



**Asia-Pacific  
Economic Cooperation**



# Securities Markets Post-Trade Ecosystem



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Session B-1

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# DEVELOPING APEC'S FINANCIAL MARKET INFRASTRUCTURE ASIA PACIFIC FINANCIAL FORUM SYMPOSIUM

## SESSION B-1 SECURITIES MARKETS: POST-TRADE ECOSYSTEM

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BOON-HIONG CHAN



# Financial Market Infrastructure is



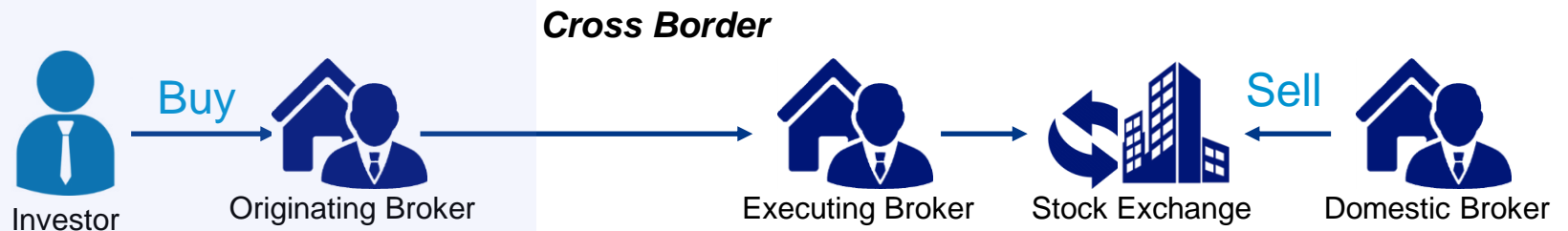
“

...the **network of global pipes** for  
**payment, settlement and  
clearing** that makes a global capital  
market and financial globalisation  
possible.

*“Global pipes – challenges for systemic financial infrastructure”*, Sir Jon Cunliffe,  
Deputy Governor Financial Stability, Member of the Monetary Policy Committee, Member of the  
Financial Policy Committee and Member of the Prudential Regulation Committee, 22 Feb 2017



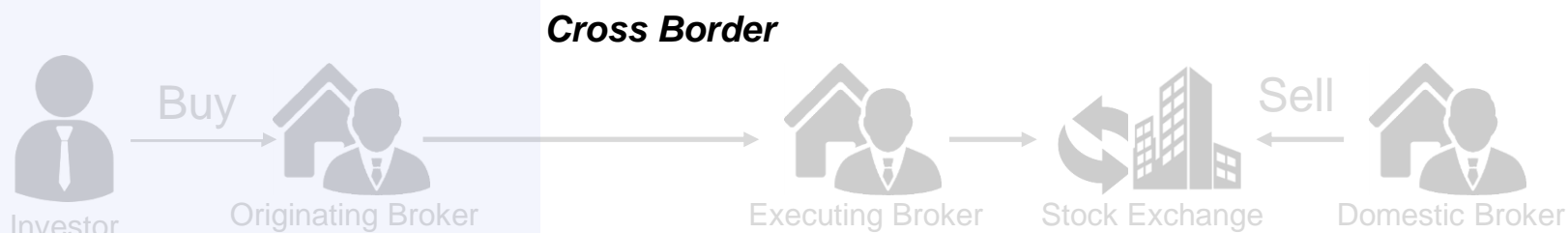
# When you trade, this is what you see



- ❖ **Securities reflect in statement 2 to 3 days later**



# This is what happens - The Securities post trade Financial Market Infrastructures



## Financial Market Infrastructures

from  
T+2 to  
T+3



**Central Counterparty**  
• Risk Management  
• Liquidity



**Central Securities Depository**  
• Ownership risk management  
• Settlement finality



**Payment Systems - Central Bank**  
• Money leg settlement



Financial market infrastructures (FMIs) are central to the clearing and settlement of transactions in the financial markets as well as the movement of money and securities

# When you purchase a fund - The Fund and Intermediaries



## Funds



### Asset Manager

- Decision to buy/sell underlying assets
- Net Asset Value (NAV)

Buy



Originating Broker



Executing Broker



Stock Exchange

Sell



Domestic Broker



Fund



### Global Custodian (GC)

- Safekeeping of underlying assets



### Transfer Agent

- Records movement of shares



### Distributor

- Sell funds



Investor



### Sub Custodian

- Agent Bank
- Market Risk Management for GC

## Financial Market Infrastructures



### Central Counterparty

- Risk Management
- Liquidity



### Central Securities Depository

- Ownership risk management
- Settlement finality



### Payment Systems - Central Bank

- Money leg settlement



# Market Access and Repatriation Framework – 7 key steps

An investor/broker faces varying requirements on the 7 steps



## 1. New Account Opening

- Omnibus /Segregated /UBO
- KYC/AML
- Market /Tax docs
- Investor ID



## 2. Market Entry/ Capital Injection

- Investment limit
- Funding requirements



## 3. FX Execution

- FX restrictions
- Cutoff times
- FX location
- Hedging



## 4. Clearing & Settlement

- Settlement cycle
- Cut off times
- Pre-matching
- Settlement discipline



## 5. Corporate Action & Tax

- Announcement
- Entitlement
- Proxy Voting
- Tax & Double Tax Relief
- Tax reclaims



## 6. Repatriation

- Sales/CA proceeds repatriation Restrictions
- Documentary Requirements
- LCY holding period



## 7. Reporting

- FATCA/ CRS reporting
- FX reporting
- Beneficial ownership reporting



# Market Access and Repatriation Framework – 7 key steps

Exponential requirements based on number of markets invested



# Market Access and Repatriation Framework – 7 key steps

“Different requirements on the 7 steps” x “number of countries”= **complex**  
for cross-border investor and market participants



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**Cross-border** post-trade ecosystem consists of **FMI**s, market intermediaries like **custodians and broker-dealers** and messaging systems like **SWIFT** facilitates investments by achieving the following:

**CCP: Liquidity and Counterparty Risk Management**

**CSD: Settlement Finality (payments)**

**TA (Fund Services): Investor Record Completeness**

**FA (Fund Services): Investor Asset Valuation Accuracy**

**Asset Servicing: Completeness of Asset's entitlement, Tax and Regulatory Compliance**



What are the ...

**Trends**  
**Challenges**  
**Potentials**  
**Recommendations**

...?

# Disclaimer

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# Discussion





**THANK YOU**