

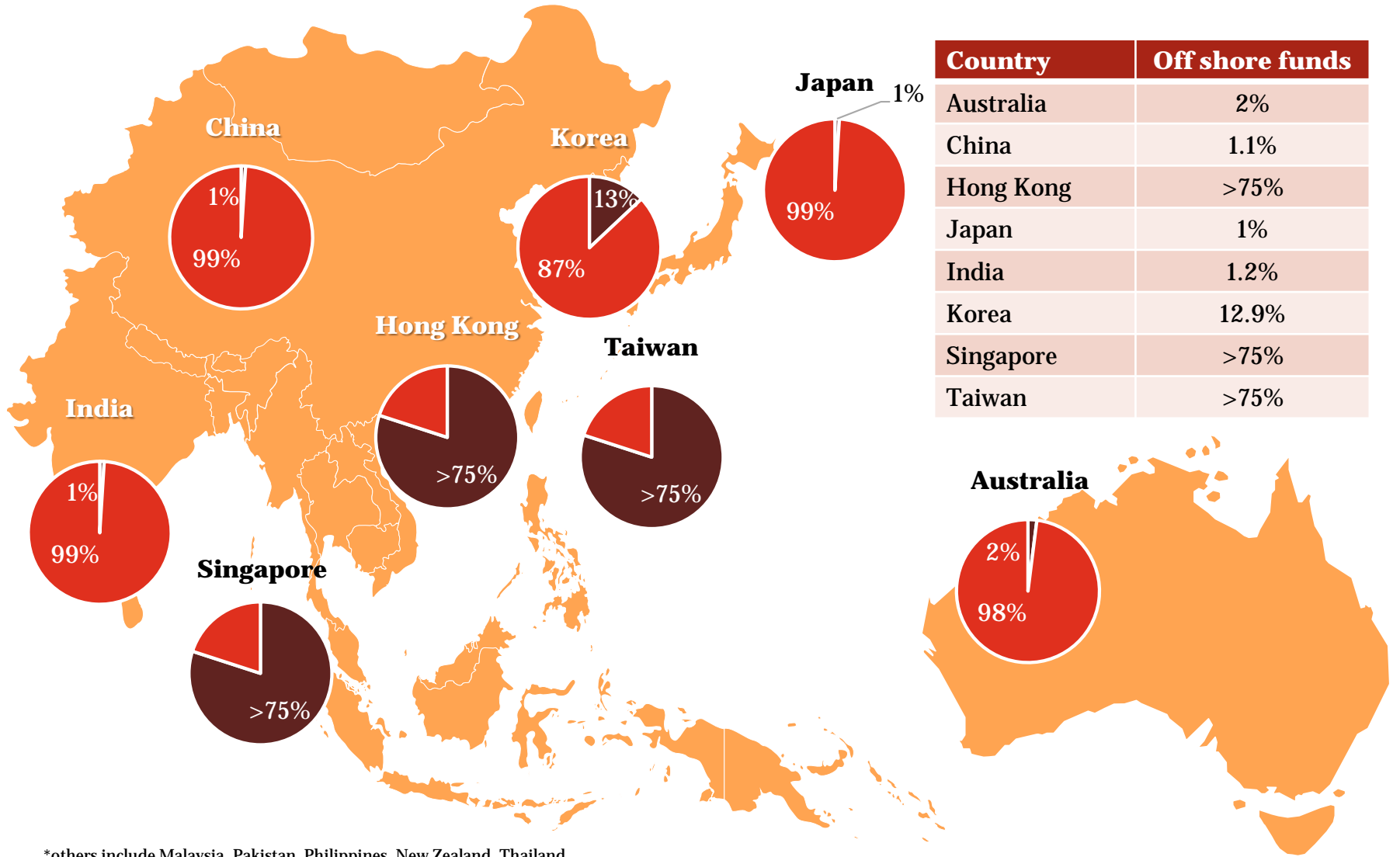
Asia Pacific Status of passports

Document: AGFSCB 39-008A
Draft: **FIRST**
Date: 19 April 2019
Source: APFF and ARFP
Meeting: Jakarta, Indonesia



23 April 2019

Percentage of offshore funds in Asia Pacific



*others include Malaysia, Pakistan, Philippines, New Zealand, Thailand
PwC

State of readiness!!!!

	Current Size	Growth Potential	Opportunity	Market Access	Tax issue?	Method of Entry
AU	Large	Moderate	Retail & Inst.	Low	Yes	Onshore
SG	Small	Low	Retail/HNWI	High	No	On/Offshore
PH	Small	Low	Retail	Low	Yes	Onshore
TH	Small	Moderate	Retail & HNWI	Low	Yes	Onshore (but new offshore rules for HNWI)
NZ	Small	Low	Retail	Low	Yes	Onshore
KR	Medium	Moderate	Retail & Inst.	Low	Yes	Onshore
HK	Medium	High	Retail & HNWI	High	No	On/Offshore
TW	Medium	High	Retail & Inst.	Moderate to High	No	Offshore
CH	Large	High	Retail	Low to Moderate	Yes	Onshore
MY	Small	Moderate	Retail & Inst.	Low to Moderate	Yes	Onshore
JP	Large	Moderate	Retail & Inst.	Moderate to High	Yes	On/Offshore

Reality check!

Still no uniform access for offshore funds across Asia Pacific

Region	Country	Typical Offshore Fund Legal Structure Today	Market Access
Developed Markets	Singapore	SICAV	Direct
	Hong Kong	SICAV	Direct
	Japan	FCP/SICAV	Indirect
	Australia	Fund of funds + Master Feeder funds	Direct
Developing Markets	Taiwan	SICAV	Direct
	Korea	Onshore feeder funds and wrappers, fund of funds & master-feeder funds	Direct & Indirect
Emerging Markets	China	Closed	Closed
	India		
	Indonesia		
	Malaysia	Onshore feeder funds and wrappers, fund of funds & master-feeder funds	Indirect
	Thailand		
	Others *	Varies	Varies

* Others include Philippines, Vietnam, Myanmar, etc

Two of the fund recognition/passport schemes in existence in Asia Pacific

ASEAN CIS



1

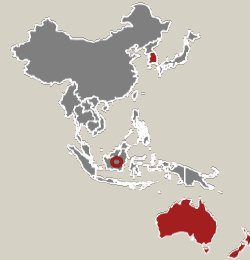
Status:

Live 25 August 2014

Countries in scope:

Malaysia, Singapore and Thailand

Asia Region Fund Passport



2

Status:

MOC signed in April 2016,
expected start date 2 Feb 2019

Countries in scope:

Australia, South Korea, New Zealand, Japan, Thailand

Philippines expected to sign and Singapore is temporarily out of scope

ASEAN CIS – Key passport principles

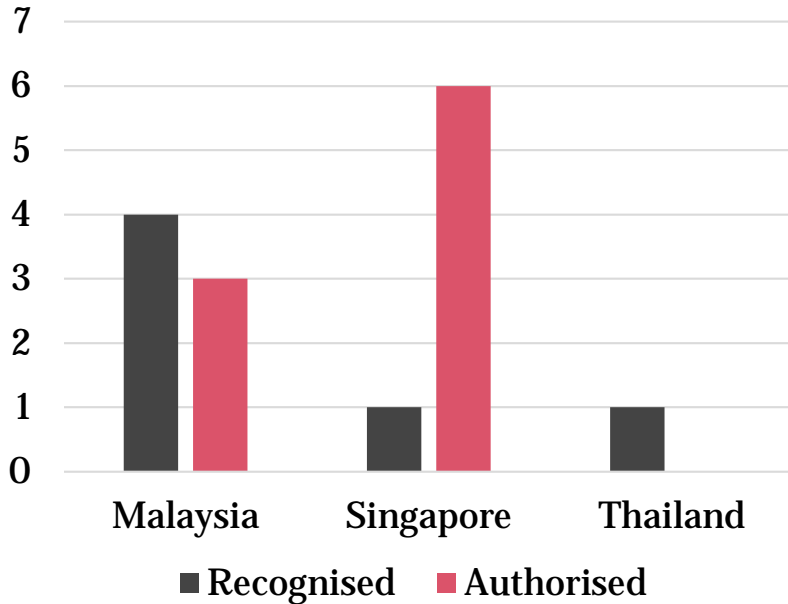
<p><i>Approved for retail offer in home country</i></p>	<ul style="list-style-type: none"> • Legal structures approved for CIS offered to retail investors (i.e. Authorised scheme approved by MAS) 	
<p><i>Common standards imposed on Qualifying Manager, Trustee and CIS</i></p>	<p>Qualifying CIS Operator (locally regulated)</p> <ul style="list-style-type: none"> • Track record (5 years, US\$350mio global AUM) • At least US\$1mio capital • Competency & experience • Delegation restrictions 	<p>Qualifying CIS (locally domiciled)</p> <ul style="list-style-type: none"> • No performance fees • Transferable securities • Investments into other funds permitted • Limits on derivatives
<p><i>Annual compliance audit</i></p>	<ul style="list-style-type: none"> • Annual audit of the CIS Operator covering, at a minimum, compliance with the Common Standards 	
<p><i>Appoint local distributors and local representatives</i></p>	<ul style="list-style-type: none"> • Use of locally licensed intermediaries in host country • May need to appoint a local representative • Subject to host country requirements on offer of CIS 	

More about the ASEAN CIS

Key principles		
Appoint local distributors and local representatives	<ul style="list-style-type: none"> • Use of locally licensed intermediaries in host country • May need to appoint a local representative • Subject to host country requirements on offer of CIS 	
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Enhancements (effective 23rd February 2018)		
	Before	After
Minimum AuM	<i>USD 500 million</i>	<i>USD 350 million</i>
Maximum percentage an external manager can manage	<i>Maximum of 20%</i>	<i>100%</i>

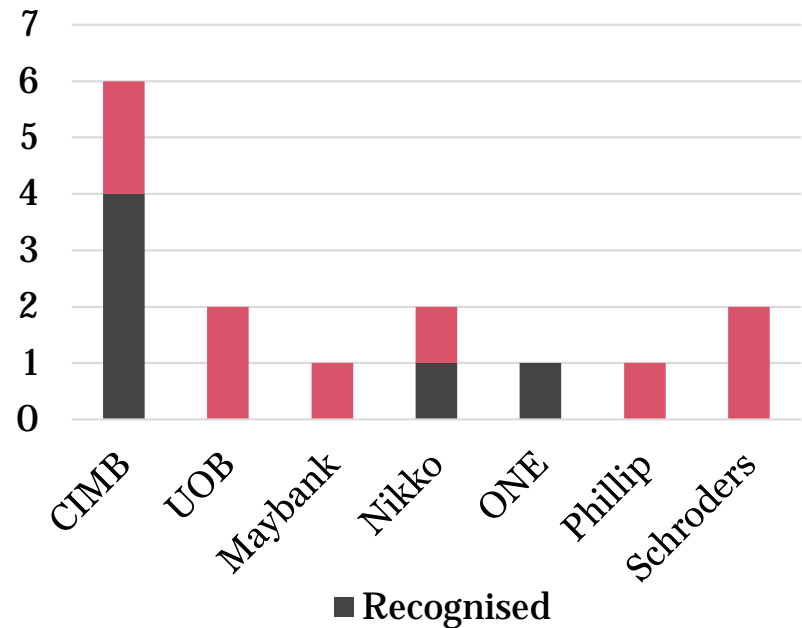
ASEAN CIS

ASEAN CIS Participating Funds by Location, December 2018



Source: PwC, SEC, MAS, SC

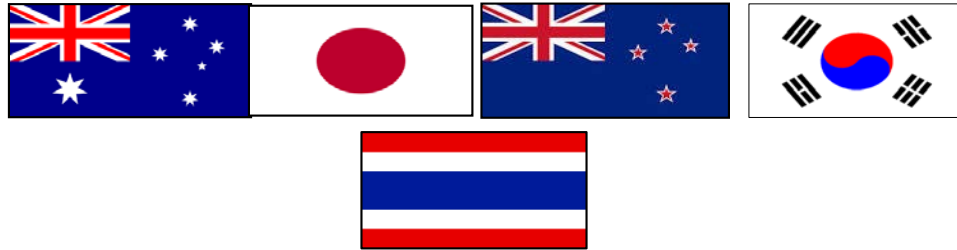
ASEAN CIS Participating Funds by Manager, December 2018



*The Amundi fund is Authorised in Thailand but recorded as being a non-retail fund

Source: PwC, SEC, MAS, SC

Asia Region Funds Passport



Potential interest to join as observers



Sep 2013
Australia, New Zealand, Republic of Korea, and Singapore signed a Statement of Intent

Apr 2016
Australia, Japan, Korea and New Zealand signed the Memorandum of Cooperation

Apr 2018
Japan and Thailand completed their domestic regulation reviews



Sep 2015
Australia, Japan, Korea, New Zealand, Thailand and the Philippines signed the Statement of Understanding

Jun 2016
Thailand signed on to the ARFP
MOC took effect

Aug 2018
Expected formal commencement of ARFP once at least 2 participating jurisdictions can begin passporting approved funds

? Strong interest to join ?



Launched on 1 Feb 2019