

APFF

Asia-Pacific Financial Forum

Roundtable on Financial Regulations

The Changing Global Regulatory Landscape *Implications for Asia-Pacific Financial Markets and the APFF Agenda*

January 27, 2015
The Grand Hyatt Hong Kong
Hong Kong, People's Republic of China

Organized by
APEC Business Advisory Council

With the support of
NOMURA

ABOUT ABAC AND APFF

The **APEC Business Advisory Council (ABAC)** was created by the APEC Economic Leaders in November 1995 to provide advice on the implementation of the Osaka Action Agenda and on other specific business sector priorities, and to respond when the various APEC fora request information about business-related issues or to provide the business perspective on specific areas of cooperation. In 2012, ABAC proposed the **Asia-Pacific Financial Forum (APFF)**, a platform for regional public-private collaboration to help accelerate the development of integrated financial markets and services in the region. In 2013, the APEC Finance Ministers adopted the APFF as one of their official policy initiatives and entrusted its management to ABAC. In 2014, the Ministers endorsed the APFF's Interim Report, which drew from the work of more than 270 senior representatives and experts from 137 major private and public institutions.

The Interim Report recommended concrete undertakings across the broad financial sector that can yield tangible results within two or three years. These undertakings, encapsulated in 12 action plans, are clustered around two major issues: (a) the development of deep, liquid and integrated capital markets and the region's long-term investor base; and (b) expanded access of enterprises and individuals to financial services. These action plans are as follows:

- a pathfinder initiative to develop credit information sharing systems;
- a pathfinder initiative to improve the legal and institutional architecture for security interest creation, perfection and enforcement and related workshops;
- dialogues on regulatory issues in trade and supply chain finance;
- workshops on emerging facilitators of trade and supply chain finance;
- a pathfinder initiative to develop classic repo markets;
- workshops to develop strategies to improve legal and documentation infrastructure for the development of OTC derivatives markets;
- self-assessment templates on information for capital market investors: development and workshop series;
- ARFP Support Initiative;
- workshop series to develop an enabling Asia-Pacific securities investment ecosystem;
- dialogue series on regulation and accounting issues impacting the long-term business of the insurance industry in Asia-Pacific economies and longevity solutions;
- collaboration with APEC Finance Ministers' Process in promoting long-term investment, including infrastructure; and
- conference and workshop series on linkages and structural issues.

ASIA-PACIFIC FINANCIAL FORUM
ROUNDTABLE ON FINANCIAL REGULATIONS
The Changing Global Regulatory Landscape:
Implications for Asia-Pacific Financial Markets and the APFF Agenda

January 27, 2015

Luncheon & Keynote Panel: The Lounge (Mezzanine Floor) / Sessions: Salons I-IV (Mezzanine Floor)
The Grand Hyatt Hong Kong
Hong Kong, People's Republic of China

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APEC BUSINESS ADVISORY COUNCIL

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Nomura Holdings, Inc.

The Asia-Pacific Financial Forum (APFF), a platform for public-private collaboration to develop robust and integrated financial markets in the region, was proposed by the APEC Business Advisory Council (ABAC) and adopted by the APEC Finance Ministers at their 2013 annual meeting in Bali. In its 2014 Interim Report to the APEC Finance Ministers, the APFF identified undertakings to advance development in key areas of financial markets that are critical to the region's economic aspirations. These areas are: (a) lending infrastructure; (b) trade and supply chain finance; (c) insurance and retirement income; (d) financial market infrastructure and cross-border practices; (e) capital markets; and (f) linkages and cross-border issues.

Given the important role of global capital flows to Asia-Pacific economies, domestic policy and regulatory frameworks governing financial markets and services in the region cannot be properly developed independently of global standards, even as their implementation needs to take markets' diversity into account. Asia-Pacific policy makers will also need to take rules being adopted or proposed in major markets into consideration, as they impact providers of financial services in the region that are regulated in these markets. Appropriate implementation of regulatory standards across markets is important to ensure adequate financing for the region's continued growth, including the development of infrastructure, small enterprises, consumer demand and trade, as well as the stability, integrity and efficiency of the entire global financial system.

For the APFF, a discussion of changes in the global regulatory landscape that have been introduced or are under consideration and their impact on financial markets and services is a necessary starting point in advancing its work in the key areas previously mentioned. This also includes discussion of implications of various alternatives for adoption by Asia-Pacific regulators where these are still being considered. This roundtable, which involves market participants, policy makers, regulators and experts from key global and regional institutions engaged in the shaping of financial regulatory standards and practices and capacity building of institutions that implement them, is designed to provide this opportunity. It seeks to generate an overview of the most important global regulatory initiatives and regulations being adopted in major financial centers, as well as alternatives where they are being considered, including the timelines for their implementation and their combined potential impact on international financial markets and services for the Asia-Pacific region.

The outcomes of this roundtable will serve as a consideration for subsequent APFF discussions in 2015 on measures consistent with stability, integrity and efficiency of global financial markets that the region's policy makers and regulators need to undertake to facilitate more inclusive lending practices for the benefit of small enterprises and a broader consumer base, improve trade and supply chain finance, develop deeper and more liquid capital markets, expand cross-border capital flows across Asia-Pacific markets and promote increased investment in long-term assets by insurers and pension funds in the region.

Key objectives of this roundtable are as follows:

- To help participants identify and better understand aspects of global financial regulatory initiatives being undertaken or considered that have significant impact, both currently and potentially, on financial

markets and services in the region and the timelines for their implementation.

- To help participants obtain a better picture of ongoing capacity building initiatives in the region being carried out by relevant public sector institutions and international regulatory bodies and identify APFF activities that complement and support these initiatives.
- To help participants better understand how regional activities of firms currently or potentially subject to regulation in major global financial markets (including their transactions with local firms) will be impacted by regulatory initiatives recently introduced or being considered in these markets and what APFF can undertake and contribute in the discussions to ensure continued flow of needed financial services in the region.

Participants include experts and key representatives from the financial industry, academic and research institutions, international and domestic regulatory bodies, finance ministries, and relevant multilateral and regional organizations.

ROUNDTABLE AGENDA

12:00-13:50	OPENING LUNCHEON AND KEYNOTE PANEL DISCUSSION <i>The Lounge (Mezzanine Floor), The Grand Hyatt Hong Kong</i>
12:00	Welcome Remarks Mr. Anthony Nightingale, ABAC Hong Kong Member and Director, Jardine Matheson Holdings Limited Mme. Doris Magsaysay-Ho, ABAC Chair and President & CEO, A. Magsaysay Inc. Opening Remarks Mr. Hiroyuki Suzuki, APFF Chair, ABAC Finance and Economics Working Group Chair and Director/Member of the Board, Nomura Holdings, Inc. 2015 Priorities of the APEC Finance Ministers and the Role of APFF Hon. Cesar V. Purisima, Chair, APEC Finance Ministers Meeting and Secretary of Finance, Republic of the Philippines
12:30	Lunch
13:00-13:50	KEYNOTE PANEL DISCUSSION THE ROLE OF GLOBAL AND DOMESTIC REGULATORY FRAMEWORKS IN FORGING FINANCIAL MARKETS FOR STABLE, SUSTAINED AND INCLUSIVE GROWTH IN THE ASIA-PACIFIC REGION
13:00	Introductory Remarks by Moderator Mr. John Baker, Managing Director, Chief Administrative Officer, Asia ex-Japan, Nomura
13:05	Keynote Remarks Mr. Henry Cheng, Executive Director, Hong Kong Monetary Authority Mr. Takashi Hamano, Assistant Commissioner for International Affairs, Financial Services Agency, Government of Japan
13:35	Open Forum
13:45	Concluding Remarks by Session Moderator

14:00-18:30	ROUNDTABLE SESSIONS <i>Salons I-IV (Mezzanine Floor), The Grand Hyatt Hong Kong</i>
14:00-15:00	SESSION 1 AN OVERVIEW OF APFF WORK RELATED TO FINANCIAL REGULATORY ISSUES Key topics for discussion: Financial regulatory issues involved in APFF's work on trade and supply chain finance, financial market infrastructure and cross-border portfolio flows, capital markets, derivatives and insurance and retirement income
14:00	Introductory Remarks by Session Moderator Mr. Hon Cheung, Regional Director – Asia, State Street
14:05	Survey of the Regulatory Landscape: Key Takeaways from the 5th Pan-Asian Regulatory Summit Ms. Catherine Simmons, Managing Director and Head of Government Affairs, Asia Pacific, Citi
14:15	Comments by Panel Discussants <i>Capital Markets:</i> Mr. Mark Austen, Chief Executive Officer, Asia Securities Industry & Financial Markets Association (ASIFMA) <i>Trade Finance and Financial Market Infrastructure:</i> Mr. Boon-Hiong Chan, Director and Head of Market Advocacy, APAC and MENA, Deutsche Bank <i>Derivatives Markets:</i> Mr. Keith Noyes, Regional Director, Asia-Pacific, International Swaps and Derivatives Association, Inc. (ISDA) <i>Insurance and Retirement Income:</i> Mr. Makoto Okubo, General Manager, International Affairs, Planning and Research Department, Nippon Life Insurance Company <i>Perspectives from Developed Market Financial Institution:</i> Mr. Lawrence K.L. Low, Managing Director, Office of Regulatory Affairs, J.P. Morgan
14:45	Open Forum
14:55	Concluding Remarks by Session Moderator
15:00-16:30	SESSION 2 KEY GLOBAL REGULATORY INITIATIVES, IMPLEMENTATION TIMELINES AND THEIR IMPLICATIONS ON ASIA-PACIFIC MARKETS AND THE APFF AGENDA Topics for discussion: <ul style="list-style-type: none"> ■ Key aspects of Basel III (leverage ratio, LCR, NSFR), IOSCO, IAIS, rules, regulation of GSIFIs and DSIFIs, cross-border resolution and recovery, Total Loss Absorbing Capacity, shadow banking regulation, derivatives markets reforms, FX benchmark reforms and G20 commitments on reporting and clearing, international accounting standards, determination of global solvency, among others, and their implications on trade, SME and infrastructure finance, bank lending and capital market development (including repos, securitized products, money market funds) and integration in the Asia-Pacific ■ Ongoing global and regional initiatives being undertaken to enhance capacity of Asia-Pacific emerging market regulators to implement global rules and potential areas for complementary and supporting initiatives by APFF
15:00	Introductory Remarks by Session Moderator Mr. Kenneth Waller, Director, Australian APEC Study Centre at RMIT University

15:05	<p>Overview of Key Global Regulatory Initiatives, Timelines and Impact on Asia-Pacific Financial Markets</p> <p>Mr. Andrew Godwin, Senior Lecturer and Director of Studies, Banking and Finance Law, Melbourne Law School</p>
15:20	<p>Comments by Panel Discussants</p> <p>Dr. Nik Ramlah Mahmood, Deputy Chief Executive, Securities Commission Malaysia</p> <p>Dr. Eli Remolona, Chief Representative for Asia and the Pacific, Bank for International Settlements</p> <p>Dr. Yulong Zhao, Deputy Director, Finance and Solvency Regulation Department, China Insurance Regulatory Commission</p>
16:00	<p>Open Forum</p>
16:25	<p>Concluding Remarks by Session Moderator</p>
16:30-17:00	<p>Tea Break</p>
17:00-18:20	<p>SESSION 3</p> <p>REGULATORY INITIATIVES IN GLOBAL FINANCIAL CENTERS: THEIR IMPACT ON FINANCIAL INSTITUTIONS' ACTIVITIES IN ASIA-PACIFIC FINANCIAL MARKETS AND THE APFF AGENDA</p> <p>Topics for discussion:</p> <ul style="list-style-type: none"> ■ Key aspects of regulatory initiatives in the US (e.g., Volcker Rule, Dodd-Frank Act, FATCA, SEC rules on MMF, ABS and market structure, CFTC derivatives markets reforms) and EU (e.g., MiFID2, leverage ratio and LCR, regulations of GSIFIs and GSIIIs, EU Solvency II, EMIR), as well as KYC/AML and governance, data protection and cyber security, solvency initiatives including EU Solvency 2, US and EU proposals for valuation of liabilities, and their impact on financial institutions' activities and transactions with domestic institutions in Asia-Pacific emerging markets ■ Possible responses by relevant Asia-Pacific domestic regulators and officials to mitigate unintended impact of these initiatives on trade, SME and infrastructure finance, bank lending and bond market development and integration and areas where APFF can support these responses
17:00	<p>Introductory Remarks by Session Moderator</p> <p>Mr. Shaun Roache, Resident Representative in Hong Kong SAR, IMF</p>
17:05	<p>Overview</p> <p>Mr. Rick Heathcote, Partner, Assurance - Regulatory Advisory Services, PricewaterhouseCoopers</p>
17:20	<p>Comments by Panel Discussants</p> <p>Mr. James R. F. Shipton, Executive Director, Intermediaries Division, Securities and Futures Commission, Hong Kong Special Administrative Region</p> <p>Mrs. Ir. Nurhaida, Chief Executive, Capital Market Supervision, Otoritas Jasa Keuangan (Financial Service Authority), Republic of Indonesia</p> <p>Mr. Benjamin Cushman, Attaché for Southeast Asia, Department of the Treasury, United States of America</p>
18:00	<p>Open Forum</p>
18:15	<p>Concluding Remarks by Session Moderator</p>

18:20-18:30 **CLOSING SESSION**

18:20

Closing Remarks

Mr. Hiroyuki Suzuki, APFF Chair, ABAC Finance and Economics Working Group Chair and Director/Member of the Board, Nomura Holdings, Inc.

18:30

END

19:30-21:00

WELCOME RECEPTION

Port Café, Hong Kong Convention and Exhibition Centre (HKCEC)

Master of Ceremonies: Dr. Julius Caesar Parreñas, APFF Coordinator and Senior Advisor, Nomura Securities Co. Ltd. and Nomura Institute of Capital Markets Research