



## PRIME MINISTER

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### **Launch of Financial Services Council Report on Asia Funds Passport**

**Yokohama, 14 November 2010**

Australia is a financial services centre and we want to see that strengthen.

We have developed the Australian Financial Centre Forum, commissioning it to inform policy options to support Australia's expansion into global markets, and ensure an ongoing dialogue and partnership between government and the financial sector.

To assist that strengthening, we welcomed the Forum's report *Australia as a Financial Centre: Building on our Strengths* – the Johnson Report - supporting nearly all of the recommendations, including that the Government work towards the establishment of an Asia Region Funds Passport.

Australia is of the view that fund managers and investors throughout Asia and Australia will have far greater opportunities across the region if the Asia Region Funds Management Passport (ARFMP) goes ahead.

The Asia Region Funds Management Passport would establish a multilateral framework allowing the cross border marketing of funds across participating countries.

Fully implemented, the Passport would allow fund managers based in Passport countries to sell their investment management products in all Passport participating countries, without needing to meet different regulatory requirements.

Fund managers in participating countries would benefit by being able to manage a larger regional pool of funds from their home base.

Investors in Passport countries will benefit by having a greater range of investment products to choose from with the protection of a robust licensing regime.

In the longer term, a common agreed funds management regulatory framework could also facilitate funds from the Asian region being marketed in Europe by way of an Asian/European mutual recognition agreement.

Australia took the Passport concept to APEC Senior Finance Officers meeting in September to put in train some work to gauge the level of interest in this Forum, and then took it to a regional Policy Dialogue in Kuala Lumpur in October hosted by the Malaysian Securities Commission.

After receiving support at this meeting, the passport concept was then raised during the APEC Finance Ministers meeting in Kyoto last week where Ministers recognized the importance of creating more open and integrated financial markets in the region.

They welcomed efforts to facilitate cross-border marketing of fund management services within Asia.

This idea, like most, will not succeed unless the key participants, in this case, our trading partners, industries and investors see a need for it.

I am happy to note that Australian Industry is strongly supportive of the passport idea.

The Financial Services Council was an early voice promoting the idea, and they have continued to explore and develop the concept with their report, **Asia Funds Passport: *The future of the funds management industry in Asia*** written with Pricewaterhouse Coopers.

I am pleased to launch this report today.

The report sets out the views of leading funds management industry bodies across Asia and gives strong support to the development of an Asia Funds Passport.

- It recognises that the establishment of such a facility would be challenging but that is balanced by the belief that Asia needs an efficient and effective funds management industry to deal with the rapidly ageing population and increasing life expectancy.
- Industry representatives see clear benefits for consumers, the funds management industry and economies throughout the region.

- There would be improved efficiencies and cost reductions, increased investor choice and the ability to diversify and a growth of funds management jobs and expertise in the region.
- Asia also needs a mechanism to compete with the European funds into the region.

It is pleasing to see signs of support for the concept from the funds management industry across Asia, and recognition of its potential benefits for the region.

Even though the development of a Funds Management Passport will be challenging for the region a considerable amount of exploratory work still needs to be done to determine if it can be implemented.

This will involve close cooperation between countries, the funds management industry and government officials to work on the details of the Passport.

The Australian Government is very supportive of this concept for the benefits that it would bring to the region and it is gratifying to hear that that further work to develop the Passport has been welcomed by the APEC Finance Ministers.

I look forward to the ongoing development of this proposal.