

20 May 2022

Tax Treaties

Transfer Pricing and Financial Transactions Division

Centre for Tax Policy and Administration

Organisation for Economic Co-Operation and Development

Email: tfde@oecd.org

Dear Sir/Madam,

RE: Pillar One – Amount A: Regulated Financial Services Exclusion

On behalf of the Asia Securities Industry & Financial Markets Association's ("ASIFMA")¹ Asset Management Group ("AAMG"), which represents some of the largest asset managers globally and regionally (a list of which is attached hereto) in Asia (excluding Japan and Australia), we would like to submit the following response to your consultation on Pillar One – Amount A: Regulated Financial Services Exclusion (the "Consultation").

AAMG understands and appreciates the OECD/G20 Inclusive Framework on BEPS ("Inclusive Framework")'s continuous effort to tackle tax avoidance, improve the coherence of international tax rules, enhance transparent tax environment and address the challenges arising from the digitalisation of the economy.

AAMG members are supportive of the **Regulated Financial Services Exclusion** but noted that some members of the Inclusive Framework hold the view that reinsurance and asset management ought not to be excluded from the scope of Amount A. We would like to take this opportunity to express our members' view that **Asset Manager** should be on the list of **Regulated Financial Institution** that are excluded from Amount A as Asset Managers generally satisfy all three requirements as set out in the Consultation: (i) a licensing requirement; (ii) a regulatory capital requirement (i.e., capital adequacy requirements incorporating a risk-based measure for Asset Manager); and (iii) an activities requirement.

¹ [ASIFMA](#) is an independent, regional trade association with over 160 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, professional and consulting 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 practice and standards to benefit the region.

DEVELOPING ASIAN CAPITAL MARKETS

Similar to other regulated financial service providers, Asset Managers are regulated and generally obliged to maintain a capitalised entity in the market jurisdictions where customers are located in order to comply with local regulatory and licensing requirements. Hence, profits arising in a market jurisdiction will generally be taxed therein to the effect that there is no further need for any Amount A re-allocation.

We, therefore, urge the OECD/G20 to include **Asset Manager** as a Regulated Financial Institution under the Regulated Financial Services Exclusion in the Model Rules of Pillar One.

Thank you for the opportunity to respond to the Consultation. If you have any questions, please do not hesitate to contact me at eshen@asifma.org or +852 2531 6570.

Yours faithfully,



Eugenie Shen
Managing Director
Head of Asset Management Group
Asia Securities Industry & Financial Markets Association

List of AAMG Members

1. abrtn
2. AllianceBernstein
3. Amundi Asset Management
4. APG
5. Baillie Gifford
6. BlackRock
7. Blackstone
8. BNP Paribas Asset Management
9. BNY Mellon Investment Management
10. Capital Group
11. CICC Asset Management
12. China Universal Asset Management
13. Citadel Asia
14. CLSA Asset Management
15. Eastspring
16. Fidelity
17. First Sentier Investors
18. Goldman Sachs Asset Management
19. HSBC Global Asset Management
20. Invesco
21. JP Morgan Asset Management
22. Legal & General Investment Management
23. Loomis Sayles
24. M&G Investments
25. Morgan Stanley Investment Management
26. Ninety One
27. Nomura Asset Management
28. Nuveen
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30. Principal Global Investors
31. Qube Research & Technologies
32. Schroders
33. State Street Global Advisors
34. Sun Life investment
35. TCW
36. T. Rowe Price
37. UBS Asset Management
38. Value Partners
39. Vanguard
40. Wellington