

GOVERNMENT PREPARES TO LAUNCH ASIA REGION FUNDS PASSPORT

The FSC's proposal to revise the Financial Investment Services and Capital Markets Act for the implementation of the Asia Region Funds Passport was passed at the National Assembly on October 31.

The ARFP is a multilateral framework to support the development of an Asian region funds management industry by introducing streamlined processes for registering passport funds in each others' economies.

In September 2010, Australia first suggested the idea of the ARFP, and the five economies signed a memorandum of cooperation in April 2016. Australia, Thailand and Japan launched the passport in February and New Zealand in July this year.

Publicly offered local funds can apply to be registered as a passport fund in Korea, and they will be eligible to offer them in other member economies.

Foreign passport funds, which will be subject to local laws and regulations, can apply to offer their funds in Korea after a simplified registration process.

The revised law will improve market access for both domestic fund managers looking to offer passport funds offshore and foreign fund managers wanting to offer passport funds in Korea. The government expects that the ARFP will help diversify portfolios for investors and increase competitiveness for fund managers.

The revision to implement the ARFP will take effect six months after public announcement.

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