

# APFF

Asia-Pacific Financial Forum



## Key Messages

**Financial Market**

**Infrastructure & Cross-**

**Border Investment**

**Flows**

**2015**

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### KEY MESSAGES: Financial Market Infrastructure & Cross-Border Investment Flows

#### Background

Facilitating flows of capital across the region's markets is a key factor for economic growth in the region. The APFF's work on financial market infrastructure and cross-border practices seeks to address the most significant obstacles to cross-border investment flows related to the connectivity platform and standards used in financial market infrastructure (FMI). The central objective is to promote cross-border portfolio investment flows with market practice, standards and platforms that can selectively harmonize market access and repatriation practices, improve the inter-operability, liquidity and connectivity of domestic and cross-border financial markets, and reduce systemic risks.

#### Key initiatives

Three significant issues pose major challenges to cross-border portfolio flows in the region:

- A relatively high volume of change, across different economies, in different focus areas and at different paces
- The focus on later-stage market development (T+2) rather than the pre-requisites and enablers (standards, automation and harmonization of platforms)
- Increasing KYC focus introduces more opportunities to improve efficiency and new issue areas are emerging from cross-border tax compliance reporting, data privacy and security concerns in APEC

To address these issues, APFF will undertake workshops and dialogues that will focus on helping interested economies identify effective ways to develop a regional securities investment ecosystem. In particular, APFF will focus on the following:

- In view of aggregate planned changes over the coming 2-3 years in market access, clearing and settlement and repatriation across the region, APFF will undertake discussions on (a) the creation of a regional roadmap of upcoming regulatory and market changes; (b) the feasibility of a regional private-public-market infrastructure forum that will exchange views on these developments; and (c) the feasibility of longer consultation and notification periods of key regulatory and market changes.
- APFF will focus on a more streamlined regional KYC/AML documentation compliance and process, recognizing the layers of global intermediary chain and practices between securities issuers and the ultimate beneficial owners. APFF will undertake discussions on (a) regionally and globally aligned standards for KYC/AML documentation collection and reporting; (b) the use of third party industry utilities for a centralized KYC/AML electronic depository; and (c) minimum standards for data privacy, protection and security and cross-border flows.

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