

The way forward for cross-border portfolio investment and financial market infrastructure

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Public-Private Collaboration to Develop APEC Financial Markets – Achievements and Way Forward

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APFF Financial Market Infrastructure (FMI)

Scope: The workstream seeks to address the significant obstacles to cross-border investment flows related to FMI – to raise the economies of scale for global investors and participants, enhance the liquidity and connectivity between markets while reducing operational and systemic risks. The workstream covers:

1. Securities (equities)

- a. Promote impact analysis and awareness of faster settlement cycles.
- b. More streamlined KYC/AML compliance process across the region.

2. Fund Services

- a. Increase the level of automation and standardisation in fund servicing.
- b. Promote greater ease of access to funds by investors.

3. Fintech

- a. Cybersecurity standards at the FMI level.
- b. ePayments as emergent FMIs.
- c. KYC/AML requirements related to Fintechs as potential new FMIs.

Spotlight on FMI Fund Services – supports investors’ funds investment activities



Investor invests into funds (domestic, passport funds)

The investment

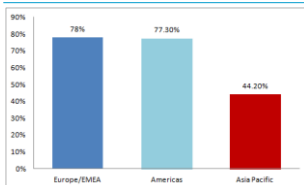
FMI Fund Services roles after the investment

Transfer Agent	Facilitates investors’ investments [handles cash flow, regulations like KYC/AML/CRS/FATCA]
Middle Office	Ensures investment accuracy and information
Fund Accountant	Report the investments’ value [valuation and accounting focus]
Custodian	Safe-keep invested assets [maintain efficient and effective linkages with FMIs]

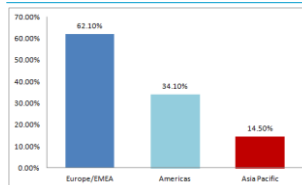
Low automation and standardisation rate, with higher costs in the industry than necessary



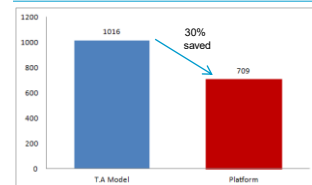
1. Automation Rate (Transfer Agency)



2. ISO Standardisation Rate



3. Cost Savings (Transfer Agency, EMEA)



Source: Commission de Surveillance du Secteur Financier(CSSF), Clearstream analysis report, KPMG SCG Analysis Joint EFAMA Swift Standardisation Survey, 2010

The Way Forward



1. APFF proposes to convene a regional symposium in 2017 on the development of a regional roadmap to improve the regional FMI.
 - a. Identify current and future potential challenges in the region
 - b. Select harmonisation and convergence of KYC/AML, market access and repatriation practices to improve economies of scale
 - c. Plan next steps with stakeholders
2. The proposed 2017 symposium to cover the agenda items of Fund Services and FMI Fintech
 - a. FMI level Cybersecurity, ePayments, Fintech KYC/AML
 - b. Fund services standardisation and automation; industry funds supermarket
3. “Mini” workshops in 2017 to deep dive into specific FMI issues or areas
 - a. For example, on the results and learning of the APEC E-Payment Readiness Index, how fintech innovation can offer new ways to conduct KYC, addressing KYC/AML challenges and solutions, etc.

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