



Industry Whitepaper: Addressing Market Fragmentation Through the Policymaking Lifecycle

August 2020

Asia Pacific is an inherently complex region, and susceptible to fragmentation



APAC capital markets are growing rapidly, and will make up 50% of global activity by 2030



Natural fragmentation exists with regulators from 20+ markets and the lack of a regional coordination body



Regional economic growth and stability relies on capital markets advancement



Structural challenges and vulnerabilities exist today and are increasingly exposed during the current COVID-19 pandemic

DRIVERS OF FRAGMENTATION

Areas of Fragmentation	I	II	III	IV	UNINTENDED CONSEQUENCES
	Lack of Standards	Extraterritorial Policies	Localization & Ringfencing	Inconsistent Implementation	
Legacy Areas					<ul style="list-style-type: none"> ✗ End-users: Higher economic and opportunity costs, constraints to market access, limited risk management ✗ Market development: Higher barriers to entry, limited growth of emerging and cross-border APAC financial markets ✗ Financial sector, and stability: Increased complexity of risk management, heightened systemic risk to APAC financial stability
Derivatives					
IBOR Transition					
Recovery & Resolution					
Capital & Liquidity					
Emerging Areas					
Sustainable Finance					
Data localization					
Fin Crime Compliance					
Operational Resilience					

Contribution to fragmentation
High Low

ADDRESSING FRAGMENTATION THROUGH THE POLICYMAKING LIFECYCLE

