

MEMO# 29676

January 29, 2016

Asia Region Funds Passport: Conclusion of the Consultation Process

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TO: ICI GLOBAL ASIA PACIFIC SENIOR LEADERS No. 1-16
ICI GLOBAL ASIA-PACIFIC CHAPTER No. 1-16
ICI GLOBAL ASIA-PACIFIC FUND PASSPORTS TASK FORCE
ICI GLOBAL EXCHANGE TRADED FUNDS COMMITTEE No. 1-16
ICI GLOBAL STEERING COMMITTEE No. 2-16
ICI GLOBAL REGULATED FUNDS COMMITTEE No. 10-16
ICI GLOBAL TAX COMMITTEE No. 2-16
INTERNATIONAL OPERATIONS ADVISORY COMMITTEE No. 2-16
INTERNATIONAL COMMITTEE No. 10-16 RE: ASIA REGION FUNDS PASSPORT: CONCLUSION OF THE CONSULTATION PROCESS

On 18 January 2016, APEC Finance Ministers issued a press release [\[1\]](#) confirming that: (i) the consultation process to establish the Asia Region Funds Passport (ARFP) had concluded; and (ii) a Memorandum of Cooperation (MoC) on the content of the ARFP had been broadly agreed by financial officials and regulators from the seven participating APEC economies. [\[2\]](#) As outlined below, subject to the formal signing of the MoC and domestic implementation in two or more participating economies, the ARFP will commence.

Media reports published following the press release, [\[3\]](#) suggest that the Monetary Authority of Singapore (MAS) is still seeking the resolution of taxation issues that could impede the competitiveness and, furthermore, has not yet sign the Statement of Understanding (SoU), that was agreed in September 2015. [\[4\]](#)

Tax Reference Group

The press release announced that a “tax reference group” has been established to facilitate the public disclosure of tax rules across participating economies to boost ARFP funds and help potential investors understand how the rules of these funds might apply to them. Furthermore, collaboration on related tax reference issues is also underway, including a benchmarking and mapping exercise, with the objective of identifying taxation issues in each economy that could impede the competitiveness of the ARFP. ICI Global has previously highlighted the crucial challenges for funds distributed cross-border that are presented by tax issues [\[5\]](#) and, furthermore, urged participating APEC members to

continue to devote their efforts to addressing such issues. [6]

Next Steps

The press release indicates that securities regulators from the participating economies are expected to sign the MoC early in 2016. Participating economies will then seek to have put in place the agreed practical arrangements for the ARFP's implementation, operation and governance within 18 months. The ARFP will commence when two or more participating economies have completed implementation.

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Director of Global Funds Policy - ICI Global

endnotes

[1] Gates Opened for Asia Region Funds Passport, Press Release issued by the APEC Finance Ministers' Process, available from
http://www.apec.org/Press/News-Releases/2016/0118_FundsPassport.aspx

[2] Australia, Japan, Korea, New Zealand, the Philippines, Singapore and Thailand

[3] IgnitesAsia published an article on 19 January 2016 in which an MAS spokesperson is quoted as saying "We remain committed to a successful ARFP and are open to participating in the ARFP when there is commitment to resolving any taxation issues that could impede the competitiveness of ARFP."

[4] See Memo 29348, Re: Asia Region Funds Passport: Signing of the Statement of Understanding, dated 16 September 2015, available from
<https://www.iciglobal.org/portal/site/ICI/menuitem.9ad35c6866c5fcca09ce3110b52001ca/?vgnextoid=9d60d764df1df410VgnVCM100000650210acRCRD&vgnextchannel=db262a8b8ec63410VgnVCM1000005a0210acRCRD&vgnextfmt=global>

[5] See Memo 28259, Re: Comment Letter – APEC Consultation Paper: Arrangements for an Asia Region Fund Passport, dated 10 July 2014, available from
<https://www.iciglobal.org/portal/site/ICI/menuitem.9ad35c6866c5fcca09ce3110b52001ca/?vgnextoid=5b35d7c974cf6410VgnVCM1000001c0210acRCRD&vgnextchannel=db262a8b8ec63410VgnVCM1000005a0210acRCRD&vgnextfmt=global>

[6] See Memo 28890, Re: ICI Global Comment Letter – Arrangements for an Asia Region Funds Passport, dated 10 April 2015, available from
<https://www.iciglobal.org/portal/site/ICI/menuitem.9ad35c6866c5fcca09ce3110b52001ca/?vgnextoid=85c7dae54759c410VgnVCM1000001c0210acRCRD&vgnextchannel=db262a8b8ec63410VgnVCM1000005a0210acRCRD&vgnextfmt=global>