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Citi OpenInvestorSM

Investor Services Solutions

Success Factors for an ETF

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ETF in Asia is a \$108bn Market

CHINA

- 42 ETFs
- \$21.6bn

INDIA

- 34 ETFs
- \$2bn

THAILAND

- 8 ETFs
- \$0.2bn

MALAYSIA

- 5 ETFs
- \$0.3bn

SINGAPORE

- 93 ETFs
- \$1.7bn

KOREA

- 121 ETFs
- \$9.5bn

JAPAN

- 129 ETFs
- \$40.8bn

TAIWAN

- 19 ETFs
- \$4bn

HONG KONG

- 92 ETFs
- \$23.5bn

INDONESIA

- 1 ETF
- \$0.01bn

AUSTRALIA

- 68 ETFs
- \$4.1bn



Key ETF Market Development in Asia

CHINA

- Leveraged/inverse ETF
- Cross-Border ETF

INDIA

- Gold ETF
- Tracker Fund Initiative

THAILAND

- Link to ETF in HK
- Gold ETF

VIETNAM

- Draft ETF regulation

SINGAPORE

- Dominate cross-listed ETF
- Fixed Income and REIT ETF

KOREA

- Led Asia in leveraged/inverse ETF
- Cross listing between Japan

JAPAN

- First leveraged/inverse ETF
- Index futures based ETF
- Cross-listing via JDR

TAIWAN

- Link to HK ETF
- Cross-listing/feeder

HONG KONG

- First RMB gold/equity ETF
- Gold ETF (storage in HK)
- Development of futures based ETF

THE PHILLIPINES

- ETF managers preparing to launch

AUSTRALIA

- Fixed income/currency ETF
- Commodities ETF



Creating Demand : The Asian Experience

	Description	Examples
Offer Unique Market Access	<ul style="list-style-type: none"> Create an access to a specific asset class that is unavailable in local channels 	<ul style="list-style-type: none"> China stock market tracker ETF, e.g. A50 and CSI300 are the only way to short Chinese stocks
Incentive to Trade	<ul style="list-style-type: none"> Provide real cost advantage in trading ETF 	<ul style="list-style-type: none"> Exemption of stamp duty for foreign ETF in HK Feeder of Korea ETF is exempted from double stamp duty in Korea
Build on local market strength	<ul style="list-style-type: none"> Develop ETF that fully leverage a characteristic of local market where demand is already proven 	<ul style="list-style-type: none"> Korea leveraging its biggest futures market in Asia to develop the KOSPI leverage/inverse ETF RMB ETF in HK
Retail Participation	<ul style="list-style-type: none"> Create incentive and channel for retail investor participation 	<ul style="list-style-type: none"> Each ETF in China has a fund of ETF that is distribution by consumer banks OCBC Securities "ETF-IQ" portal in SG
Global Market Participants	<ul style="list-style-type: none"> Encourage participation global brokerage firm for market making and custodian to help promote the ETF 	<ul style="list-style-type: none"> The Tracker Fund in HK CIMB ASEAN 50 ETF in SG Development of tracker fund in India
Ease of Market Entry	<ul style="list-style-type: none"> Change regulation to allow foreign ETF to list easier in local market 	<ul style="list-style-type: none"> Cross-listing of ETF in SG Thailand feeder ETF to HK
Market Infrastructure	<ul style="list-style-type: none"> Working with market participant to develop efficient infrastructure to facilitate listing and trading of ETF 	<ul style="list-style-type: none"> Centralizing of ETF infrastructure with CSDCC in China Centralize share registrar function in SG Development of JDR infrastructure in Japan

Creating Demand : The Philippines Context

Description

Index Selection

- Selection of a consistent performing index with a long term appeal
 - Keep it simple
-

Incentives for Retail Investors

- Tax / Transaction cost Incentives
 - Smaller per unit size
-

Private Banking clients

- Easy access to restricted markets like China/ India
 - Exposure in foreign assets but in local currency
-

Encourage Institutional participation

- No barriers to entry for pension and provident funds into ETF's
 - Encourage participation from Insurance companies
-

Retail Investor Education

- Educate retail investors about the benefits and risks with such ETF's
 - Undertake road shows and investor education adverts
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Success of ETFs depends on doing “the right things at the right time.” The right time is now.

Let us do the right things together.

THANK YOU

Questions?

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efficiency, renewable energy and mitigation