

The background of the cover is a dark blue grid pattern. In the top right corner, there is a large green stylized 'V' shape. In the bottom left corner, there is a green stylized 'N' shape. The main title 'ASIFMA 2022' is in green, and the subtitle 'Asia-Pacific Capital Markets Survey' is in white. At the bottom, there are logos for 'asifma' and 'EY'.

# ASIFMA 2022

## Asia-Pacific Capital Markets Survey

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ASIFMA is an independent, regional trade association with over 150 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 US and AFME in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

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# 1 Survey background

## Overview

ASIFMA has commissioned this survey on operations of industry participants from both the buy and sell sides in selected APAC markets covering Australia, Mainland China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand and Vietnam.

Ernst & Young Advisory Services Ltd (“EY”) assisted ASIFMA to design the survey, collate and analyze the 40 participants’ views and draft this Report. ASIFMA and the survey participants reviewed the Report, commented on it, and approved its final content.

The purpose of the survey was to obtain information on how participant firms view the surveyed jurisdictions in the region from market development, operational and regulatory environment perspectives.

The survey responses reflect the views of individual industry participants after consulting their group entities in the APAC markets surveyed they operate in and collating those views at their regional headquarters levels.

## The survey sought industry participants’ views on several topics:

- What is the spread of participants’ market operations in APAC onshore and offshore, and what type of product/service lines do they offer
- Whether participants have expansion/exit plans across selected APAC markets in the coming three years
- How participants would rate these markets considering three factors: operating environment, regulatory environment, and market development; and whether markets have improved/deteriorated/remained the same considering these factors in the past three years or projected to in the next three years
- What are the top attraction/impediment factors concerning the three factors for these markets
- Whether ASEAN<sup>1</sup> had been a positive influence in ease of operation in these markets in the past five years and how material it had been in that respect; whether participants see possibility of future market integration in ASEAN in the next five years.

The industry participants who joined the survey are listed in Appendix B at the end of the report.

1. ASEAN participants surveyed are: Singapore, Indonesia, Malaysia, Thailand, Vietnam, the Philippines





## 2 Summary of key findings

### Overview

Overall, the results indicate an optimistic perception of the APAC region with the majority of respondents intending to continue to expand their business presence in the region. However, a limited number of operational, and regulatory environment and market development headwinds are cited by respondents as emerging challenges over the next three years, including in Hong Kong and Mainland China.

### Business expansion in the next three years

The current state market perception is predominantly optimistic, with 62% of survey participants intending to expand in APAC markets. Areas of expansion seem to match the predominant existing business profiles of survey respondents, i.e., capital market trading in particular equities and fixed income trading.

### Ease of doing business across APAC jurisdictions

The survey suggests a perception that international financial centers (Hong Kong and Singapore) and mature APAC markets such as Australia and Japan are easier to operate in compared to more emerging markets with a consistently strong correlation between declining operating environment/market development/regulatory environment scores and the more emerging or frontier nature of the market.

There is also a perception that the ease of operating in APAC capital markets has largely been stable historically (looking back three years) and prospectively (looking forward three years).

#### There are four exceptions to this:

- Hong Kong: noted as having a somewhat more challenging operating environment in the past three years and next three years and a somewhat more challenging regulatory environment in the next three years.
- Australia: perceived by half of the participants operating there as having a more challenging regulatory environment in the past three years.
- Mainland China: viewed as having a more challenging operating environment in the next three years and the regulatory environment becoming more challenging in the past three years and also in the next three years, although market development is perceived to have improved/improve over those same two periods.
- India: market development is projected to improve in the next three years.





## 2 Summary of key findings

### Market-specific findings

- Hong Kong is noted as having become somewhat more challenging to operate in over the past three years, but still scores relatively high on operating environment.
- Most respondents indicated plans to expand into Mainland China, however also projected that it would have a more challenging operating and regulatory environment in the next three years.

### Factors that survey participants find influential to rate them highly

- Singapore, Hong Kong, and Australia scored the highest across three factors, with the majority of respondents citing workforce skills as the key attraction under operating environment and predictable and transparent regulatory policy as the key attraction under regulatory environment.
- Mainland China and India were identified as the most prominent target markets for expansion with the majority of respondents citing workforce skills, growing customer base and wealth, and investor protection as the top attractions to operate there.

### Buy-side and sell-side analysis findings

- We broke down the analysis to see if there were possible differences in buy-side and sell-side views where there was sufficient participation to draw meaningful distinctions. Owing to fewer buy-side firms participating it was not always possible to make meaningful comparisons.
- Slight changes are noted in the markets' ranking between buy-side and sell-side participants and these are further analyzed in the heat map views.

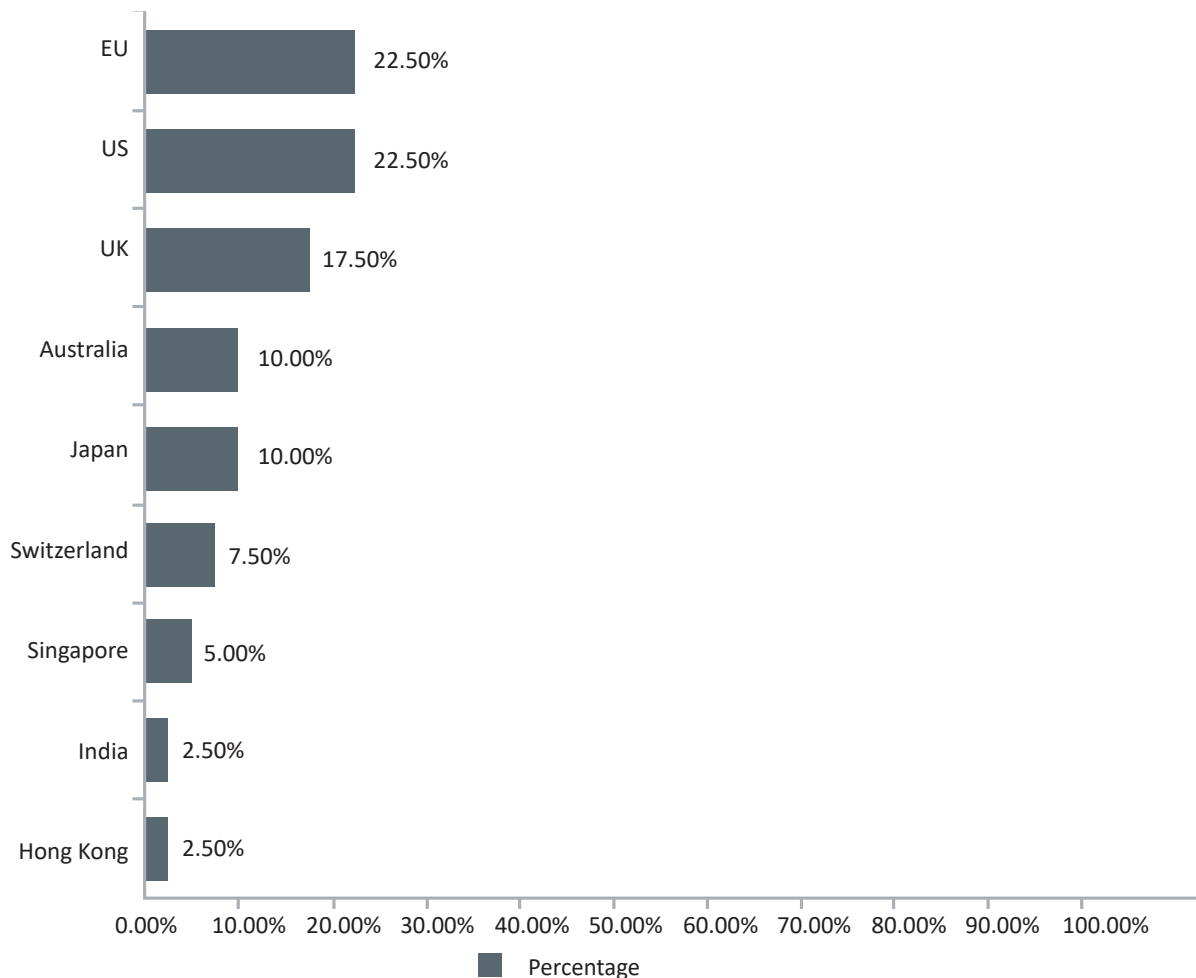
### Perception of influence in ASEAN & views for future integration

- Most participants expressed positive views on ASEAN as a force for increasing the ease of operation in member markets, citing the creation of more freedom in movements of goods, capital, and people. A majority of survey participants saw greater market integration in ASEAN in the next five years.



### 3 a. Survey participants breakdown – place of origin

Most survey respondents are headquartered in Western markets such as the US (22.50%), the EU (22.50%) and the UK (17.50%) with a small number of firms originating from within the region including Australia (10%), Japan (10%), and Singapore (5%). This is broadly reflective of the business profiles of industry participants.



Note. Other markets have no survey participants headquartered there

Figure 1. Group headquarter locations





### 3 b. Survey participants breakdown – sell/buy-side and products/services offered

Most survey participants (70%) are supply side and work in capital markets trading (sell-side), including equities (65%), fixed income (62.50%), and FX (55%). A high percentage of respondents have operations in asset management (52.50%) as many of the sell-side firms have asset management arms though the buy-side only accounted for 30% of survey participants. A high percentage also worked in a relatively new field – ESG & sustainable finance (57.50%), which could be explained by the imperative of climate change and the recent regional push on ESG regulation across a number of APAC markets. Retail banking is significantly less prominent among survey participants. Again, this is broadly reflective of the business profiles of industry participants.



Figure 2. Market-side analysis

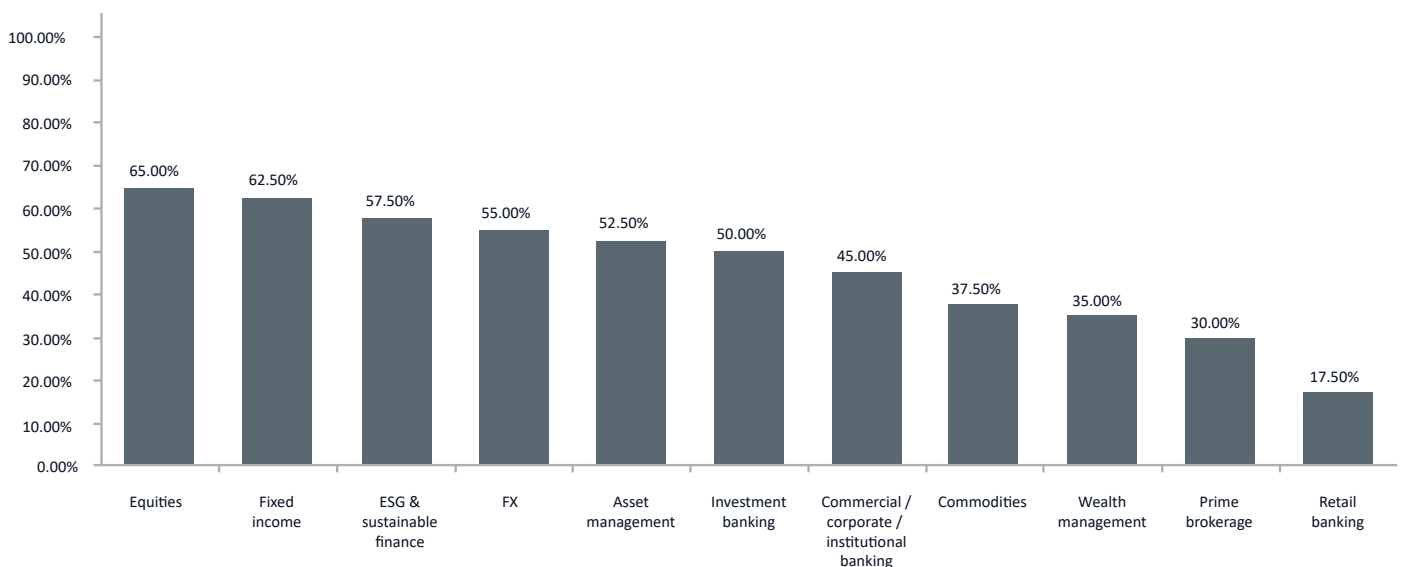


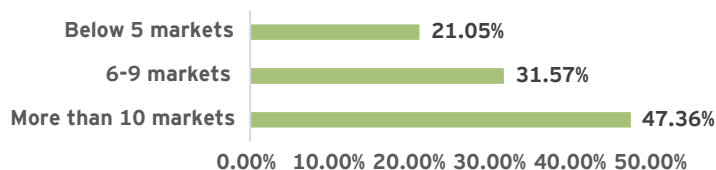
Figure 3. Products/services analysis



## 4 Spread of participants' market operations

Almost all survey participants operate in multiple markets in APAC with most operating in more than 10 markets or 6-9 markets (+75% in total).

Figure 4. Number of APAC markets participants have presence in



Most survey participants operate in APAC markets onshore rather than offshore, though this becomes increasingly offshore the more emerging the nature of the market but for the exception of Mainland China. This may possibly be owing to regulatory and operating environment issues e.g. lack of digital/physical infrastructure, currency controls, etc. that may make it more challenging to operate onshore in more emerging jurisdictions.

More developed markets and Mainland China have a higher level of participation compared to more emerging markets. Given that Hong Kong and Singapore are the key international financial centers in the region for regional headquarters – it is not surprising they are the most frequent markets for survey participants to operate in. Mainland China is among the top markets to operate in presumably given the size of domestic market opportunities. Mature markets such as Taiwan, Japan, Australia and Korea presumably attract participants with their stable operating and regulatory environment offering a fuller spectrum of market development opportunities though with lower growth opportunities. Not far behind are the emerging markets such as India and ASEAN markets potentially attracting participants with high growth rates, sizeable populations and emerging middle classes.

#	Market	Total	Count	Onshore	Count	Offshore	Count
1	Hong Kong	97.50%	39	97.44%	38	25.64%	10
2	Singapore	95%	38	92.11%	35	34.21%	13
3	Mainland China	90%	36	83.33%	30	52.78%	19
4	Taiwan	90%	36	72.22%	26	52.78%	19
5	Japan	90%	36	88.89%	32	36.11%	13
6	Australia	87.50%	35	91.43%	32	37.14%	13
7	Korea	85%	34	67.65%	23	61.76%	21
8	India	72.50%	29	75.86%	22	48.28%	14
9	Malaysia	70%	28	46.43%	13	67.86%	19
10	Indonesia	62.50%	25	60%	15	64%	16
11	Thailand	62.50%	25	52%	13	72%	18
12	The Philippines	60%	24	41.67%	10	70.83%	17
13	Vietnam	32.50%	13	53.85%	7	61.54%	8

Figure 5. Percentage and number of survey participants operating in surveyed APAC markets



## 5 a. Current market development - are firms increasing operations and investment and how?

The current market perception is predominantly optimistic, with 62% of survey participants intending to expand in APAC markets.

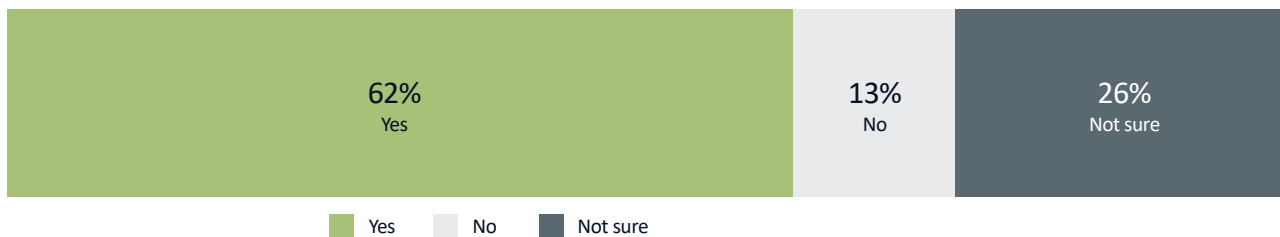


Figure 6. Expansionary views of participants

The majority of participants intend to expand the scale of existing business (36%) and product/service offerings (33%), rather than expanding via other means (e.g. investments and establishing presence in more markets).

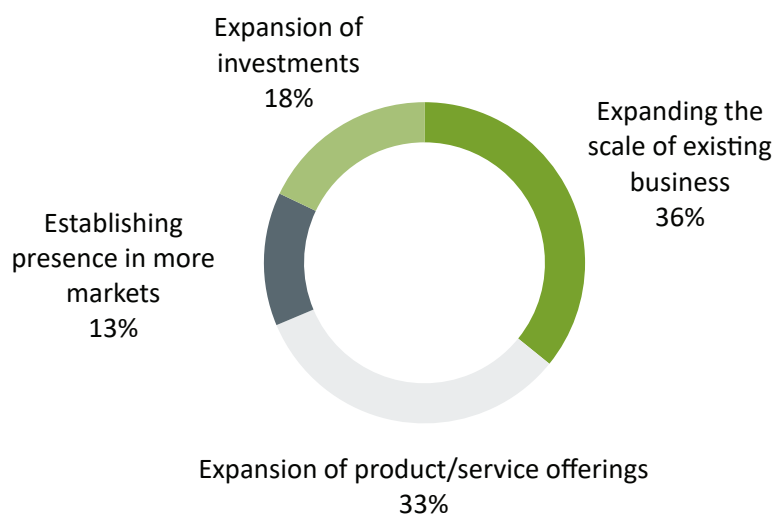


Figure 7. Nature of expansion plans

## 5 b. Current market development - in what service/products are firms increasing operations and investment?

Areas of expansion seem to match with the predominant existing business profiles of survey participants, i.e. product trading in particular equities and fixed income trading. The projected expansion of interest in ESG and sustainable finance may predominantly be due to external necessities, increasing business imperatives and the recent regulatory push in this area. The lack of intention to expand in commercial/corporate/institutional and retail banking may reflect saturation of APAC markets in these fields by domestic firms.

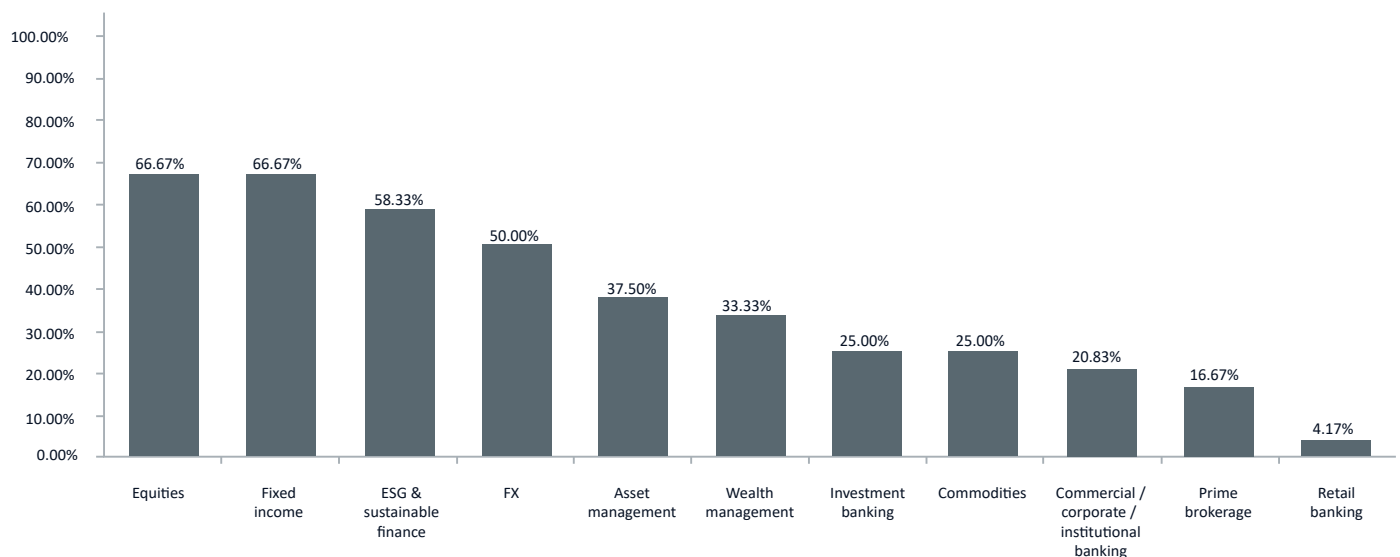


Figure 8. Expansion areas of survey participants



## 5

## c. Current market development - where are firms increasing operations and investment?

Mainland China and India are the most prominent target markets for expansion presumably as they have the largest domestic markets in APAC with the most scope for commercial opportunity.

Not far behind as destination markets for expansion are Hong Kong, Singapore, Korea and Australia, all jurisdictions with mature market development, operating and regulatory environments. The attractiveness of markets for expansion then declines as the markets become more in the nature of emerging markets.

#	Market	Total	Count	Onshore	Count	Offshore	Count
1	Mainland China	87.50%	21	85.71%	18	33.33%	7
2	India	58.33%	14	85.71%	12	35.71%	5
3	Hong Kong	54.17%	13	100%	13	15.38%	2
4	Singapore	50%	12	100%	12	8.33%	1
5	Korea	50%	12	75%	9	41.67%	5
6	Australia	50%	12	100%	12	0%	0
7	Japan	37.50%	9	77.78%	7	33.33%	3
8	Taiwan	29.17%	7	71.43%	5	57.14%	4
9	Indonesia	25%	6	100%	6	16.67%	1
10	Malaysia	20.83%	5	60%	3	40%	2
11	Thailand	20.83%	5	60%	3	40%	2
12	Vietnam	16.67%	4	50%	2	75%	3
13	The Philippines	8.33%	2	100%	2	0%	0

Figure 9. Target markets for expansion

# 5

## d. Current market development – where are firms decreasing operations and investment, and how?

Limited market exit plans mirror the optimism suggested by expansion plans. Only a few survey respondents (5%) indicated their plans to exit APAC markets. Given the small number of responses, it is hard to draw conclusions. Of those that did indicate an intention to exit, areas of reduced presence were largely evenly cited as reducing presence and investment, product offering and scale of business in certain markets such as Hong Kong and Malaysia.

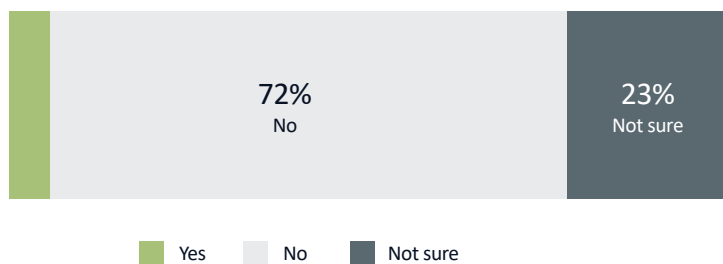


Figure 10. Market exit plans

Firms are equally reducing their product/service offerings in commercial/corporate banking, investment banking, fixed income, FX and asset management. Given a very small number of respondents reducing their operations/investment in APAC markets and the even spread of services/products in which they are reducing their business, no consistent trend is evident and determining causality is difficult.

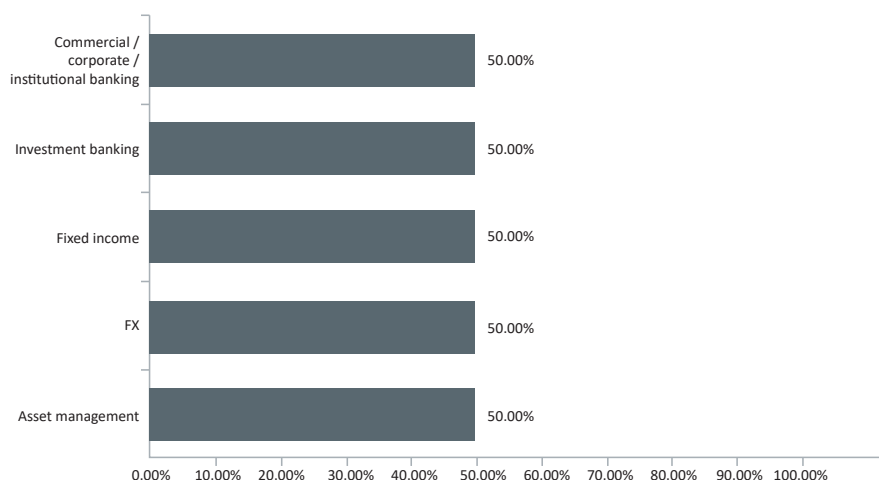


Figure 11. Nature of exit plans



## 6

## a. Participants' views on the regulatory, market development and operational challenges – ranking of markets based on average scores across three factors

The survey suggests a perception that international financial centers, Hong Kong and Singapore, and mature APAC markets such as Australia and Japan are easier to operate in compared to more emerging markets with a consistently strong correlation between declining operating environment/market development/regulatory environment scores and the more emerging nature of the market. However, only two markets scored minorly below 5 in relation to the same market factor (Mainland China and Vietnam - regulatory environment). (We note the survey did not cover the most frontier of APAC markets (e.g. Bangladesh, Cambodia, Laos and Myanmar)).

#	Market	Operating environment	Market development	Regulatory environment	Average score (1-10; 1 being worst and 10 being highest)
1	Singapore	7.87	7.71	7.74	7.77
2	Hong Kong	6.92	7.66	6.97	7.19
3	Australia	7.26	7.17	7	7.14
4	Japan	6.67	6.92	6.64	6.74
5	Thailand	6.3	6.4	6.3	6.33
6	Taiwan	6.35	6.38	5.62	6.12
7	Korea	5.97	6.5	5.25	5.91
8	Malaysia	5.87	5.87	5.52	5.75
9	Mainland China	5.31	6.47	4.86	5.55
10	India	5.48	5.74	5.04	5.42
11	Indonesia	5.35	5.43	5.18	5.32
12	The Philippines	5.45	5.05	5.18	5.23
13	Vietnam	5	5	4.83	4.94

Figure 12. Ranking of the markets

## b. Participants' views on the regulatory, market development and operational challenges – changes in the past/next three years

The survey suggests there is a perception that the ease of operating in APAC capital markets has largely been stable both historically (looking back three years) and prospectively (looking forward three years). There are four exceptions to this – Hong Kong, Australia, Mainland China and India. The next page provides a more targeted heat map view to analyze these exceptions to the perception of a stable environment for ease of operations judged across the three parameters of operating and regulatory environment and market development.

#	Market	Average score	Operating environment past three years	Operating environment next three years	Operating environment average score	Market development past three years	Market development next three years	Market development average score	Regulatory environment past three years	Regulatory environment next three years	Regulatory environment average score
1	Singapore	7.77	Same (62.16%)	Same (51.35%)	7.87	Same (76.32%)	Same (71.05%)	7.71	Same (45.95%)	Same (48.65%)	7.74
2	Hong Kong	7.19	Harder (54.05%)	Harder (46.15%)	6.92	Same (48.72%)	Same (47.5%)	7.66	Same (57.89%)	Harder (46.15%)	6.97
3	Australia	7.14	Same (81.08%)	Same (67.57%)	7.26	Same (76.32%)	Same (65.79%)	7.17	Harder (50%)	Same (41.67%)	7
4	Japan	6.74	Same (84.85%)	Same (71.43%)	6.67	Same (94.12%)	Same (77.78%)	6.92	Same (69.7%)	Same (60%)	6.64
5	Thailand	6.33	Same (64%)	Same (60%)	6.3	Same (69.23%)	Same (57.69%)	6.4	Same (56%)	Same (48%)	6.3
6	Taiwan	6.12	Same (75%)	Same (78.13%)	6.35	Same (81.82%)	Same (79.41%)	6.38	Same (69.7%)	Same (54.84%)	5.62
7	Korea	5.91	Same (67.74%)	Same (65.63%)	5.97	Same (77.42%)	Same (71.88%)	6.5	Same (48.39%)	Same (46.88%)	5.25
8	Malaysia	5.75	Same (60%)	Same (70.83%)	5.87	Same (56%)	Same (68%)	5.87	Same (52%)	Same (72%)	5.52
9	Mainland China	5.55	Same (44.44%)	Harder (37.14%)	5.31	Easier (50%)	Easier (50%)	6.47	Harder (42.86%)	Harder (37.14%)	4.86
10	India	5.42	Same (62.07%)	Same (30%)	5.48	Same (43.33%)	Easier (35.48%)	5.74	Same (36.67%)	Unsure (32.26%)	5.04
11	Indonesia	5.32	Same (64%)	Same (60%)	5.35	Same (57.69%)	Same (53.85%)	5.43	Same (50%)	Same (50%)	5.18
12	The Philippines	5.23	Same (62.50%)	Same (65.22%)	5.45	Same (64%)	Same (53.85%)	5.05	Same (54.17%)	Same (56%)	5.18
13	Vietnam	4.94	Same (45.45%)	Same (45.45%)	5	Same (45.45%)	Same (43.48%)	5	Unsure (40.91%)	Unsure (45.45%)	4.83

Figure 13. Summary of occurred/anticipated operating changes in the past/next three years



## 6

## c. Participants' views on the regulatory, market development and operational challenges – heat map view

Reasonable numbers of participants considered Hong Kong somewhat more challenging to operate in in terms of the operating environment in the past three and next three years, which may reflect the political issues of the past few years and COVID-19, and somewhat more challenging to operate in from a regulatory environment in the next three years, which may reflect geopolitical tensions and anticipated legal changes from either Hong Kong, Mainland China or the US, although it still scored high against other APAC markets. Half of the participants operating in Australia also consider the country had a more challenging regulatory environment in the past three years, which may reflect the impact of the post-Royal Commission regulatory evolution. Some also perceive the operating environment in Mainland China as more challenging in the next three years and the regulatory environment more challenging in the last three years and also in the next three years. This is somewhat at odds with the perception that market development has improved over those same two periods. Lastly, some saw improved market development in India in the next three years.

Market development	Mainland China (50%)	Japan (91.12%)	Taiwan (81.82%)	Korea (77.42%)	Singapore (76.32%)	Australia (76.32%)	Thailand (69.23%)	The Philippines (64%)	Indonesia (57.69%)	Malaysia (56%)	Hong Kong (48.72%)	Vietnam (45.45%)	India (43.33%)
Operating environment	Japan (84.85%)	Australia (81.08%)	Taiwan (75%)	Korea (67.74%)	Indonesia (64%)	Thailand (64%)	The Philippines (62.50%)	Singapore (62.16%)	India (62.07%)	Malaysia (60%)	Mainland China (44.44%)	Vietnam (45.45%)	Hong Kong (54.05%)
Regulatory environment	Taiwan (69.7%)	Japan (69.7%)	Hong Kong (57.89%)	The Philippines (54.17%)	Thailand (56%)	Malaysia (52%)	Indonesia (50%)	Korea (48.39%)	Singapore (45.95%)	India (36.67%)	Australia (50%)	Mainland China (42.86%)	Vietnam (40.91%)

Figure 14. Heat map chart showing changes in operating across APAC markets in the **past** three years

Market development	Mainland China (50%)	India (35.48%)	Taiwan (79.41%)	Japan (77.78%)	Korea (71.88%)	Singapore (71.05%)	Malaysia (68%)	Australia (65.79%)	Thailand (57.69%)	Indonesia (53.85%)	The Philippines (53.85%)	Hong Kong (47.5%)	Vietnam (43.48%)
Operating environment	Taiwan (78.13%)	Japan (71.43%)	Malaysia (70.83%)	Australia (67.57%)	Korea (65.63%)	The Philippines (65.22%)	Indonesia (60%)	Thailand (60%)	Singapore (51.35%)	Vietnam (45.45%)	India (30%)	Hong Kong (46.15%)	Mainland China (37.14%)
Regulatory environment	Malaysia (68%)	Taiwan (58.06%)	The Philippines (57.69%)	Japan (57.14%)	Indonesia (51.85%)	Singapore (48.65%)	Korea (46.88%)	Thailand (46.15%)	Australia (43.24%)	Hong Kong (46.15%)	Mainland China (37.14%)	Vietnam (45.45%)	India (32.26%)

Figure 15. Heat map chart showing anticipated changes in operating across APAC markets in the **next** three years

■ Easier
 ■ Same
 ■ Harder
 ■ Unsure

## 7

## a. Buy-side and sell-side sentiment analysis – ranking of markets based on average scores across three factors

The survey suggests that buy-side and sell-side rank markets in slightly different orders. However, there is a high degree of consistency among top rankings on both the buy and sell-side of the most international and/or mature APAC markets. The rating order in the middle-ranked markets is somewhat different. Most significantly, the buy-side perceives the Philippines to have a substantially higher ranking than the sell-side.

#	Market	Average score (1-10; 1 being worst and 10 being highest)
1	Singapore	7.77
2	Hong Kong	7.19
3	Australia	7.14
4	Japan	6.74
5	Thailand	6.33
6	Taiwan	6.12
7	Korea	5.91
8	Malaysia	5.75
9	Mainland China	5.55
10	India	5.42
11	Indonesia	5.32
12	The Philippines	5.23
13	Vietnam	4.94

Figure 16. Overall ranking of the markets

#	Market	Operating environment	Market development	Regulatory environment	Average score
1	Singapore	7.93	7.71	7.68	7.77
2	Australia	7.62	7.5	7.35	7.49
3	Hong Kong	7.3	7.93	7.22	7.48
4	Japan	6.96	7.12	6.65	6.91
5	Taiwan	6.74	6.78	5.83	6.45
6	Thailand	6.25	6.31	6.31	6.29
7	Korea	6.04	6.83	5.43	6.1
8	Malaysia	5.88	5.71	5.59	5.73
9	India	5.77	5.95	5.29	5.67
10	Mainland China	5.56	6.64	4.68	5.63
11	Indonesia	5.53	5.3	5.21	5.35
12	The Philippines	5.37	4.79	5.21	5.12
13	Vietnam	5.1	5.2	5	5.1

Figure 17. Sell-side ranking of the markets

#	Market	Operating environment	Market development	Regulatory environment	Average score
1	Singapore	7.7	7.7	7.9	7.77
2	Hong Kong	6	7	6.36	6.45
3	Australia	6.22	6.22	6	6.15
4	Thailand	6.5	6.75	6.25	6.5
5	Japan	5.9	6.4	6.6	6.3
6	The Philippines	6	6.67	5	5.89
7	Malaysia	5.83	6.33	5.33	5.83
8	Taiwan	5.55	5.55	5.18	5.43
9	Korea	5.78	5.67	4.78	5.41
10	Mainland China	4.73	6.09	5.27	5.36
11	Indonesia	4.5	6.33	5	5.28
12	India	4.2	4.8	4	4.33
13	Vietnam	4.5	4	4	4.17

Figure 18. Buy-side ranking of the markets



## b. Buy-side and sell-side sentiment analysis – heat map view showing changes in operating across APAC markets in the past three years

Given the smaller respondent pool, it is difficult to draw specific conclusions for the buy-side. Therefore, we marked jurisdictions that have less than 10 replies and less than 5 replies per category (easier/same/harder/unsure) as “NA” in the buy-side heat map below. Overall, the perceived operating, market, and regulatory environment over the past three years is largely consistent between buy-side and sell-side firms. Mainland China is consistently perceived to have easier market development opportunities by buy-side and sell-side firms. A noted difference is a view on the buy-side that market development opportunities in Hong Kong have been less favorable over the last three years, compared to the sell-side which views market development opportunities in Hong Kong as unchanged over this period. The regulatory environment in Hong Kong is also perceived as more challenging by buy-side firms. In addition, Australia is noted to have a more challenging regulatory environment by buy-side firms, whereas Singapore and India are noted to have a more challenging regulatory environment by sell-side firms. We were unable to ascribe reliable reasons for these differences.

Market development	Mainland China (50%)	Japan (91.12%)	Taiwan (81.82%)	Korea (77.42%)	Singapore (76.32%)	Australia (76.32%)	Thailand (69.23%)	The Philippines (64%)	Indonesia (57.69%)	Malaysia (56%)	Hong Kong (48.72%)	Vietnam (45.45%)	India (43.33%)
Operating environment	Japan (84.85%)	Australia (81.08%)	Taiwan (75%)	Korea (67.74%)	Indonesia (64%)	Thailand (64%)	The Philippines (62.50%)	Singapore (62.16%)	India (62.07%)	Malaysia (60%)	Vietnam (45.45%)	Mainland China (44.44%)	Hong Kong (54.05%)
Regulatory environment	Taiwan (69.7%)	Japan (69.7%)	Hong Kong (57.89%)	Thailand (56%)	The Philippines (54.17%)	Malaysia (52%)	Indonesia (50%)	Korea (48.39%)	Singapore (45.95%)	India (36.67%)	Australia (50%)	Mainland China (42.86%)	Vietnam (40.91%)

Figure 19. Overall view

Market development	Mainland China (52%)	Japan (92%)	Thailand (85%)	The Philippines (84%)	Korea (82%)	Taiwan (82%)	Australia (78%)	Singapore (75%)	Indonesia (75%)	Malaysia (61%)	Vietnam (53%)	Hong Kong (52%)	India (46%)
Operating environment	Australia (88%)	Japan (87%)	Thailand (79%)	Korea (76%)	Taiwan (76%)	The Philippines (72%)	Indonesia (68%)	Malaysia (61%)	India (61%)	Singapore (59%)	Mainland China (52%)	Vietnam (47%)	Hong Kong (52%)
Regulatory environment	Taiwan (76%)	The Philippines (72%)	Japan (70%)	Hong Kong (69%)	Thailand (68%)	Indonesia (58%)	Malaysia (56%)	Australia (54%)	Korea (52%)	Vietnam (47%)	Mainland China (46%)	Singapore (44%)	India (39%)

Figure 20. Sell-side view

Market development	Mainland China (45%)	Japan (100%)	Taiwan (82%)	Singapore (80%)	Australia (73%)	Korea (67%)	Hong Kong (42%)	Thailand	Malaysia	India	Indonesia	The Philippines	Vietnam
Operating environment	Japan (80%)	Taiwan (73%)	Singapore (70%)	Australia (64%)	Malaysia (57%)	Korea (50%)	Hong Kong (58%)	Thailand	Mainland China	India	Indonesia	The Philippines	Vietnam
Regulatory environment	Japan (70%)	Singapore (60%)	Taiwan (55%)	Australia (70%)	Hong Kong (67%)	Mainland China (36%)	Thailand	Korea	Malaysia	India	Indonesia	The Philippines	Vietnam

Figure 21. Buy-side view

■ Easier 
 ■ Same 
 ■ Harder 
 ■ Unsure 
  NA

## c. Buy-side and sell-side sentiment analysis – heat map view showing anticipated changes in operating across APAC markets in the next three years

Overall, the perception of the operating, market, and regulatory environment over the next three years is largely consistent between buy-side and sell-side firms. Both sell-side and buy-side participants noted they expect Mainland China to present easier market development opportunities in the next three years. Conversely, sell-side firms expect Mainland China to have a more challenging operating and regulatory environment in the next three years. It was noted by both sell-side and buy-side firms that the operating environment in Hong Kong is also expected to present a challenge over the next three years. Buy-side firms also noted they expect a more challenging regulatory environment in Hong Kong in the next three years. In addition, the buy-side expects the regulatory environment in Australia and sell-side in India to become more challenging in the next three years. Finally, as with the sell-side responses, there is more optimism over expected market development and operating environment in India over the next three years.

Market development	Mainland China (50%)	India (35.48%)	Taiwan (79.41%)	Japan (77.78%)	Korea (71.88%)	Singapore (71.05%)	Malaysia (68%)	Australia (65.79%)	Thailand (57.69%)	Indonesia (53.85%)	The Philippines (53.85%)	Hong Kong (47.5%)	Vietnam (43.48%)
Operating environment	Taiwan (78.13%)	Japan (71.43%)	Malaysia (70.83%)	Australia (67.57%)	Korea (65.63%)	The Philippines (65.22%)	Indonesia (60%)	Thailand (60%)	Singapore (51.35%)	Vietnam (45.45%)	India (30%)	Hong Kong (46.15%)	Mainland China (37.14%)
Regulatory environment	Malaysia (68%)	Taiwan (58.06%)	The Philippines (57.69%)	Japan (57.14%)	Indonesia (51.85%)	Singapore (48.65%)	Korea (46.88%)	Thailand (46.15%)	Australia (43.24%)	Hong Kong (46.15%)	Mainland China (37.14%)	Vietnam (45.45%)	India (32.26%)

Figure 22. Overall view

Market development	Mainland China (50%)	India (46%)	Taiwan (87%)	Korea (82%)	Singapore (79%)	Malaysia (78%)	Thailand (75%)	The Philippines (74%)	Australia (74%)	Japan (73%)	Indonesia (65%)	Vietnam (59%)	Hong Kong (46%)
Operating environment	India (35%)	Australia (77%)	Taiwan (76%)	The Philippines (76%)	Korea (73%)	Japan (72%)	Malaysia (71%)	Thailand (68%)	Indonesia (63%)	Singapore (59%)	Vietnam (47%)	Hong Kong (41%)	Mainland China (36%)
Regulatory environment	Malaysia (78%)	The Philippines (72%)	Japan (64%)	Indonesia (63%)	Taiwan (60%)	Thailand (58%)	Australia (56%)	Singapore (52%)	Korea (50%)	Vietnam (47%)	Hong Kong (37%)	Mainland China (36%)	India (29%)

Figure 23. Sell-side view

Market development	Mainland China (50%)	Japan (90%)	Taiwan (64%)	Hong Kong (50%)	Singapore (50%)	Korea (50%)	Australia (45%)	India (86%)	Thailand	Malaysia	Indonesia	The Philippines	Vietnam
Operating environment	Taiwan (82%)	Malaysia (71%)	Japan (70%)	Korea (50%)	Australia (45%)	Hong Kong (58%)	India (71%)	Singapore	Thailand	Mainland China	Indonesia	The Philippines	Vietnam
Regulatory environment	Japan (50%)	Taiwan (45%)	Hong Kong (75%)	Australia (55%)	India (86%)	Singapore	Thailand	Korea	Malaysia	Mainland China	Indonesia	The Philippines	Vietnam

Figure 24. Buy-side view

■ Easier 
 ■ Same 
 ■ Harder 
 ■ Unsure 
  NA



## 8

## a. APAC market outlook - top market attractions under the three factors

The most common factors that make markets attractive are workforce skills under operating environment, growing customer base and wealth under market development, and predictable and transparent regulatory policy under regulatory environment.

#	Market	Average score	Operating environment	Market development	Regulatory environment
1	Singapore	7.77	Workforce skills	Fintech development	Predictable and transparent regulatory policy
2	Hong Kong	7.19	Workforce skills	Clearing and settlement infrastructure	Tax environment
3	Australia	7.14	Workforce skills	Transparency of market information	Predictable and transparent regulatory policy
4	Japan	6.74	Physical infrastructure	Market liquidity and depth	Predictable and transparent regulatory policy
5	Thailand	6.33	Cost of doing business	Growing customer base and wealth	Other foreign investment regulations Restrictions on product/service offerings Licensing requirements Outsourcing regulations
6	Taiwan	6.12	Workforce skills	Clearing and settlement infrastructure	Predictable and transparent regulatory policy Foreign ownership regulations
7	Korea	5.91	Digital infrastructure	Transparency of market information	Quality of anti-bribery and corruption framework
8	Malaysia	5.75	Language skills	Growing customer base and wealth	Investor protection
9	Mainland China	5.55	Digital infrastructure Workforce skills	Growing customer base and wealth	Licensing requirements Investor protection
10	India	5.42	Workforce skills	Growing customer base and wealth	Investor protection
11	Indonesia	5.32	Competitive landscape	Growing customer base and wealth	Foreign ownership regulations
12	The Philippines	5.23	Workforce skills	Growing customer base and wealth	Outsourcing regulations
13	Vietnam	4.94	Political situation	Growing customer base and wealth Economic growth rate	Other foreign investment regulations Tax environment

Figure 25. Summary of top attractions to operate in APAC markets

## b. APAC market outlook - top market impediments under the three factors

The factors that make markets least attractive are political situation under operating environment, currency convertibility and lack of market liquidity and depth under market development, and currency controls under regulatory environment.

#	Market	Average score	Operating environment	Market development	Regulatory environment
1	Singapore	7.77	Immigration law	Market liquidity and depth	Outsourcing regulations
2	Hong Kong	7.19	Political situation	Economic growth rate	International sanctions
3	Australia	7.14	Immigration law	Regional integration	Tax environment
4	Japan	6.74	Language skills	Economic growth rate	Tax environment
5	Thailand	6.33	Political situation	Availability of stock borrowing & lending and short-selling	Currency controls
6	Taiwan	6.12	Political situation	Range of product/service offerings	Restrictions on product/service offerings
7	Korea	5.91	Language skills	Availability of stock borrowing & lending and short-selling	Licensing requirements
8	Malaysia	5.75	Political situation	Currency convertibility	Currency controls
9	Mainland China	5.55	Barriers to entry	Currency convertibility	Currency controls
10	India	5.42	Physical infrastructure	Currency convertibility	Currency controls
11	Indonesia	5.32	Fairness in law enforcement	Market liquidity and depth	Data localization requirements
12	The Philippines	5.23	Physical infrastructure	Market liquidity and depth	Tax environment
13	Vietnam	4.94	Language skills Digital infrastructure Physical infrastructure Availability of professional service support	Transparency of market information Range of product/service offerings	Currency controls

Figure 26. Summary of top impediments to operate in APAC markets



## 8 c. APAC market outlook – jurisdictions mapping based on regulatory environment

The following bubble charts show jurisdiction mapping based on the most common regulatory environment attraction/impediment such as predictable and transparent regulatory policy/currency controls. The bubble size indicates how many survey participants operate per jurisdiction, the y-axis shows the average regulatory environment score, and the x-axis shows the % of participants selecting the given factor as one of the top five attractions/impediments of a particular jurisdiction.

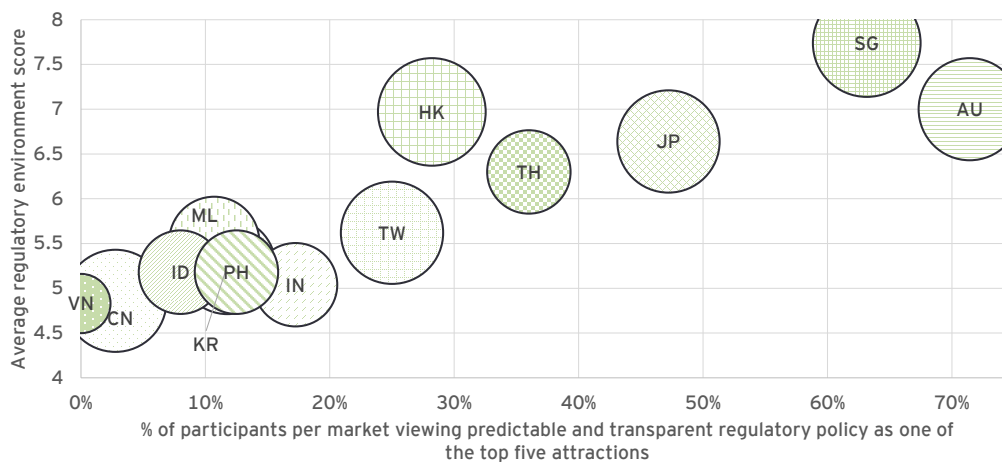


Figure 27. Predictable and transparent regulatory policy

The graph illustrates that market participants tend to rate a predictable and transparent regulatory system as the key attraction for the regulatory environment in Australia, Singapore, Japan and Hong Kong, which would generally be perceived as the most sophisticated markets in the region. Thailand is an interesting outlier.

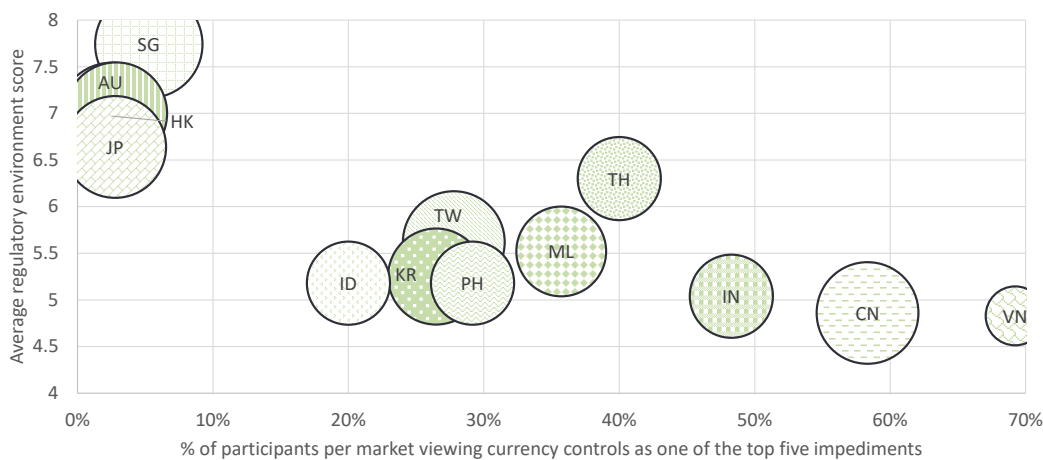


Figure 28. Currency controls

For most emerging markets such as Vietnam, India, and Mainland China, currency controls are viewed as the top impediment under the regulatory environment. Currency controls are not seen as a material impediment from a regulatory environment perspective for Australia, Japan, Hong Kong and Singapore.

## d. APAC market outlook – jurisdictions mapping based on operating environment

The following bubble charts show jurisdiction mapping based on the most common operating environment attraction/impediment such as workforce skills/political situation. The bubble size indicates how many survey participants operate per jurisdiction, the y-axis shows the average operating environment score, and the x-axis shows the % of participants selecting the given factor as one of the top five attractions/impediments of a particular jurisdiction.

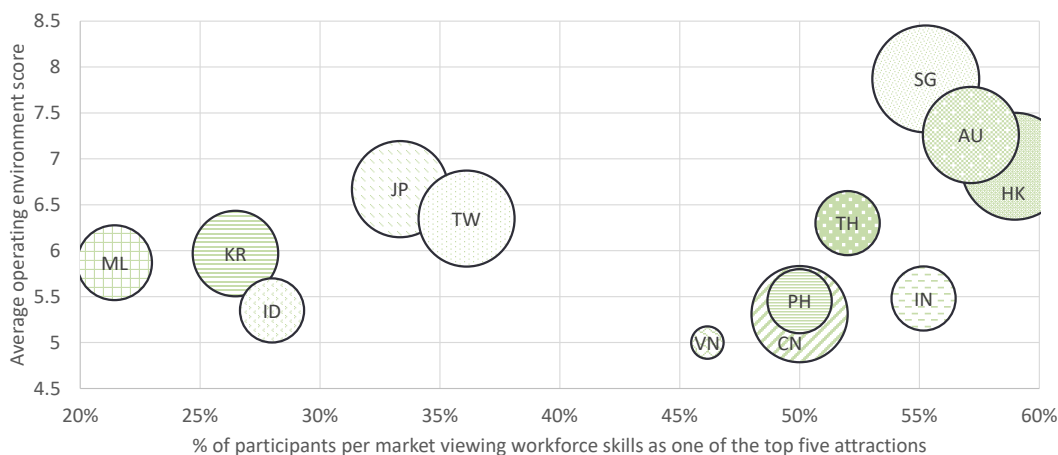


Figure 29. Workforce skills

Surprisingly, workforce skills in a number of emerging markets (India, Thailand, the Philippines and Vietnam) score higher as attractions than in some more mature markets like Japan, Taiwan and Korea.

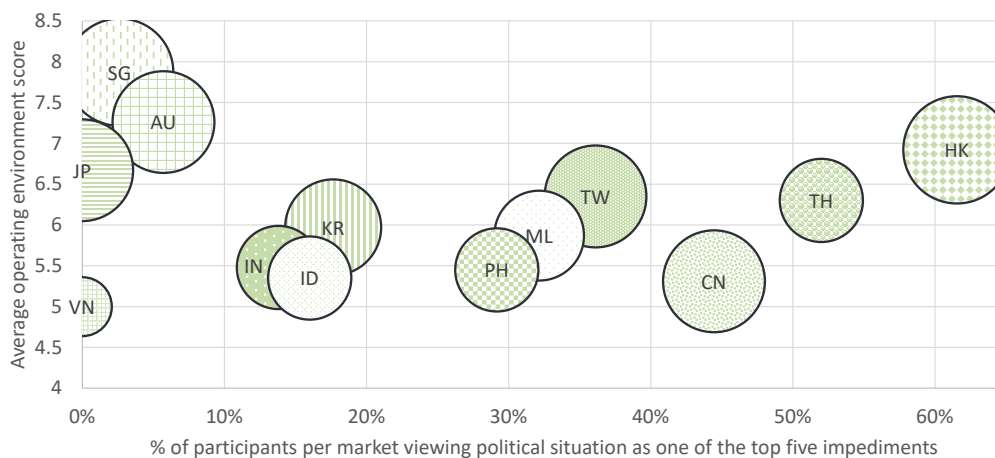


Figure 30. Political situation

Most participants view the political situation as the top impediment under operating environment in emerging markets and Hong Kong. The only exception was Vietnam; as no survey participants operating there view the political situation as one of the impediments (0%), which we possibly attribute to perceptions of the Vietnamese government's program to make the country a more attractive capital market.



## 8

## e. APAC market outlook – jurisdictions mapping based on market development

The following bubble charts show jurisdiction mapping based on the most common market development attraction/impediment such as growing customer base & wealth/market liquidity & depth. The bubble size indicates how many survey participants operate per jurisdiction, the y-axis shows the average market development score, and the x-axis shows the % of participants selecting the given factor as one of the top five attractions/impediments of a particular jurisdiction.

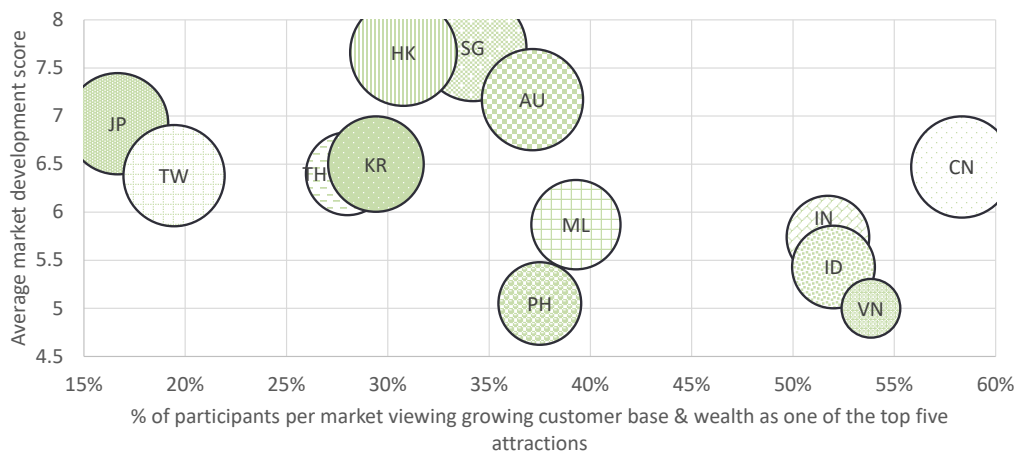


Figure 31. Growing customer base & wealth

Despite Mainland China being the top market for business expansion among survey participants, not all survey participants view the growing customer base & wealth as the top attraction in relation to market development. The other attractions cited for Mainland China were the economic growth rate (56%), fintech development (36%) and trading and exchange infrastructure (36%).

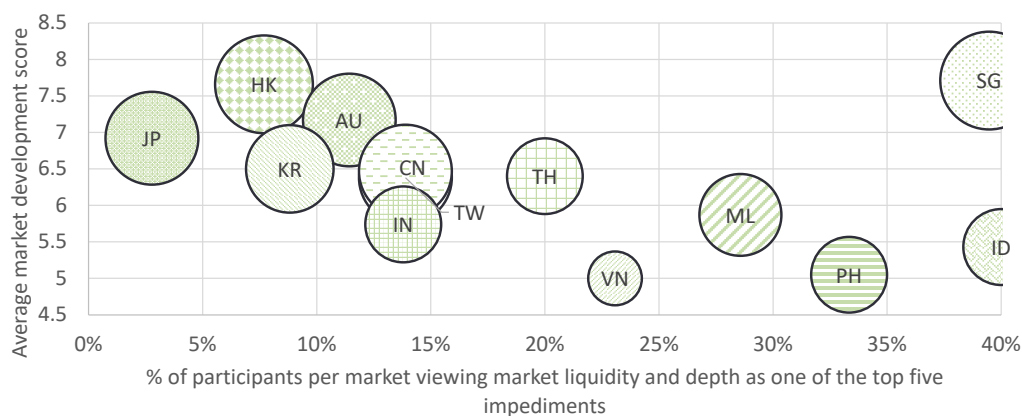


Figure 32. Market liquidity & depth

Despite having slower economic growth rates as the top impediment for market development, both Hong Kong and Japan are still attractive markets for business due to their market liquidity and depth.



## 9 Participants' views on ASEAN market integration

Most participants expressed positive views regarding ASEAN market integration, including creation of more freedom in movements of goods, capital and people, and suggest greater alignment of regulations and greater market transparency in order to have greater ASEAN market integration in the future.

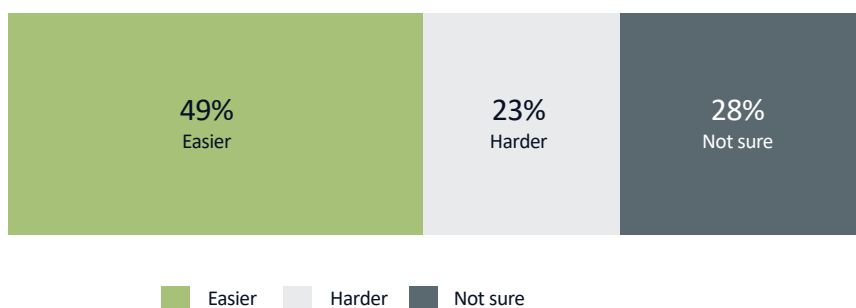


Figure 33. Current business operating outlook in ASEAN for participants

A majority of survey participants also see greater ASEAN market integration in the next 5 years (~50%).

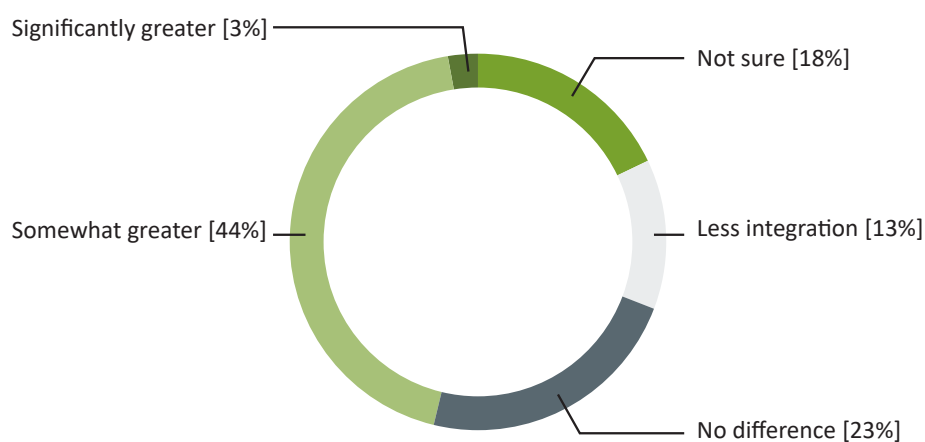


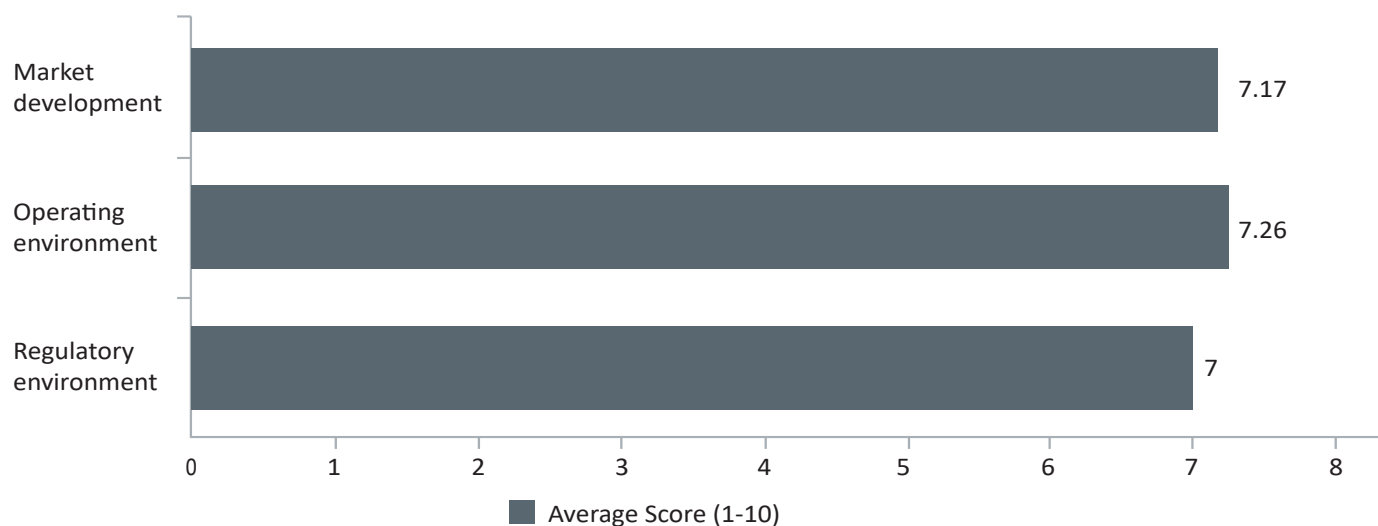
Figure 34. Participants' views on ASEAN market integration in the next 5 years

## Appendix A

### Market-level view

#### Australia

Participants' view of Australia (1 being lowest, 10 being highest)



	Operating environment	Market development	Regulatory environment
Attractions	Workforce skills	Transparency of market information	Predictable and transparent regulatory policy
Impediments	Immigration law	Regional integration	Tax environment

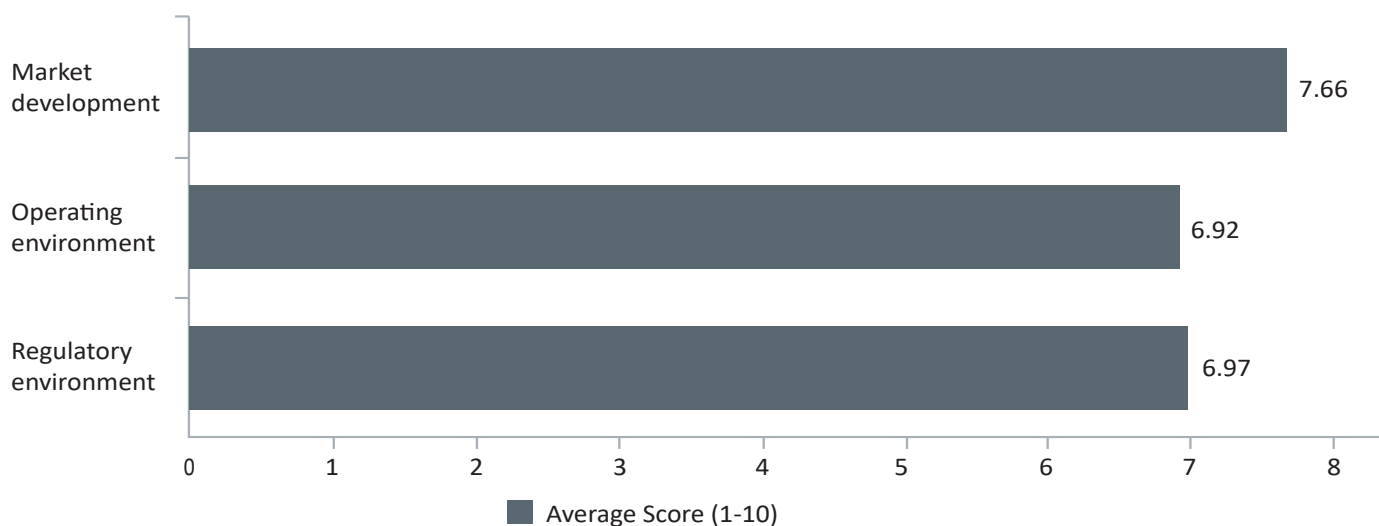


# Appendix A

## Market-level view

### Hong Kong

Participants' view of Hong Kong (1 being lowest, 10 being highest)



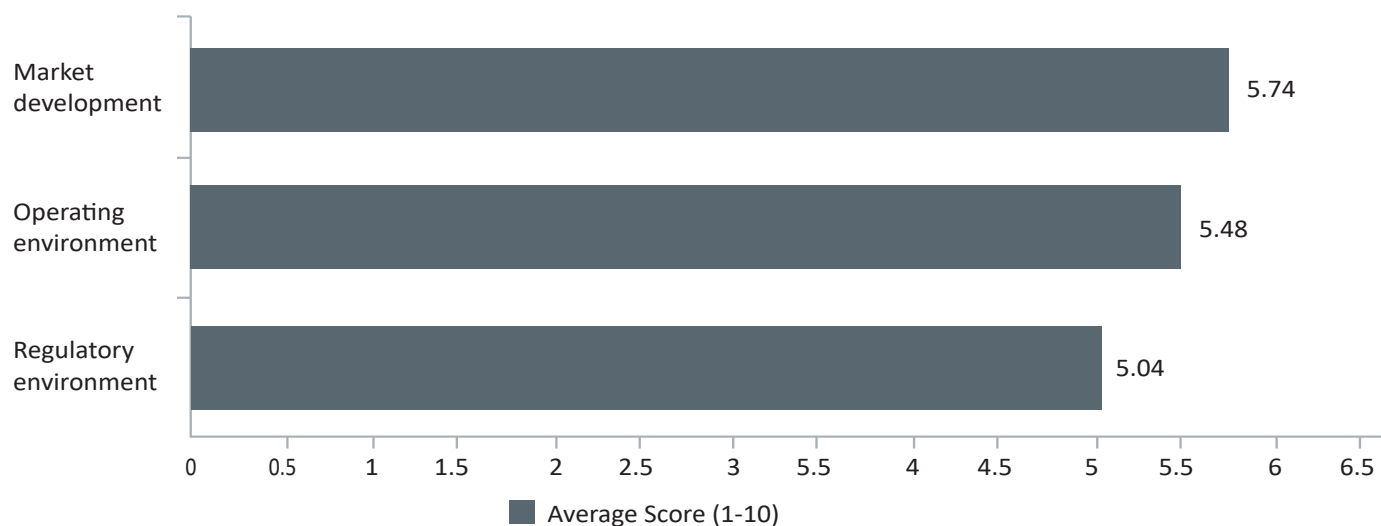
	Operating environment	Market development	Regulatory environment
Attractions	Workforce skills	Clearing and settlement infrastructure	Tax environment
Impediments	Political situation	Economic growth rate	International sanctions

# Appendix A

## Market-level view

### India

Participants' view of India (1 being lowest, 10 being highest)



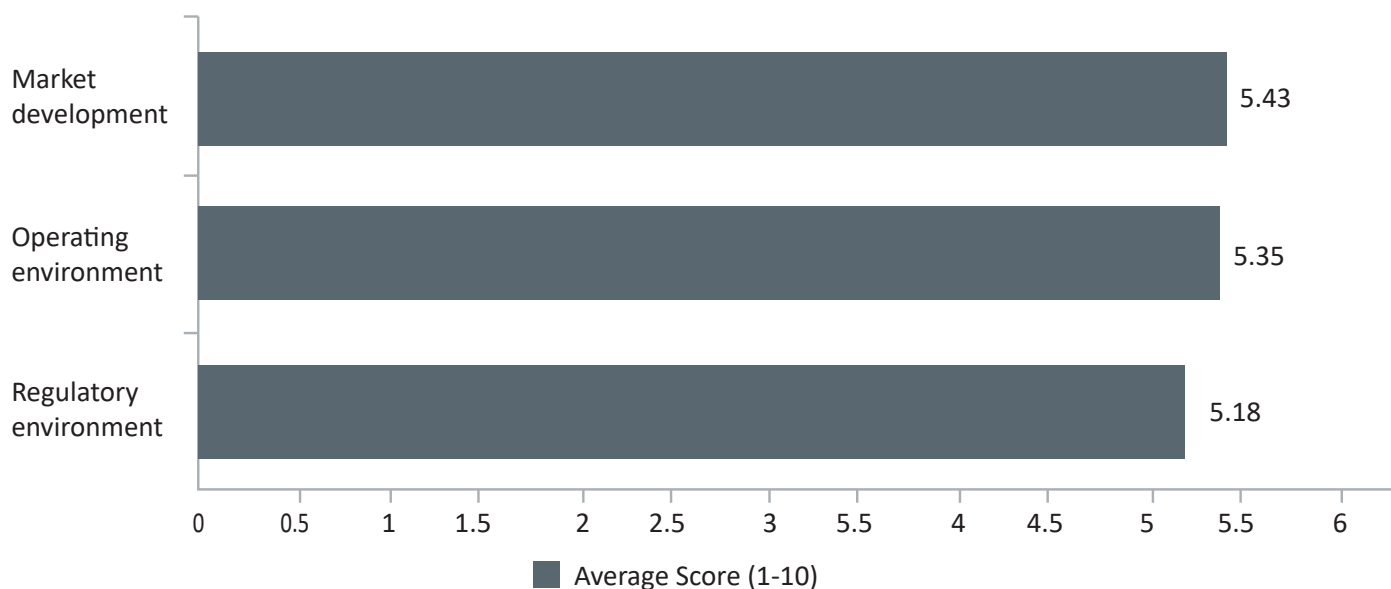
	Operating environment	Market development	Regulatory environment
Attractions	Workforce skills	Growing customer base and wealth	Investor protection
Impediments	Physical infrastructure	Currency convertibility	Currency controls

## Appendix A

### Market-level view

#### Indonesia

Participants' view of Indonesia (1 being lowest, 10 being highest)



	Operating environment	Market development	Regulatory environment
Attractions	Competitive landscape	Growing customer base and wealth	Foreign ownership regulations
Impediments	Fairness in law enforcement	Market liquidity and depth	Data localization requirements

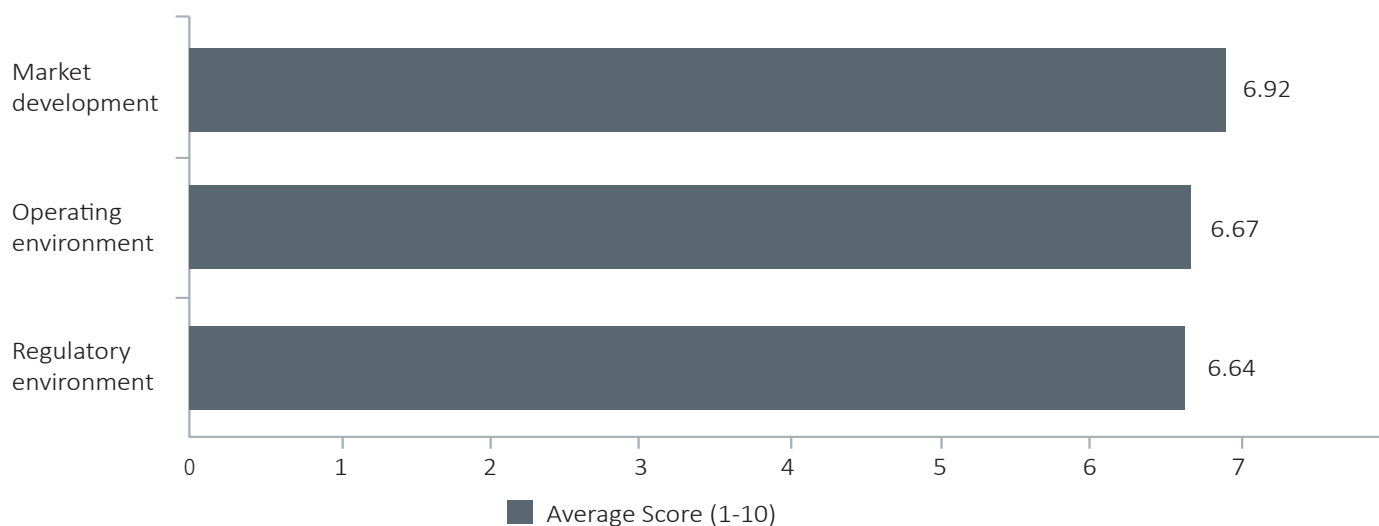


## Appendix A

### Market-level view

#### Japan

Participants' view of Japan (1 being lowest, 10 being highest)



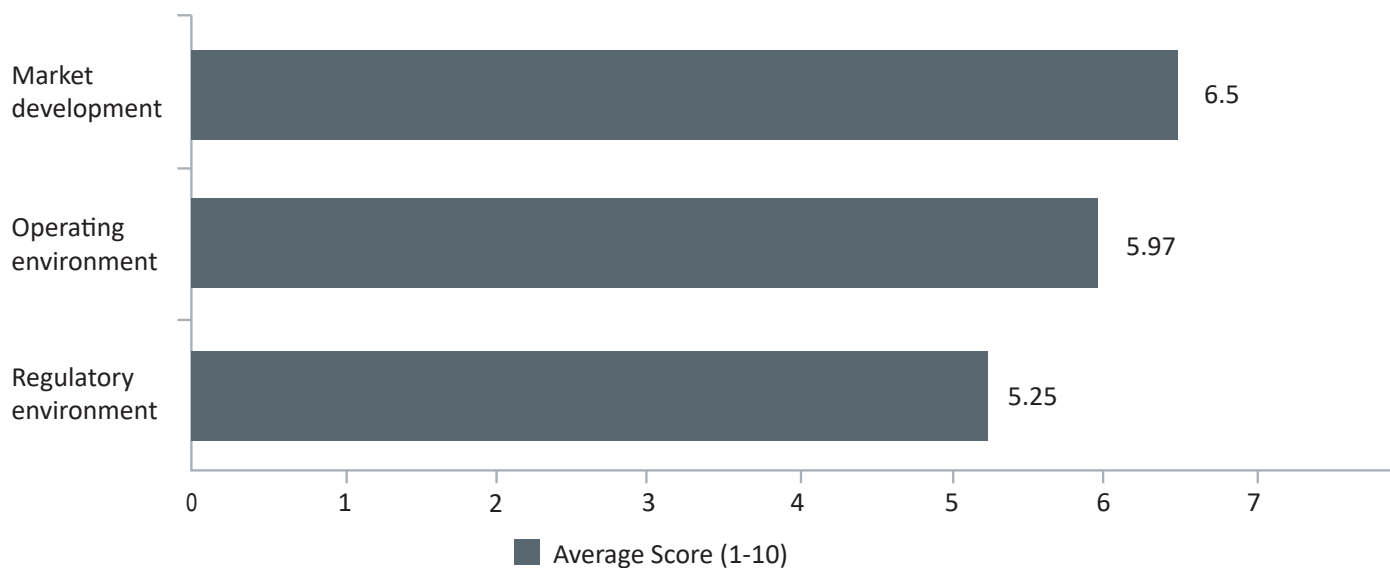
	Operating environment	Market development	Regulatory environment
Attractions	Physical infrastructure	Market liquidity and depth	Predictable and transparent regulatory policy
Impediments	Language skills	Economic growth rate	Tax environment

## Appendix A

### Market-level view

#### Korea

Participants' view of Korea (1 being lowest, 10 being highest)



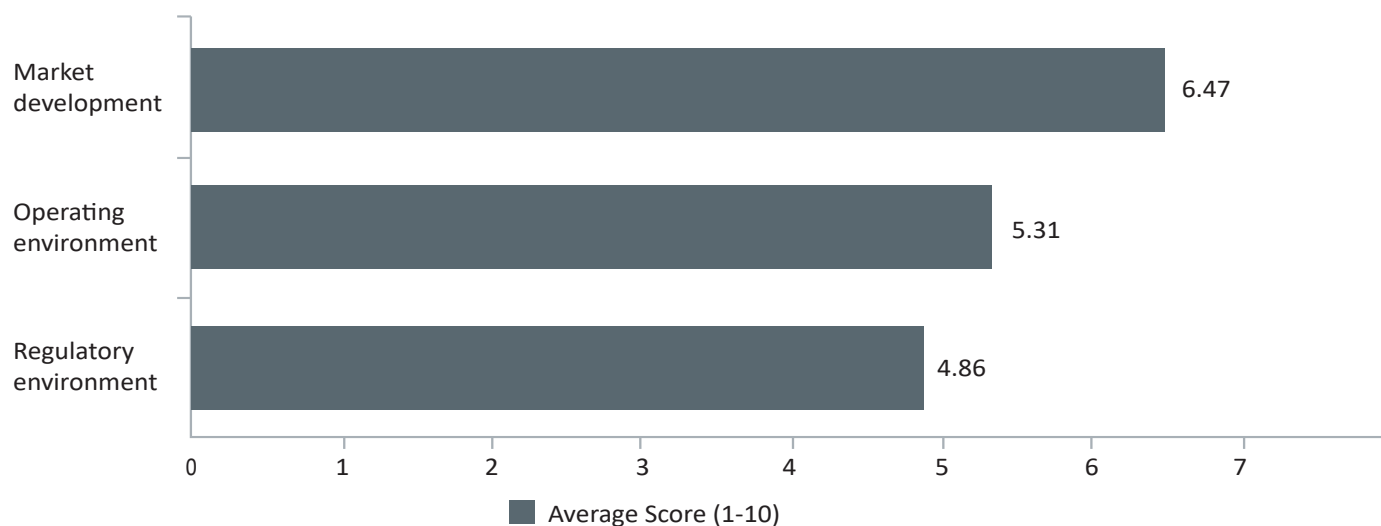
	Operating environment	Market development	Regulatory environment
Attractions	Digital infrastructure	Transparency of market information	Quality of anti-bribery and corruption framework
Impediments	Language skills	Availability of stock borrowing & lending and short-selling	Licensing requirements

## Appendix A

### Market-level view

#### Mainland China

Participants' view of Mainland China (1 being lowest, 10 being highest)



	Operating environment	Market development	Regulatory environment
Attractions	Digital infrastructure Workforce skills	Growing customer base and wealth	Licensing requirements Investor protection
Impediments	Barriers to entry	Currency convertibility	Currency controls

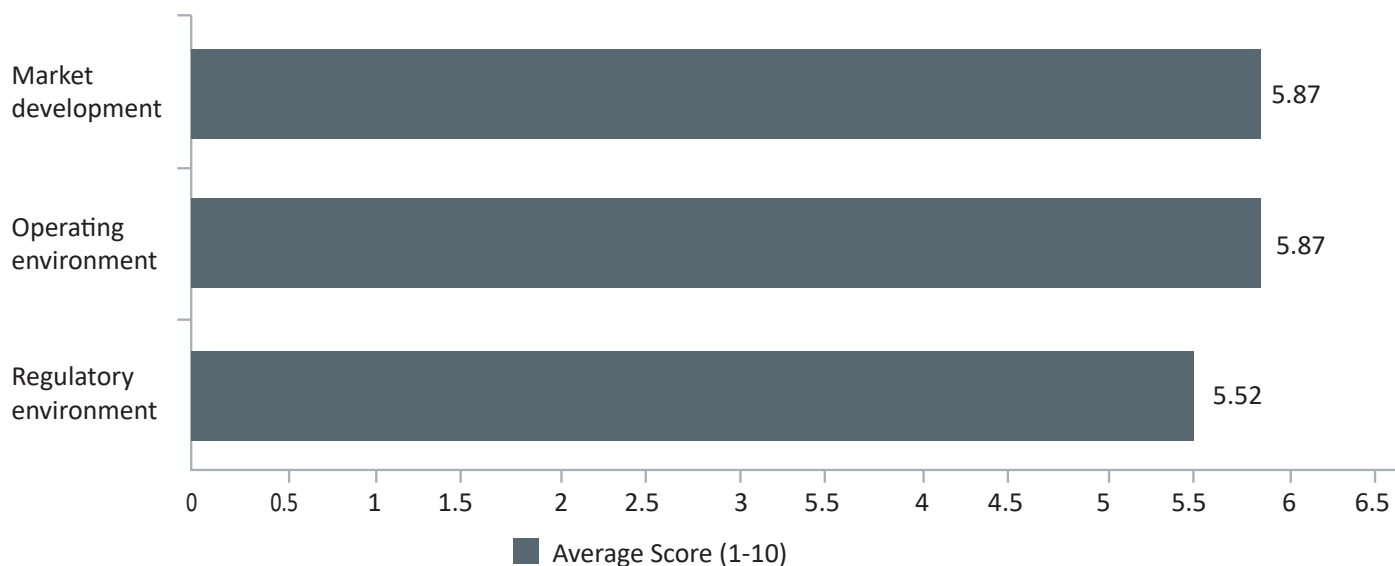


## Appendix A

### Market-level view

#### Malaysia

Participants' view of Malaysia (1 being lowest, 10 being highest)



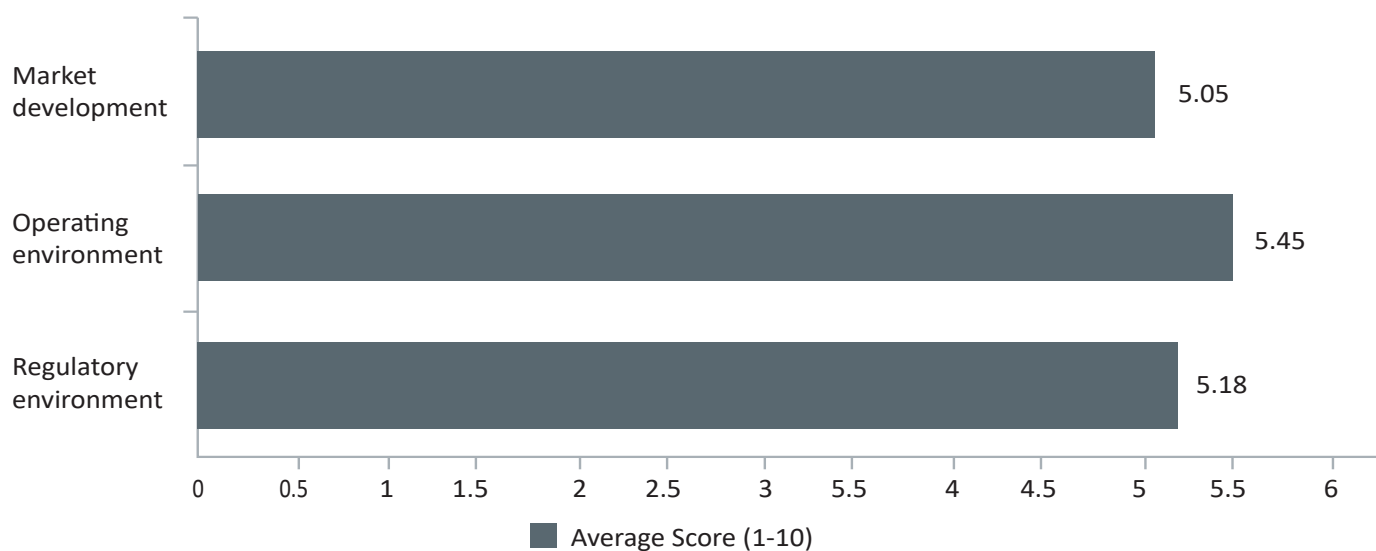
	Operating environment	Market development	Regulatory environment
Attractions	Language skills	Growing customer base and wealth	Investor protection
Impediments	Political situation	Currency convertibility	Currency controls

## Appendix A

### Market-level view

#### The Philippines

Participants' view of the Philippines (1 being lowest, 10 being highest)



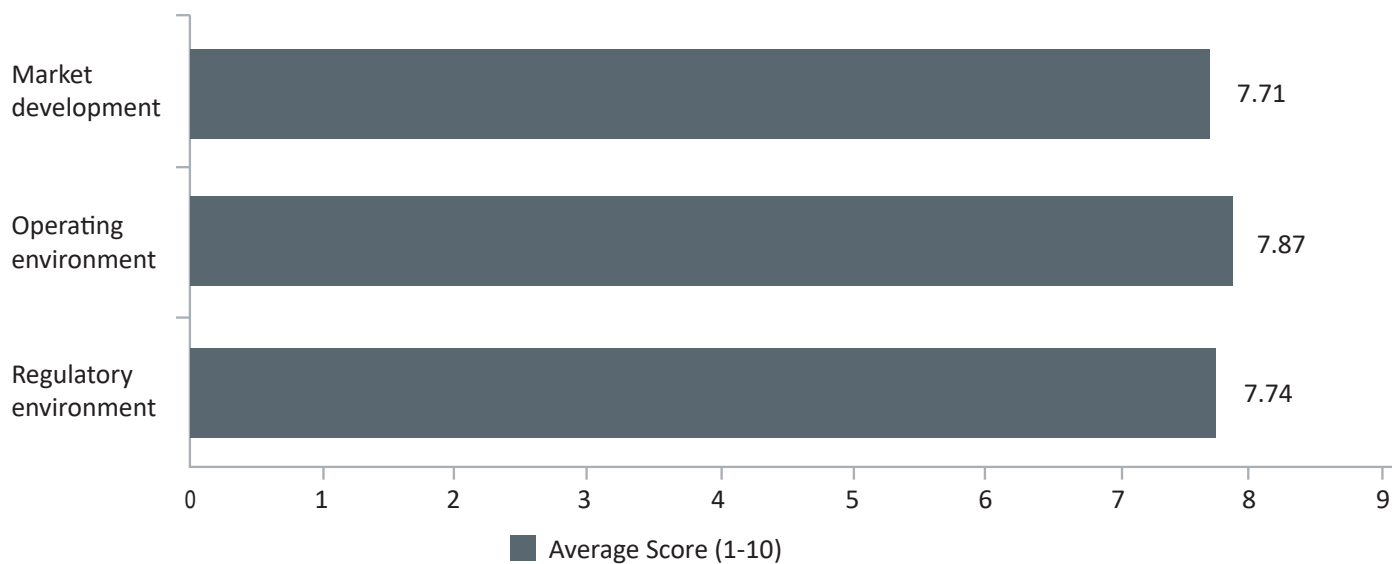
	Operating environment	Market development	Regulatory environment
Attractions	Workforce skills	Growing customer base and wealth	Outsourcing regulations
Impediments	Physical infrastructure	Market liquidity and depth	Tax environment

## Appendix A

### Market-level view

#### Singapore

Participants' view of Singapore (1 being lowest, 10 being highest)



	Operating environment	Market development	Regulatory environment
Attractions	Workforce skills	Fintech development	Predictable and transparent regulatory policy
Impediments	Immigration law	Market liquidity and depth	Outsourcing regulations

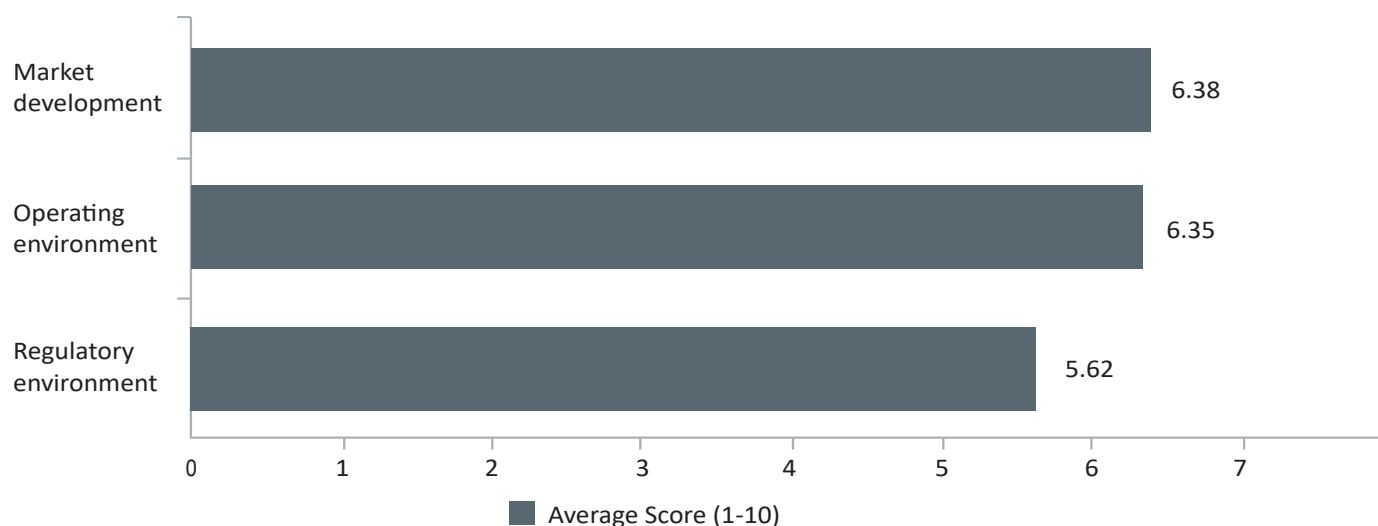


## Appendix A

### Market-level view

#### Taiwan

Participants' view of Taiwan (1 being lowest, 10 being highest)



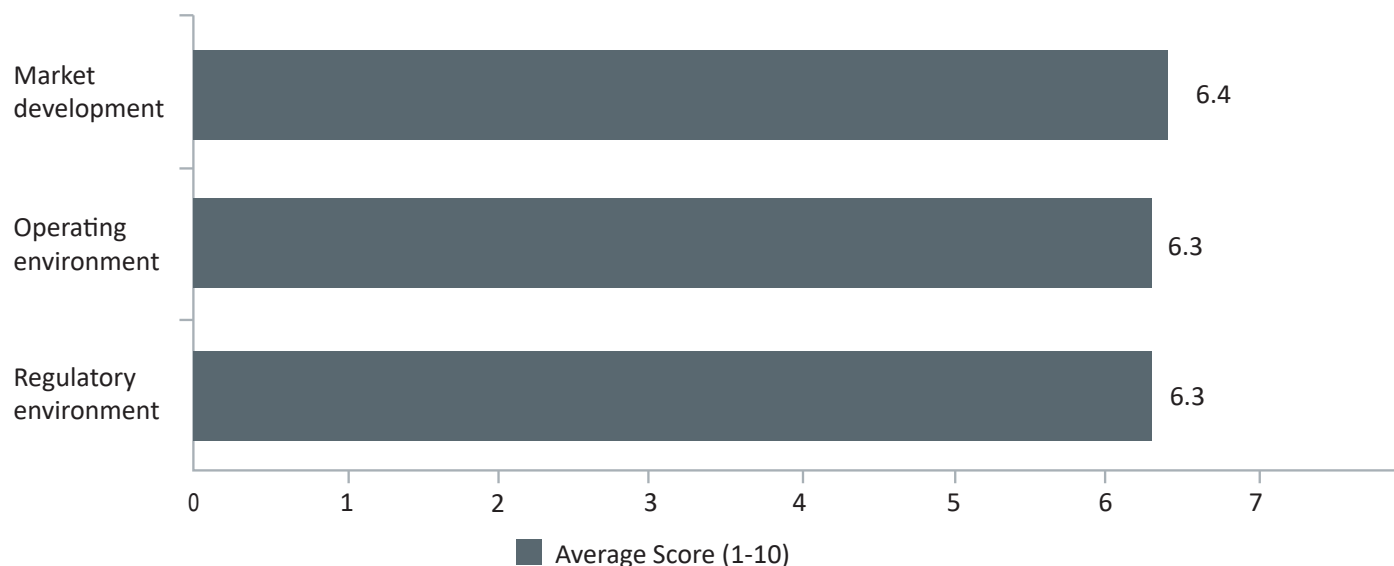
	Operating environment	Market development	Regulatory environment
Attractions	Workforce skills	Clearing and settlement infrastructure	Predictable and transparent regulatory policy Foreign ownership regulations
Impediments	Political situation	Range of product/service offerings	Restrictions on product/service offerings

## Appendix A

### Market-level view

#### Thailand

Participants' view of Thailand (1 being lowest, 10 being highest)



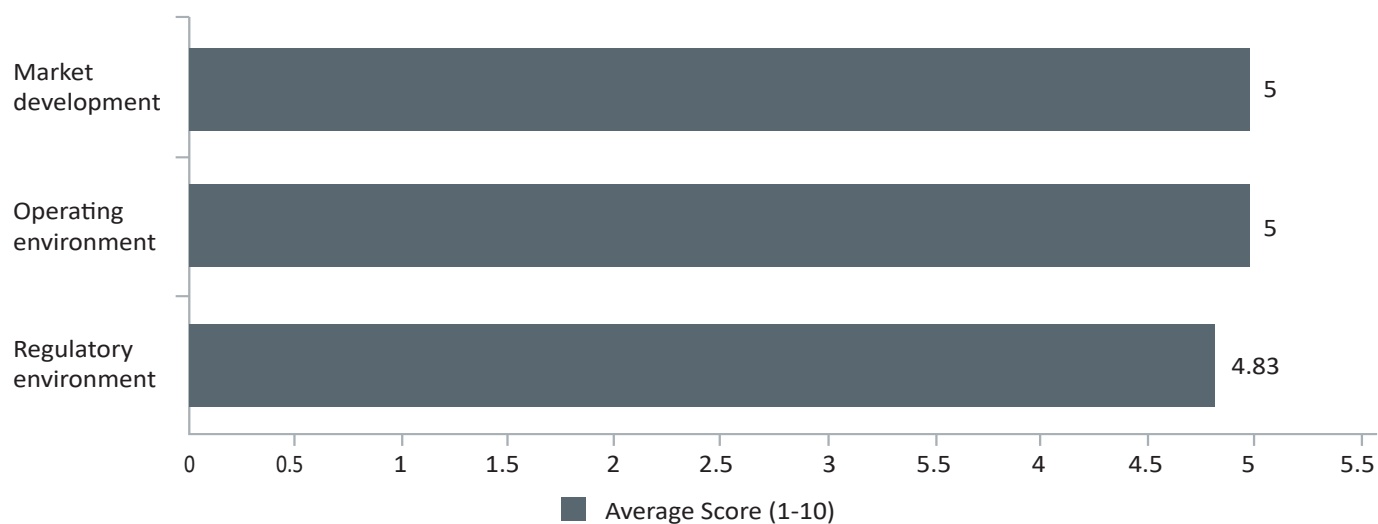
	Operating environment	Market development	Regulatory environment
Attractions	Cost of doing business	Growing customer base and wealth	Other foreign investment regulations Restrictions on product/service offerings Licensing requirements Outsourcing regulations
Impediments	Political situation	Availability of stock borrowing & lending and short-selling	Currency controls

## Appendix A

### Market-level view

#### Vietnam

Participants' view of Vietnam (1 being lowest, 10 being highest)



	Operating environment	Market development	Regulatory environment
Attractions	Political situation	Growing customer base and wealth Economic growth rate	Other foreign investment regulations Tax environment
Impediments	Language skills Digital infrastructure Physical infrastructure Availability of professional service support	Transparency of market information Range of product/service offerings	Currency controls





## Appendix B

### List of participants

1. ABN AMRO Clearing Bank NV (Singapore Branch)
  2. AllianceBernstein L.P.
  3. Allianz Global Investors
  4. Amundi Hong Kong Limited
  5. ANZ Banking Group Limited
  6. BNP Paribas
  7. The Bank of New York Mellon
  8. Citadel Securities (Hong Kong) Limited
  9. Commerzbank AG Singapore Branch
  10. Crédit Agricole
  11. Credit Suisse (Hong Kong) Limited
  12. Daiwa Capital Markets Hong Kong Limited
  13. DBS Bank Ltd
  14. Eastspring Investments (Hong Kong) Limited
  15. Edelweiss Custodial Services Limited
  16. First Sentier Investors (Hong Kong) Limited
  17. The Hongkong and Shanghai Banking Corporation Limited
  18. ING Bank N. V.
  19. Investec Capital Services (India) Private Limited
  20. Janus Henderson Group Plc
  21. J. P. Morgan Chase Bank N.A
  22. Liquidnet Asia Limited
  23. Macquarie Bank Limited
  24. Man Group Investment Managers
  25. Mizuho Securities Asia Limited
  26. Natixis Hong Kong
  27. Nomura International (HK) Limited
  28. Nomura Asset Management Hong Kong Limited
  29. The Northern Trust Company
  30. Schroders Investment Management (Hong Kong) Limited
  31. SMBC Nikko Securities (Hong Kong) Ltd.
  32. Société Générale
  33. Standard Chartered Bank Hong Kong Limited
  34. State Street Corporation
  35. Susquehanna Pacific Pty Ltd
  36. T. Rowe Price Group, Inc
  37. UBS AG
  38. UBS Asset Management (Hong Kong) Limited
- \*2 more participants participated but requested not to be named

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