



Speech at 5th Pan Asian Regulatory Summit

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29 October 2014

Thank you Sanjeev and also thanks to Thomson Reuters for organising this conference and for inviting me to deliver the opening address.

When I last spoke at this event two years ago, I talked about the post-crisis revolution in financial regulation in the US and the EU and its impact on Asian markets. The point I made then was that an attitude in the West that its regulatory and policy preferences must be exported to Asia to contain a threat of regulatory arbitrage was completely misconceived.

This remains my view – in fact I am more certain than ever. Time has shown that many of the post-crisis reforms – although well intentioned – have led to a fragmentation and localisation of financial services, imposing unnecessary costs on firms and economies.

unique status

But this time around, I want to shift the focus a bit. A huge amount has been said and written about regulation from the perspective of the US and the EU, as well as the juggernaut of reforms decided on by G20 leaders. There isn't really much more to add.

However, not as much has been said about the view from places like Hong Kong, looking out to the rest of the world.



Most of the very



Committee. But that's partly because non-bank financial markets are complex and massively heterogeneous.

We at the SFC are nevertheless determined to reverse this situation, starting with the large global firms who are such important contributors in this major international financial centre. To do otherwise ultimately leads to yet more market fragmentation, subsidiarisation, localisation and reduced liquidity, with all the additional, unnecessary cost this implies for firms as well as real economies.

I would therefore ask that firms actively support us in this important project. It can't work well without your close involvement and I believe that it will be as valuable for your risk management programmes as it is for us regulators. It should also minimise unnecessary barriers to cross-border business.

More connectivity and cooperation with mainland China

I now want to turn to the second dimension of our international market: mainland China. Clearly, the overall direction of travel over many years is greater connectivity between the mainland and Hong Kong markets, with Hong Kong acting as a bridge to global investors.

This started with the H share listing of Tsingtao Brewery in the early 1990's, and accelerated after 2011 with renminbi internationalisation and as a result of the profound financial and economic reforms now underway in mainland China. QFII, RQFII and QDII are all now familiar acronyms signifying milestones on the road to further capital account liberalisation. And there is no doubt that Hong Kong will continue to play a pivotal role in this area.

Now, there has been a lot of comment about Shanghai-Hong Kong Stock Connect in recent days. It has been much written about so I don't need to recap on its basic



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