

CPTPP Committee on Financial Services

Committee Report

1. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Committee on Financial Services was held virtually on 19th May 2021. Delegates from the following CPTPP members participated: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Viet Nam. Ms. Saiko Nakagawa of Financial Services Agency of Japan, chaired the Committee.

2. The Committee agenda is attached at **ANNEX A**.

3. A summary of the Committee's discussion and any outcomes agreed under the respective agenda items is set out below.

4. AGENDA ITEM 1: As the chair of the Committee on Financial Services Japan proposed the Agenda for the session and requested to other members for any additional point of discussion. The approval of the Agenda took place by consensus with no amendments.

5. AGENDA ITEM 2: Japan suggested to apply the CPTPP Commission's Rules of Procedures to the Committee on Financial Services and asked members if any modification or specific rules are necessary. Upon a question from Canada regarding the preparation process of the Committee Report, Japan clarified that members will be able to comment on the draft before it is finalized. The Committee agreed to adopt the CPTPP Commission's Rules of Procedures (CPTPP/COM/2019/D005).

6. AGENDA ITEM 3: For common understanding among members, as the chair, Japan introduced the existing CPTPP provisions (ANNEX 11-B SPECIFIC COMMITMENTS, Section B: Transfer of Information and CHAPTER 14 ELECTRONIC COMMERCE (Article 14.1, 14.11 and 14.13)) and also drew an example of recent international initiatives, noting that this discussion is intended to shed light on the current CPTPP provisions and not to propose any new disciplines to the agreement.

Subsequently, Japan expressed its idea that the recent trend of globalized business of

financial institutions and increasing risk to customer protection requires appropriate regulation and supervision. To achieve that, Japan stressed the importance of balanced discipline and implementation of the rules as well as cooperation among members' authorities in managing their regulatory frameworks in a transparent manner.

During the session, members shared the following views:

- Canada mentioned that a commitment to transfer of information is important for financial institutions to operate globally and for regulators to fulfill their supervision responsibilities. Moreover, Canada pointed out that they support appropriate measures to protect personal information and privacy, but these should not be used as a means to circumvent the obligations of commitments on the transfer of financial institution information in trade agreements. Finally, Canada flagged the importance of regulator access to financial data on the type and volume of international activities of a financial institution for prudential supervision, under appropriate safeguards that balance the privacy and confidentiality of account and policyholders.
- Emphasizing that the Transfer of Information (TOI) provision was an important commitment for the CPTPP, as a forward movement, Singapore introduced its initiation of the process of including TOI provisions into its Digital Economy Agreements (DEAs), such as with Australia. With access to cloud computing as a viable alternative, Singapore observed that data localization requirements unduly increased business costs to Financial Institutions (FIs). Hence, Singapore discussed the importance for FIs doing business in Singapore to have the freedom and flexibility to store data externally with the appropriate safeguards, and further explained its relevance to a small country like Singapore because the TOI would help the continuation of FIs' business operations even if an unlikely scenario of serious power failure occurs. With regards to the TOI provision within the CPTPP FS text, Singapore presented its domestic understanding that almost all activities listed in the definitions of the FS chapter were considered "ordinary course of business".

Finally, Japan expressed appreciation for members' opinions and experiences and concluded that it would look forward to further discussions on this topic in the future.

7. AGENDA ITEM 4: No other issue was raised.

8. AGENDA ITEM 5: Singapore expressed that, as the chair of the Commission in 2022, it will consider and contact other members about the schedule of the next meeting.

9. AGENDA ITEM 6: Japan explained that it would prepare the draft report of the Committee on Financial Services and send it to other members for comments and feedbacks. The Committee agreed to finalize the report by correspondence.

ANNEX A

CPTPP Committee on Financial Services

AGENDA	
Date and Time:	19 th May 2021, 10:00 am(Tokyo Time)
Venue:	Video-Conference
ITEM 1:	Adoption of the Agenda
ITEM 2:	Rules of Procedure (RoP)
ITEM 3:	Exchange of Views on “Transfer of Information” (ANNEX 11-B SPECIFIC COMMITMENTS, Section B)
ITEM 4:	Other Issues
ITEM 5:	Next Meeting
ITEM 6:	Committee Report