



## **MEDIA RELEASE**

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### **Asia Region Funds Passport progressing**

The regional consultation paper on the rules and regulations on the Asia Region Funds Passport is a welcome next step in progressing trade in mutual funds across borders, the Financial Services Council said today.

“With 60 per cent of the world’s population but only 12 per cent of the worldwide funds under management, Asia has an enormous potential to increase its access to managed funds,” Sally Loane, CEO of the FSC said.

“We have only just scratched the surface in exploiting our comparative advantages in financial services – particularly in exporting our world-class funds management and financial services expertise.”

“The Asia Region Funds Passport is a significant development in providing a regulatory framework for mutual recognition of fund operators and investment funds between participating countries,” Ms Loane said.

“Completion and delivery of the recommendations in Mark Johnson’s 2009 review, *Australia as a Financial Centre*, must now be a priority.

“The remaining reforms – the investment manager regime, broadening the range of allowable collective investment vehicles, removing tax uncertainty and enabling competitive tax settings - have not yet been delivered. Encouragingly, these reforms have bipartisan support.”

“The Passport will enable our funds management industry to bolster our entry into the burgeoning Asian markets particularly China, Korea and Japan, with which we have Free Trade Agreements.

“Currently the proportion of funds sourced from overseas is less than 5% of the \$2.4 trillion in assets managed here in Australia. While this has been growing and delivering significant benefits to the economy, there is the potential for an exponential increase in foreign sourced funds with the right policy settings.

“This would include concluding the Johnson recommendations, and adopting the FSC’s recommendation to reduce withholding tax to 5% from its current setting of 15% for Asia Region Funds Passport jurisdictions,” Ms Loane said.

### **[ENDS]**

For further information contact: Robyn Tolhurst, Director of Communication T: 0411 177 773  
E: [rtolhurst@fsc.org.au](mailto:rtolhurst@fsc.org.au)

### **About the Financial Services Council**

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 130 members who are responsible for investing more than \$2.5 trillion on behalf of 11 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. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.