

ASIA-PACIFIC REGULATORS' AND INDUSTRY DIALOGUE

Session 8 Future Steps

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SUMMARY PAPER

My experience is largely related to the Hong Kong and Australian marketplaces.

Both have been pretty successful in building a safe, affordable and meaningfully adequate system to provide for retirement incomes.

Key criteria for success that could form a checklist for the future include:

Design

- Utilise both World Bank Pillars 2 and 3, minimal reliance on Pillar 1.
- Defined contribution.
- Compulsory contributions.
- Private sector based, fully competitive. Pooled fund/unit trust based. Member choice.

Market Readiness

- Financial instruments available – equities, bonds, derivatives.
- Stock market liquid and institutional investors active.
- Investment industry well developed. Custodians, fund managers, brokers. Institutional investment services. Mutual funds.

Pre-conditions

- Strong regulatory body, staffed by experienced, well respected former industry participants, well compensated.
- Trust law/ prudent person recognised.
- Already able to attract the very best players.
- Clear regulatory framework – rules need to be easily understood.

Implementation

- Safe custody assurances
- Best practice governance/trusteeship
- Electronic administration system
- Institutional quality investment
- Risk constraints/diversification limits
- Investor /Retiree counselling services