

IOSCO Asia-Pacific Hub Set To Boost The Region's Capital Market

March 15, 2017



The opening of the International Organisation of Securities Commission (IOSCO) Asia-Pacific Hub in Kuala Lumpur is set to boost the region's under-developed capital market and bridges its gap with other regions, industry experts said. They said the Asia-Centric Hub could bring enormous benefits and positive developments to the region, particularly in addressing the untapped market worth billions of US dollar. Partner and Head of Public Policy Practice (Asia Pacific) at Oliver Wyman, Jacob Hook said the regional hub would be very useful in integrating numerous innovations taking place and act as a central point to support coordination of policies on capital market in the Asian region.

“For many years, there has not been consistent position about how Asian countries would like to negotiate and take a position on key capital market laws internationally. “So having a centre here, it can pull together views across Asia to support the more coordinated policy stance.” Established in 1983, IOSCO, the leading global body of capital market regulators from both developed and emerging economies, assists its members from over 115 jurisdictions to promote high standards of regulation. Kuala Lumpur is IOSCO's first regional hub outside its headquarters in Madrid, Spain.

Meanwhile, Japan-based KPMG AZSA LLC Special Advisor Masamichi Kono said with the setting up the regional hub in Kuala Lumpur, IOSCO has become more inclusive in terms of creating synergy and disseminating knowledge. Due to the rapid technology advancement that constantly change the financial and capital market environment, he said the regional hub could also help IOSCO maintain its standards 'evergreen'. "This regional hub can be an excellent meeting point for market stakeholders and participants to meet the regulators besides IOSCO, the international standard regulator," said Kono who is former vice-minister of Japan's International Affairs of the Financial Services Agency.

International Valuation Standards Council Chairman Sir David Tweedie said the regional hub would be a real asset to IOSCO in dealing with regional issues, especially related to cultural differences, effectively. "When you have a team close on the ground and to the issue, (they will) know what the problems are and how they should be resolved. They will come forward with the most appropriate answer," he added.

IOSCO Board Chairman and Hong Kong Securities and Futures Commission Chief Executive Officer Ashley Alder said launching a hub in Asia Pacific was more significant than possibly elsewhere, given its broadly undeveloped capital markets. He said by harmonising the regulators' rules, which currently showed a disparity of standards between developed and emerging countries, the region could unlock its ability of having capital that were flowing freely across borders. "That is important because the vast amount of Asian savings is being used to invest in the West and not in Asia, even though there is a crucial need for Asian savings to be deployed in Asia to address the growth issue in the region," he said. On the selection of Malaysia as IOSCO's first ever regional hub, Alder said the country has a highly-developed capital market, great regulator commitment at the international level, and strategically positioned for people to converge to build up capacity across Asia. "Malaysia is the first and therefore what it does will obviously set the tone for others," he said, adding IOSCO also planned to open another hub in future.