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The Asia Region Funds Passport Working Group

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Re: Consultation Paper – Arrangements for an Asia Region Funds Passport (ARFP)

Dear Asia Region Funds Passport Working Group,

CFA Institute appreciates the opportunity to provide feedback on the Asia Regional Funds Passport and the potential it offers for cross-border marketing of managed funds across Asia and better integration of Asia Pacific financial markets.

CFA Institute represents the views of investment professionals before standard setters, regulatory authorities, and legislative bodies worldwide on issues that affect the practice of financial analysis and investment management, education, and licensing requirements for investment professionals, and on issues that affect the efficiency, integrity, and accountability of global financial markets.

CFA Institute is a global, not-for-profit organization comprising the world's largest association of investment professionals, dedicated to developing and promoting the highest educational, ethical, and professional standards in the investment industry.

CFA Institute offers the Chartered Financial Analyst (CFA) and the Certificate in Investment Performance Measurement (CIPM) designations as well as the Claritas Investment Certificate, and is a leading voice on global issues of fairness, market efficiency, and investor protection. Importantly, CFA Institute is also responsible for the development and support for the Global Investment Performance Standards (GIPS®).

We are very pleased to see the APEC's initiative to develop the Asia Region Funds Passport to help facilitate the cross-border marketing of managed funds across participating economies in the Asia region. We believe this initiative will help improve the financial integration of participating Asia Pacific financial markets and better support the region's economic development. Two of the key anticipated objectives of the ARFP initiative are to:

1. Provide investors with a more diverse range of investment opportunities, enabling them to better manage their portfolio and meet their investment objectives.
2. Maintain legal and regulatory frameworks which promote investor protection, fair, efficient, and transparent markets for financial services. This would, in turn, supports financial stability and provides high standards in the management and distribution of collective investment schemes (CIS).

Regarding the initial operation of the ARFP arrangements, we believe that there is a very important aspect that should be considered but is currently missing from this consultation document. Because the ARFP is a regional initiative that would allow managed funds from one jurisdiction to be sold in another, we believe that established standards for the comparability and presentation of investment performance will be critical to providing investors the additional transparency necessary to compare and evaluate investment managers and their funds. It is essential for the ARFP to include requirements for disclosures that would allow investors to assess these products from a quantitative and qualitative perspective.

The Global Investment Performance Standards (GIPS®) are a rigorous set of voluntary investment performance measurement standards, based on the fundamental principles of full disclosure and fair representation of investment performance results. They are recognized around the world for their unparalleled credibility, integrity, scope, and uniformity, enabling direct comparability of an investment management firm's track record. The GIPS standards not only serve as global best practice that investment managers should follow when reporting performance to prospective clients, they also function as a "global passport" that makes it possible for asset managers to compete fairly. This not only creates a level playing field for firms but also allows current and prospective clients to fairly compare and assess investment managers. Compliance with global best practices gives investors more confidence in the integrity of the performance presentations as well as the general practices of a GIPS-compliant firm.

We currently partner with local sponsoring organizations, which we refer to as our GIPS "country sponsors" in 37 countries/regions around the world to ensure effective implementation of the GIPS standards and ongoing operation within a country. Eleven of our country sponsors are in the Asia Pacific region, of which six are located in the represented countries of the ARFP working group. They are:

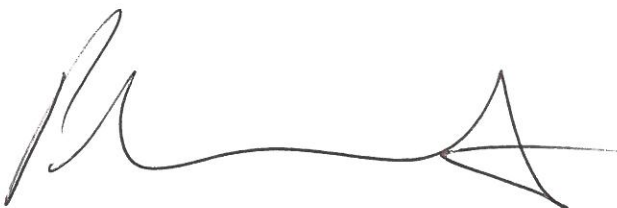
- Australia: Financial Services Council (<http://www.fsc.org.au/>)
- Korea: Korea Investment Performance Committee (<http://www.gips.kr/>)
- New Zealand: CFA Society of New Zealand (<http://www.cfasyarakat.org/newzealand/Pages/default.aspx>)
- The Philippines: CFA Society Philippines (<http://www.cfasyarakat.org/philippines/Pages/default.aspx>) and Fund Managers Association of the Philippines (<http://www.fmap.com.ph/>)
- Singapore: Investment Management Association of Singapore (<http://www.imas.org.sg/>)
- Thailand: Association of Provident Fund (<http://www.aop.or.th/>)

In addition to quantifying and presenting investment performance results that are fair and comparable, we also would encourage the ARFP working group to consider incorporating the CFA Institute Asset Manager Code of Professional Conduct as part of the ARFP framework. The Asset Manager Code, which outlines the ethical and professional responsibilities of firms that manage assets on behalf of clients, is meant to apply to firms that manage client assets as separate accounts or pooled funds (including collective investment schemes, mutual funds, and fund of funds investment vehicles). The Code provides a universal set of principles and standards and sets forth a useful framework for all asset managers, regardless of their size and structure, to provide services in a fair and professional manner, and to fully disclose key elements of those services to clients, whether they are required to register or comply with applicable securities laws or regulations or not.

We strongly believe that adoption of the GIPS standards and the Asset Manager Code across relevant jurisdictions should be seen as complementary to the success of the ARFP. If you have any questions regarding the GIPS standards or the Asset Manager Code, please do not hesitate to contact us or visit our website:

- GIPS standards: www.gipsstandards.org
- AMC: www.cfainstitute.org/assetcode

Sincerely,



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