

Advisory Group
Meeting I
PAPER 3-C



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The Advisory Group on APEC Financial System Capacity Building and FMP Policy Initiatives Entrusted to ABAC (APFIF, APIP and APFF)

Stocktake and Terms of Reference

About the Advisory Group, APFIF, APIP and APFF

Policy initiatives under the APEC Finance Ministers' Process that Ministers entrusted to ABAC to manage:

- **Asia-Pacific Financial Inclusion Forum (APFIF)**
 - Established 2010
- **Asia-Pacific Infrastructure Partnership (APIP)**
 - Established 2011
- **Asia-Pacific Financial Forum (APFF)**
 - Established 2013

Advisory Group on APEC Financial System Capacity Building: Structure through which ABAC oversees the 3 Policy Initiatives



Cebu Action Plan (2015): APEC Finance Ministers' 10-year roadmap for financial integration, fiscal reforms, financial resilience and infrastructure development

- CAP incorporated key recommendations of ABAC
- Ministers tasked **APFIF**, **APIP** and **APFF** to act as **platforms for public-private collaboration** to advance Cebu Action Plan initiatives that were recommended by ABAC.



STOCKTAKE

ACHIEVEMENTS AND CURRENT STATUS

STOCKTAKE (2010-2018)



APFF/APFIF/APIP Achievements (2010-2018):

- ✓ Helped initiate legal, regulatory and institutional reforms in several economies
- ✓ Developed and provided critical support to regional initiatives
- ✓ Laid the groundwork for structural reforms (roadmaps, work programs, dialogue platforms)

STOCKTAKE: MSME Finance

Key Achievements

CHINA

- 2016: Start of capacity building to help design new Civil Code chapters on secured transactions and insolvency

THAILAND

MSME Finance

- 2017: New legislation to broaden scope of assets used as collateral

VIETNAM

- 2015: Initial steps to build credit information system (ongoing)
- 2017: New legislation to broaden scope of assets used as collateral

BRUNEI DARUSSALAM

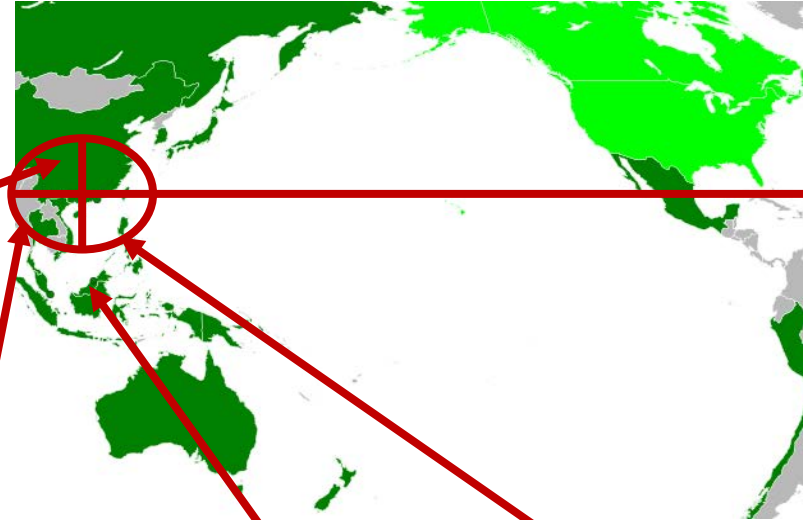
- 2017: Signed law on secured transactions
- 2017: Initial steps to build credit information system (ongoing)

REGIONAL

- 2016, Mekong region: Pilot project for cross-border exchange of credit reports initiated (now ongoing)

PHILIPPINES

- 2015: Official FIDN working group established
- 2015-2017: Various steps to build credit information system
- 2017: New secured transactions bill in final stages
- 2017: New Warehouse Receipts bill filed



STOCKTAKE: Infrastructure / Capital Markets

Key Achievements

CHINA

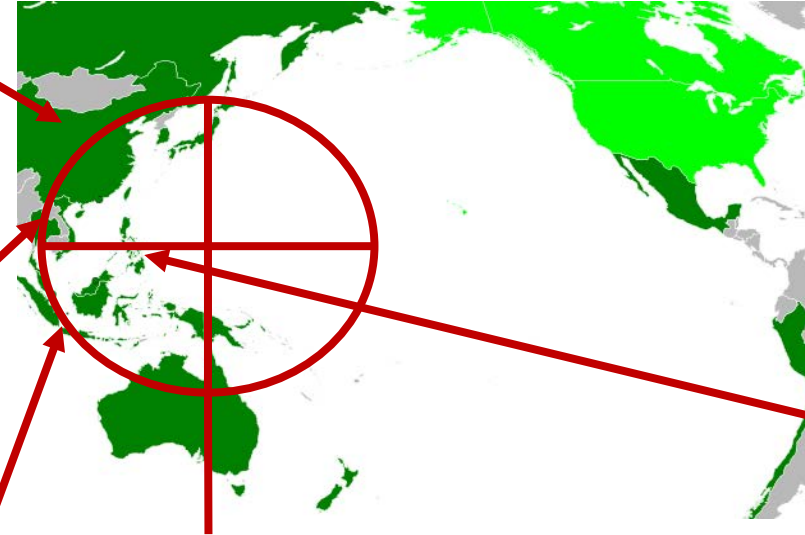
2014: PPP Center established

THAILAND

- 2013: PPP Act: Streamlined approval process
- 2013: Established PPP Committee to coordinate project approval/procedures

INDONESIA

- 2012: Land Acquisition Law to speed up the process
- 2013: New regulation on viability gap funding
- 2013: PPP Center established
- 2013: Cabinet-level committee to coordinate PPP established
- 2015: 800% increase in funding for project preparation
- 2015: New regulation on availability payment



REGIONAL

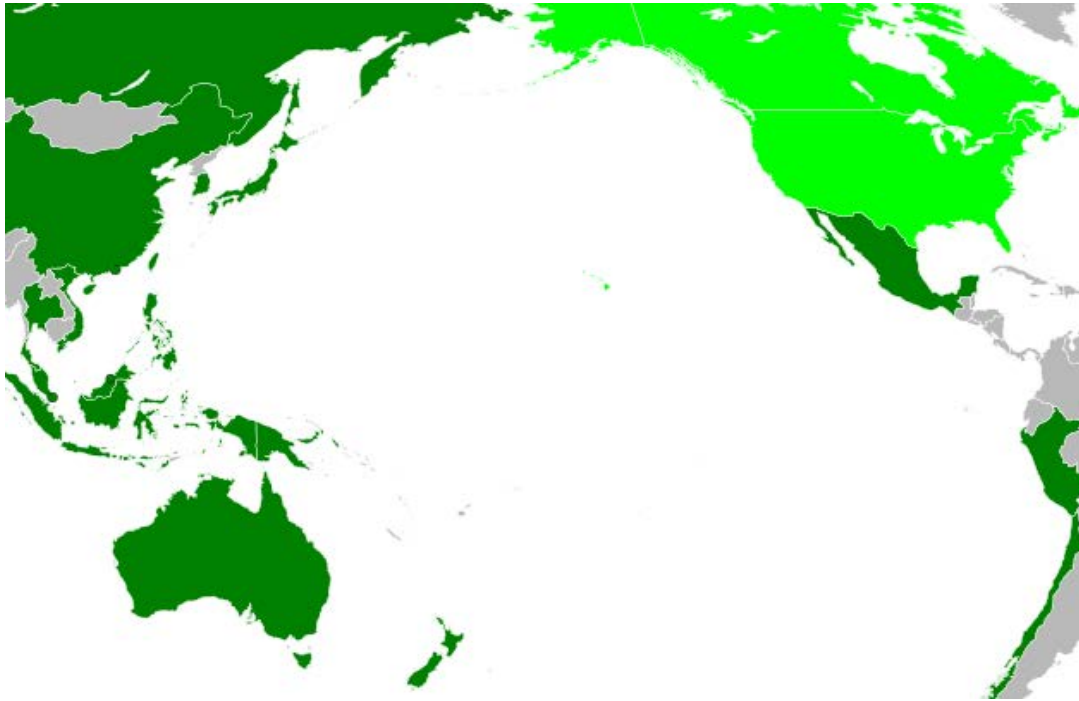
- 2015: Rules adjustment enabling Japan to join Asia Region Funds Passport (ARFP)
- 2016: APFF study on tax implications of ARFP helps accelerate signing of MOC
- 2017: Successful and smooth mandatory exchange of variation margin for non-cleared OTC derivatives
- 2017: Improvements in IFRS17 rules on OCI and CSM

PHILIPPINES

Capital markets

- 2015: Stakeholders agree to enable title-transfer repo
- #### *Infrastructure PPP*
- 2012: New rules allowing unsolicited proposals
 - 2013: Established cabinet level PPP Governing Board
 - 2013: Strengthened PPP Center's authority
 - 2013: Amended regulations on single borrower limit for loans to PPP projects

STOCKTAKE: Laying the Groundwork for Structural Reforms



- [2010](#): Initiated continuing regional forum on [financial inclusion](#) (Asia-Pacific Financial Inclusion Forum)
- [2015](#): Initiated [Islamic Infrastructure Investment Platform](#)
- [2017](#): Roadmap for [Financial Market Infrastructure](#)
- [2017](#): Roadmap for [Microinsurance](#)
- [2017](#): Created regional platform for Industry-Regulator [Fintech](#) dialogue
- Ongoing conference program on [trade and supply chain finance](#)

THE IMPACT OF APFF AS VIEWED WITHIN THE INDUSTRY

Creating “additional business opportunities” across the corporate, insurance, institutional, investment manager, broker dealer, global custodian, and infrastructure sectors

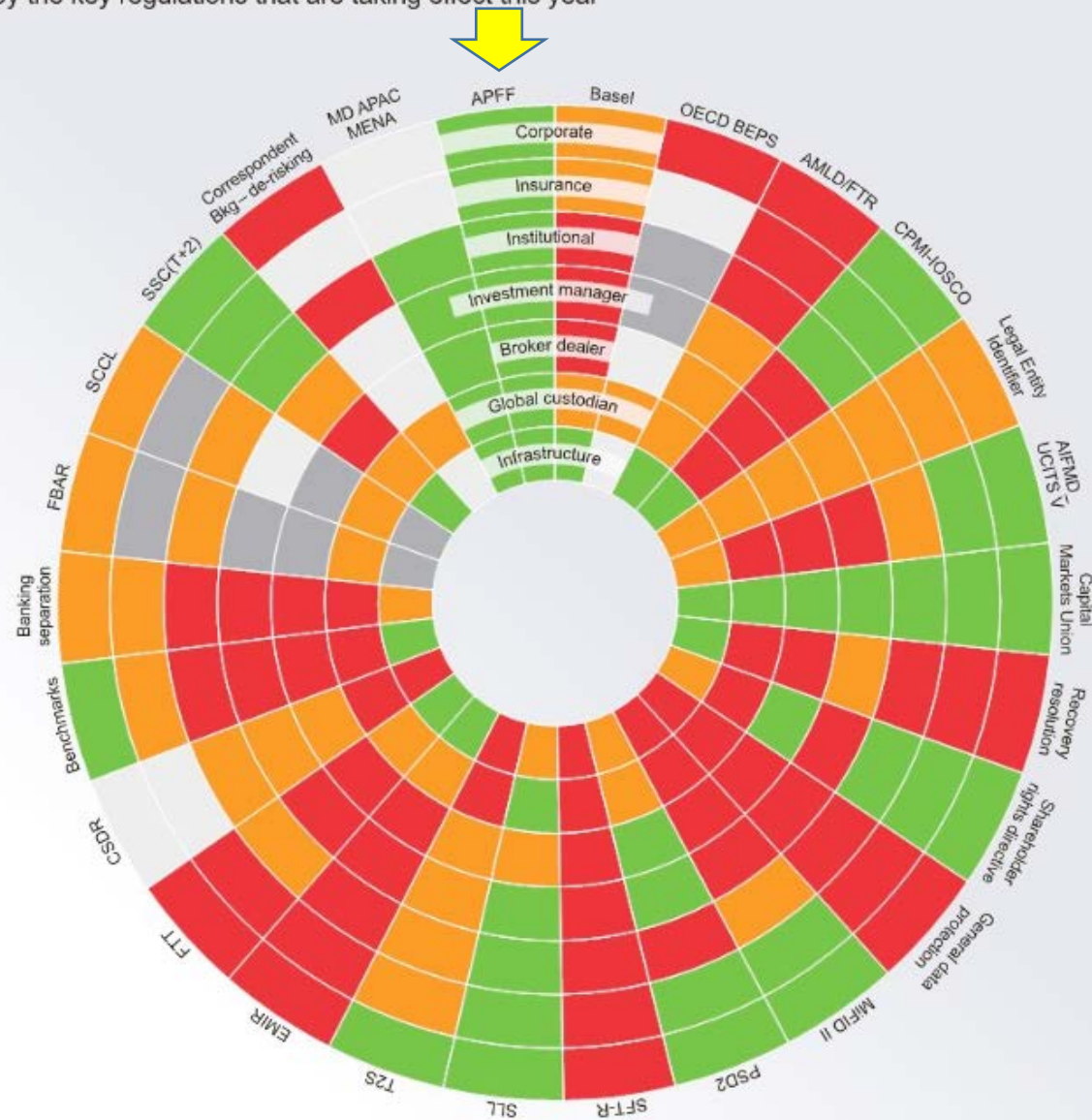


Source: Deutsche Bank, *flow* (October 2017), page 18.

<http://cib.db.com/insights-and-initiatives/flow-e-magazine-october-2017.htm?page=12#gsc.tab=0>

The road ahead

flow's regulatory wheel and timeline show how clients will be impacted by the key regulations that are taking effect this year



■ Significant impact to business processes
 ■ Low impact to business processes
 ■ Opportunities for additional business opportunities
 ■ Impact unclear
 ■ No impact to client category perceived at this stage

KEY FACTORS IMPACTING FINANCE

As seen by Deutsche Bank's *flow* magazine

- **APFF (Asia-Pacific Financial Forum)**
- Basel III
- OECD BEPS (Base Erosion Profit Shifting)
- EU AMLD/FTR (Anti-Money Laundering Directive/Funds Transfer Regulation)
- CPMI-IOSCO (Committee on Payments and Market Infrastructures of the International Organization of Securities Commissions)
- Legal Identity Identifier
- EU AIFMD UCITS V (Alternative Investment Fund Managers Directive / Undertakings for Collective Investment in Transferable Securities 5th version)
- EU Capital Markets Union
- EU Recovery and Resolution Directive
- EU Shareholder Rights Directive
- EU General Data Protection Regulation
- EU MiFID II (Markets in Financial Instruments Directive, Version 2)
- EU PSD2 (Payment Services Directive 2)
- EU SFTR (Securities Financing Transaction Regulation)
- EU SLL (Securities Law Legislation)
- EU T2S (TARGET2 – Securities)
- EMIR (European Market Infrastructure Regulation)
- EU FTT (Financial Transaction Tax)
- EU CSDR (Central Securities Depositories Regulation)
- Benchmarks
- Banking separation
- US FBAR (Report of Foreign Bank and Financial Accounts)
- US SCCL (Single Counterparty Credit Limits)
- US SSC (T+2) (Shortening the Settlement Cycle toward T+2)
- Correspondent banking de-risking
- MD APAC/MENA (Market developments in the Asia-Pacific, Middle East and North Africa regions)



TERMS OF REFERENCE

TERMS OF REFERENCE: **General Structure**

Three policy initiatives under the APEC Finance Ministers' Process entrusted by Ministers to ABAC:

- Asia-Pacific Financial Inclusion Forum (APFIF)
- Asia-Pacific Infrastructure Partnership (APIP)
- Asia-Pacific Financial Forum (APFF)

The Advisory Group is the structure through which ABAC:

- regularly oversees and monitors the 3 policy initiatives (APFIF, APIP and APFF),
- reports their progress to Finance Ministers' Process, and
- makes needed adjustments to their work.



TERMS OF REFERENCE: **Scope of Work**

SCOPE OF WORK:

Implementing ABAC recommendations incorporated in the Cebu Action Plan on:

APFIF

Financial Inclusion

APIP

Infrastructure Financing

APFF

- MSME Finance
- Capital Market Development/Integration
- Retirement Income/Long-Term Investment
- Financial Resilience

TERMS OF REFERENCE: **Participants**

PARTICIPANTS

ADVISORY GROUP:

- Chair, Co-Chair(s), Coordinator
- ABAC members
- Sherpas, Core Group Members and Leaders of APFIF, APIP and APFF Work Streams

POLICY INITIATIVES (APFIF, APIP, APFF):

Open to individuals/entities voluntarily contributing knowledge and resources to activities.

- Current and former ABAC members and staffers
- Private sector firms/industry associations
- International public sector organizations (ADB, IMF, IADB, IDB, OECD, WB/IFC, UNCITRAL), standard setting organizations, associations of regulators, specialized organizations (GIH, SIF)
- Public sector entities (e.g., regulatory and monetary authorities, ministries, official development agencies)
- Academic and research organizations

TERMS OF REFERENCE: Governance

GOVERNANCE OF THE ADVISORY GROUP

Headed by Chair/Co-Chair(s) appointed by ABAC, assisted by Coordinator.

Chair/Co-Chair(s) have the following duties/responsibilities:

- Annual work program of APFF, APFIF, APIP
- Reporting regularly to APEC Finance Ministers' Process
- Reporting regularly to ABAC through FEWG (focus on policy recommendations, decision points, new work undertaken, high-level topics of interest to ABAC members)
- Concise annual progress report (transmitted to APEC Finance Ministers) with brief (3- to 5-page) Executive Summary, and focused on clear areas of progress and tangible accomplishments rather than description of events
- Undertake necessary measures to ensure effective and efficient implementation of the work program

GOVERNANCE OF THE POLICY INITIATIVES UNDER THE ADVISORY GROUP

- **APFF:** APFF Chair, Co-Chair and Coordinator same as Advisory Group; each work stream is led by a sherpa/co-sherpas/core group and structured flexibly to fit the culture of respective sectors and participating institutions
- **APFIF:** Currently managed by Foundation for Development Cooperation, reporting directly to the Advisory Group Chair and Co-Chair(s)
- **APIP:** Chair is designated by Advisory Group Chair based on expertise, may be current or former ABAC member or another person

REVIEW

- TOR to be reviewed from time to time and updated

TERMS OF REFERENCE: Meeting Arrangements

External Communications, Resources

MEETING ARRANGEMENTS

Advisory Group:

- Meets in conjunction with regular ABAC meetings
- Meeting will cover activities of APFIF, APIP and APFF
- Venue and logistics provided by ABAC meeting host
- To follow ABAC rules on guest participation

Policy Initiatives (APFIF, APIP, APFF):

- Responsible for arranging with hosts or sponsors their own caucus meetings, conferences and activities.

EXTERNAL COMMUNICATIONS

In line with ABAC Handbook:

- Official statements will reflect contents of approved reports and positions
- Persons speaking to media should indicate that views are personal opinions when these do not reflect officially approved contents.
- Speak only on behalf of Advisory Group, APFF, APFIF or APIP

RESOURCES AND BUDGET: To follow existing practices

- Events and meetings to be financed by entities that have agreed to host the events.
- Participants responsible for their own travel.
- Expenses by Chair/Co-Chairs, Coordinators, Sherpas, leaders and core group members to be borne by their respective institutions

