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Growing Asia's Markets

**BBF ASF AGM 2023: MARKET
REPORTS SESSIONS**

- **ASIFMA (Asia Securities Industry & Financial Markets Association)** is an independent, regional trade association comprising a diverse range of over 170 leading financial institutions from both the buy and sell side, including banks, asset managers, professional services firms and market infrastructure service providers. ASIFMA advocates for stable, competitive and efficient Asian Capital Markets.
- **Focus markets:** India, Greater China, ASEAN Countries including Singapore, Malaysia, Thailand, Vietnam, Philippines, Indonesia, Korea, Japan among others.
- ASIFMA is part of an alliance through the Global Financial Market Association (**GFMA**) with **SIFMA** in the US and **AFME** in Europe and provides insights on global best practices and standards to benefit the region

- Despite recent economic and geopolitical turbulences market **sentiment remains positive** with majority of outbound investors/market participants intending to expand business operations in the next 3 years
- It should be noted that most of the firms intend to **expand the scale of existing business** and product/service offerings **rather than expanding via other means** (e.g., investments and establishing presence in more markets)
- There are certain characteristics that define market attractiveness such as: **workforce skills, treading and exchange infrastructure and predictable and transparent regulatory environment**, which are seen as the most important factors. The factors that make markets least attractive are **political risk, currency convertibility and currency controls and lack of market liquidity & depth**
- Sustainable finance is considered the development area with most potential where market participants planning to expand their offerings, including bonds, equities, loans and other products which will be labeled green, sustainable or sustainability linked.
- **Mainland China is the most prominent target market for expansion**, most likely due to market growth opportunities and improving market infrastructure. Singapore and Hong Kong are also key target markets for expansion.
- Members recognise the potential and consistent effort from ASEAN an emerging and frontier markets to develop further and are increasingly looking to engage with them.
- Ease of operations in APAC capital markets has largely been stable both historically and prospectively

* All data based on ASIFMA's Annual [Capital Market Survey](#)

- Key attractions of the **Indian market remain** – workforce and language skills, digital infrastructure, clearing and settlement infrastructure, trading and exchange infrastructure, investors protection
- **Growing customer base and wealth** is becoming a key attraction of the market (similar to expectations for China market)
- **Impediments also broadly remain** the same – currency convertibility and controls, data localisation requirements, cost of doing business and physical infrastructure
- **Market liquidity and depth** – area for improvement
- **Improvement seen** in other foreign investments regulations, predictable and transparent regulatory environment, barriers to entry

- In 2019, China laid the foundation to promote inbound investments in the onshore financial sector. Since then, **several foreign institutions have established wholly foreign owned or assumed majority of their joint ventures in China**. There is also an increased willingness and efforts among regulators, industry and investors to participate in asset management through outbound and inbound capital flows.
- China's Securities Regulator, CSRC, **halved the 0.1% stamp duty on securities transactions** in August 2023 to invigorate the capital market and boost investor confidence. Since September 2023, the minimum margin ratio of financing for purchasing securities was lowered from 100% to 80%, to help put available funds to good use.
- Effective from March 2023, **list of eligible stocks under the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect were expanded significantly** to increase liquidity and market integration.
- **China's green finance market is also poised for rapid growth** with steady support of its green finance system, government policies and initiatives like carbon trading market and green finance pilot zones. The China market has witnessed a rapid growth of bond issuance and green credits. At the end of 2022, cumulative issuance of green bond market reached USD 489 billion (approx. RMB 3.3 trillion). Recent stakeholder consultation was also held to revamp the **China Certified Emission Reduction Scheme (CCER)** for China's Voluntary Carbon market.

- Hong Kong continues to be a gateway for Mainland China and the Asia-Pacific region and a successful International Financial Centre. It has the **Deepest RMB Liquidity Pool**, is the **Most Important Offshore RMB Clearing Hub**, a **Major RMB FX Centre** and **Largest Offshore RMB Bond Market**.
- New channels have been opened to enhance connectivity between Hong Kong and Mainland China including the **Qualified Foreign Institutional Investor (QFII)**, **Renminbi Qualified Foreign Investor**, **Mutual Recognition of Funds**, **Shanghai- Hong Kong Stock Connect**, **Shenzhen-Hong Kong Stock Connect** and **Bond Connect**.
- In March 2023, **HKEX added to its listing rules allowing companies with greater potential to list in Hong Kong and widen Hong Kong's capital base**. HKEX now allows companies with at least HK 10\$ billion (USD 1.3b) in valuation to sell shares in IPO even if they are not earning any profits. Earlier threshold was HKD 15 billion.
- As part of efforts to **support Family Offices, profit tax for eligible single-family offices were cut earlier this year**. Other measures included new Capital Investment Entrant Scheme (CIES), Market facilitation measures, a dedicated **FamilyOfficeHK team in Invest HK**, new network of family office service providers and others.
- The Hong Kong government has ramped up efforts to establish itself as a green finance hub. **Alignment with global standards to establish world class regulations, data enhancement and tech innovation to support net-zero transition, diversification of products to mobilise capital at larger scale** are all integral to HK government's Cross-Agency Steering Group's priorities for HK as a leading sustainable finance hub. **The Green Taxonomy framework is underway**, with the second iteration post-stakeholder consultation due later this year. **HK Government is also the first to issue tokenized green bond** and tested out the efficiency of the tokenization technology in practice, noting that settlement time shortened from T+5 to T+1 with the possibility reduce it further to near real time. **Government-funded green finance training schemes are also provided** to help market practioners, students and graduates obtain training and qualifications related to green and sustainable finance.



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THANK YOU

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