

**MEMO# 28873**

March 31, 2015

# **Draft ICI Global Comment Letter - Arrangements for an Asia Region Fund Passport - Member Input Requested by 7 April 2015**

[28873]

March 31, 2015

TO: ICI GLOBAL ASIA PACIFIC SENIOR LEADERS No. 4-15  
ICI GLOBAL ASIA-PACIFIC CHAPTER No. 7-15  
ICI GLOBAL ASIA-PACIFIC FUND PASSPORTS TASK FORCE  
ICI GLOBAL EXCHANGE TRADED FUNDS COMMITTEE No. 3-15  
ICI GLOBAL STEERING COMMITTEE No. 7-15  
ICI GLOBAL TAX COMMITTEE No. 9-15  
ICI GLOBAL REGULATED FUNDS COMMITTEE No. 11-15 RE: DRAFT ICI GLOBAL COMMENT  
LETTER - ARRANGEMENTS FOR AN ASIA REGION FUND PASSPORT - MEMBER INPUT  
REQUESTED BY 7 APRIL 2015

As previously advised [\[1\]](#), on 27 February 2015 the governments of the Asia Region Funds Passport (ARFP) Working Group (ARFP WG) [\[2\]](#) released a feedback statement (FS) and consultation paper ("second CP") on draft rules for the ARFP. [\[3\]](#)

A draft comment letter in response to the ARFP WG is attached. The letter welcomes the changes that have been made to the ARFP following the first consultation. [\[4\]](#) The letter then makes two general comments concerning tax and the enlargement of participating economies, and several comments on the substantive requirements of the ARFP, summarised below.

Comments are due to the ARFP WG by 10 April 2015. Please provide comments on the draft ICI Global letter to Giles Swan (+44 203 009 3103 or [giles.swan@iciglobal.org](mailto:giles.swan@iciglobal.org)) by Tuesday 7 April 2015.

## **Comments on Substantive Requirements**

- Delegation – We recommend that the ARFP Working Group clarify the process for assessing the effectiveness of the regulations of non-Participant economies which will allow the delegation of investment management functions to managers in those

economies;

- Independent Oversight and Compliance Review – We believe further work is needed to develop an approach to independent oversight that can reasonably accommodate the range of fund structures available in the region. We believe this work is very important to supporting APEC’s efforts to enlarge the number of member economies;
- Investment in Regulated CIS – We recommend expansion of the domiciles of regulated CIS available for investment by ARFP funds;
- Single Entity Exposure Limits – We recommend that the ARFP Working Group consider changes to the ARFP’s single entity exposure limits that will better accommodate cross-border regional and global portfolio management practices. We recommend considering the approaches used in other jurisdictions, including in the Asia region, the EU and the US (Questions 4-7);
- Data Protection – We recommend developing procedures for the handling and protection of data on a cross-border basis among regulators and other participants in the ARFP;
- Funds under Management Threshold – We recommend expanding the assets that can be used to meet the funds under management threshold for Operators to be eligible to sponsor and manage ARFP;
- Financial Resources – We recommend the adoption of a uniform approach to the periodic calculation of the financial resources requirement for Operators (Question 2);
- Fund Labelling – We recommend that local rules across Participants are evaluated to enable fund labels to be used in the most informative manner for investors, including taking account of possible future regulatory reforms.

## Conclusion

The letter concludes by underscoring ICI Global’s support for the ARFP and the great benefit it has the potential to bring to investors and regulated fund managers in the participating countries.

Giles Swan

Director of Global Funds Policy - ICI Global

## [Attachment](#)

### endnotes

[1] [Memo](#) 28802, Re: Arrangements for an Asia Region Funds Passport: Feedback Statement and Consultation on Draft Rules, dated 10 March 2015, available from <http://www.iciglobal.org/portal/site/ICI/menuitem.9ad35c6866c5fcca09ce3110b52001ca/?vgnextoid=5e866568280fb410VgnVCM1000001c0210acRCRD&vgnextchannel=db262a8b8ec63410VgnVCM1000005a0210acRCRD&vgnextfmt=global>

[2] The working group comprises the following countries: Australia, Korea, New Zealand, the Philippines, Singapore and Thailand.

[3] Arrangements for an Asia Region Funds Passport: Feedback Statement and Consultation on Draft Rules, 27 February 2015, available from <http://fundspassport.apec.org/files/2015/03/ARFP-Feedback-statement-UPDATED-for-release.pdf>.

[4]

<http://fundspassport.apec.org/files/2014/04/20140411-Consultation-Paper-on-the-Passport-Arrangements-FINAL.pdf>

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.