

BRIEFING NOTE: ABAC IV LIMA, ABAC FEWG – APFF.

ASIA PACIFIC FINANCIAL FORUM 4TH CAUCUS MEETING 2016

Monday 14th November 201. 7.30/8.45am, Ica Room, Country Club, Lima

ITEM3 2017 OUTLOOK – REPORTS FROM WORK STREAMS.

LINKAGES AND STRUCTURAL ISSUES – presented by Michael Fairbairn, Australian APEC Study Centre, RMIT University.

There are two major components:

A) *An update on financial regulation in Asia Project*

- being conducted by a Melbourne University team and including external partners one of which is the Australian APEC Study Centre at RMIT University. The objectives of the project, the areas examined to date and areas of work currently under examination are set out in the attached note in Attachment 1.
- the attached note also includes a reference to published working papers and articles relating to the project
- the expected completion date of the project is 31 March 2017 but the research team is exploring future funding opportunities which could extend the coverage and period of the research
- As noted previously, a conference ‘Finance in Asia: Integration and Regional Coordination’ will be convened on Wednesday, 7th December 2016 to be hosted by the Singapore Management University.
APFF members are cordially invited to attend that conference.
Those interested should advise the coordinator of the work-stream or Associate Professor Andrew Godwin at the Melbourne University Law School.
- Issues currently under examination in the project are:
 - o Fintech
 - o Deposit Insurance
 - o The changing politics of regulating systemically important banks
 - o Asia’s institutional architecture for financial regulation
 - o Reform to bank resolution regimes in Singapore and Australia
 - o Islamic finance

B) *Islamic Finance – collaborative work involving Dr. Allan Wain and Harvard University*

- A primary objective of this work is to focus on identifying and formulating ideas and proposal as to how an understanding of “real assets” is relevant to how pension funds, sovereign wealth funds, and other institutional investors might undertake Islamic investment in infrastructure or co-invest Islamic capital with conventional capital in infrastructure
- The current work at Harvard on Islamic finance is exploring in greater detail the meaning and import of the notions of “real assets” as discussed in the paper “Getting Real about Islamic Finance” (referenced earlier in 2016 by the work-stream) , and evaluating the mechanisms by which they can be given practical meaning in the context of investment in infrastructure
- Progress reports will be presented at each APFF Caucus meeting in 2017 on this work

Australian APEC Study Centre, RMIT University, 7th November 2016

ATTACHMENT 1

Update on Financial Regulation in Asia Project – 2017

University of Melbourne Team:

- Professor Kevin Davis (Finance)
- Professor Andrew Walter (International Relations)
- Professor Andrew Mitchell (Law)
- Professor Ian Ramsay (Law)
- Associate Professor Andrew Godwin (Law)

Funding source: cluster grant from the Melbourne School of Government, The University of Melbourne.

External partners include:

- ANZ Bank
- The University of Hong Kong
- Osaka University of Economics
- The Australian APEC Study Centre
- The Fung Global Institute
- Moody's
- King & Wood Mallesons

Objective of project - to examine, from a multi-disciplinary perspective, the regional architecture for financial regulation in Asia and, in particular, the various ways in which regional coordination and integration can be strengthened.

Areas examined to date:

- Basel compliance and international standards relating to bank supervision
- The Asia Region Funds Passport scheme
- Shadow banking
- Bank resolution regimes
- OTC derivatives market reforms
- Financial benchmarks
- Trade in Services
- Consumer Finance
- Trade in Services Agreement (TiSA)
- Prudential provisions in international trade agreements

Working papers and journal articles have been published and are available on the project website: <https://government.unimelb.edu.au/financial-regulation-in-asia>.

Areas currently under examination:

- Fintech

- Deposit insurance
- The changing politics of regulating systemically important banks
- Asia's institutional architecture for financial regulation
- Reform to bank resolution regimes in Singapore and Australia
- Islamic finance

Forthcoming conference:

- Conference: 'Finance in Asia: Integration & Regional Coordination', Wednesday 7 December 2016 (Singapore, hosted by Singapore Management University)

Expected completion date:

31 March 2017

Future plans:

Explore further funding opportunities (including linkage grants)