

PRESS RELEASE

ASIFMA Launches New Report on Proposed Leading Principles for Regulation of Outsourcing

Report outlines nine leading principles for regulation of outsourcing for regulated securities, futures and banking intermediaries in APAC.

Hong Kong, 19 July 2018 – [ASIFMA](#), the financial industry's leading regional trade association, today released its report "[Proposed Leading Principles for Regulation of Outsourcing](#)".

This report, which is based on feedback from ASIFMA members, proposes nine leading principles for regulation of outsourcing for regulated securities, futures and banking intermediaries in the Asia-Pacific region. This initiative is the result of ASIFMA members expressing the challenges they currently face with regulatory fragmentation, i.e., complying with varying outsourcing regulations across different Asia-Pacific jurisdictions.

Outsourcing, where a regulated firm contracts its own internal functions to a service provider or to affiliates, is rapidly becoming a key part of financial firms' operating models and brings various benefits such as economies of scale, being able to access lower costs, allowing firms to concentrate on their core business and benefiting from specialisation in the provision of services and resources.

"The rapid evolution and development of outsourcing is considerably changing the business model of financial firms and provides vast potential for increased productivity and efficiencies," commented Mark Austen, CEO of ASIFMA. "Establishing a principle-based regulatory framework can smooth out the difficulties of navigating different regulatory landscapes in Asia-Pacific and would allow firms, their customers and markets to achieve the full benefits from outsourcing."

The nine proposed leading principles for regulation of outsourcing are: (1) Prohibition of outsourcing, (2) Definition of outsourcing, (3) Materiality, (4) Intra-group outsourcing, (5) Regulatory approvals and notification, (6) Inventory of outsourcing arrangements, (7) Audit requirements, (8) Governance and accountability, and (9) Incident notification and business continuity planning.

"ASIFMA recognizes that there is a growing need regionally for an aligned approach for the regulation of outsourcing to better serve consumers and markets. However, we acknowledge that firms are ultimately accountable to implement the appropriate governance processes to ensure outsourced functions are managed prudently, without compromising the core regulatory objectives of protecting customers and systemic stability. The leading principles set out to achieve this through facilitating the dialogue between financial institutions and policymakers," concluded Mr. Austen.

The full report can be found [here](#).

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About ASIFMA

[ASIFMA](#) is an independent, regional trade association with over 100 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative and competitive Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the [GFMA](#) alliance with [SIFMA](#) in the United States and [AFME](#) in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

More information about ASIFMA can be found at: www.asifma.org.