



Asia-Pacific
Economic Cooperation

THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM
CAPACITY-BUILDING
A Public-Private Sector Initiative

First Meeting 2014
11 February 2014
1:00 PM – 3:00 PM
Great Room III and IV, The Langham Hotel
Auckland, New Zealand

Document: AGFSCB 34-012
Draft: **FIRST**
Source: AGFSCB Chair
Date: 10 February 2014
Meeting: Auckland, New Zealand

Meeting Paper 4-A

Draft APFF Work Program
Office of the Advisory Group Chair

Purpose: For consideration.

Issue: Presentation on APFF work streams and work plans.

Background: A symposium hosted by the Australian Government in Sydney on 10-11 April 2013 endorsed the establishment of the APFF. ABAC developed a proposed work program in collaboration with financial market participants and multilateral, public sector and academic institutions.

Proposal /Recommendations: The proposed work program comprises of activities to be undertaken under the following work streams:

- Insurance and retirement income
- Trade and supply chain finance
- Lending infrastructure
- Financial market infrastructure and cross-border practices
- Capital markets
- + Linkages and structural issues

Decision Points: Endorse the work program and planned activities.

APFF Work Program

Initial Phase (2013-2015/16)

APFF WORK STREAMS:

- Insurance / retirement income
- Lending infrastructure
- Trade and supply chain finance
- Financial market infrastructure (FMI)/
cross-border practices
- Capital markets
- + *Linkages and structural issues*

Insurance / retirement income

- **Objective**
 - To help develop policies/regulations to support long-term business roles of insurance and pensions and development of retirement systems
- **Work Plan**
 - Gap analysis: survey on insurance, investment, pensions, accounting, regulations
 - Defining proposed list of deliverables, timeframes, benchmarks, action plans
 - Collaborate with interested authorities, consultants and regional organizations
- **Contributors**
 - Nippon Life (sherpa), Jardine Matheson (vice sherpa), ADB, AIA Group, ASEAN Insurance Council, Association of Insurance Supervisory Authorities of Developing Countries/Association of Insurers and Reinsurers of Developing Countries, Australian Super, Bank of Tokyo Mitsubishi UFJ, Barnert Global, Cathay Life, Citigroup, Great Eastern Life, HK-APEC Trade Policy Study Group, IAG, International Insurance Society (special advisor), Manulife, MetLife, OECD, OJK Indonesia, PIMCO, Pramerica, Prudential Corporation Asia, Samsung Life, Tokio Marine, ASIFMA (observer)

Lending Infrastructure

- **Objective**
 - Improve credit availability to MSMEs and low-income households through improved legal and institutional frameworks for secured transactions and credit reporting systems
- **Work Plan**
 - Gap analysis
 - Workshop to validate and improve gap analysis
 - Dialogues with government agencies (ministries of law/justice, civil code reform commissions, etc.) regulators and other relevant stakeholders and officials to promote adoption/implementation/enforcement
- **Contributors**
 - GE Capital (sherpa), Asia-Pacific Credit Coalition (sherpa), Davis Wright Tremaine, Experian, Japan Financial Services Agency (Japan), International Factors Group (IFG), International Finance Corporation (IFC), People's Bank of China (PBOC) Credit Reference Center, Transunion

Trade and supply chain finance

- **Objective**
 - Improve availability of finance to support cross-border trade and supply chains through improvements in financial regulatory regimes, collateral management, warehouse financing, secondary markets for trade finance, electronic trade platforms linking supply chain participants
- **Work Plan**
 - Survey and report by APEC PSU
 - Development of policy recommendations (in above-mentioned areas) and proposals to collaborate with government agencies, regulators, and relevant stakeholders to promote adoption and implementation of recommendations.
 - Dialogues and collaboration with government and relevant stakeholders
- **Contributors**
 - Deutsche Bank (sherpa), ADB, APEC Policy Support Unit, Barclays Bank, BTMU, BAFT-IFSA, Citi, Fung Global Institute, GE Capital, HSBC, International Chamber of Commerce, IFC, IFG, JPM Chase, Standard Chartered Bank, SWIFT

FMI and Cross-Border Practices

- **Objective**
 - Develop the region's financial market infrastructure for regional cross-border portfolio flows through improvements in cross-border market access, investment and repatriation practices affecting investors, asset managers, broker dealers, custodians and FMIs, and in the technical substructure (including communications networks, messaging, technical standards, database languages and applications).
- **Work Plan**
 - Analysis and recommendations
 - Cross-border practices that can affect regional cross-border portfolio flows
 - Benchmark for technical substructure requirements for market participants and CSDs
 - Identify potential risks resulting from more integrated financial markets
 - Dialogues and collaboration with government agencies, regulators and other relevant stakeholders and officials to promote adoption/implementation/enforcement
- **Contributors**
 - SWIFT (sherpa), Deutsche Bank (sherpa), ADB, ANZ Bank, Association of Global Custodians Asia, ASIFMA, Australian Financial Markets Association, Bank Negara Malaysia, Bank of New York Mellon, Bank of Thailand, BIS, Black Rock, BTMU, Charles Schwab, Citi, CLS Bank Group, Euroclear, Goldman Sachs, Hong Kong Inter-bank Clearing Limited, HSBC, ICMA, IMF, Invesco, JPM Chase, Japan Securities Dealers Association, Macquarie Bank, Nomura, State Street, Visa

Capital Markets

- **Objective**
 - Accelerate the development of deep and liquid capital markets through measures to develop sound and efficient repo markets and OTC derivatives clearing systems, improve the availability of information for debt market investors and accelerate regulatory mutual recognition.
- **Work Plan**
 - Gap analysis and development of roadmap for:
 - Launch of classic repo programs
 - Enabling close-out netting for managing OTC derivatives counterpart exposures, enforceable legal protection for collateral takers' rights, establishing college of regulators to benchmark clearing houses against CPSS-IOSCO standards
 - Improving disclosure and accounting (related party transactions and off-balance sheet obligations) relevant to wholesale and secondary markets, providing needed bond market data identified by market participants, greater transparency in investor rights
 - Adoption of regulatory recognition approach across the region to improve cross-border portfolio investment
 - Dialogues and collaboration with government agencies, regulators and other relevant stakeholders and officials to promote the above work plan
- **Contributors**
 - ASIFMA (sherpa), ISDA (sherpa), Moodys (sherpa), State Street (sherpa), ADB, Australian Financial Markets Association, Barclays Bank, Bingham Sakai Mimura Aizawa, BlackRock, BTMU, CFA Institute, Citi, CLP Holdings, Clifford Chance, Deloitte, Deutsche Bank, Fidelity, Global Public Policy Committee Accounting Network, Goldman Sachs, HSBC, Linklaters, Manulife Asset Management, MUS, Nomura, PricewaterhouseCoopers, Standard Chartered, World Bank

Linkages and Structural Issues

- **Objective**
 - Deepen understanding among public sector, business, standard setting bodies, multilateral organizations, academia and other relevant stakeholders of significant policy and regulatory issues and their impact on financial markets.
- **Work Plan**
 - Research and regular strategic level discussions
- **Contributors**
 - Australian APEC Study Centre at RMIT University (sherpa), Australian Centre for Financial Studies, Fung Global Institute, Institute for International Monetary Affairs, ADB Institute, Marshall School of Business, Monash University, World Bank

Important Dates

- 03/21-22, Shanghai: Lending infra workshop hosted by PBOC
- 03/27-28, Shenzhen: FMP Seminar on Improving Financial Services for the Real Economy (sessions on capital market supporting innovation and supply chain finance)
- **05/05-07, Santiago: APFF Caucus Meeting + APFF Latin America Conference**
- 06/26-27, Fuzhou: FMP Seminar on Long-Term and Stable Financing for Infrastructure Development
- **07/07, Seattle: APFF Conference + APFF Caucus Meeting**
- 07/16-17, Dalian: FMP Seminar on Fiscal and Taxation Policies for Economic Restructuring
- **09/13, HK: APFF Conference**