

# AFSF 2019 Report

Asia Fund Standardization Forum



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## I. Overview

Asia Fund Standardization Forum (hereinafter “AFSF” or “the Forum”) is a consultative body among Asian CSDs aiming to promote the harmonization of the post-trade processing in the regional fund markets. With its notion proposed by KSD in 2014, AFSF set sail in 2015 with its launching ceremony at the 19<sup>th</sup> ACG General Meeting. The Forum is currently comprised of 14 regular members from 13 economies and six advisory members (global fund service providers).



For the past five years, the Forum has served as a vital catalyst for post-trade dialogue in Asia and garnered an outpouring of support, enthusiasm, and participation from major Asian economies under the banner of regional harmonization. This report is written in retrospect to capture the noteworthy snapshots of the Forum’s journey in 2019.

## II. 2019 in Retrospect

### 1. AFSF Activities

#### 1-1. AFSF 2019 Knowledge Sharing Workshop

The consensus of AFSF members in 2015 paved the way for the birth of a dialogue platform called “Knowledge Sharing Workshop” which is designed to run a reality check on the fragmented post-trade landscape in Asia, facilitate the exchange of knowledge among the Forum members, and ultimately find solutions for filling operational gaps and bolstering regional market integration.

The 1<sup>st</sup> workshop was hosted by KSD in September 2016 in Seoul, the Republic of Korea. Following the 2<sup>nd</sup> workshop hosted by CDSL in September 2017 in Mumbai, India, KSEI held the 3<sup>rd</sup> event in September 2018 in Bali, Indonesia. Then, in the year 2019, the Forum members flew over to Bangkok, Thailand, to attend the 4<sup>th</sup> workshop which was co-hosted by TSD and TDCC during November 13<sup>th</sup> ~14<sup>th</sup>. The two-day event was bustling with seasoned experts from ten CSDs, thought leaders from five advisory members, and key influencers from the local fund industry as well as guest speakers.

#### < AFSF 2019 Workshop Participants >

Regular Member	CDSL, CSDC, CSDI, HKMA, KSD, KSEI, PDTC, TDCC, TSD, VSD
Advisory Member	Clearstream, Deutsche bank, DTCC, Euroclear, SWIFT
Local Market Player	ONEAM, SET, etc.
Guest Speaker	SFC and Nordic Fund Ledger

Under the overarching theme of *AFSF2.0: Market Changes and Post-trade Concerns*, the workshop program was divided into seven distinct parts:

1. “AFSF Session” where KSD set the tone for the workshop by sharing results of an annual survey,
2. “CSD Session” where regular members introduced their core & value-added services,
3. “Advisory Session” where advisory members offered insights on market harmonization,
4. “Local Market Session” where major players of the Thailand fund industry informed the crowd about local market landscape,
5. “Investor Service Session” which was newly organized by TDCC and designed to approach a broader scope of securities in the region (The theme of the year was *e-services for shareholders’ annual general meeting (AGM)*),
6. “Guest Speaker Session” where special guests were invited to broaden the audience’s scope of knowledge on market trends and new technologies, and last but not least,
7. “Panel Discussion” where panelists (representing asset management industry, CSDs, global service providers, etc.) debated on stage the present and future of regional passport schemes.

**< AFSF 2019 Workshop Program >**

Session	Topic	Presented by
AFSF Session	• 2019 AFSF Survey Results (Cross-border trading & Post-trade Concerns)	KSD
CSD Session	• CSDI’s Mutual Funds Platform, FundReg, Development, Launch and Prospects	CSDI
	• Pension Fund System of VSD	VSD
	• FundClear Platform	TDCC
	• MRF Experience	CSDC
	• Indonesia Investment Fund Infrastructure and Future Plan	KSEI
	• Core Services	CDSL
	• Cross-border Connectivity	TSD
	• FundNet: The Past, Present, and Future	KSD
Advisory Session	• Variable Capital Company (VCC) in Singapore	Deutsche Bank
	• Experience on CSDR and ETF on FundSettle	Euroclear
	• ISO20022 as An Enabler of Data Exchange	SWIFT
	• A view on the trends in the global fund distribution	Clearstream
	• Rising to the Challenge of Achieving Resiliency	DTCC

Local Market Session	<ul style="list-style-type: none"> <li>Digital Infrastructure in Thailand</li> </ul>	SET
Investor Service Session	<ul style="list-style-type: none"> <li>The Evolution of Enterprise DLT and Smart Contract Technology</li> <li>Development of e-Services at AGM</li> <li>Survey Analysis and Information Exchange on AGM e-Services</li> <li>Panel Discussion</li> </ul>	TDCC Digital Asset NSD CDS HKEC Deutsche Bank
Guest Speaker Session	<ul style="list-style-type: none"> <li>Mutual Fund Distribution Initiatives in Distributed Ledger Technology</li> </ul>	Nordic Fund Ledger
	<ul style="list-style-type: none"> <li>The Open-ended Fund Company Structure in Hong Kong (OFC)</li> </ul>	SFC
Panel Discussion	<ul style="list-style-type: none"> <li>Passport Schemes in Asia: Current Progress and the Way Forward</li> </ul>	KSD
		ONEAM
		Clearstream



## 1-2. 2019 AFSF Survey

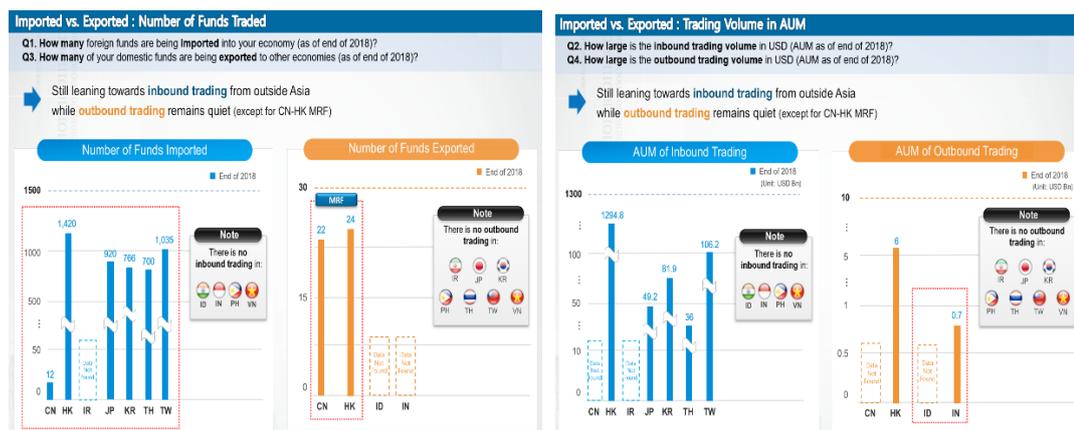
Asia is taking baby steps as a close-knit community since its largely-fragmented post-trade space begins to gravitate towards regional integration under three major initiatives: ASEAN Collective Investment Scheme (CIS), China-Hong Kong Mutual Recognition of Funds (MRF), and APEC Asia Region Funds Passport (ARFP). The main purpose of the 2019 AFSF survey was to have a reality check on latest market developments in Asia and ask how Asian CSDs would adapt to new changes from their post-trade perspective. The survey was conducted for four months from July to October 2019 under the theme of *AFSF2.0: Market Changes and Post-trade Concerns* involving 11 CSDs (excluding Bursa Malaysia, NSDL, and SGX).

The survey came in two parts: “Cross-border Trading” (Part I) and “Post-trade Concerns (Part II). The Part I captured snapshots of cross-border trading in each participant economy by investigating inbound/outbound trading statistics and process. In Part II, the survey focused on some of the latest market changes (e.g. CCIV, OFC, VCC, etc.) and possible concerns in post-trade processing (e.g. fund structure, register management, etc.). The thought behind research was to see where Asia is now in cross-border trading and how the Asian CSDs will be impacted by the changes in cross-border trading, thus ultimately enabling them to brace for upcoming challenges in a more integrated Asia.

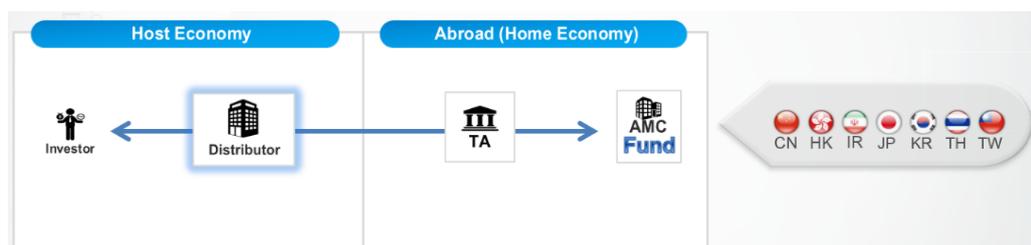
## Part I. Cross-border Trading

- 1) **Objective:** The Part I of the survey was designed to explore how many economies in Asia were engaging in cross-border trading to what extent and in what process as of the end of 2018.
- 2) **Survey Outline:** Respondents were asked to answer four questions on the size and volume of inbound/outbound trading and 11 questions on the back-office process for inbound/outbound trading. To avoid confusions, the direction of cross-border trading was defined based on “where the fund is sold”, not where the cash flows (e.g. “inbound trading” means a foreign-domiciled fund sold at home while “outbound trading” refers to a home-domiciled fund sold abroad.)
- 3) **Findings**

- **Statistics:** Given the number of funds sold and trading volume measured in AUM (asset under management), most of the participating economies seemed to be disproportionately leaning towards inbound trading from outside Asia compared to outbound trading which remained weak except for the one driven by the MRF between China and Hong Kong.



- **Process**
  - a. **Distribution:** To state the obvious, in a host economy, funds are sold via a distributor (e.g. brokers, bank, asset managers (as for direct sales), etc.). And in most of the cases, once orders are sent from a distributor, a transfer agent (TA) (either in-housed or outsourced by an asset management company) settles the trades and handles other post-trade operations such as keeping a register, sharing NAV information, corporate actions, etc.

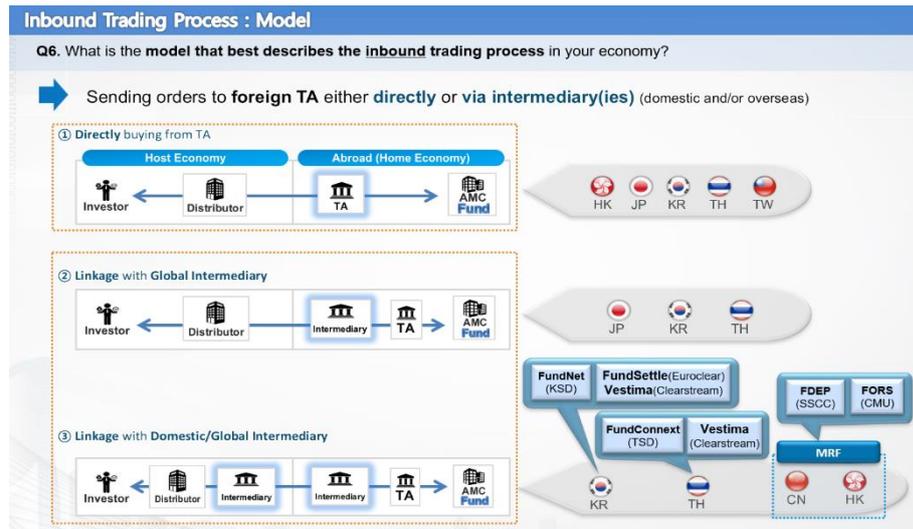


## b. Inbound Trading

When trading a foreign-domiciled fund, an order is sent from a domestic distributor (in host economy) to a foreign TA (in home economy) either:

- 1) directly, or
- 2) via a single intermediary or multiple intermediaries.

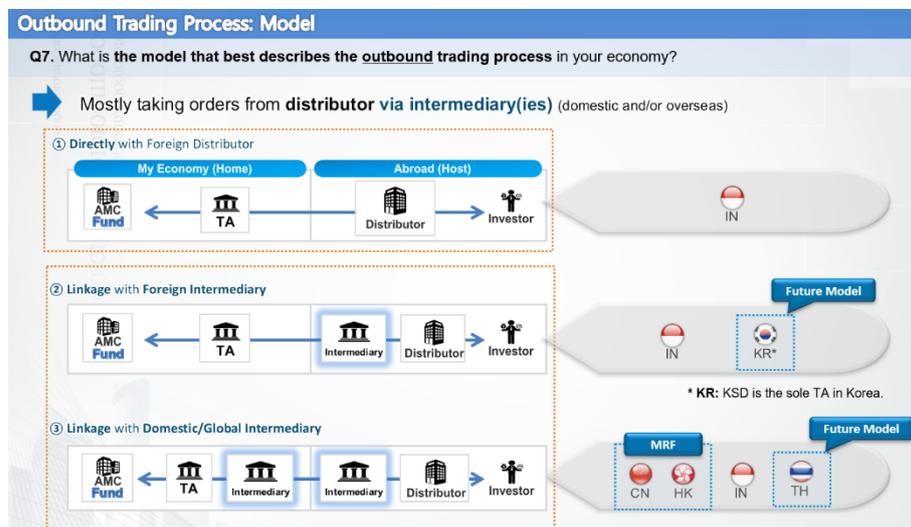
\* The intermediaries include ICSD (e.g. Euroclear, Clearstream), CSD, or the combination of both.



## c. Outbound Trading

When trading a home-domiciled fund abroad, an order is sent from a foreign distributor (in host economy) to a domestic TA (in home economy) either:

- 1) directly, or
- 2) via a single intermediary or multiple intermediaries.



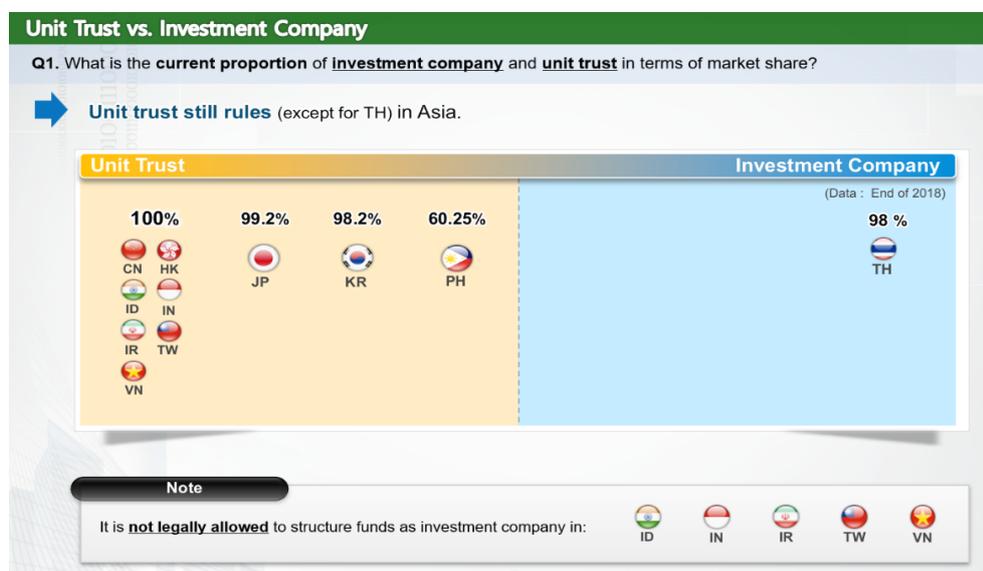
## Part II. Post-trade Concerns

- 1) **Objective:** The Part II brings attention to possible impacts on each CSD's post-trade operations in the face of the market changes in Asia which are largely driven by enhanced cross-border connectivity (e.g. China-Hong Kong MRF, ASEAN CIS, ARFP, etc.) and unconventional regulatory reforms (e.g. emergence of SICAV-like investment companies in Asia including CCIV in Australia, OFC in Hong Kong, and VCC in Singapore).
- 2) **Survey Outline:** Respondents were asked to answer seven questions on fund structure, nine questions on register management, and one on other post-trade concerns.

### 3) Findings

- **Fund Structure**

- a. **Unit Trust on Top:** As previously found, unit trust is still dominant in Asia except for Thailand (where 98% of funds are investment companies). In Thailand, it is mandated by law to structure funds as investment company only (except for REITs) while it is not unallowed to structure funds as investment company in Indonesia, India, Iran, Taiwan, and Vietnam (which explains the absolute dominance of unit trust). Other economies have responded that the supremacy of unit trust seems to be derived from various reasons (e.g. operational ease, cost-effectiveness, tax benefits, or long-held market practices).



- b. **Investment Company on Target:** Lately, SICAV-like investment company seems to be one of the most-talked-about fund structures in town with three advanced economies in Asia (Australia, Hong Kong, and Singapore) swiftly amending pertinent local laws to enhance the global marketability of their domestic funds via *Corporate Collective Investment Vehicle (CCIV)*, *Open-ended Fund Company (OFC)*, and *Variable Capital Company (VCC)*, respectively. When asked if there would be any operational impact depending on the change in fund structure, all of the participant economies simply responded that there will be “little or no impact” even if their market is suddenly moving towards unit trust or investment company.

## Asian Funds Expected to Soar with OFC, VCC, and CCIV

Q3. Does your economy plan to change laws and allow for a SICAV-like investment company?

➔ HK, SG, and AU are moving fast to promote **global marketability** of their **domestic funds**.

	AU's CCIV	HK's OFC	SG's VCC
<b>Fund Structure</b>			
<b>Regulatory Authority</b>	ASIC	SFC	MAS/ACRA
<b>Legal Framework</b>	Corporations Act 2001 (Corporate Collective Investments Bill)	Code on Open-ended Fund Companies (under the Securities and Futures Ordinance)	Variable Capital Companies Act 2018
<b>Enacted?</b>	X	O	O
<b>Umbrella Structure</b>	Must (At least one sub-fund)	Allowed	Allowed
<b>Tax Treaties</b>	44	37	88



## Unit Trust vs. Investment Company

Q2. Will there be any difference in post-trade operations depending on fund structure?

➔ Our members believe **that there won't be significant impact** on their operations.

	CSD to be Affected?	Note
CDSL	No	We do not envisage any major change in CSD's back-office operations
CSDC	No	-
CSDI	No	There won't be any change since it is legally impossible to structure funds as investment companies.
HKMA	No	From operational prospective, <b>there is no difference</b> in respect of various fund structure.
JASDEC	No	As long as the investment companies are exchange-traded securities, <b>there will be no impact</b> . For your reference, JASDEC doesn't handle non exchange-traded investment companies.
KSD	No	Legal frameworks are already well-established for both unit trusts and investment companies, and so are KSD's post-trade operations for both structures.
KSEI	No	There won't be any change since it is legally impossible to structure funds as investment companies.
PDS	No	Unknown yet
TDCC	No	There won't be any change since it is legally impossible to structure funds as investment companies.
TSD	No	<b>No impact</b> to CSD's back-office operations as currently funds in the form of investment company are operated outside CSD. The impact, though, will be with Transfer Agent as some parts of the operation are still manual.
VSD	No	There won't be any change since it is legally impossible to structure funds as investment companies.

## • Registration Management

- Keeper of Register and End-investor Details:** a register of investors is mostly kept by asset management companies or TAs while the end-investor details (e.g. names, units, addresses, etc.) are mostly recorded by distributors, asset management companies, or TAs.

## Keeper of Register & Location of End-investor Details

Q1. Who keeps a **register** of investors in your economy?

➔ Mostly kept by **AMCs or TAs**



Q2. Does the register contains the **end-investor details**? If not, who keeps the details?

➔ Mostly kept by **distributors, AMCs, or TAs**



**B. End-investor Details in Cross-border Trading:** When investing in a foreign-domiciled fund, an end-investor in a host economy may request to check if his/her transactional details are well recorded on the other side in a home economy (which was indeed one of the actual thorny issues raised among state regulators participating in ARFP). In this scenario, most of the participant economies have responded that the said investor should contact his/her distributor(s) in his/her own economy (host economy).

**Sharing End-investor Details in Cross-border Trading**

**Q3.** If a foreigner in another economy invests in a fund in your economy and wants to see their investment details in the register, **who should be providing** the copy of register?

➔ In most of the cases, **distributor(s) in host economy**

	Who should be providing?	Note
CDSL	Registrar & TA as AMC	-
CSDC	Distributor in host economy	-
CSDI	Distributor in host economy	-
HKMA	Distributor in host economy	(As for MRF trading), mainland investors should go to their local distributor to see their investment details in the register.
JASDEC	Distributor in host economy	There have been few cases of non-residents buying Japan-domiciled funds. If a non-resident purchases Japan-domiciled funds from a distributor in Japan, it is considered that the non-resident makes an inquiry to <b>the distributor</b> .
KSD	Distributor in host economy	-
KSEI	Custodian bank	-
PDS	AMC/TA in PH	-
TDCC	Distributor in host economy	-
TSD	Distributor in host economy	-
VSD	Distributor in VN	-

- **Others:** HKMA shared the growth pains from linking China and Hong Kong via central fund processing platforms (*Financial Data Exchange Platform (FDEP)* of Shenzhen Securities Communication Co., Ltd. and *Fund Order Routing and Settlement Service* of Central Moneymarkets Unit (CMU)), which include operational gaps in fund cut-off time, fund information disclosure schedule, the number of decimal places for fund unit, calculation and type of sales charge, order submission mode, medium of submission, business day and holiday, frequency and process for handling reconciliation process, etc.

In addition, JASDEC mentioned that the shortening period for creation and exchange of ETFs needs to be considered as one of the most noticeable changes in the post-trade landscape of Japan.

### 1-3. 2019 CSD Milestones

This section highlights the key developments of Asian CSDs where news, data, statements, or other references are arranged in a chronological and names are listed in an alphabetical order.

#### ① Korea Securities Depository [KSD]

Securities in Korea have largely gone paperless as KSD finally launched its much-awaited e-securities registration system on September 16<sup>th</sup> 2019, after three years of concerted efforts committed by the e-Securities Development Task Force (established in August 2016 after the bill on *the enactment of the Electronic Securities Act* had been passed by the Korean National Assembly). From now on, as notified in the 2018 AFSF Report, securities in Korea (including beneficiary certificates) will be fully dematerialized on a phased-out basis.

The Asset Management Support Division of KSD plans to revolutionize the Korean pension industry with the launch of pension account switching system slated for January 2020. The new system will enable pension subscribers to switch to a new account while maintaining the same tax benefits on a more standardized and automated manner via a central processing platform called PensionClear. Thus far, for account switching, market players have long depended on time-consuming manual operations like emails, faxes, and phone calls while subscribers had to go through hassles (e.g. having to visit two financial firms in person for account switching).

#### ② PT Kustodian Sentral Efek Indonesia [KSEI]

KSEI has successfully implemented the fund settlement of securities transactions via the central bank system, widely known as the Full Central Bank Money (Full CeBM), the process of which had been incrementally carried out since 2015 until the official effective date on July 22<sup>nd</sup> 2019. The smooth implementation has earned KSEI a prestigious award of the Best Central Securities Depository from the Alpha Southeast Asia Magazine for the third time.

Furthermore, KSEI also launched AKSes Next Generation, the latest version of AKSes facility which provides a platform for investors in the capital market to directly monitor their securities portfolio ownership and/or funds deposited in the Investor Fund Account. At the end of 2019, KSEI activated the second phase of C-BEST Next-Generation development with a particular focus on Corporate Action module. The capacity of C-BEST has quadrupled from 20,000 instructions per minute to 80,000 instructions per minute.

In addition, the Indonesia mutual fund industry witnessed a new milestone with the launch of multi-share class funds. Multi-share class fund is an open-end fund in form of collective investment contract which has more than one class of investment units. Hopefully, this breakthrough will give more opportunities for investment managers to manufacture and offer more products as alternatives for varied investors.

### ③ **Taiwan Depository & Clearing Corporation [TDCC]**

#### Experimental Project for Self Pension Saving Investment

To raise the public awareness on the importance of post-retirement financial security, TDCC cooperated with the Taiwan Securities Investment Trust & Consulting Association as well as the Securities & Future Institute to actively promote “ReLife Project”. Comprised of nine different publicly-offered funds, the project was proposed by the competent authority as part of the drive for public education on early preparations for post-retirement life. Just within three months after the project launch in July 30<sup>th</sup> 2019, over 40,000 applications came in, thus setting a new milestone in fostering investor engagement in mutual funds for the sake of preparations for retirement financing and long-term asset accumulation for a better quality of life after retirement.

#### Brand New Visualized Fund Services for Announcement and Inquiry

With an aim to provide domestic fund investors with a faster and more accurate access to fund market information, TDCC has gradually constructed “Off-shore Fund Information Announcement Platform” and “Futures and Trust Fund Information Announcement Platform” since 2005, thereby enabling investors to make investment decisions based on clearly-referenced fund information. To make the Platforms more effective for the public, TDCC not only used the existing data but also applied Fintech and intelligence software to add more functions. The new service adds enquiry functions to each fund statistics in different categories, utilizes graph visualization to present market statistics, and offers investors simple and intuitive integrated charts to keep them updated on the ever-changing fund market. The new service successfully went live on January 16 2019.

#### Everyday, Debit Day: New Systematic Investment Plan Service

The Systematic Investment Plan (SIP) has been one of the most popular investment strategies among Taiwanese. According to TDCC’s data, the subscription amount of SIP in 2019 through FundClear reached USD 340 million while the transaction number reached approximately two million, both increasing by two folds compared to 2016. To better serve investors joining SIP, TDCC launched a new service on FundClear in December 2019 which enables SIP investors to choose any date as their debit date. With this new function, investors can invest on a more flexible basis and mitigate the risk of market volatility. Distributors also benefit from the new function by providing a more customized SIP service to their clients. Moreover, investors can decide their own debit timing for SIP which will reduce risks for long-term investments.

### ④ **Thailand Securities Depository [TSD]**

#### Cross-border fund connectivity with Clearstream went live in 2019

After the signing of MoU in late 2018, the cross-border linkage between the FundConnex of TSD and Vestima of Clearstream went live in September 2019, thus enabling cross-border fund order routing for both inbound and outbound flows. The linkage service allows foreign investors greater access to Thailand-domiciled funds while vice versa is also true by helping local investors access offshore funds more easily. The linkage of the two platforms is operated via SWIFT standard messaging format of ISO20022 which is the first-ever implementation of the standard in Thailand.

## ⑤ Vietnam Securities Depository [VSD]

### Participating in the Finalization of the 2019 Securities Law

After nearly three years of development, the new Securities Law (“the 2019 Securities Law”, referenced as No. 54/2019/QH14 on 26<sup>th</sup> November 2019) was officially adopted by the National Assembly and will come into effect in 1<sup>st</sup> January 2021. As a member of the Editorial Team of the MOF, in the legal drafting process, VSD proposed relevant contents within the scope of its businesses and functions. The 2019 Securities Law mandates significant changes to VSD in terms of organizational structure, business service provision and regulations.

### Successful Launch of Services for Covered Warrants

On 28<sup>th</sup> June 2019, the securities market of Vietnam launched the trading of covered warrants (CWs). Similar to the case of listed shares, VSD is a post-trade service provider for CWs ranging from registration, depository, and clearing to settlement. The introduction of CWs has not only contributed to boosting product diversification but also to making the Vietnamese securities market more attractive to both domestic and foreign investors.

### Clearing and Settlement for Government Bond Futures

After nearly two years from launching a derivatives market with VN30 Index Futures as its first product, on 4<sup>th</sup> July 2019, the market released the second product called “Government Bond Futures” with the underlying asset of 5-year government bond. For the product release, VSD proactively engaged in concerted efforts with relevant parties, overhauled its IT system and issued guidelines on business operation for clearing members.

### Bracing to Provide Services for Voluntary Supplementary Pension Funds

In 2019, VSD completed building the system and regulation to provide services for voluntary supplementary pension funds. The introduction of voluntary supplementary pension funds will contribute to the development of pension funds as well as the capital market in Vietnam and complete the multi-tier pension system in accordance with international practices.

## 2. External collaboration

### 2-1. ARFP Joint Committee

#### ① Overview of ARFP Joint Committee

The Joint Committee on Asia Region Funds Passport (JC) is a working group established under the MoC signed in June 2016 by five ARFP members (state regulators from Australia, Japan, New Zealand, the Republic of Korea, and Thailand) for the sake of the smooth implementation of ARFP. Since 2016, JC has continued to hold biannual meetings called “ARFP JC Face-to-face Meeting (hereinafter “JC Meeting”)” as below (Refer to the [link](#) for more detailed information).

- The 1<sup>st</sup> JC Meeting in Kuala Lumpur, Malaysia, in April 23<sup>rd</sup>-24<sup>th</sup>, 2016
- The 2<sup>nd</sup> JC Meeting in Tokyo, Japan, in April 20<sup>th</sup>-21<sup>st</sup>, 2017
- The 3<sup>rd</sup> JC Meeting in Bangkok, Thailand, in October 4<sup>th</sup>, 2017
- The 4<sup>th</sup> JC Meeting in Sydney, Australia, in April 25<sup>th</sup>-27<sup>th</sup>, 2018
- The 5<sup>th</sup> JC Meeting in Auckland, New Zealand, in September 19<sup>th</sup>-21<sup>st</sup>, 2018

KSD has joined the JC meeting alongside the key state regulators of Korea (the Financial Services Commission and the Financial Supervisory Service) to voice opinions on back-office processing and infrastructure and emphasize a possible synergy between ARFP and AFSF.

#### ② JC Meetings of 2019

The 6<sup>th</sup> and 7<sup>th</sup> JC meetings were held respectively in Seoul, Republic of Korea, during May 8<sup>th</sup> ~ 10<sup>th</sup>, 2019, and in Singapore during October 21<sup>st</sup> ~ 22<sup>nd</sup>, 2019. As for updates, Australia, Japan, Thailand, and New Zealand officially launched the passport scheme in 2019. Yet, major asset management companies in these four economies are still in the early phase of conducting research on the common passport rules, host economy regulations, and market traits of participant economies before rushing into manufacturing and marketing suitable products.

In the meanwhile, Korea submitted an amendment bill on *the Financial Investment Services and Capital Markets Act* in order to transpose the common rules of ARFP (the “Passport Rules”) into local pertinent laws and sub-regulations. Once the National Assembly is back in session, the bill is expected to be passed, thus paving the way for the official launch of ARFP in Korea, as well.



### **III. 2020 Plans**

#### **1. The 5<sup>th</sup> Knowledge Sharing Workshop**

The 5<sup>th</sup> AFSF knowledge-sharing workshop will be hosted by TDCC in Taiwan. Although the exact date and venue are yet to be decided, the workshop is likely to be held in the third quarter of 2020. In addition to conventional sessions such as CSD Session, Advisory Session, or Local Market Session, new sessions will be added to the workshop based on further feedback and discussions. The overarching theme of the workshop will remain the same as *AFSF 2.0: Market Changes and Post-trade Concerns*.

#### **2. Research and the Way Forward**

The year 2020 is likely to resemble “the Europe in 1985” (when UCITS first came out in market amid mixed responses of enthusiasm and skepticism) since ARFP will be fully set in motion with the Republic of Korea bracing for its official launch in the first half. Judging from the current prosperity of Europe under UCITS despite initial growth pains, it is deemed timely to say that Asia is at a critical juncture between the status quo and a quantum leap forward: simply put, *fragmentation* or *integration*.

Thus far, the Forum has accomplished its short-to-mid-term goals of research via surveys on the inner workings of each Asian fund market (e.g. “fund basic data” in 2017 and “fund trading data” in 2018). The 2019 survey expanded the scope of research by exploring the current landscape of the “cross-border trading” in Asia and “post-trade concerns” in the face of fast-evolving market shifts in the regional fund industry. Under the theme of *AFSF 2.0: Market Changes and Post-trade Concerns*, the Forum will continue to monitor significant market movements and diagnose possible implications on back-office harmonization and integration.

If time permits, as the key coordinator, KSD will facilitate a dialogue on the Forum’s ultimate objective which is “how to develop an optimal post-trade processing model in Asia”. As part of such efforts, the Forum will collect opinions from its members in order to better define the ideal model (e.g. inter-CSD linkage model) which effectively bridges operational gaps among Asian neighbors and maximizes cost-effectiveness in regional post-trade space.

Still, be mindful that the objective, direction, content, or form of research is subject to future changes and will be further specified in 2020.

#### **3. Networking and Collaboration**

AFSF plans to collaborate with varied initiatives meant for the post-trade harmonization especially in cross-border trading. Once the ARFP is fully ready, the Forum will closely watch the growth of cross-border trading of ARFP funds in order to detect significant market changes that may impact the regional post-trade world and back-office operational gaps among Asian economies that may cause much friction and hinder the timely settlement of trades. Any meaningful implications from such monitoring efforts will be further discussed with concerned market players in the coming knowledge-sharing workshop in Taiwan and through other big and small gathering opportunities.

**Date of publication**

December 2019

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