBDC Blockchain Settlement Sandbox:** Bank of Japan Governor Kazuo Ueda announced on March 3 at FIN/SUM 2026 that the BoJ will launch a DLT-based sandbox to test whether bank reserves—current account deposits held at the BoJ—can be settled via blockchain technology, enabling 24/7 atomic interbank and securities settlement using central bank money. The initiative moves beyond the BoJ's prior retail CBDC research, targeting the fundamental

settlement infrastructure of Japan's financial system. Sandbox development is expected to begin in Q2 2026, with real-world testing involving selected financial institutions through 2027 and results anticipated in early 2028. The specific DLT architecture remains unconfirmed.

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