

MEDIA RELEASE

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ASIA REGION FUNDS PASSPORT OPEN FOR BUSINESS

The Asian Region Funds Passport (ARFP), which comes into operation today, has the potential to become Australia’s ticket to a financial services export boom, Financial Services Council CEO Sally Loane said today.

The passport is a multilateral framework which allows eligible managed funds to be marketed to retail investors across participating countries, however in order to maximise this potential, tax reforms need to take place.

“It has taken 10 years of cooperative effort by financial services industries and governments across many jurisdictions to bring the Asia Region Funds Passport to life,” Ms Loane said.

“The Johnson report in 2009 recommended a package of funds management reforms to facilitate cross border funds flow for participating nations. This led to the establishment of the ARFP and the opportunity to export Australia’s highly regarded funds management industry within the Asia region.”

Ms Loane said the best way to ensure the future success of the ARFP was for the Australian Government to address non-resident withholding tax issues.

“The Australian tax regime for managed funds is complicated, with high tax rates and many exemptions – creating the impression our funds are highly taxed even though not much revenue is raised from the funds.

“Addressing Australia’s complex, uncompetitive tax system will enable the Passport to promote the exports of Australian funds,” Ms Loane said.

Like the European UCITS framework, the Passport scheme has the potential to create a unified retail investment management market in the Asia Pacific region and ensures a high level of investor protection. Investors in the region will benefit from more choice and competition in managed funds. The current signatories are Australia, Japan, New Zealand, South Korea and Thailand.

The introduction of the ARFP follows a successful pilot undertaken in 2018 by industry and regulators from participating jurisdictions.

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About the Financial Services Council

The Financial Services Council (FSC) is a leading peak body which sets mandatory Standards and develops policy for more than 100 member companies in Australia’s largest industry sector, financial services. Our Full Members represent Australia’s retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services industry is responsible for investing almost \$3 trillion on

behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange, and is the fourth largest pool of managed funds in the world.