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February 2016

PwC Regulatory Update

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1 *Legislative/Government developments*

Resilience and Collateral Protection update

The Government will take feedback received from interested parties into account in developing the final Bill and Regulation on Resilience and Collateral Protection. Implementation of the Bill and Regulation is planned for the first half of 2016. The bill will amend the *Payment Systems and Netting Act 1998* (PSN Act) and associated provisions in other Acts to:

- enable entities subject to Australian law to give, and enforce rights in respect of, margin provided by way of security in connection with certain financial market transactions in a manner consistent with international requirements
- clarify domestic legislation to support globally coordinated policy efforts and provide certainty about the operation of Australian law in relation to the exercise of termination rights (also known as close-out rights) under certain financial market transactions
- enhance financial system stability by ensuring legal certainty for the operation of approved Real Time Gross Settlement (RTGS) systems, approved netting arrangements and netting markets (more specifically, market netting contracts) in all market conditions.

The bill also makes consequential amendments to the *Banking Act 1959, Financial Sector (Business Transfer and Group Restructure) Act 1999, Insurance Act 1973, Life Insurance Act 1995, and Private Health Insurance (Prudential Supervision) Act 2015.*

The Regulation will allow trustees of regulated superannuation entities and life companies to grant security in the manner required to access certain international capital markets and liquidity.

Source: Treasury

Government moves to improve life insurance advice

The Government has introduced legislation into Parliament that will give effect to the industry-agreed life insurance improvements.

The improvements, which will commence on 1 July 2016, include:

- a three-year phase-down of upfront commissions paid to advisers to a maximum of 60 per cent from 1 July 2018, together with the introduction of a maximum rate for ongoing commissions of 20 per cent
- the introduction of a two year commission 'clawback' period, which will clawback 100 per cent of a commission in the first year and 60 per cent of a commission in the second year should a policy lapse.

The Australian Securities and Investments Commission (ASIC) will be responsible for implementing the commission caps and clawback arrangements, and will review the sector in 2018 to determine the effect of the reforms. If significant improvements are not identified the Government will move to mandate level commissions.

Source: Minister for Small Business and Assistant Treasurer

1 Legislative/Government developments (cont'd)

Productivity Commission review into the efficiency and competitiveness of the superannuation system

The Government has released the terms of reference for the first two stages of a Productivity Commission review into the efficiency and competitiveness of the entire superannuation system.

The Treasury has tasked the Productivity Commission to develop criteria to assess the efficiency and competitiveness of the superannuation system and to develop alternative models for a formal competitive process for allocating default fund members to products.

Source: Minister for Small Business and Assistant Treasurer

Laws to end excessive card surcharging

The Parliament has passed the *Competition and Consumer Amendment (Payment Surcharge) Bill 2015*. The law provides the Australian Competition and Consumer Commission (ACCC) with new powers to enforce the ban on excessive surcharging, including the ability to gather information from those involved in the payments process and the authority to issue infringement notices against those engaging in excessive surcharging.

The ban on excessive surcharging will take effect this year and will work in tandem with the RBA Payments System Board standards that will set the permitted surcharge for payments.

Source: Treasury

Government backing Australian FinTech in Asia

The Government is providing support to Stone & Chalk 's 'FinTech Asia' program, which seeks to attract and develop the best financial technology (FinTech) start-ups and their founders and attract high quality corporate partners, venture capitalists and investors.

'Stone & Chalk' is an Australian financial technology 'hub' established in 2015, with the support from the NSW Government.

The 'FinTech Asia' program aims to:

- promote Australia as a global entrepreneurial hub and leader in FinTech in the Asia Pacific region
- develop engagement and interest within the Asian FinTech market, and foster collaboration and knowledge sharing
- accelerate the acquisition of international talent and ideas into Australia.

Source: Treasury

1

Legislative/Government developments (cont'd)

Establishment of FinTech expert advisory group

The Government has announced the establishment of an expert advisory group to help make Australia the leading market for FinTech in the Asia Pacific region.

FinTech is aimed to help deliver more efficient financial markets and customer focussed outcomes for consumers. New approaches like crowdfunding, peer-to-peer lending, mobile payments, digital currencies, and robo-advisers benefit consumers by increasing choice and stimulating more competition.

The FinTech advisory group will be chaired by Craig Dunn, Chairman of Stone & Chalk and Director of Westpac Bank. The FinTech advisory group will complement the Innovation Collaboration Committee being established under the Financial System Program.

Source: Treasury

Government looks to Shanghai for next landing pad

The Government intends to establish a landing pad in Shanghai to help innovators access talent and opportunities globally.

The Government's National Innovation and Science agenda creates five landing pads in global innovation hotspots to help entrepreneurs take their ideas to market and build high-growth and high-return enterprises. The Government will consult with the Chinese Government and other local stakeholders on the proposal for an intended landing pad in Shanghai.

The Australian Government has announced that other landing pads are being established in San Francisco and Tel Aviv. The host cities for the final two landing pads are expected to be announced shortly.

Source: Treasury

2 What have the regulators been up to?

APRA
Australian Prudential Regulation Authority

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Australian Securities and Investments Commission

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AUSTRAC
Australian Transaction Reports and Analysis Centre

CFR
Council of Financial Regulators

RBA
Reserve Bank of Australia

Speech: Opening statement to the Senate Economics Legislation Committee

Wayne Byres, Chairman of APRA, addressed the Senate Economics Legislation Committee in Canberra. The speech focused on APRA's agenda for 2016,which is heavily influenced by the recommendations of the Financial System Inquiry (FSI). Areas of focus for APRA in 2016 include:

- a simpler regulatory framework for securitisation
- bank funding, including consulting on the Australian implementation of the new international standard, Net Stable Funding Ratio
- continuing work from the previous year on reinforcing sound standards for lending in housing
- assessing the adequacy of implementation of APRA's prudential requirements by superannuation entities, with a particular emphasis on how well boards and management are addressing key strategic, governance and operational areas whilst also ensuring they meet members' best interest obligations.

APRA has taken over responsibility for the prudential supervision of private health insurance from 1 July 2015. APRA has been working through a transition plan to bring the regulation and supervision of private health insurance into its business-as-usual processes. APRA has also commenced a thematic review of risk management practices across the industry and is providing advice to the Government as to whether insurer's premium proposals would result in any materially adverse prudential outcomes.

The full speech can be found here.

APRA consults on margining and risk mitigation requirements for non-centrally cleared derivatives

APRA has released a discussion paper, *Margining and risk mitigation for non-centrally cleared derivatives*, outlining the proposed implementation of the internationally-agreed framework for margin requirements and risk mitigation standards for non-centrally cleared derivatives.

APRA's proposals generally follow the internationally-agreed standards, although it has modified them in some areas to avoid placing undue cost on regulated entities with relatively small levels of non-centrally cleared derivative activity.

APRA has concurrently released a draft *Prudential Standard CPS 226 Margining and risk mitigation for non-centrally cleared derivatives* (CPS 226), proposing to require APRA-regulated institutions that transact in non-centrally cleared derivatives to:

- meet new risk mitigation requirements that are intended to increase the transparency of bilateral positions between counterparties, promote legal certainty over the terms of non-centrally cleared derivative transactions and facilitate the timely resolution of disputes
- exchange margin (i.e. collateral) to mitigate counterparty credit risk associated with their derivative activities, when the level of this activity exceeds minimum qualifying levels.

Submissions are due by 20 May 2016.

See media release

2

What have the regulators been up to? (cont'd)

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Speech: Regulation and innovation in mortgage lending

Peter Kell, Deputy Chairman of ASIC, addressed the Australian Mortgage Innovation Summit 2016. He spoke about three main topics:

- He provided an update on ASIC's work as Australia's consumer credit regulator, including its focus in the home lending market on key protections such as the responsible lending obligations. He discussed ASIC's review of interest-only home loans and ASIC enforcement outcomes in home lending.
- He touched on some outcomes from the Financial System Inquiry that are relevant to the home lending industry, including the scope of ASIC's powers and funding, the Government's announcement about a review into mortgage broker remuneration, and recommendations and measures to promote innovation.
- He also talked about innovation, including in credit markets, and some important steps that lenders and brokers can take to realise the benefits and mitigate the risks of digital disruption.

The full speech can be found here.

Speech: Capital markets and digital disruption

Greg Medcraft, Chairman of ASIC and Chairman of the Board of the International Organization of Securities Commissions (IOSCO), addressed the Official Monetary and Financial Institutions Forum Roundtable in London. His speech focused on three points:

- the changes brought by digital disruption to existing business models
- the potential these developments have for capital markets with particular reference to the emergence of blockchain technology
- how regulators, and particularly markets regulators, are responding to these changes and developments.

He concluded his speech by stating that there is a need to recognise and harvest the opportunities digital disruption and blockchain offers, while mitigating the risks to consumer trust and confidence.

The full speech can be found here.

2 What have the regulators been up to? (cont'd)

Speech: The regulator and marketplace lending

John Price, Commissioner at ASIC, addressed the Alternative Finance Australasia Summit. He discussed the work ASIC's Innovation Hub is doing to facilitate innovation and help fintech start-ups, including marketplace lending entities. He also made observations on the regulation of marketplace lending and what ASIC is doing in respect of marketplace lending.

He outlined ASIC's regulatory role and objectives, ASIC's experience with the fintech sector so far and described the five elements of ASIC's Innovation Hub.

He discussed the regulation of marketplace lending, ASIC's initiatives that are particular to marketplace lending, ASIC's discretionary power to give waivers ('relief') from requirements of the *Corporations Act* and *National Credit Act and National Credit Code*, advertising for marketplace lending, and good practice in marketplace lending.

He also outlined other ASIC initiatives. ASIC has set up an internal taskforce on marketplace lending to help monitor industry developments and ASIC is planning to periodically survey platform operators to understand how the sector is developing.

The full speech can be found here.

ASIC consults on addressing 'sunsetting' dollar disclosure class orders

ASIC has released a consultation paper, *Remaking and repealing ASIC class orders on dollar disclosure* (CP 253), seeking feedback from Australian financial services (AFS) licensees on proposals to remake, without significant changes, the following class orders as a single new instrument :

- Class Order [CO 04/1431] *Dollar disclosure: Costs of derivatives, foreign exchange contracts, general insurance products and life risk insurance products,* due to expire on 1 October 2016
- Class Order [CO 04/1433] *Dollar disclosure: Non-monetary benefits and interests,* due to expire on 1 April 2017
- Class Order [CO 04/1435] *Dollar disclosure: Amounts denominated in a foreign currency,* due to expire on 1 April 2017.

ASIC is also seeking feedback from AFS licensees on proposals to repeal the following class orders:

- Class Order [CO 04/1430] *Dollar disclosure: Unknown facts or circumstances,* due to expire on 1 April 2017
- Class Order [CO 04/1432] *Dollar disclosure: Interest payable on deposit products,* due to expire on 1 April 2017.

The draft ASIC instrument, which reflects the amendments proposed in CP 253 is also available.

Submissions are due by 30 March 2016.

See media release

2

What have the regulators been up to? (cont'd)

ASIC consults on sunsetting class order about financial product advice – exempt documents

ASIC has released a consultation paper, *Remaking ASIC class order on Financial product advice: exempt documents* (CP 251). ASIC is seeking feedback on its proposal to remake, without significant changes, Class Order (CO 03/606) *Financial product advice – Exempt documents*, which is due to expire on 1 April 2017.

The only changes proposed are to:

- update the name of the legislative instrument
- reflect current drafting practice and update the format of the current document
- simplify the drafting to give greater clarity, including replacing the list of specified documents prepared as a result of a requirement of the Corporations Act or SIS Act with a general description.

The draft ASIC instrument, which reflects the amendments proposed in CP 251 is also available.

Submissions are due by 18 March 2016.

See media release

ASIC consults on sunsetting class order about share and interest sale facilities

ASIC has released a consultation paper, *Remaking ASIC class order on share and interest sale facilities* (CP 252). ASIC is seeking feedback on its proposal to remake, without significant changes, Class Order (CO 08/10) *Share and interest sale facilities,* which is due to expire on 1 April 2018.

The only changes proposed are to:

- update the list of approved foreign markets with the current names of those markets
- extend relief to a related body corporate of the product issuer
- remove the requirement to notify ASIC of a failure to comply with a condition of the legislative instrument
- update the name of the legislative instrument
- reflect current drafting practice and update the format of the current document
- simplify the drafting to give greater clarity.

The draft ASIC instrument, which reflects the amendments proposed in CP 252 is also available.

Submissions are due by 18 March 2016.

See media release

2 What have the regulators been up to? (cont'd)

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ASX consults on clearing participant liquidity risk management frameworks

ASX has released a consultation paper, *Clearing Participant Liquidity Risk Management Frameworks,* seeking feedback on the proposed requirements of a guidance note for a Clearing Participants' (CP) liquidity risk management frameworks. This guidance note is intended to establish a minimum baseline standard for CP liquidity management. The guidance note would apply to all CPs other than those directly subject to equivalent regulation by an approved prudential regulator.

The key proposed requirements to be included in this liquidity guidance note are as follows:

- CPs must have a formal liquidity risk framework.
- The framework must include preparation of a board approved annual liquidity and funding plan and rolling 12 month liquidity forecasts, together with robust liquidity related operational processes and management reporting.
- The overall responsibility for liquidity management should be allocated to a named individual (who is effectively the "Treasurer" of the CP) with appropriate segregation of duties for settlement and reporting.
- The framework should be appropriate/right-sized to the nature, scale and business scope/complexity of the CP's activities and should be reviewed annually.
- Liquidity management should consider both normal and stressed business and market conditions.

Submissions are due by 29 April 2016.

See media release

ASX consults on proposed revisions to ASX listing rules

ASX released a consultation paper, *Proposed revisions to ASX listing rules Appendices 4C and 5B*, seeking feedback on proposed changes to the quarterly cash flow statements in Appendices 4C and 5B to the ASX Listing Rules.

Start-up entities that are not mining exploration entities are generally required to report quarterly cash flow information in an Appendix 4C, while mining exploration entities are required to report quarterly cash flow information in an Appendix 5B.

Appendices 4C and 5B were implemented and have been amended over a number of years independently of each other, which has created some inconsistencies between them. They have also not kept pace with current accounting standards.

The changes proposed to the Appendices seek to address these issues and also to enhance the format of the two Appendices to make them more user friendly. This includes adopting a new, more intuitive, numbering system for the different sections of the Appendices and changing the order of some of those sections.

Submissions are due by 29 April 2016.

See media release

2 What have the regulators been up to? (cont'd)

ASX releases a review of ASX trade acceptance service legal terms

ASX has released a review of ASX Trade Acceptance Service Legal Terms, which are due to expire on 31 October 2016. The Legal Terms provide that a review be commenced twelve months prior to the expiry of the Legal Terms and that the review is published within four months of its commencement.

The Review has not identified a need for significant changes to the Legal Terms.The Trade Acceptance Service will continue to be made available on substantially the same terms for another five year term. Some relatively minor changes will be implemented to update and simplify the drafting, and to remove a quarterly reporting requirement to reduce the compliance burden for Approved Market Operators.

See media release

2

What have the regulators been up to? (cont'd)

Customer due diligence update

In June 2014 changes to the AML/CTF Rules impacted the customer due diligence (CDD) obligations for reporting entities in relation to beneficial ownership and politically exposed persons (PEPs).

These changes require reporting entities to carry out additional risk assessment, customer identification procedures and enhanced customer due diligence in order to identify and monitor beneficial owners and PEPs.

Reporting entities were required to implement these changes by 1 January 2016.

AUSTRAC is now conducting assessments to ensure entities are aware of their obligations relating to beneficial ownership of their customers following these changes.

See media release

2

What have the regulators been up to? (cont'd)

Discussion paper: Evolution of the BBSW Methodology

CFR has released a discussion paper, *Evolution of the BBSW Methodology*, summarising the feedback received from the submissions related to CFR's consultation paper seeking views on the evolution of the methodology for the bank bill swap rate (BBSW) benchmark.

The discussion paper also sets out a proposal for the evolution of the BBSW methodology for discussion with the Australian Financial Markets Association (AFMA) and market participants.

BBSW is a key financial benchmark in Australia and is administered by AFMA (in its role as 'Administrator'). BBSW rates serve as reference rates for pricing many debt securities and lending transactions, and are used to determine payment obligations on a range of derivatives.

By end June 2016, AFMA will complete any further consultation with the CFR agencies and market participants and finalise a set of amendments to the BBSW methodology.

By end December 2016, depending on the scope of the changes, AFMA will complete the implementation of amendments to the BBSW methodology.

See discussion paper

2 What have the regulators been up to? (cont'd)

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Speech: The Evolving Risk Environment

Malcolm Edey, Assistant Governor (Financial System) at the RBA, addressed the Australian Shareholders Association (ASA) Investor Forum. He provided a summary of RBA's latest analysis of system risks and his speech focused on the evolving financial risk environment.

He first discussed the post crisis environment. The after-effects of the GFC on the global economy have included an extended period of low interest rates, 'search for yield' behaviour by investors in some interest-sensitive sectors, and a strengthened focus on risk management by prudential supervisors.

He then discussed more recent developments in three parts, namely the global risk environment, possible implications of that environment for the Australian financial system, and domestically generated sources of risk.

The full speech can be found here.

Speech: Interest Rate Benchmarks

Guy Debelle, Assistant Governor (Financial Markets) at the RBA, addressed the KangaNews Debt Capital Markets Summit 2016. He talked about the recent developments in interest rate benchmarks. He focused on domestic reforms around the principal interest rate benchmark in Australia, the bank bill swap rate (BBSW). He also mentioned plans underway to introduce a 'risk-free' interest rate for the domestic market, as a complement to BBSW.

He concluded his speech by stating that interest rate benchmarks such as BBSW are a very critical part of the financial system. The Council of Financial Regulators (CFR) has undertaken a consultation process on the BBSW methodology. The industry, working through AFMA and with the CFR, will need to act on these proposals to ensure that BBSW remains a trusted, reliable and robust financial benchmark.

The full speech can be found here.

2

What have the regulators been up to? (cont'd)

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Speech: The Ongoing Evolution of the Australian Payments System

Tony Richards, Head of Payments Policy Department at the RBA, addressed the Payments Innovation 2016 Conference. The conference focused on payments innovation and he discussed how the payments system is evolving, covering the declining use of the cheque system and cash, and potential applications of digital currencies and distributed ledger technologies.

He also provided a short update on the Bank's current Review of Card Payments Regulation. The Bank will be meeting with a wide range of stakeholders and some of the issues to be explored include:

- the treatment of commercial cards and domestic transactions on foreign-issued cards in the interchange benchmarks
- the proposed shift to more frequent compliance to ensure that average interchange rates remain consistent with benchmarks
- the calculation of permissible surcharges for merchants (such as travel agents or ticketing agencies) that are subject to significant chargeback risk when they accept credit or debit cards.

He also flagged the RBA's proposed new surcharging standard, which has been drafted to be consistent with amendments to the *Competition and Consumer Act 2010*.

He noted that a final decision on any regulatory changes should be possible at the May meeting of the Payments System Board. In relation to when changes to the RBA's standards might take effect, the guidance on the date was not given but recognised that an implementation period will be necessary for the industry.

The full speech can be found here.

3 Industry bodies

ABA comments on the proposal to ban ATM fees

The banking industry welcomed the voting down in Parliament of the proposal to ban ATM fees.

Steven Münchenberg, ABA's Chief Executive, said that fees at banks' ATMs don't cover the cost of running the ATMs and that most banks provide fee-free ATM transactions to their customers. He said that banks typically charge around $2 to non-customers who use their ATMs and around 60% of people use their own bank's ATM.

He said that more than half the ATMs in Australia are owned and operated by businesses other than banks, so banning fees on bank-owned ATMs would affect the viability of these businesses. He said that the proposal would have significantly limited the number of ATMs and the ability of people to access cash.

See [media release]

3 Industry bodies (cont'd)

ABA
Australian Bankers' Association

AFMA
Australian Financial Markets Association

APCA
Australian Payments Clearing Association

ASFA
Association of Superannuation Funds of Australia

FSC
Financial Services Council

AFMA comments on the Council of Financial Regulators' discussion paper on BBSW

AFMA considers the release of the Council of Financial Regulators' (CFR) discussion paper on BBSW methodology a useful progression in the industry's dialogue in relation to benchmark design.

AFMA will discuss and consider the alternative methods in the CFR's proposal for adopting a volume-weighted average price (VWAP) calculation mechanism through its committee structure.

In doing this, AFMA's consideration of the BBSW methodology will be guided by the CFR's key objectives for BBSW:

- BBSW is anchored to transactions in an active underlying market.
- The BBSW calculation mechanism is robust to changing market conditions.
- The fundamental properties of BBSW are maintained to ensure a seamless transition.

AFMA will continue to engage with the CFR and industry participants on this initiative.

See media release

Report: Financial Sector Growth, Capital Formation and Productivity

AFMA has released a report entitled, *Financial Sector Growth, Capital Formation and Productivity*. According to AFMA, the report demonstrates a strong link between the finance sector, investment and economic productivity, and dispels the myth that the sector has become too large. The main points of the report include:

- The financial and insurance services sector is the largest of the 12 industries that make up the market sector of the Australian economy, with a 9.9% share of output compared to the next largest sector, mining, with a 9.8% share.
- Productivity growth in the financial and insurance sector has outperformed productivity growth in the market sector as a whole on average over the last 24 years.
- There is no statistical evidence to support the view that financial sector and secondary market activity in Australia has come at the expense of capital formation. Policies that aim to suppress secondary financial markets based on a view that there is 'too much finance' are likely to harm capital formation, productivity and living standards.

See media release

3 Industry bodies (cont'd)

APCA's submission to consultation paper on review of card payments regulation

APCA has made a submission to the Reserve Bank of Australia's *Review of Card Payments Regulation: Consultation Paper*. Key summary statements include:

- APCA welcomes the Payments System Board (Board)'s preferred option of maintaining the 50 basis point weighted average of the interchangeable fee benchmark.
- APCA recommends moving from three-yearly to annual compliance with the benchmarks.
- APCA recommends that the Board explores greater flexibility within the implementation of the enhanced disclosure measures and that acquirers be provided with adequate time to make the necessary system and statement changes to ensure proper implementation.
- APCA recommends that the Board considers publishing a draft implementation timetable for industry comment.
- APCA recommends that the Board considers publishing draft guidance on the interpretation of the anti-avoidance provisions for industry comment.
- APCA recommends that the Board considers amending the Standards or publishing draft guidance to include a de minimis rule within the "net payments to issuers" calculations.
- APCA recommends future reviews of changing competitive dynamics in retail payments also consider the impact on existing payment methods, not just whether newcomers need to be regulated.

See submission

3 Industry bodies (cont'd)

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Impact of halting scheduled increase to SG

AFSA said that a potential freeze in the rate of superannuation guarantee (SG) would reduce the retirement incomes of the majority of older Australians and also lead to increased government expenditure on the age pension in the near future.

Currently, the SG is scheduled to increase from 9.5 per cent to 10 per cent in 2021, and then incrementally up to 12 per cent by 2025. According to AFSA, this increase is important in ensuring that the superannuation system enables retirees to maintain a 'comfortable' standard of living throughout retirement.

According to ASFA estimates, a retained SG of 9.5 per cent would result in around 40 per cent of retirees relying on the full age pension by 2050. As a result, the government expenditure on the age pension would need to rise by approximately 25 per cent. The proportion of Australians achieving a comfortable standard of living in retirement would also fall to around 40 per cent of retirees (from 50 per cent if current increases were maintained).

See media release

Efficiency review can aid the superannuation system

AFSA said that the announcement of a Productivity Commission study to develop criteria to assess the efficiency of the superannuation system provides a valuable opportunity for improvement.

ASFA also notes that it is important that the Productivity Commission study explicitly recognises some of the important benefits of the current system, including the ability to choose a fund, members investment choice, active investment management of default portfolios as well as the provision of insurance and advice.

ASFA suggests that costs can be kept under control through the reduction of government red tape, removal of barriers to the consolidation of legacy products and simplification of regulatory compliance.

ASFA notes that the full implementation of SuperStream and MySuper will further improve efficiency, although it will still be some years before the full benefits of these reforms are realised.

See media release

3 Industry bodies (cont'd)

ABA
Australian Bankers' Association

AFMA
Australian Financial Markets Association

APCA
Australian Payments Clearing Association

ASFA
Association of Superannuation Funds of Australia

FSC
Financial Services Council

FSC releases a six point plan for superannuation

The FSC has developed a six point plan for superannuation to deliver higher retirement incomes for the majority of Australians.

Sally Loane, CEO of the FSC, said that the plan would allow the superannuation system to achieve its objective of enabling more Australians to self-fund their retirement and to decrease pressure on the public purse. New modelling by Rice Warner Actuaries shows that if the FSC's six point plan is implemented, current age pension liabilities for middle Australia will be reduced by 60 per cent by 2050.

The FSC's six point plan for superannuation:

- Give every Australian saver confidence in the system. Take it out of the Budget cycle and stop the tinkering with superannuation.
- Define its purpose and make it law.
- Increase the superannuation guarantee rate to 12 per cent by 2022.
- Encourage people to save voluntarily beyond the 12 per cent guarantee by maintaining contribution caps that are high enough to allow women and carers in particular to catch up on their savings after breaks from the workforce. The FSC recognises that an additional three per cent would get the majority of people to self-sufficiency.
- Provide tax concessions which give all Australians, most particularly low and middle income earners, an incentive to save.
- Increase the preservation age in line with increases in the age pension and life expectancy.

See media release

FSC urges government to adopt a long term retirement policy

Sally Loane, CEO of the FSC, has urged the government to take a long term view of superannuation and to develop a robust retirement policy for Australians.

In a submission to the *Senate's Economic Security for Women in Retirement Inquiry*, the FSC recommended the following policy options to address lower retirement outcomes for women:

- Pay superannuation contributions on the existing Commonwealth Paid Parental Leave Scheme, which is 18 weeks pay at the minimum wage, and extend contributions over time to the superannuation contributions a carer would have received had they continued in their employment.
- Remove barriers in the *Sex Discrimination Act 1984* which prevent or make it hard for employers to address gender gaps in retirement savings by offering women higher superannuation contributions.
- Examine options to allow employers to pay contributions to employees who earn below the threshold of $450 per month, many of whom are women.

See media release

3 Industry bodies (cont'd)

ABA
Australian Bankers' Association

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Australian Payments Clearing Association

ASFA
Association of Superannuation Funds of Australia

FSC
Financial Services Council

FSC statement on superannuation guarantee

The FSC said that any plans to reduce the savings of middle Australia will increase long term pressure on the Federal Budget.

Sally Loane, CEO of the FSC, said: "Stopping superannuation guarantee payments at 9.5 per cent would be inconsistent with Australia's future needs for savings. It is simply too low to help the majority of Australians fund their retirement and would mean that more than 80 per cent of Australians would still be dependent on the age pension by 2050."

She said that we have a rapidly aging community and that freezing the superannuation guarantee now will mean future generations will be paying for those retiring today.

She said that the retirement savings pool must be increased, particularly amongst middle income earners, to reduce the reliance on the age pension. She also said that people entering the workforce now would not be able to save enough for a comfortable retirement independent of the age pension unless the rate is raised to at least 12 per cent.

See media release

FSC statement on inquiry into abuse of older Australians

The FSC has welcomed the Government's announcement that the Australian Law Reform Commission (ALRC) will conduct an inquiry into the abuse of older Australians.

Sally Loane, CEO of the FSC, said that it is a prime opportunity to raise awareness of the abuse of older Australians, particularly financial abuse, and to carefully consider the legal safeguards necessary to protect the older generation.

She said that the FSC and the wealth management industry is committed to doing its part to prevent the abuse of older Australians and that the FSC is developing training for its members so their staff can identify red-flags and devise strategies to safeguard the rights of their older clients.

See media release

4

Overseas developments – Global

BCBS: Issues revised guidelines on AML/CTF with a general guide to account opening

The Basel Committee on Banking Supervision (BCBS) has issued the final revised version of the *General guide to account opening*. This guide has been issued as an annex to the guidelines on the sound management of risks related to money laundering and financing of terrorism.

The policies and procedures for account opening that all banks need to establish must reflect AML/CTF obligations.

The revised version takes into account and builds on the Financial Action Task Force (FATF) recommendations, as well as on two supplementary FATF publications: *Guidance for a risk-based approach: The banking sector* and *Transparency and beneficial ownership.*

Source: BIS

FSB: Releases report on possible measures of non-cash collateral re-use

The Financial Stability Board (FSB) has released a report, *Possible Measures of Non-Cash Collateral Re-Use*. The report describes possible measures of non-cash collateral re-use, and the related data elements, that could potentially be included in the FSB's global securities financing data standards. Authorities would be asked to report national/regional aggregates of these measures to the FSB.

The report is intended to provide a starting point for discussions with market participants and researchers concerning the derivation of a meaningful measure(s) of collateral re-use to be used to evaluate global trends and to assess risks to financial stability.

Source: FSB

FSB: Chair sets out to the G20 the FSB work programme for 2016

The FSB has published a letter from Mark Carney, Chair of the FSB, which was sent to G20 finance ministers and Central Bank governors in advance of their meeting in Shanghai. The letter sets out the FSB's priorities for 2016 which are:

- supporting the full and consistent implementation of post crisis reforms
- addressing new and emerging vulnerabilities in the financial system
- promoting robust financial infrastructure
- drawing lessons from the practical application of macroprudential policy frameworks and tools
- assessing the systemic implications of financial technology innovations, and the systemic risks that may arise from operational disruptions.

Source: FSB

4 Overseas developments – Global (cont'd)

IOSCO: Issues second review of implementation of principles by IBOR administrators

The International Organization of Securities Commissions (IOSCO) has published its report setting out the findings of the second review of the implementation of IOSCO's principles for financial benchmarks by the administrators of the benchmarks collectively known as the IBORs: the Euro Inter-Bank Offer Rate (EURIBOR); the London Inter-Bank Offer Rate (LIBOR); and the Tokyo Inter-Bank Offer Rate (TIBOR).

The second review makes recommendations for each administrator aimed at strengthening their implementation of the Principles. As the majority of the recommendations from the first review have been implemented or are subject to on-going work related to the evolution of the benchmarks, IOSCO does not recommend a follow up review. Relevant national authorities are expected to monitor the progress made by the three administrators to implement the recommendations of the second review.

Source: IOSCO

IOSCO: Clearing of deliverable FX instruments

The Committee on Payments and Market Infrastructures (CPMI) and IOSCO have issued a statement in light of industry developments with respect to CCP clearing of deliverable FX instruments and the associated models for effecting their settlement. The statement applies only to the clearing of deliverable FX instruments by CCPs.

See statement

IOSCO: Plays a key role in responding to global securities markets' challenges

The Board of IOSCO met for two days in Madrid to discuss and respond to the many ongoing and emerging challenges facing global securities markets. The meeting was preceded, first, by Round Tables discussing recent market developments and volatility in world capital markets and then the challenges and opportunities posed by fintech and more particularly distributed ledger technology or block chain.

The roundtable discussion on block chain highlighted the potential new financial technologies can have to improve global market efficiencies, and provide emerging market jurisdictions with the infrastructure needed to further develop their capital markets.

FSB Chair Governor Mark Carney attended the first afternoon of the Board meeting and outlined the FSB priorities for 2016 in the context of the Chinese G20 Presidency for 2016.

Source: IOSCO

4 Overseas developments – Europe

EBA: Publishes final draft ITS on the mapping of ECAIs credit assessments

The European Banking Authority (EBA) has published final draft Implementing Technical Standards (ITS) on the mapping of External Credit Assessment Institutions' (ECAIs) credit assessments for securitisation positions.

These ITS specify the correspondence or 'mapping' between credit ratings and credit quality steps that shall determine the allocation of appropriate risk weights to credit ratings issued by ECAIs on securitisations where the Standardised Approach (SA) or the Internal Ratings Based Approach (IRB) for securitisations are used.

These ITS are to allow the credit ratings on securitisations assigned by credit rating agencies to be used for the purposes of calculating institutions' capital requirements.

Furthermore, these ITS include a proposal to review the mapping of securitisation ratings and to regularly monitor the performance of issued securitisation ratings.

Source: EBA

EBA: Publishes guidelines on cooperation agreements between deposit guarantee schemes

The EBA has published its final guidelines on cooperation agreements between deposit guarantee schemes (DGSs). These guidelines include a multilateral cooperation framework agreement and minimum prescriptions to promote the rapid and consistent conclusion of cooperation agreements between DGSs, as provided under the new Deposit Guarantee Schemes Directive (DGSD).

These guidelines specify the minimum content in relation to the three key areas to be included in cooperation agreements: modalities for repaying depositors by the local DGS at branches of banks established in other Member States, modalities for the transfer of contributions from one DGS to another in case a credit institution ceases to be a member of a DGS and joins another DGS, and modalities for mutual lending between DGSs.

Source: EBA

EBA: Opening remarks at the EBA's 5th anniversary conference

Andrea Enria, Chairperson of the EBA, addressed the EBA's 5th Anniversary Conference. His speech commenced by reviewing the EBA's achievements in the last five years. He also discussed new future challenges which are:

- monitoring the functioning of the Single Rulebook and enhancing proportionality
- completing the adjustment in banks' balance sheets
- digital banking and consumer protection.

The speech can be found here.

4

Overseas developments – Europe (cont'd)

EIOPA: Publishes the retail risk indicators methodology report

The European Insurance and Occupational Pensions Authority (EIOPA) has published the retail risk indicators methodology report. This publication represents one of the initial steps in the implementation of EIOPA's strategy towards a comprehensive risk-based and preventive framework for conduct of business supervision.

Its objective is to strengthen the supervisory framework through additional regular and timely exchanges of information in order to have a general overview, whereby the effects on consumer protection of product characteristics and distribution channels can be pre-emptively assessed from a conduct perspective.

Source: EIOPA

EIOPA: Defines priorities for 2016

EIOPA has published its annual work programme 2016. EIOPA has set up the following priority objectives:

- to ensure transparency, simplicity, accessibility and fairness across the internal market for consumers
- to lead the development of sound and prudent regulations supporting the EU internal market
- to improve the quality, efficiency and consistency of the supervision of EU insurers and occupational pensions
- to identify, assess, mitigate and manage risks and threats to the financial stability of the insurance and occupational pensions sectors.

The document provides the overview of risks that can affect the functioning of EIOPA and the list of measures the Authority has undertaken in order to mitigate them.

Source: EIOPA

EIOPA: Consults on the development of an EU single market for PPPs

EIOPA has published a consultation paper on its advice on the development of an EU Single Market for personal pension products (PPP). The paper contains EIOPA's final advice on the attractiveness and feasibility of a 2nd regime Pan-European Personal Pension Product (PEPP). The paper seeks feedback particularly on the following proposed areas:

- governance standards for providers of PPPs
- harmonised basis for product governance rules for PPPs
- harmonised basis for distribution rules for PPPs
- harmonised disclosure rules for PPPs
- possible specific additional capital requirement for PPPs
- further powers for national supervisors that are tailored to PPPs.

The consultation period will end on 26 April 2016.

Source: EIOPA

4 Overseas developments – Europe (cont'd)

ESMA: Resumes US CCP recognition process following EU-US agreement

The European Securities and Markets Authority (ESMA) has welcomed the common approach announced by the European Commission and the US Commodity Futures Trading Commission (CFTC) on the equivalence of CCP regimes.

This is an important step towards market participants being able to use clearing infrastructures in both the US and Europe, and for the proper functioning of the global derivatives markets.

ESMA will rapidly resume the recognition process of specific CFTC-supervised US CCPs that had applied to ESMA to be recognised in the EU, once the equivalence decision by the European Commission on the US regime for CFTC-supervised CCPs is adopted.

ESMA will also consider as a matter of priority the next steps on its consultation on the amendment to its Regulatory Technical Standard (RTS) regarding the minimum period of risk for different types of clearing accounts in EU CCPs.

Source: ESMA

ESMA: Publishes first supervisory convergence work programme

ESMA has published its first supervisory convergence work programme 2016 (SCWP), which details the activities and tasks it will carry out to promote sound, efficient and consistent supervision across the European Union.

The priority areas for 2016 are:

- preparing for the sound, efficient and consistent implementation and supervision of MiFID 2/MiFIR
- finalising the data and IT infrastructure needed to support the effective implementation and supervision of MiFID 2/MiFIR and MAR
- facilitating the sound and consistent supervision of OTC derivatives markets and in particular of EU CCPs
- supporting the effective application of the European Commission's Capital Markets Union plan.

Source: ESMA

ESMA: Consults on implementation of the benchmarks regulation

ESMA has published a discussion paper (paper) regarding the technical implementation of the incoming Benchmarks Regulation (BR). ESMA is seeking stakeholder's input to inform its future proposals on draft Regulatory Technical Standards (RTS) and Technical Advice (TA) to the European Commission.

The BR's objective is to improve the governance and control over the benchmark process, thereby ensuring their reliability and protecting users. The changes aim to:

- improve the quality of the input data and methodologies used by benchmark administrators
- ensure that benchmark contributors provide adequate data and are subject to proper controls
- ensure the supervision and viability of critical benchmarks.

Source: ESMA

4 Overseas developments – UK

FCA: Confirms accountability rules for wholesale traders and interim rules on regulatory references

The Financial Conduct Authority (FCA) has published the final rules confirming their approach to improving individual accountability for those carrying out wholesale activities, such as algorithmic and high-frequency trading, in banks, building societies, and Prudential Regulation Authority (PRA) designated investment firms. The rules also provide clarity on aspects of the regime's territorial application.

The new measures will mean that the certification regime will now be extended to those performing two new functions - the "client-dealing" function and the "algorithmic trading" function.

Source: FCA

FCA: Encourages firms to do more to support ageing population

The FCA has published a discussion paper, *Ageing population and financial services*, encouraging firms to do more to support the UK's ageing population and ensure that consumers can access the financial products and services they need at every stage of their life.

The FCA is working with stakeholders to discuss experiences, best practice and potential approaches to the issues raised by the ageing population project. The FCA will also be undertaking further research and will be working with stakeholders to develop a regulatory strategy that promotes better outcomes for older consumers and is seeking comment on the issues raised and scope of the project by 15 April 2016. The strategy will be launched in 2017.

Source: FCA

FCA: Publishes call for input on the review of retained provisions of the Consumer Credit Act

The FCA has published call for input on the review of retained provisions of the Consumer Credit Act (CCA), seeking initial inputs from stakeholders on:

- whether to prioritise particular provisions for review
- whether provisions should be considered for earlier review
- how best to engage with stakeholders.

The review will consider whether particular CCA provisions remain appropriate or should be modified, updated, or replaced by FCA rules or guidance in order to maintain the right degree of consumer protection for today's market.

The call for input will close on 18 May 2016. The FCA will finalise the scope of the review in light of responses and publish an update on progress by Q4 2016.

Source: FCA

4 Overseas developments – UK (cont'd)

FCA: Advice firms demonstrate good practice on due diligence but need greater consistency

The FCA has released a report, *Assessing suitability: Research and due diligence of products and services,* setting out the high level findings of the FCA's thematic review of the research and due diligence processes carried out by advisory firms on the products and services they recommend to retail clients.

The report found that in the main, firms sought to achieve positive outcomes for their clients when undertaking research and due diligence and generally demonstrated some good practice in this area. However, for many firms, good practice was not consistent across all products and services and the report identified issues relating to platform research and due diligence.

The FCA undertook a range of measures to address the issues found. The FCA will be publishing a second consultation paper on the implementation of the Markets in Financial Instruments Directive (MiFID II) later this year.

Source: FCA

4 Overseas developments – US

CFTC: Grants Eurex Clearing AG registration as a DCO

The U.S. Commodity Futures Trading Commission (CFTC) has issued an order granting Eurex Clearing AG (Eurex Clearing) registration as a derivatives clearing organization (DCO) under the Commodity Exchange Act . This action furthers the CFTC's commitment to working across borders to promote central clearing.

Under the order, Eurex Clearing will be authorized to provide clearing services for swaps for U.S. clearing members as well as their customers. The registration will become effective after Eurex Clearing meets CFTC's "straight-through processing" requirements.

Eurex Clearing becomes the 16th DCO registered with the CFTC and the 6th registered DCO based outside the United States.

Source: CFTC

CFTC: Issues an exemption to the KRX to deal directly with U.S. customers

The CFTC has issued an order to the Korea Exchange (KRX) permitting certain KRX Members to solicit and accept orders and in connection therewith, accept funds directly from U.S. customers for trading on KRX without having to register with the CFTC as futures commission merchants.

The order also permits these designated KRX members to engage in marketing conduct in the U.S. for a period not exceeding thirty days.

Source: CFTC

FDIC: Approves proposal on deposit account recordkeeping requirements

The Federal Deposit Insurance Corporation (FDIC) has approved a proposal for recordkeeping requirements for FDIC-insured institutions with a large number of deposit accounts to facilitate rapid payment of insured deposits to customers if the institutions were to fail.

The proposed rule would apply to insured depository institutions with more than 2 million deposit accounts. Under the proposal, these institutions would generally be required to maintain complete and accurate data on each depositor.

Further, the institutions would be required to ensure that their information technology systems are capable of calculating the amount of insured money for each depositor within 24 hours of a failure.

Source: FDIC

4 Overseas developments – US (cont'd)

FDIC: Publication focuses on enhancing banks' cybersecurity programs

The FDIC has published an article, *A Framework for Cybersecurity*, which appears in the Winter 2015 issue of *Supervisory Insights*, discussing the cyber threat landscape and how financial institutions' information security programs can be enhanced to address evolving cybersecurity risks.

The article also provides an overview of actions taken by the FDIC individually and with other regulators in response to the increase in cyber threats.

Source: FDIC

Federal Reserve: Details progress in efforts to improve U.S. payment system

The Federal Reserve detailed the progress made and outlined anticipated steps for moving forward with its initiative to enhance payment system speed, efficiency, and security in a report that comes one year after the publication of its strategies for improving the U.S. payment system.

The January 2015 initiative has resulted in the creation of two task forces comprised of more than 500 industry participants devoted to bringing about faster and more secure payments in the United States. The task forces have compiled 36 criteria that describe desired attributes of a faster payment system and can be used to assess the effectiveness of potential solutions.

Other important accomplishments include efforts to enhance payment system efficiency through work on standards, directories, and business-to-business payment improvements.

Source: Federal Reserve Board

SEC: Speech - beyond disclosure at the SEC in 2016

Mary Jo White, the U.S. Securities and Exchange Commission's (SEC) Chair, addressed the 45th annual "SEC Speaks" program. This program is an early-year conference for the staff, the private sector, and the Commissioners to discuss current issues confronting the agency, investors, issuers, and the markets.

The chair discussed the state of the SEC and highlighted the agency's accomplishments in 2015 and forecasted the agenda for 2016.

She also discussed how the SEC increasingly needs to go "beyond disclosure" as the SEC carries out its tripartite mission of protecting investors, maintaining fair, orderly and efficient markets, and facilitating capital formation. She said that while the all-important disclosure powers are generally at the forefront of the SEC's work, today's ever-more complex markets and the multitude of risks they face require more of the SEC.

The speech can be found here.

4 *Overseas developments – Asia*

Hong Kong: HKMA and SFC release conclusions on mandatory clearing proposals

The Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) have published conclusions to the proposals made in a joint consultation on introducing mandatory clearing and expanding mandatory reporting for the second stage of the over-the-counter (OTC) derivatives regulatory regime.

The conclusions paper sets out the revised proposals and seeks to further consult on the initial list of financial services providers.

Source: SFC

Hong Kong: SFC concludes on expanding scope of short position reporting

The SFC has published conclusions to a consultation to expand the scope of short position reporting and on corresponding amendments to the Securities and Futures (Short Position Reporting) Rules (SPR Rules).

The SFC has concluded that short position reporting will be expanded to cover all securities that can be short sold under the rules of The Stock Exchange of Hong Kong Limited. The reporting threshold for stocks will remain unchanged, while the threshold for collective investment schemes will be set at $30 million.

The proposed amendments to the SPR Rules will be submitted to the Legislative Council for negative vetting. The SFC plans for the amended rules to come into effect on 15 March 2017, subject to the legislative process and will make further announcements regarding operational reporting arrangements for the expanded regime in due course.

Source: SFC

Korea: Omnibus account for foreign investors to be introduced

The Financial Services Commission (FSC) has announced its plan to introduce an omnibus account aimed to make it easier for foreign investors to trade locally-listed stocks in the Korean stock market. The omnibus account system is expected to reduce transaction costs of global asset management companies and make foreign investors' trading of locally-listed stocks through global securities firms more convenient.

The omnibus account is a single account established by a global asset management company or securities company for consolidating trading orders and settlements from multiple clients.

The omnibus account will be fully introduced in 2017 after going through a test operation starting from May 2016.

Source: FSC

4 Overseas developments – Asia (cont'd)

Korea: Financial policy roadmap for 2016

The FSC outlined its financial policy roadmap for 2016, which focused on two main themes: financial reform and financial stability. The FSC will speed up the implementation of financial reform to promote competition and innovation in the financial sector, while strengthening financial stability in response to internal and external risks.

Ten key policy tasks were laid out to push forward financial reform and financial stability.

Source: FSC

Singapore: FSTC formed to prepare workforce to be future ready

The Monetary Authority of Singapore (MAS) and the National Trades Union Congress (NTUC) have announced the formation of the Financial Sector Tripartite Committee (FSTC). The FSTC will bring together industry associations, labour movements, and government to foster a financial workforce that can meet the changing needs of the financial industry.

The FSTC will first work with the banking sector, and extend its coverage to the insurance and asset management sectors in subsequent phases.

In the first phase, the FSTC will look to achieve the following:

- Enhance versatility
- Facilitate mobility
- Build resilience

The fact sheet is also available.

Source: MAS

5 PwC publications

PwC: Shifting demands, competing priorities - adjusting to the new talent realities in FS

PwC has published a report, *Shifting demands, competing priorities: Adjusting to the new talent realities in Financial Services*. The report sets out key talent findings in the financial services industry from PwC's 19th Annual Global CEO Survey.

The report finds that 70% of financial services CEOs see the limited availability of skills as a threat to growth but only 28% are changing their focus on the skills and adaptability of their people.

PwC believes there are opportunities to create targeted and pragmatic solutions and that the underlying priority is a shift in organisational mindset towards embracing disruption as an opportunity, exploring new ways of meeting skills needs and engaging with a more diverse pool of talent.

See publication

PwC: Redefining business success in a changing world

PwC has published a report, *Redefining business success in a changing world*. This report sets out key findings in the asset management industry from PwC's 19th Annual Global CEO Survey.

Volatile markets have shaken asset management CEOs' confidence in economic growth, yet they still remain confident about the outlook for their businesses. There is considerable optimism about growth in underlying assets.

At the same time, CEOs have to deal with a far more complicated world, with new measures of success and wider sets of stakeholders. They're beginning to redefine their purpose beyond the narrow pursuit of profit and to communicate with more stakeholders. CEOs are also reviewing risk management, marketing and technology to remain competitive .

See publication

PwC: Creating a platform for competitive regeneration

PwC has published a report, *Creating a platform for competitive regeneration*. The report presents key findings in the banking and capital markets sector from PwC's 19th Annual Global CEO Survey .

The report explores some of the key challenges and opportunities that are reshaping the Banking and capital Markets (BCM industry), focusing on how to sustain returns in the face of uncertainty and change and how to respond to changing stakeholder expectations. The report also looks at how to define and measure success in this changing landscape.

The survey findings clearly show how market leaders are turning disruption into an opportunity. They are also playing a prominent role in supporting public policy priorities in areas ranging from promoting sustainability to advising stakeholders on cyber risk management.

See publication

5 PwC publications (cont'd)

PwC: On the right track? Debating the tough questions facing central banks

PwC has published a report, *On the right track? Debating the tough questions facing central banks*. The report is on PwC's Annual Central Bank Forum 2015 and is designed to provide a record of the issues debated and a platform for ongoing discussions.

Areas of issues that were debated include:

- the changing roles of central banks and how they can respond to the evolving demands placed upon them
- the direction of monetary policy
- whether restructuring and reform within the banking system have achieved their key aim of protecting taxpayers from the cost of bail-outs.

What came through strongly from the two days of round table discussions was the importance of diversity and innovation within the financial system and an open-minded approach among the central banks overseeing it.

See publication

PwC: Seizing the future

PwC has published a report, *Seizing the Future*. The report presents key findings in the insurance sector from the PwC's19th Annual Global CEO Survey.

Insurance is grappling with rapid technological change, shifts in customer behaviour, and growing competition from new market entrants. PwC believes that to capitalise on these opportunities, insurers need to embrace new ways of working, novel ways of interacting with customers, and alternatives to traditional products and services.

According to the latest CEO survey findings underline, the insurers out in front are embracing technological disruption as a growth opportunity rather than a threat, and harnessing the creativity of their people to tap into new value chains and transform operational speed and cost. They're also seeking out new sources of data and making the most of client touch points to enhance customer experience and outcomes.

See publication

PwC Hong Kong: Asia insurance review - Regulatory updates

In this update, PwC gives a roundup of key regulatory activities in Asia in the last few months, which include:

- **Australia:** Insurers to reform product disclosure process
- **China:** CIRC to modernise supervision over insurance agencies; online insurance regulations in effect; details on counterparty risk charges for offshore reinsurers
- **India:** Repatriation of profits for foreign reinsurers should be allowed; regulator issues draft rules for Lloyd's; foreign reinsurers to lose parity with GIC Re with rule change
- **South Korea:** Plan to boost and transform insurance business
- **Pakistan**: Takaful operators allowed to work with conventional insurers and SECP to consolidate insurance rules
- **Philippines**: Insurance regulator to oversee HMOs.

See publication

5 PwC publications (cont'd)

PwC US: Path to purchase - guiding customers through winding digital roads

PwC US has published a report, *Path to purchase: Guiding customers through winding digital roads*. The report discusses how traditional institutions can fend off disruptors and remain competitive by becoming more customer-centric, analytic, and digitally focused.

This need is most urgent in the customer acquisition process (i.e., path to purchase), where disruptors are best placed to take advantage of the customers' migration from traditional touchpoints to digital ones.

See publication

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