

## ICI VIEWPOINTS

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## Witnessing Asia's Potential for Asset Managers

By Dan Waters and Giles Swan

Since our launch just over a year ago, ICI Global has made six trips to Asia to meet with regulators, members, and prospective members. We expect to make at least that many in the year ahead.

When we speak of Asia, we keep firmly in mind the very diverse economies that comprise the region—from emerging, to developing, to fully mature economies. Each has their own challenges.

Yet looking across the region, the overall growth potential for asset managers doing business in Asia is very significant. [Measured by fund assets](#), the continent ranks a distant third behind North America and Europe. As capital markets develop and grow in many countries in the region—particularly in China—Asia is poised to narrow the gap.

### The Retirement Opportunity

Asian leaders are keenly aware of the challenges that the region's [burgeoning middle class](#) will post for retirement security. Likewise, they continue to explore how to develop defined contribution systems could play a vital role in fostering retirement savings.

ICI Global, leveraging ICI's deep expertise in the U.S. retirement market, will engage with Asian leaders to share insights and research. We have a study underway of nine retirement systems around the world, examining issues including coverage requirements, taxation, and default options. Of the nine systems, five are in the Asia-Pacific region. In addition, we will hold our Global Retirement Savings Conference in Hong Kong on June 27, 2013.

### Potential in China

Given the enormous and still increasing size of its economy and its developing capital markets, the new but growing investment fund sector in China offers substantial opportunity for asset managers—firms such as HuaAn Asset Management and China Asset Management in Hong Kong, which have recently joined ICI Global as our first Chinese member firms.

In our Hong Kong meetings, we've seen particularly strong investor interest in exchange-traded funds (ETFs), particularly those operating in the Renminbi Qualified Foreign Institutional Investor (RQFII) program, which permits qualified investors to access stock and bond markets in mainland China.

Only four companies have been authorized operate RQFII ETFs to date, but the number and size will grow rapidly. That growth will depend, in part, on ensuring sound rules for the market and trading environment for ETFs in Asia.

### The Need for a Greater Voice

We look forward to close and continual engagement with our members doing business in Asia, bringing forward their voice in the debate on [market structure](#), the Foreign Account Tax Compliance Act ([FATCA](#)), the [Volcker Rule](#), and other issues significant to global funds and their investors.

Toward this end, we'll turn to our Asia-Pacific Chapter, which recently held its first meetings in Hong Kong and Sydney, Australia. Drawing together ICI Global member firms, we can amplify the voices of Asia's asset managers and work to fulfill the continent's great promise for funds and their investors.

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