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# **Key Takeaways from the 5<sup>th</sup> Pan Asian Regulatory Summit**

## **Asia-Pacific Financial Forum Roundtable on Financial Regulation Hong Kong**

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# 5<sup>th</sup> Pan Asian Regulatory Summit (29 & 30 Oct 2014)

## Topics

What does the future hold for the global regulatory landscape?

Regulatory risk management across Asia

Supervision & enforcement trends

Personal data protection & cyber threats to financial institutions

Financial crime, AML & transaction monitoring

OTC derivatives reform implementation including Basel III capital & liquidity reforms

A better connected China – opportunities & challenges

Bank resolution & recovery regimes

Electronic trading platforms, dark pools and high-frequency trading

Corporate & risk governance

Measuring risk culture & conduct – manage, measure & embed employee behaviour

# Key Themes

## Different Regulatory Priorities

- Not all global regulatory reforms are relevant to the Asia Pacific
- Implement some global reforms to maintain high international standards
- Region focusing on developing markets with new products and services
- Increased efforts at regional cooperation and harmonization

## The “Asian Voice”

- US/EU need to be made aware of negative impact of regulation
- Region is increasingly being heard globally
- Asian regulator’s form coalitions on issues
- Speaking with a consistent voice

## Regional Cooperation

- Information sharing between regulators is increasing
- Focus on enhanced supervision and enforcement
- Seeking to address cross border activities
- Trying to resolve cross-border regulatory issues

# Key Regional Issues

## Management of Data

- Privacy and security of data an area of focus
- Allowing cross-border flows important
- Mandatory on-shoring not recommended
- Regional and global data centers important

## Anti-Money Laundering and Terrorist Financing

- Difficulty ensuring compliance with complex rules
- Challenges implementing global rules in Asia Pacific countries
- Differences in individual Asia Pacific countries increases complexity
- Greater harmonization in the region would be beneficial to all

## RMB Internationalization

- Hong Kong-Shanghai-Shenzhen Stock Connect
- PRC-Hong Kong Mutual Fund Recognition Scheme
- Free Trade Zones (Shanghai, Guangdong, Tianjin, Fujian)
- QFII / RQFII / QDII

# Key Global Issues

## Central Reporting and Clearing of Derivatives

- Reporting regimes are being introduced
- Clearing is next area of focus
- Concern about concentration of risk
- Difficult cross border issues still to resolve

## Capital and Liquidity Requirements

- Different requirements in individual countries
- Additional local requirements in region
- Disincentives to engage in some activities
- Concerns about overall shortages

## Resolution and Recovery Regimes

- Management of global firms
- Ring Fencing and subsidiarization
- Pre-positioning capital overseas
- Regulators need for clearer authority