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Contents

Welcome to our Regulatory Newsletter for May 2022	1
Executive Summary	1
Australia	2
Mainland China	3
Hong Kong	4
India	6
Indonesia	8
Japan	8
Korea	9
Malaysia	9
Philippines	10
Singapore	10
Taiwan	11
Thailand	11
Vietnam	12
Suggestions	12

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Welcome to our Regulatory Newsletter for May 2022

Executive Summary

Earlier this month, the SFC in Hong Kong issued a circular to intermediaries outlining various FAQs on the Code of Conduct on Book building and Placing Activities in Equity and Debt Capital Market Transactions and Sponsor Coupling. The FAQs have been drafted with the intent to provide guidance and clarifications to facilitate an effective implementation of policies and procedures for market participants in complying with the relevant requirements.

Meanwhile in Japan, the Financial Services Agency published its Network for Greening the Financial System technical document. The Document looks to explain the various taxonomies and their uses, green external review and assessment, and metrics for climate change. The document also outlines the emerging and evolving market prospects for green taxonomies', the use of technology in data collection for green external review, and the use of financial products for climate change adaption.

If you are interested in finding out more about how ComplianceAsia can assist your firm with various ESG matters, please contact esgteam@complianceasia.com



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Philippa Allen
CEO and Founder
ComplianceAsia

Panel 3: ESG Risk Management and Greenwashing
Tuesday, 28 June 11:10-12:05 (HKT/CST/SGT)

#ASIFMACompliance2022
Join us from 28-30 June 2022!

More details: 

Australia



A media search did not find any Regulatory Updates for Australia.

Enforcement

On 3 May 2022, Dr. Roger Gareth Munro was sentenced in the District Court of Queensland for four and a half years imprisonment, with a non-parole period of 15 months, after being convicted of fraud. The Australian Securities and Investments Commission (“ASIC”) investigation found Dr. Roger Gareth Munro received \$299,600 from three investors, and dishonestly applied the funds for personal use. ASIC took civil action against Dr. Munro and Mrs. Munro for carrying on a financial service business without holding an Australian Financial Services (“AFS”) License. The Supreme Court of Queensland found that Dr. Munro had breached the Corporations Act by providing a financial services business in Australia without holding an AFS license and permanently restrained him from doing so. For more information, please click [here](#).

On 4 May 2022, the Federal Court (“FC”) fined Lightspeed Finance Pty Ltd a credit assistance provider, and its director Mark James Fitzpatrick a total of \$220,000, for breaching the National Credit Act by failing to give effect to an Australian Financial Complaints Authority (“AFCA”) determination. Complying with AFCA determination is a critical part of a licensee’s obligations and ensures that consumers have access to a dispute resolution system that works. For more information, please click [here](#).

On 5 May 2022, the FC found AFS licensee, RI Advice, breached its license obligations to act efficiently and fairly when it failed to have adequate risk management systems to manage its cybersecurity risks. For more information, please click [here](#).

On 6 May 2022, the FC ordered two former directors of Rent 2 Own Cars Australia Pty Ltd with a combined penalty of \$228,000 (Paul Green \$138,000 and Timothy Roberts \$90,000 respectively.) and imposed injunctions restraining them each from engaging in credit activity for three years. As directors, both were involved in their company misleading consumers about the true cost of the credit they were receiving, with some consumers being charged interest rates significantly higher than the 48% per annum statutory maximum. For more information, please click [here](#).

On 10 May 2022, the ASIC commenced civil penalty proceedings in the FC against Australian Mines Limited (ASX: AUZ) for allegedly breaching its continuous disclosure obligations and its managing director Benjamin Bell for allegedly breaching his directors’ duties. For more information, please click [here](#).

On 11 May 2022, the ASIC disqualified Robert John Walker of Rosetta, Tasmania, from managing companies for five years for his involvement in four failed companies. The four companies owed unsecured creditors \$1,944,418 including \$855,121 owed to the Australian Taxation Office. ASIC found that Mr. Walker breached his directors’ duties as a result of his involvement in phoenix activity over several years when he transferred the asset of indebted companies to other companies for no consideration, namely Tazzy Tyres Accessories and Tazzy Tyres; and Mr. Walker failed to maintain proper financial records for all four companies. For more information, please click [here](#).

On 11 May 2022, ASIC disqualified construction industry director Tony Alexander of Macgregor, Queensland, from managing corporations for three years after his involvement in four failed companies between 2007 and 2022. Mr. Alexander failed to exercise his powers and discharge his duties with the requisite degree of care and diligence, total amount owed to unsecured creditors, including the Australian Taxation Office, is in excess of \$8.8 million. For more information, please click [here](#).

On 13 May 2022, Mr. Ashley Grant Howard, of Hobart, Tasmania, appeared in the Newcastle Local Court via his legal representative, charged with 17 offences under the NSW Crimes Act. It is alleged Mr. Howard used 17 false transfer forms to arrange for shares in GS Alliance Holdings Limited, BHO Billiton Limited and Aquarius Platinum Limited. For more information, please click [here](#).

On 16 May 2022, Ezzat-Daniel Nesseim, of Pymble, NSW, was sentenced to a three-year intensive correctional order, including one year of home detention, for engaging in dishonest conduct and providing falsified documents to ASIC. Between 16 August 2017 and 11 October 2017, Mr. Nesseim engaged in repeated dishonest conduct, including by using three forged wholesale client certificates by providing them to ASIC in an attempt to influence an ASIC officer that they were genuine documents relevant to ASIC’s decision about whether to continue its investigation; and

knowingly giving ASIC false answers and information after ASIC questioned Mr. Nessim, both under oath and by way of statutory notice, about the forged wholesale certificates. For more information, please click [here](#).

On 17 May 2022, the FC made declarations that timeshare company Ultiqa Lifestyle Promotions Ltd breached financial services laws by failing to ensure that financial advice given to consumers was in the consumers' best interests. Timeshare schemes are complex financial products and can be difficult to understand and compare. Justice Downes found that Ultiqa's authorised representatives' priorities sales objectives and targets over their clients' best interests by preventing the consumer from obtaining external advice, misleading the consumers by representing that the interest in the scheme was not a time-share scheme. Ultiqa prioritised sales over appropriate advice and ultimately consumers' best interests. For more information, please click [here](#).

On 19 May 2022, financial adviser Walter Yaolong Guan, of Sydney, New South Wales, was banned for five years from providing any financial services or controlling an entity that carries out financial services. ASIC found that between March 2017 and August 2021, Mr. Guan, through his company Perennial Growth Pty Ltd, carried on a financial services business when he traded shares on behalf of clients and used managed discretionary accounts, despite neither he nor his company holding an AFS licence. For more information, please click [here](#).

On 23 May 2022, Wangaratta Magistrates Court charged Mr. Philip James Bart and Mr. Ronald George Johnson, the former Chair and Chief Financial Officer of Bruck Textile Technologies Pty Ltd with preventing the recovery of employee entitlements. Following an ASIC investigation conducted under the Serious Financial Crime Taskforce into Bruck Textile's activities, it is alleged that Mr. Bart, Mr. Johnson and Mr. Parker entered into a transaction on or around 10 July 2014 to sell the assets of Bruck Textile to a related entity, Australian Textile Mills Pty Ltd. After the sale, Bruck Textile was considered insolvent and placed into liquidation on 11 July 2014, resulting in 58 employees losing their employment and access to entitlements, such as redundancy payments. For more information, please click [here](#).

Mainland China



On 8 May 2022, the Shanghai Stock Exchange ("SSE") issued a notice seeking public comments on the "Working Rules of the Science and Technology Innovation Advisory Committee of the SSE (Revised 2022) (Draft for Comments)". The deadline for feedback was 13 May 2022. The main contents of this revision are the following five aspects: (1) Improving the scope of the Advisory Committee's services. (2) Optimising the content of the consultation. (3) Adjusting the structure of members. (4) Enrichment of expert resources. (5) Clarification of the appointment process. The "Draft for Comments" has strengthened consultation and significantly upgraded the role of professional support. For more information, please click [here](#). (Chinese only)

On 10 May 2022, the CBIRC issued a notice on Regulating and Promoting the Development of Commercial Pension Finance Business (hereinafter referred to as "the Notice"). The notice clarifies the development concept of commercial pension finance, encourages banks and insurance institutions to develop relevant business and expand product supply. Second, it highlights the characteristics of pensions and sets out the basic standards and principles for banks and insurance institutions to conduct the commercial pension finance business. Third, it emphasises that financial institutions should fully disclose information, educate consumers, and cultivate the concept of pension finance. Fourth, it sets out the basic requirements for the organisation and implementation, management mechanism and fee policy for the commercial pension finance business of banks and insurance institutions and specifies the clean-up measures for non-standard business. For more information, please click [here](#). (Chinese only)

On 10 May 2022, the AMAC issued a notice on the Rules Governing Fund Practitioners ("Administrative Rules") and the accompanying rules, which will come into effect from the date of publication. The Administrative Rules are divided into six chapters dealing with the General Provisions, Qualification, Management Responsibilities of Fund Industry Institutions, Code of Practice, Self-Regulation and Rules of Procedure, comprising a total of 42 articles, which mainly include the following: (1) Clarification of the specific scope of qualification management institutions including public fund managers, engaged in private asset management. (2) Define the registration requirements for obtaining qualifications. (3) Define the content of qualification management and oblige institutions to take primary responsibility for qualification management. (4) Emphasise the code of practice that practitioners should adhere to. (5) Implement the self-regulatory functions of the Association. For more information, please click [here](#). (Chinese only)

On 10 May 2022, the National Development and Reform Commission issued the "Catalogue of Industries Encouraging Foreign Investment (2022 Version) (Draft for Public Comments)", which is now open for public comments. The deadline for feedback is 10 June 2022. The main revisions are as follows: First, to continue to encourage foreign investment in manufacturing. The national directory of new or expanded components, parts, equipment manufacturing and other entries. Second, is to continue to encourage foreign investment in productive

services. The national directory of new or expanded professional design, technical services, and the development of other entries. Third, is to continue to encourage foreign investment in the Central, Western, and North-eastern regions. The Central and Western catalogue adds or expands the entries according to the advantages of the labour force, special resources, and the investment needs of each region. For more information, please click [here](#). (Chinese only)

On 14 May 2022, the CSRC issued the "Pilot Regulations on Market Making and Trading of Securities Companies' Shares on the Science and Technology innovation Board" (hereinafter referred to as "Market Making Regulations") which shall come into effect from the date of publication. The Market Making Regulation consists of 17 articles, mainly including market maker entry conditions, procedures, and post-event supervision. For more information, please click [here](#). (Chinese only)

On 16 May 2022, the SSE issued a notice on the "Shanghai Stock Exchange Bond Trading Business Guide No. 1 - Trading Business" (hereinafter referred to as the "Guidance"). The Guidance contains 12 chapters, including the following items: bond trading participants, bond brokerage business, trading requirements and methods, repo, quotation display and emergency handling, etc. The Guidance is issued mainly to regulate the trading behavior of the bond market, facilitate bond investors to carry out bond trading business and improve the market services. For more information, please click [here](#). (Chinese only)

On 20 May 2022, the CSRC issued the revised "Measures for the Administration of Securities Registration and Settlement", (the "Measures"), which will become effective on 20 June 2022. The Measures mainly cover three aspects: First, the registration and settlement of other national securities trading venues approved by the State Council will be included in the scope with the responsibilities of the central counterparty refined and clarified; Second, to implement a delivery versus payment scheme to deal with (hereinafter referred to as DVP), the securities making arrangements before the full delivery of funds by the settlement participants, clear procedures for dealing with payment defaults; Third, the major reforms of the capital market in recent years, such as the Shanghai-Shenzhen-Hong Kong Stock Exchange, the Shanghai-London Stock Exchange, depository receipts, and etc., affecting securities registration and settlement businesses to adjust. For more information, please click [here](#). (Chinese only)

On 20 May 2022, the CSRC issued the Measures for the Supervision and Administration of Managers of Publicly Offered Securities Investment Funds (the "Measures") and the related rules, which are to take effect from 20 June 2022. The revised "Measures" consists of eight chapters and 78 articles. The "Measures" and accompanying rules enhance the regulatory requirements for public fund managers throughout the "access - control - operation - governance - exit - supervision" chain and emphasise the combination of decentralisation and management. For more information, please click [here](#). (Chinese only)

Enforcement

A media search did not find any relevant articles for Mainland China during March.

Hong Kong



On 3 May 2022, the Hong Kong Monetary Authority ("HKMA") published the results of the [survey](#) on Small and Medium-Sized Enterprises ("SMEs"), Credit Conditions for the first quarter of 2022, carried out by the Hong Kong Productivity Council. This survey is conducted on a quarterly basis and covers about 2,500 SMEs from different economic sectors each time. The results of this survey can help monitor the development of SMEs' access to bank credit from a demand-side perspective. For more information, please click [here](#).

On 3 May 2022, the Alliance for Green Commercial Banks ("the Alliance"), co-launched by HKMA and the International Finance Corporation ("IFC"), co-hosted the virtual event "Green and Sustainable Capital Market Evolution Roundtable Session" with Standard Chartered. The Alliance was jointly launched by the HKMA and IFC in November 2020 to help banks develop the solutions needed to address climate change across emerging markets. For more information, please click [here](#).

On 5 May 2022, the HKMA issued a [circular](#) to authorised institutions of the guidelines on the mandatory reference checking ("MRC") scheme issued by the Hong Kong Association of Banks and DTC Association. The HKMA sees the MRC scheme as an important component of its effort to further enhance the bank culture in Hong Kong.

On 6 May 2022, the Hong Kong Exchanges and Clearing Limited ("HKEX") announced that Calvin Tai, President and Chief Operating Officer of HKEX Group will retire at the end of May 2022. Mr. Tai joined Hong Kong Futures Exchange

Limited in July 1998 and has held numerous senior roles within the HKEX Group. HKEX is pleased to name John Buckley as Head of Exchange Operations and Transformations, and Wilfred You, Co-Head of Markets, as Co-Chief Operating Officers following Mr. Tai's retirement. For more information, please click [here](#).

On 6 May 2022, the SFC issued a circular to intermediaries on the [frequently asked questions](#) ("FAQs") on the Code of Conduct on Book building and Placing Activities in Equity Capital Market and Debt Capital Market Transactions and Sponsor Coupling. The FAQs provide further guidance and clarifications to facilitate an effective implementation of policies and procedures for market participants in complying with the relevant requirements.

On 6 May 2022, the Stock Exchange of Hong Kong, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited, announced that the Main Board and Growth Enterprise Market will be unified effective from 28 May 2022. For more information, please click [here](#).

On 13 May 2022, the HKMA issued the progress made in its handling of banking complaints received as of end-April 2022. Banking complaints include cases concerning general banking services and conduct-related issues. For more information, please click [here](#).

On 16 May 2022, the HKEX announced that HKEX Foundation will expand its Charity Partnership Programme ("Programme"). HKEX Foundation will increase funding for the Programme to \$50m, up from \$20m previously. The Programme aims to support a larger number of long-term community projects reaching more individuals and fulfilling HKEX Foundation's commitments in the fields of Financial Literacy, Diversity and Inclusion, Poverty Relief and Environmental Sustainability. For more information, please click [here](#).

On 25 May 2022, the SFC posted a [speech](#) by Mr. Ashley Alder at the ASIFMA China Capital Markets Conference entitled "A regulatory perspective on expanding market access". Mr. Alder's speech highlighted how remarkable and revolutionising cross-boarder programmes have been in connecting the Mainland Capital Markets and financial systems with the rest of the World. In addition, the intermediaries and licensed corporations are reminded to continuously improve their supervision and financial system resilience due to the volatile market conditions.

On 26 May 2022, the HKEX announced the appointment of Robert Cheeseman as Managing Director and Co-Head of Asset Accumulation in the Sales and Marketing Department. For more information, please click [here](#).

On 27 May 2022, the HKEX announced the inclusion of Exchange Traded Funds ("ETFs") into Stock Connect, which will support the healthy development of ETFs in both Hong Kong and Mainland China markets by expanding their respective investor bases. The ETFs are a cost-efficient investment option and a popular choice for diversification. For more information, please click [here](#).

On 27 May 2022, the SFC and the CSRC announced details for the implementation of ETFs in Stock Connect. The principal arrangement for ETF Connect will make reference to those under Stock Connect and follow existing fund operations, laws, regulations and operational models governing trading and clearing in the two markets according to the published [joint announcement](#). For more information, please click [here](#).

On 31 May 2022, the Hong Kong Mortgage Corporation Annuity Limited ("HKMCA"), a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited, launched the enhancement measures and promotional offer for the HKMC Annuity Plan. The enhancement measures are applicable to both existing and new customers effective 1 June 2022. For more information, please click [here](#).

On 31 May 2022, the Insurance Authority published the [provisional statistics](#) of Hong Kong Insurance Industry for the first quarter of 2022, showing a mild increase of total gross premium by 0.5% to \$158.2 billion over the corresponding period in 2021. For more information, please click [here](#).

Enforcement

On 5 May 2022, the HKEX issued a disciplinary action against Wuzhou International Holdings Limited and its nine directors for failing to comply with the announcement, circular and/or shareholder's approval requirements in respect of acquisition and various disposal of equity interest in its subsidiaries eight of which were disclosable transactions and one a very substantial disposal, for a consideration with an aggregate value over RMB1.1 billion between January 2017 and December 2018. There were also material deficiencies in the Company's internal controls and risk management systems. For more information, please click [here](#).

On 11 May 2022, the Independent Commission Against Corruption ("ICAC") charged Lam Chung-Kan, a former personal assistant of a businessman, for allegedly conspiring with the businessman to deal with crime proceeds totaling \$125 million, being loans the businessman obtained from a listed company. Between July 2016 to September 2017, the businessman had allegedly obtained five loans totaling \$125 million from Sunway International Holdings Limited via several local and offshore companies controlled by the businessman through the defendant and others. For more information, please click [here](#).

On 12 May 2022, the ICAC charged Lau Kit-Yee, a former district manager of AIA (International) (“AIA”) Limited, to 14 months imprisonment for deceiving the insurer into offering her a signing fee of over \$860,000 by submitting false previous income proof which exaggerated her total income by over \$1.5 million. In June 2015, the defendant was recruited to join AIA. To calculate the relevant signing fee, Ms. Lau submitted her proof of income of \$2.2 million with another insurance company for the period between June 2013 and May 2015 to AIA. Based on the income proof, AIA approved to pay her a signing fee of over \$860,000 in August 2015. It was found that the defendant's total income during the period was about \$650,000 and Ms. Lau should only be entitled to receive a signing fee of about \$100,000. For more information, please click [here](#).

On 16 May 2022, the Court of First Instance in cooperation with the SFC issued orders against fraudsters of a global Pyramid and Ponzi scheme to compensate victims who invested to acquire “membership units” of its membership program for a monthly return. The scheme was operated by DFRF Enterprises LLC and DFRF Enterprises founded by Mr. Daniel Fernandes Rojo Filho in 2014 and 2015. For more information, please click [here](#).

On 17 May 2022, the HKEX issued a disciplinary action against Mr. Ke Jun Xiang and Mr. Fu Dao Ding, both executive directors of CIL Holdings Limited, for failing to take sufficient steps in safeguarding the interest of its Company and to ensure that the Company implemented and maintained adequate and effective internal controls in respect of its money lending business. For more information, please click [here](#).

On 18 May 2022, the HKEX issued a disciplinary action against Prosper One International Holdings Company Limited and 9 of its directors for failing to comply with the listing rules requirements governing notifiable and connected transactions in respect of transactions over HK\$800m. The board, including both executive directors and independent non-executive directors, were responsible for failing to ensure that the Company maintained adequate and effective internal controls which were appropriate for the new business. The directors also failed to take steps to procure the Company's compliance with the Listing Rules. For more information, please click [here](#).

On 19 May 2022, the SFC banned Mr. Ho Pak Hay, a former licensed representative of KGI Asia Limited (“KGI”) and KGI Futures (Hong Kong) Limited (“KGI Futures”) from re-entering the industry for life due to misappropriated and misuse of \$1.8m received from three of KGI's clients between February 2018 and July 2019 after he privately agreed to make investments for them. However, Ho has spent a portion of the funds on gambling instead of making investments for them. For more information, please click [here](#).

On 25 May 2022, the HKEX issued a disciplinary action against CR Construction Group Holdings Limited (“CRC Limited”), 6 of its directors, and Zhejiang State-owned Capital Operation Company Limited (“ZSC”) due to breaching the Listing Rule Obligations. The CRC Limited's listing prospectus published in September 2019 shows that ZSC will be the controlling shareholder of CRC Limited. However, during the listing application process, ZSC was taking steps to carry out a reorganisation which would result in a reduction in ZSC's interest in the Company. The directors of CRC Limited were aware of ZSC's reorganisation and they did not procure to disclose the reorganisation in the listing prospectus which is therefore inaccurate and misleading. For more information, please click [here](#).

India



On 2 May 2022, the Securities and Exchange Board of India (“SEBI”) revised the existing system and network audit framework for Stock Exchanges, Clearing Corporations, and Depositories in order to keep pace with technological advancements in the securities market. For more information, please click [here](#).

On 6 May 2022, the SEBI constituted a committee for advising on ESG-related matters in the securities market. For more information, please click [here](#).

On 10 May 2022, the SEBI granted recognition as an Accreditation Agency to NSDL Database Management Limited (“NDML”) under Regulation 2(1) (aa) of SEBI (Alternative Investment Funds) Regulations, 2012. For more information, please click [here](#).

On 10 May 2022, the SEBI issued changes to the framework to enable the verification of upfront collection of margins from clients in cash and derivatives segments effective from 1 August 2022. For more information, please click [here](#).

On 11 May 2022, the SEBI issued a consultation paper on the Pre-filing of an Offer Document in case of Initial Public Offerings. For more information, please click [here](#).

On 13 May 2022, the SEBI issued guidelines for seeking NOC by Stock Brokers / Clearing Members for setting up Wholly Owned Subsidiaries, Step Down Subsidiaries, Joint Ventures in GIFT IFSC. For more information, please [click](#).

On 17 May 2022, the SEBI issued a master circular for the Commodity Derivatives Market in order to ensure availability of comprehensive information mentioned in the circulars pertaining to commodity derivatives market at one place. For more information, please click [here](#).

On 19 May 2022, the SEBI withdrew the recognition granted to the Indian Commodity Exchange Limited for non-compliance with net-worth requirement, SEBI circulars, SEBI inspection observations and infrastructural requirements as prescribed under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018. For more information, please click [here](#).

On 20 May 2022, the SEBI issued a consultation paper on Introducing a framework for Schemes of Arrangement for entities that have listed only debt securities / NCRPS. For more information, please click [here](#).

On 20 May 2022, the SEBI issued a circular regarding modification in Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporations and Depositories. For more information, please click [here](#).

On 23 May 2022, the SEBI issued in a circular various norms related to passive funds i.e. Exchange Traded Funds (“ETFs”) and Index Funds as an investment product for retail investors. For more information, please click [here](#).

On 25 May 2022, the SEBI issued in a circular simplification of procedure and standardisation of the format of documents for issuance of duplicate securities certificates. For more information, please click [here](#).

On 25 May 2022, the Reserve Bank of India (“RBI”) issued guidelines on the import of gold by Qualified Jewellers as notified by – The International Financial Services Centers Authority (“IFSCA”). For more information, please click [here](#).

On 27 May 2022, the SEBI modified clause 4.25 of the initial circular dated 1 July 2020, specifying Standard Operating Procedures enumerating the steps to be taken by the Stock Exchanges (“SEs”), Clearing Corporations (“CCs”) and Depositories in cases where SE / CC is of the view that Trading Member/ Clearing Member is likely to default in repayments of funds or securities to its clients. For more information, please click [here](#).

On 27 May 2022, the SEBI issued modifications to the Cyber Security and Cyber resilience framework of Qualified Registrars to an Issue and Share Transfer Agents (“QRTAs”). For more information, please click [here](#).

On 30 May 2022, the SEBI issued modification in the Cyber Security and Cyber resilience framework of KYC Registration Agencies (“KRAs”). For more information, please click [here](#).

On 30 May 2022, the SEBI issued Standard Operating Procedures (“SOP”) for dispute resolution under the Stock Exchange arbitration mechanism for disputes between a Listed Company and/or Registrars to an Issue and Share Transfer Agents (RTAs) and its Shareholder(s)/Investor(s). For more information, please click [here](#).

Enforcement

On 2 May 2022, the RBI imposed a monetary penalty of ₹4 lakh on Shree Kadi Nagarik Sahakari Bank Ltd., Kadi for contravention of directions issued by RBI on ‘Loans and advances to directors, relatives and firms / concerns in which they are interested’, ‘Loans and advances to directors etc- directors as surety/guarantors- Clarification’, ‘Bank Finance against Shares and Debentures- UCBs’ and ‘Donations to Trusts and Institutions where Directors, their relatives hold position or are interested. For more information, please click [here](#).

On 6 May 2022, the RBI imposed a monetary penalty of ₹5 lakh on KKR India Financial Services Limited, Mumbai for non-compliance with the ‘Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016’ issued by RBI. For more information, please click [here](#).

On 6 May 2022, the RBI imposed a monetary penalty of ₹5 lakh on Daimler Financial Services India Private Limited, Pune (the company) for non-compliance with the ‘Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016’ issued by RBI. For more information, please click [here](#).

On 9 May 2022, the RBI imposed a monetary penalty of ₹58 lakh on Abhyudaya Co-operative Bank Limited, Mumbai (the bank) for non-compliance with the directions issued by RBI on ‘Placement of Deposits with Other Banks’, ‘Monitoring and Reporting Mechanism of Frauds’, ‘Income Recognition, Asset Classification, Provisioning and Other Related Matters (IRAC norms)’ and ‘Management of Advances. For more information, please click [here](#).

On 12 May 2022, the RBI imposed a monetary penalty of ₹29,79,000 lakh on Unimoni Financial Services Limited (the entity) for non-compliance with the instruction contained in paragraph 9.1(i) of the Master Direction on Issuance and Operation of Prepaid Payment Instruments (PPI MD) dated 11, October 2017. For more information, please click [here](#).

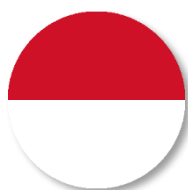
On 17 May 2022, the RBI imposed a monetary penalty of ₹44.00 lakh on The Kalapur Commercial Co-operative Bank Ltd., Ahmedabad (the bank) for non-compliance with the directions issued by RBI on 'Interest Rate on Deposits' and on 'Frauds in UCBS: Changes in Monitoring and Reporting Mechanism'. For more information, please click [here](#).

On 23 May 2022, the RBI imposed a monetary penalty of ₹2.50 lakh on Bilaspur Nagrik Sahakari Bank Ltd Bilaspur, Chhattisgarh (the bank) for contravention of/ non-adherence with the Directions issued by RBI to Urban Co-operative Banks on Exposure Norms & Statutory/Other Restrictions-UCBs. For more information, please click [here](#).

On 25 May 2022, the RBI cancelled the Certificate of Registration ("CoR") of five NBFCs due to irregular lending practices. For more information, please click [here](#).

On 27 May 2022, the RBI imposed a monetary penalty of ₹45 lakh on MUFG Bank Ltd. (the bank), for non-compliance with the directions issued by the RBI on "Time-bound implementation and strengthening of SWIFT-related operational controls". For more information, please click [here](#).

Indonesia



A media search did not find any relevant articles for Indonesia during May.

Enforcement

A media search did not find any enforcement for Indonesia during May.

Japan



On 2 May 2022, the Financial Services Agency ("FSA") published a Network for Greening the Financial System ("NGFS") technical document. The document explains taxonomies and their use, green external review and assessment, and metrics for climate change. It also discusses the emerging and evolving market prospects for green taxonomies, the use of technology in data collection for green external review, and the use of financial products for climate change adaptation. For more information, please click [here](#).

On 10 May 2022, the FSA announced its sponsorship of an international symposium on sustainable finance. The forum, entitled "Transition to Net-Zero: The Role of Finance and Pathway towards a Sustainable Future", which was held on 26 May 2022 at the Toranomon Hills Forum in Tokyo. There were panel discussions on the challenges of transitioning to carbon neutrality, and the types of transition pathways required to achieve net zero. For more information, please click [here](#).

On 25 May 2022, the FSA released the keynote speech by the Vice Minister for International Affairs, Ms Tomoko Amaya, on Transition Finance in Japan during the Responsible Investor Japan 2022 Forum. The speech includes an overview of transition finance initiatives in Japan, basic guidelines on climate change finance, sectoral roadmaps for different industries ("Iron & Steel", "Chemicals", "Shipping", etc.) and an example of a model project with Japan Airlines. The Japanese government will work closely with the private sector to ensure progress on transition financing. For more information, please click [here](#).

On 27 May 2022, the FSA published the "Progress Report on Enhancing Asset Management Business in 2022". The report addresses a wide range of issues, including dialogues with asset management firms to focus on clients' interests and strengthen their capabilities, ESG funds and relevant issues related to fund management. It includes information on the tendency of firms with a small number of active funds to perform well, the importance of fund governance and management, supervisory expectations of asset management firms offering ESG funds, and the comparison of Sharpe ratios and expense ratios between Japanese funds, UCITS and US funds. For more information, please click [here](#).

Enforcement

On 27 May 2022, the FSA released a surcharge payment order against an individual due to market manipulation of shares of Kawada Technologies, Inc. The respondent was requested to pay a fine of JPY 585,000 by 27 July 2022. For more information, please click [here](#). (Japanese only)

On 27 May 2022, the FSA released a surcharge payment order against MetaReal Corp due to various instances of falsifying information on securities reports. The respondent was requested to pay a fine of JPY 283 million by 27 July 2022. For more information, please click [here](#). (Japanese only)

On 27 May 2022, the FSA released a surcharge payment order against an individual for insider trading of Just Planning Inc's Shares via information obtained from a director employed in Just Planning Inc. The respondent was requested to pay JPY 19.22 million by 27 July 2022. For more information, please click [here](#). (Japanese only)

Korea



On 2 May 2022, the Financial Services Commission ("FSC") introduced a guideline on the recently expanding form of securities business dealing with fractional investment on 28 April in order to make available information about the applicability of the Financial Investment Services and Capital Markets Act ("FSCMA") and things needed to be considered for business activities. For more information, please click [here](#).

On 11 May 2022, the outstanding balance of household loans in all financial sectors rose to KRW1.3 trillion in April 2022 as the decreasing trend seen since the beginning of this year came to a halt but stayed at a stable level overall. The financial authorities will continue to closely monitor trends in household loans in order to help maintain its growth pace at a stable level and to prevent it from posing a risk to the economy. For more information, please click [here](#).

On 11 May 2022, the FSC approved the registration of the Asset Fintech Co., TGS Finance Co. and Ontwain Co. for the operation of online investment-linked financial businesses (peer-to-peer or P2P financing business) as they satisfied the registration requirements specified under the Act on Online Investment-linked Financial Business and Protection of Users (the "Act" hereinafter). For more information, please click [here](#).

On 18 May 2022, the FSC held a financial risk assessment meeting jointly with the Financial Supervisory Service and the Korea Deposit Insurance Corporation, chaired by Vice Chairman Kim So-young to go over recent financial market situations, risks and to check financial companies' potential risks and response capabilities. For more information, please click [here](#).

On 27 May 2022, the Korean Government approved the revision proposal for the FSCMA during a cabinet meeting held on May 26. The revision proposal introduces business development companies ("bdc's"), a new form of venture capital investment vehicle focused on investing in startups and innovative companies, and which offer more cash ability as they are listed on an exchange. BDCs will be required to invest at least a certain portion (e.g. 60%) of funds' assets to startups and innovative companies and will be operated as closed-end funds, which will help companies to raise funds stably for a longer period of time. In addition, to allow investors to liquidate their investment more easily, BDCs will be operated as exchange-listed to enhance their cash ability. For more information, please click [here](#).

On 31 May 2022, the National Assembly passed the supplementary budget on 29, May 2022 which includes KRW1.7 trillion worth of financial support programs intended to help the self-employed business owners and small merchants experiencing difficulties due to COVID-19 and the vulnerable groups such as young adults and lower income groups. For more information, please click [here](#).

Enforcement

A media search did not find any enforcement for Korea during May.

Malaysia



On 23 May 2022, the Securities Commission Malaysia ("SC") and the Labuan Financial Services Authority ("Labuan FSA") signed a new Memorandum of Understanding ("MoU") which further enhances the previously signed Memorandum of Co-operation and Mutual Assistance in 2004 by both parties. This will strengthen the collaboration between the SC and Labuan FSA in the future in areas such as monitoring risks involved in the capital market. For more information, please click [here](#).

On 31 May 2022, the SC published the investigation results and findings of 10 clone firm frauds, aiming to enhance investors' awareness on the method of operating these frauds. The SC outlined three typical practices found in the investigation used by Clone scams that investors must be more aware of. These are 1) advertisements on social media promoting false investment packages. 2) Providing links through a range of platforms leading them to WeChat where investments are then solicited. 3) Requiring victims to make direct payments to proceed with misleading investment schemes. For more information, please click [here](#).

Enforcement

A media search did not find any enforcement for Malaysia during May.

Philippines



On 19 May 2022, the Philippine Stock Exchange, Inc. (“PSE”), VSES.COM.INC as an Eligible Trading Participant (TP) for trading REIT Securities. For more information, please click [here](#).

On 24 May 2022, the PSE Inc, released Rule on Initial Listing through a Preferred Shares Offering, which will take effect immediately pursuant to SRC Rule 40.3.2. For more information, please click [here](#).

On 26 May 2022, the PSE, Inc. revised Rules on Backdoor Listing which will take effect immediately pursuant to SRC Rule 40.3.2. For more information, please click [here](#).

On 27 May 2022, the Bangko Sentral ng Pilipinas (“BSP”) ordered BSP-Supervised Financial Institutions (“BSFIs”) to remove all electronic sabong (e-Sabong) operators from the list of merchants in their respective online applications effective 3 May 2022. For more information, please click [here](#).

On 28 May 2022, the Monetary Board approved further amendments to Foreign Exchange (“FX”) regulations to allow international travellers to accomplish the CDF online. These amendments will offer convenience to declarants and provide faster, more efficient, and timely capture of data on physical cross-border transfer of currencies. For more information, please click [here](#).

Enforcement

On 18 May 2022, the Securities and Exchange Commission (“SEC”) ordered Astrazion Noble Task Community Foundation, Astrazion Global Holdings Philippines, Inc., and Astrazion International to stop offering their supposed digital Currency through an illegal multilevel marketing platform, until it has filed the requisite registration statement and secured the necessary approval from the SEC. For more information, please click [here](#).

On 26 May 2022, the SEC continued to work with Google to ensure regulatory compliance from entities doing business online in order to protect the investing public and other financial consumers. The new requirement, which will take effect on 7 July, adding to Google’s existing policy that requires all advisers to comply with local laws for any area that their advertisement targets. Google will take appropriate action to address any violations. For more information, please click [here](#).

Singapore



On 18 May 2022, the Monetary Authority of Singapore (“MAS”) announced a consultation on adjustment spreads applicable to legacy SOR business loans and derivatives. It is suggested that the MAS Recommended Rate to be based on Compounded SORA and to be derived from the historical median spread between SOR and SORA. For more information, please click [here](#).

On 24 May 2022, MAS issued a joint statement with the Swiss State Secretariat to promote data transmission, storage, processing, access and protection. The MAS and SIF will consult regularly to identify areas of collaboration and opportunities. For more information, please click [here](#).

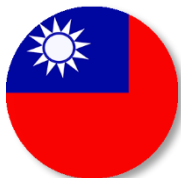
On 27 May 2022, MAS launched the new edition of the competition “Global FinTech Hackcelerator”, inviting global FinTech firms and solution providers to submit their solutions to the problems raised by FI and participants from the industry. The deadline for applications is 26 June 2022. For more information, please click [here](#).

On 31 May 2022, the MAS announced the commencement of Project Guardian to explore the economic potential of asset tokenisation in order to realise the autonomation of trading activities. The first pilot under the Project is to explore potential Decentralised Finance protocol. For more information, please click [here](#).

Enforcement

On 5 May 2022, the Singapore Exchange Listing Disciplinary Committee reprimanded Ang Nam Wah Albert for failing to disclose his involvement in an investigation where information was known and necessary to be disclosed to avoid the establishment of a false market in the Company's securities. For more information, please click [here](#).

Taiwan



On 17 May 2022, the Financial Supervisory Commission ("FSC") continued to strengthen communication and cooperation with Supervisory Authorities of Foreign Countries to maintain communication with supervisory authorities of host countries and establish a supervisory cooperation basis for mutual trust and timely sharing of information. For more information, please click [here](#).

Enforcement

On 3 May 2022, the FSC fined Concord Futures Co., Ltd. and its associated person Chen for failing to fulfil its responsibilities of supervision and management, and for failing to inspect customers who placed online orders with the same IP address. For more information, please click [here](#).

On 4 May 2022, the FSC fined Fubon Securities Co., Ltd. and its associated person for failing to implement a proper internal control system. For more information, please click [here](#).

On 11 May 2022, the FSC fined the Responsible Person of LUXE ELECTRIC CO., LTD for failing to complete 2021 Internal Control System Statement. For more information, please click [here](#).

On 17 May 2022, the FSC fined the Responsible Person of Billionton Systems Inc. for failing to complete the Q3 2021 to Q1 2022 financial statement. For more information, please click [here](#).

On 17 May 2022, the FSC fined the Responsible Person of Taiwan Land Development Corporation for failing to complete the 2021 and Q1 2022 financial statement. For more information, please click [here](#).

On 18 May 2022, the FSC fined the Responsible Person of Strength Master Fitness Tech Co., Ltd for failing to complete the 2021 financial statement. For more information, please click [here](#).

Thailand



On 5 May 2022, the Securities and Exchange Commission ("SEC") sought public comments on a proposed amendment to the regulations related to the definition of high-net-worth investors, used for infrastructure funds and trust unit offering to ensure suitability and consistency with the investor's qualifications and risk profile. For more information, please click [here](#).

On 6 May 2022, the SEC sought public comments on proposed amendments to the Rules on Establishment of Information Technology System to strengthen IT security standards adopted by capital market business operators and investor confidence in the capital market. For more information, please click [here](#).

On 12 May 2022, the SEC sought public comments on a proposal to amend the regulations related to an offer for the sale of repurchased shares to the existing shareholders in proportion to their shareholding or Right Offering and to directors and employees or Employee Stock Option Plan, by exempting the filing of the registration statement. The proposed amendment aims to ensure efficient and cost-effective offering of repurchased shares. For more information, please click [here](#).

On 18 May 2022, the SEC sought public comments on a proposed amendment to the regulations related to the appointment of directors and executives of securities companies and derivatives business operators (intermediaries) to support efficient management of operations and risks in line with the changing landscape, business trends, and the Corporate Governance Code ("CG Code") while protecting the interest of the investors. For more information, please click [here](#).

Enforcement

A media search did not find any enforcement for Thailand during May.

Vietnam



A media search did not find any relevant articles for Vietnam during May.

Enforcement

A media search did not find any enforcement for Vietnam during May.

Suggestions

Please send any comments or suggestions or other information you would like included in the next issue to newsletter@complianceasia.com. In addition, if there are others in your organisation who you believe will benefit from this newsletter, please do let us know.

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