

## Message from Mumbai

After a pulsating 2023 which featured a series of dynamic and successful events in Johannesburg, Athens, Muscat and New York, The Network Forum (TNF) descended on Mumbai for its Asia Meeting between November 6 - 7. But what were the main talking points from this year's TNF Asia Meeting?

### India - the place to be for investors

Just as the Indian cricket team is riding high in this year's World Cup (which, also incidentally is taking place in India), so too is the country's economy.

Although a lot of foreign institutions exited India in 2022, as they did many Emerging Markets when inflation and interest rates soared and political risk came to the fore, these outflows were offset by the surge in domestic retail investment activity. However, many offshore investors are once again returning to India, as they seek out returns amid the challenging performance conditions elsewhere.

Historically, a very complex market for foreign investors to participate in, revisions to the FPI (Foreign Portfolio Investor) rules have helped streamline market access, by easing KYC requirements, expediting onboarding processes and allowing digital copies of documents to be submitted when opening up accounts.

Nonetheless, there were concerns at TNF about the Securities and Exchange Board of India's (SEBI) latest transparency requirements for foreign investors, which some argue will create an additional operational burden for FPIs.

Other notable successes include GIFT City, a financial centre in Gujarat which appears to be going from strength to strength, as more banks, asset managers, insurance companies and aircraft/ship leasing businesses increasingly domicile there.

Experts at TNF are bullish that GIFT City will continue on its growth trajectory.

### T+1 – India takes the lead

T+1 was a major talking point at TNFs throughout the year, especially with the US, Canada and Mexico on course to implement it from May 2024, while other major markets, including the UK and EU, are thinking about it.

At the beginning of 2023, India completed its phased in introduction of T+1, with very limited disruption. Although there were reports that trade fails did increase briefly, most of the recent data suggests that the fail rates are back to normal levels.

Now, a voluntary T+0 is potentially on the cards in India, which if enacted will require the industry to automate its processes even further. On the fringes of TNF, several attendees privately expressed their doubts that T+0 would happen, highlighting India does not have the infrastructure to support such a move.

India does appear to be a relative outlier on T+1 in Asia. While a handful of markets in the region have shortened their settlement cycles to T+2 recently, very few appear to be thinking seriously about T+1. Whether these attitudes will change once North America migrates to T+1 remains to be seen.

## **Looking to a digital future**

Digital assets, including security tokens, could be the next big thing, but only if the FMIs facilitating the trading in these instruments can achieve standardisation and ultimately interoperate with each other. At the moment, achieving this objective feels like it is a long way off.

While one or two global custodians have created crypto-custody networks of their own, most network managers appear to be on a learning curve, and are trying to figure out ways to update their due diligence processes accordingly.

Coming one year after FTX collapsed and barely a week after its eponymous CEO was found guilty of fraud, network managers at TNF seem to agree that it is better to have a well-regulated bank providing digital asset custody rather than a standalone fin-tech.

## **Moving into 2024**

TNF will return in 2024 for its Africa Meeting, due to be held in London on April 24, before its Annual Meeting in Warsaw on June 10-12.