

## PRESS RELEASE

### ASIFMA Releases Report on Operational Challenges in the Hong Kong and Singapore Capital Markets due to a Lack of Adoption of Electronic Means

*The report sets out the operational challenges identified in Hong Kong and Singapore during the COVID-19 pandemic and proposed solutions to address or alleviate these operational challenges in the short-term and/or the long-term.*

Hong Kong, 30 November 2020 – [ASIFMA](#), the financial industry's leading regional trade association, today released a new report "[Operational Challenges in the Hong Kong and Singapore Capital Markets due to a Lack of Adoption of Electronic Means](#)". The report was written as a collaboration among Latham & Watkins, PricewaterhouseCoopers Hong Kong and ASIFMA on behalf of its members.

As a result of social distancing measures introduced by governmental authorities, Hong Kong and Singapore have experienced the temporary closure of offices of public authorities and commercial firms, work from home arrangements have been implemented and border controls/travel restrictions have been imposed. These measures, implemented to mitigate a public health catastrophe, have affected capital markets and, more broadly, the ways in which financial institutions operate their businesses.

Financial institutions in Hong Kong and Singapore have encountered a number of operational challenges because of the unavailability of electronic solutions to certain processes. In particular, restrictions on social and physical interaction have made it difficult for firms to comply with certain laws and regulations.

Four key themes have emerged from the operational challenges identified by ASIFMA members:

1. Requirements to physically deliver originals or certified true copies;
2. Requirements for physical meetings and presence;
3. Restrictiveness of rules and regulations on electronic signatures; and
4. Restrictiveness on the means of payments.

The report describes the specific operational challenges identified and solutions proposed by members in the following areas:

1. Regulatory correspondence, including regulatory applications, notifications or submissions and day-to-day communications;

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2. Customer onboarding process;
3. Corporate meetings;
4. Listing and initial public offering process;
5. Tax and stamp duty process; and
6. Post-trade process.

Solutions include amendments to laws and regulations, issuance of regulatory guidance by regulatory authorities, changes to existing practices of regulatory authorities and support from industry bodies.

An [infographic](#) has also been produced to visualize the framework put forward in the report as well as its high-level findings, while more detailed recommendations are presented in the report itself.

ASIFMA members have also identified the adoption of tokenised securities as another area that merits further attention of governmental and regulatory authorities. Although the adoption of tokenised securities is not an operational challenge that stems from the COVID-19 pandemic, members note the development of tokenisation as being of relevance because of certain legal and regulatory challenges that are inhibiting the adoption of tokenised securities as a technological solution and urge government and regulatory authorities to consider implementing a conducive framework for tokenised securities. On 5 November 2019, ASIFMA published a paper entitled "[Tokenised Securities – A Roadmap for Market Participants and Regulators](#)" setting out what tokenised securities are, the benefits that tokenised securities can bring and the obstacles to a more widespread adoption of tokenised securities. Although there are benefits to the use of tokenised securities, members have identified that certain ambiguities under the laws and regulations in Hong Kong and Singapore have limited the adoption of tokenised securities where the specific challenges are set out in further detail in the report.

While this report focuses on the operational challenges faced by members as a result of the COVID-19 pandemic, members generally support the increased promotion, availability and use of electronic solutions as a strategic objective for the Hong Kong and Singapore authorities. Development of electronic solutions in Hong Kong and Singapore ultimately enhances the accessibility of Hong Kong and Singapore markets and their reputation as leading international financial centers.

**Link to report: Please access [here](#).**

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## About ASIFMA

[ASIFMA](#) is an independent, regional trade association with over 140 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](http://www.asifma.org).