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MEDIA RELEASE: New agreements progress Asia Region Funds Passport

The Financial Services Council (FSC) commends the progress made last week by the Asia Region Funds Passport Joint Committee at its second meeting.

Held in Tokyo and attended by representatives from passport signatories Japan, Australia, Korea, New Zealand, and Thailand, the Joint Committee reached a number of important agreements.

These included an agreement to publish an annual report which will include information that will assist the industry in preparing for the passport's commencement on 1 January 2018.

Guidance about rules applying to funds using the passport will also be developed. These will be critical in ensuring smooth entry into the regime and we support industry involvement in a pilot study.

It was also agreed that Australia will chair a working group of tax specialists to meet in early June to consider what information can be given to funds and investors on the tax treatment.

FSC CEO Sally Loane said the FSC is especially pleased with the progress made on taxation and is supportive of Australia chairing the taxation working group.

"The FSC has long advocated for changes to the complex withholding tax arrangements applying to foreign investors into Australian managed funds and the industry is looking forward to the outcome of Minister O'Dwyer's review of taxation of foreign investors into Australian investment vehicles, promised by 30 June 2017," Ms Loane said.

"We encourage other economies within the region to consider the benefits that participation in the Asia Region Funds Passport will create for investors."

Once operational from 1 January 2018, the Asia Region Funds Passport will allow investors in the Asian region to benefit from more choice and competition in managed funds and is expected to lead to an increase in the export of Australia's world-leading financial services products and funds management expertise.

Ms Loane said: "The passport was the centrepiece of Mark Johnson's 2009 blueprint for Australia becoming a global financial centre, and we have been advocating strongly for it since then. While the passport has been a long time coming, now that it is nearly here we are very optimistic about the opportunities it will create for the development of valuable export markets for our asset managers' capability, expertise and products."

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For further information please contact FSC Media Manager Mark Smith on 0434 566 764 or msmith@fsc.org.au.

About the Asia Region Funds Passport

The Asia Region Funds Passport aims to facilitate cross border distribution of managed fund products across the Asia region. It allows collective investment products offered in one Passport economy to be sold to investors in another economy. Currently, funds are manufactured, distributed and administered within each jurisdiction, with no transferability across borders. Participating economies have up to 18 months from 30 June 2016 to implement domestic arrangements. Activation of the Passport will occur as soon as any two participating economies implement the arrangements under the Memorandum of Cooperation.

About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing more than \$2.7 trillion on behalf of 13 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 FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.