



## Welcome to our Regulatory Newsletter for November 2019

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### Australia



On 7 November 2019, APRA launched a multi-year project to upgrade the quality of its superannuation data collection. APRA's Superannuation Data Transformation aims to drive better industry practices and improve member outcomes by enhancing the comparability and consistency of reported data. The project will make it easier to scrutinise and reliably compare fund and product performance, especially in the choice segment of the market.

For further detail, please click [here](#)

On 13 November 2019, ASIC provided guidance on companies' whistleblower policies and relief to small not-for-profits. RG 270 sets out the components that a whistleblower policy must include to comply with the law that the entities must have a whistleblower policy available to their officers and employees by 1 January 2020. In addition to the release of RG 270, ASIC also granted relief to public companies that are not-for-profits or charities with annual revenue of less than AU\$1 million from the requirement to have a whistleblower policy. For further detail, please click [here](#)

On 13 November 2019, APRA and ASIC published the latest data on life insurance claims and disputes, covering a rolling 12-month period from 1 July 2018 to 30 June 2019 to make it easier to compare life insurers' performance in handling claims and disputes. For further detail, please click [here](#)

On 14 November 2019, ASIC relief from financial adviser compliance scheme obligations took effect and as such, all AFS licensees will get a three-year exemption from the obligation in the Corporations Act 2001 to ensure that their financial advisers are covered by a compliance scheme and from the associated notification obligations. ASIC's action follows a 'Government announcement' that it would accelerate the establishment of a single disciplinary body for financial advisers and the withdrawal of applications for ASIC approval of a compliance scheme. For further detail, please click [here](#)

On 15 November 2019, APRA released details of the superannuation heatmap it will publish in December, providing insights into the outcomes being delivered by every MySuper product. APRA has also released an information paper containing detailed explanations of how it selected the metrics and benchmarks used in the heatmap, and the methodology used to take into account important differences in products' investment strategy and asset allocation. For further detail, please click [here](#)

On 19 November 2019, APRA set out stronger and more transparent approach to regulate and supervise governance, culture, remuneration and accountability (GCRA) risks. APRA's intensified approach to GCRA aims to strengthen the resilience of financial institutions, including addressing, and ideally preventing, issues such as poor risk governance, misaligned incentives and misconduct that have undermined public confidence in the financial sector over recent years. For further detail, please click [here](#)

On 21 November 2019, RBA announced its upcoming review of retail payments regulation which will take place over the coming year. The Review will cover all aspects of the Bank's regulation of retail payments and seek views on emerging issues. For further detail, please click [here](#)

On 25 November 2019, APRA issued a consultation on proposed revisions to Prudential Standard SPS 250 Insurance in Superannuation. The proposed changes intend to improve superannuation member outcomes by helping trustees select the most appropriate policies for their members and monitor their ongoing relationships with insurers. For further detail, please click [here](#)

On 26 November 2019, ASIC outlined the approach to advise licensee obligations for the financial adviser code of ethics. As such, ASIC will not monitor or enforce individual advisers' compliance with the Financial Planners and Advisers Code of Ethics 2019. ASIC's action follows a Government announcement that it would accelerate the establishment of a single disciplinary body for financial advisers and the withdrawal of applications for ASIC approval of a compliance scheme. For further detail, please click [here](#)

On 28 November 2019, ASIC published a report on compliance with financial advice fee disclosure obligations, which found that consumers receiving financial advice could be at risk of receiving wrong information about advice fees, or in some cases, being charged fees after ongoing fee arrangements have terminated. The provision of FDSs are important legal obligations for consumer protection that were introduced as part of the Future of Financial Advice (FOFA) reforms in 2013. For further detail, please click [here](#)

On 29 November 2019, ASIC and APRA issued an updated MoU to strengthen engagement, deepen cooperation and improve information sharing. For further detail, please click [here](#)

On 29 November 2019, ASIC released updated guidance on fees and cost disclosure for issuers of superannuation and managed investment products. The updated guidance explains how product issuers and platform operators should disclose fees and costs. For further detail, please click [here](#)

On 29 November 2019, RBA released an Issues Paper as the first stage of its Review of Retail Payments Regulation, which will take place over the coming year. The Issues Paper discusses and seeks stakeholder views on a number of potential issues that could be covered by the Review, including some recommendations made in reports by the Productivity Commission and the Black Economy Taskforce. For further detail, please click [here](#)

## Enforcement

On 1 November 2019, ASIC banned former financial adviser of Aon Hewitt Financial Advice Limited, Thanh Huu Tran from providing financial services for a period of two years. This follows an ASIC surveillance which found that Mr Tran is not adequately trained or is not competent to provide financial services. For further detail, please click [here](#)

On 5 November 2019, ASIC decided to disqualify or add conditions to the registration of three auditors of SMSFs. The action followed ASIC's concern about their failures to meet requirements, including independence standards and auditing standards, or failing to comply with further conditions on the approved SMSF auditor's registration. For further detail, please click [here](#)

On 4 November 2019, ASIC obtained freezing orders against financial adviser, Ross Andrew Hopkins, QWL and QWL Pty Ltd and QWL Asset Management Pty Limited (together QWL) to restrain Mr Hopkins and QWL from diminishing the value of their assets and providing financial services to clients without seeking prior approval from ASIC. ASIC had already commenced an investigation in relation to allegations that Mr Hopkins and QWL failed to assist the Australian Financial Complaints Authority (AFCA) to resolve client complaints. For further detail, please click [here](#)

On 6 November 2019, ASIC commenced Court action against superannuation trustee Tidswell Financial Services Ltd, its promoters and others over concerns about their failure to do all things necessary to ensure the financial services covered by their respective AFS licences were provided efficiently, honestly and fairly. For further detail, please click [here](#)

On 7 November 2019, ASIC banned financial adviser Mark Alexander Rothnie for three years for failing to act in the best interests of his clients and for failing to provide appropriate advice. ASIC found Mr Rothnie failed to properly investigate and document his clients' relevant financial and personal circumstances, while working as an authorised representative of AFS licensee, GPS Wealth Limited. For further detail, please click [here](#)

On 7 November 2019, ASIC banned former financial adviser Adrian Khaw from providing financial services for four years. ASIC found that Mr Khaw had failed to comply with financial services laws including the requirements to prioritise his clients' interests, comply with the best interests duty and provide appropriate advice. For further detail, please click [here](#)

On 7 November 2019, ASIC banned former finance broker, Mr Tim Zheng from engaging in credit activities for three years and cancelled the Australian Credit Licence of Element Finance Group Pty Ltd after ASIC found that Mr Zheng had acted recklessly in providing false documents in support of four loan applications between September 2017 and February 2018. For further detail, please click [here](#)

On 8 November 2019, ASIC cancelled the AFS license of Southern Mortgages Ltd for failing to comply with financial services laws. The company had not complied with a number of important financial services laws over a significant period of time and also failed to maintain sufficient financial resources. For further detail, please click [here](#)

On 13 November 2019, the Court sentenced former pre-insolvency adviser John Narramore to four and half years imprisonment for money laundering. Mr Narramore previously had pleaded guilty to one charge of dealing in the proceeds of crime. For further detail, please click [here](#)

On 19 November 2019, the Colonial Mutual Life Assurance Society Limited, trading as CommInsure, pleaded guilty to 87 counts of offering to sell insurance products in the course of unlawful, unsolicited telephone calls amounting to hawking. CommInsure will be sentenced at a later time. In the meantime, CommInsure had conducted a remediation program and refunded AU\$12 million for such unfair life insurance telephone sales. For further detail, please click [here](#) & [here](#)

On 19 November 2019, the Court sentenced former NAB branch manager, Mathew Alwan to 12 months imprisonment to be served by way of Intensive Corrections Order (ICO) for making false and misleading statements to NAB in relation to 24 home loan applications. For further detail, please click [here](#)

On 21 November 2019, ASIC banned former financial adviser Lawrence O'Neill from providing financial services for four years for failing to comply with financial services laws and is not adequately trained to provide financial services. For further detail, please click [here](#)

On 22 November 2019, ASIC banned financial adviser Jihad Soleiman from providing financial services for six years. Mr Soleiman, who was an authorised representative of Apogee Financial Planning Limited, had failed to prioritise his clients' interests and failed to act in the best interests of his clients. For further detail, please click [here](#)

On 26 November 2019, ASIC banned Paul Nielsen, a former director of Endeavour Securities (Australia) Ltd and Linchpin Capital Group Ltd, from providing any financial services for a period of five years for contravening multiple provisions of the Corporations Act while operating two managed investment schemes, both called 'Investport Income Opportunity Fund'. ASIC found that Mr. Nielsen had failed to act in the best interests of the members of the Investport Income Opportunity Fund, among other things. For further detail, please click [here](#)

On 27 November 2019, the Court found Dover Financial Advisers Pty Ltd had engaged in false, misleading or deceptive conduct. The conduct in question involved publishing false, misleading or deceptive statements in a "Client Protection Policy" between 25 September 2015 and 30 March 2018. For further detail, please click [here](#)

On 27 November 2019, ASIC banned financial adviser Peter Jianchao Xu from providing financial services for five years following a surveillance of Mr Xu's advice. ASIC found that after review of a sample of his files, Mr. Xu failed to comply with financial services laws including the best interest's duty and the requirement to provide appropriate advice. For further detail, please click [here](#)

On 28 November 2019, the Colonial Mutual Life Assurance Society Limited (trading as CommInsure) was convicted of 87 counts of offering to sell insurance products in the course of unlawful, unsolicited telephone calls, amounting to "hawking". For further detail, please click [here](#)

On 29 November 2019, ASIC banned financial adviser Wendy Chapman from providing financial services for five years. ASIC found that Ms Chapman had failed to gather relevant client information when providing personal financial product advice, including assessments of products that might achieve clients' objectives and needs. For further detail, please click [here](#)

## Cambodia



A media search did not find any relevant articles for Cambodia during November.

### Enforcement

A media search did not find any enforcements for Cambodia during November.

## China



On 1 November 2019, CBIRC issued a consultation on 'Measures of the CBIRC for Petition Handling', which sets out general rules for citizens and organisations to lodge complaints and make comments or suggestions via letters, telephone or in person. It also provides procedures for CBIRC to accept and deal with such petitions. CBIRC will reply to the complainant in writing within 60 days from the date of accepting a petition. For further detail, please click [here](#) (Chinese only)

On 1 November 2019, CBIRC issued a consultation on 'Measures on Handling of Whistleblowing of Illegal Activities in Banking and Insurance Sectors' to clarify the requirements on whistleblowing. The consultation intends to distinguish between real-name whistleblowing and anonymous whistleblowing and explain their corresponding mechanisms. It also clarifies several conditions for accepting whistleblowing. For further detail, please click [here](#) (Chinese only)

On 1 November 2019, CBIRC issued a consultation on 'Measures on Handling Consumer Complaints in Banking and Insurance Sectors'. Banking and insurance institutions are responsible for consumer complaints about disputes between consumer and banking and insurance institutions on purchasing banking and insurance products or services. They must improve the existing complaint mechanism in relation to staffing, statistical analysis, evaluation, registration and archive. For further detail, please click [here](#) (Chinese only)

On 8 November 2019, SAC issued the 'Guidelines for the Information Barrier System of Securities Companies' to adapt to the changes in the establishment of pilot scheme on registration on the STAR market. Securities companies are required to incorporate the Information Barrier System into its internal control mechanism and regularly evaluate the effectiveness of such system. For further detail, please click [here](#) (Chinese only)

On 8 November 2019, CBIRC issued a consultation on the 'Implementing Measures of the CBIRC for Administrative Licensing Matters concerning Foreign-invested Banks'. The consultation outlines the measures to further open up China market and strengthen the supervision on foreign-invested banks. Further, it proposes to remove the total asset requirements for establishing foreign for-profit institutions. The consultation also deals with requirements on equity management and AML/CFT checks. For further detail, please click [here](#) (Chinese only)

On 8 November 2019, CSRC issued a consultation on 'Administrative Measures for the Information Disclosure of Unlisted Public Companies' to set out the basic requirements on disclosing information for NEEQ-admitted companies and develop a diversified information disclosure system. For further detail, please click [here](#) (Chinese only)

On 8 November 2019, CSRC issued the revised 'Supervision and Administration of Unlisted Public Companies' to optimise and review the private placement mechanism on public transfer and public offering. For further detail, please click [here](#) (Chinese only)

On 8 November 2019, CBIRC issued the 'Guiding Opinions on Developing Systems and Mechanisms for Strengthening Consumer Rights Protection by Banks and Insurance Institutions' to strengthen the regulatory requirements and standardise consumer rights protection in banks and insurance sector. Banking and insurance institutions must include consumer right protection as part of their corporate governance. Additionally, the Board of Directors of banks and insurance institutions must set up a consumer rights protection committee. For further detail, please click [here](#) & [here](#) (Chinese only)

On 8 November 2019, CSRC issued consultations on 'Administrative Measures for the Offering of Securities', 'Interim Measures for the Administration of the Offering of Securities by Companies Listed on ChiNext' and other rules on refinancing. The measures intend to simplify the offering conditions and expand the coverage of refinancing on ChiNext by scraping the conditions that debt-to-asset ratio at the end of the recent period must be more than 45% for public offering of securities on ChiNext. These rules also enhance non-public institutional arrangements and extend the validity period of the approval documents from 6 to 12 months. For further detail, please click [here](#) (Chinese only)

On 8 November 2019, MOFCOM issued a consultation on 'Measures for Information Reporting on Foreign Investment'. The measures include initial reporting, reporting of changes, deregistration and annual reporting. MOFCOM will punish those foreign investors or foreign-invested enterprises for failing to report the investment information as required under the foreign investment information reporting system. For further detail, please click [here](#) (Chinese only)

On 15 November 2019, CSRC issued a consultation on the revised 'Administrative Measures of Futures Exchanges' to clarify the method for forming supervisory board and their responsibilities and the definition of accounts involving actual control relationship. The consultation proposes to appoint the chairman or general manager of futures exchanges to be its legal representatives. Besides, when carrying out business, foreign futures exchanges and foreign settlement institutions are required to abide by the relevant national provisions. For further detail, please click [here](#) (Chinese only)

On 15 November 2019, AMAC issued the 'Working Guidelines on Credit Information Reporting by Members of Private Equity and Venture Capital Fund Managers' to set out the scope of application, work objectives and overall framework for credit information reporting. The Guidelines also illustrate the way of presenting a credit information report and how to apply such results. For further detail, please click [here](#) (Chinese only)

On 22 November 2019, SSE issued a consultation on 'Measures of SSE for the Implementation of Shanghai-Hong Kong Stock Connect'. Under the Measures, investors participating in Southbound Trading under Shanghai Connect will be deemed to agree that SSE may provide investor information to SFC and HKEX subject to relevant laws and regulations of China or Hong Kong and co-operations arrangements between the mainland and Hong Kong. For further detail, please click [here](#)

On 22 November 2019, CBIRC issued a consultation on 'Interim Measures of Equity Management of Trust Companies' to set out rules to enhance the management of shareholders in trust companies. The measures cover aspects like market access, dynamic management of equity information, control of shareholders' behaviour etc. The consultation also clarifies the responsibilities and duties of trust companies during the changes in equity and abolishes the requirement that foreign financial institutions invest in trust companies must have a total assets of US\$ 1 billion. For further detail, please click [here](#) (Chinese only)

On 22 November 2019, CBIRC issued a consultation on 'Interim Measures of Administration of Insurance Asset Management Products'. Insurance asset management products must only be offered to qualified investors via private offering. The consultation refines the qualifications on insurance asset management companies, custodians and investment advisors and improves the risk management mechanism by requiring insurance asset management companies to make risk provisions for reserves. For further detail, please click [here](#) (Chinese only)

On 25 November 2019, CBIRC issued the 'Measures for the Assessment and Regulation of Corporate Governance of Banking and Insurance Institutions'. The assessment of corporate governance of banking and insurance institutions focus on eight aspects, including party leadership, shareholder governance, board of director governance, board of supervisor and senior management governance, risk and internal control, connected transaction, market discipline and stakeholder governance, each of which has a series of indicators to evaluate compliance and effectiveness. The result of the assessment will be classified into five grades. Administrative measures may be imposed on institutions rated as the lowest grade. For further detail, please click [here](#) (Chinese only)

On 26 November 2019, PBOC issued a consultation on 'Measures for the Assessment of Systemically Important Banks' to outline the assessment procedures and scoring methods to identify domestic systemically important banks in China. The assessment will be mostly by assessing the scale of assets, assets and liabilities to other financial institutions, the scale of custodial assets and complexity of their financial products. Banks selected as 'systemically important banks' are required to meet higher regulatory standards and stricter liquidity and capital requirements. The list of systemically important banks will be updated and announced annually. For further detail, please click [here](#) (Chinese only)

On 26 November 2019, PBOC issued the 'Interim Administrative Measures on Credit Rating Services' to set out rules for market restraint mechanism, business rules and procedures of credit rating. The Measures further optimise the existing regulation framework to determine the regulatory power of PBOC and legal responsibilities of different parties. A credit rating company must register with provincial offices of credit rating institutions within 30 days upon its company registration is approved. For further detail, please click [here](#) (Chinese only)

## Enforcement

On 1 November 2019, CSRC announced the summary of its ad hoc inspections undertaken in the first half of 2019 on 497 private fund institutions. The summary indicates that despite the increase of the overall operation level, there are still some breaches like suspected illegal funding, misappropriation of funds, soliciting capitals from non-qualified investors and conducting public advertising campaigns. CSRC had already taken administrative penalties against such breaches. For further detail, please click [here](#) (Chinese only)

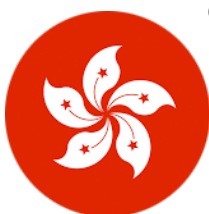
On 13 November 2019, AMAC revoked the registration of 53 Chinese private fund institutions which it has lost contact with. The fund managers of these institutions are required to contract AMAC with valid supporting documents within 3 months of revocation to retain their registration. For further detail, please click [here](#) (Chinese only)

On 8 November 2019, PBOC published the 'China Anti-Money Laundering Report 2018'. According to the report, PBOC conducted ad hoc inspections on 1569 institutions, in which about RMB 166 million fines were imposed on them for breaching money laundering regulations. PBOC also expanded its AML/CFT supervision into non-financial sectors. For further detail, please click [here](#) (Chinese only)

On 14 November 2019, CSRC revoked all licenses of CEFC Shanghai Securities for using its own fund and client's assets under management to provide financing to shareholders and transferring funds to affiliates for purchasing and leasing properties. The entity was received a penalty of RMB 1,200,000 in addition to a warning. CSRC appointed Grandall Law Firm to handle liquidation matters of CEFC Shanghai Securities. For further detail, please click [here](#) & [here](#) (Chinese only)

On 21 November 2019, AMAC revoked the registration of 50 Chinese private fund institutions which it has lost contact with. The fund managers of these institutions are required to contract AMAC with valid supporting documents within 3 months of revocation to retain their registration. For further detail, please click [here](#) (Chinese only)

## Hong Kong



On 1 November 2019, HKMA issued a circular on high-level principles on Artificial Intelligence to provide guidance to the banking industry on the use of AI applications. Banks must consider these principles when designing and adopting their AI and big data analytics applications. For further detail, please click [here](#)

On 5 November 2019, HKMA issued a circular consisting a set of guiding principles on consumer protection aspects in respect of the use of big data analytics and artificial intelligence (BDAI). The guiding principles focus on four major areas, namely governance and accountability, fairness, transparency and disclosure, and data privacy and protection. AIs should adopt a risk-based approach commensurate with the risks involved in their BDAI applications when applying these guiding principles. For further detail, please click [here](#)

On 6 November 2019, SFC adopted a new approach to virtual asset trading platforms and issued a position paper setting out the new regulatory framework. As such, platforms which operate in Hong Kong and offer trading of at least one security token must apply to be licensed by the SFC. The SFC will only grant licences to platform operators which are capable of meeting robust regulatory standards. For further detail, please click [here](#)

On 6 November 2019, SFC published a speech titled "Fintech: a regulatory strategy for a dynamic industry", delivered by Mr Ashley Alder, CEO, at Hong Kong FinTech Week 2019. The speech covered the recent trends in crypto assets, updates on the SFC's Fintech initiatives, SFC's recent regulatory framework for virtual asset trading platforms etc. For further detail, please click [here](#)

On 6 November 2019, HKMA announced the establishment of a cross-boundary wealth management connect scheme between Guangdong-Hong Kong-Macao Greater Bay Area, among a series of measures to promote further cooperation among cities in Bay Area. For further detail, please click [here](#)

On 21 November 2019, SFC issued a statement to remind listed companies about their disclosure obligations together with a circular on the conduct expected of asset managers. The SFC's statement reminds listed companies to ensure that their announcements and other documents do not include false, incomplete or misleading information about their counter-parties in pending corporate transactions. The circular sets out guidance for asset managers considering transactions or arrangements for private funds and discretionary accounts. These measures are part of the SFC's ongoing efforts to tackle market and corporate misconduct. For further detail, please click [here](#), [here](#) & [here](#)

On 22 November 2019, SFC issued a circular relating to the clearing and record keeping rules for the OTC derivatives regime, which deals with changes to the list of persons designated as financial services providers (FSPs). If LC's average total position in OTC derivatives during a Calculation Period reaches the corresponding Clearing Threshold, the relevant OTC derivative transactions they enter into on and after the corresponding Prescribed Day, including those with FSPs must be centrally cleared in accordance with the Clearing Rules. For further detail, please click [here](#)

On 28 November 2019, HKEX signed an MoU with the Shanghai Shipping Exchange for mutual cooperation in financial and shipping markets, and to promote the international development of Mainland China's shipping indices. For further detail, please click [here](#)

On 29 November 2019, SFC published a speech titled "Asset management in an evolving landscape" delivered by Mr Tim Lui, Chairman, at the Annual PwC Asset and Wealth Management Conference 2019. The speech is about the rapid changes in asset management industry, the regulatory enhancements, financial technology challenges and applying technology in supervision etc. For further detail, please click [here](#)

## Enforcement

On 5 November 2019, SFC issued a restriction notice to Hong Kong Wan Kiu Investment Company Limited (HKWK) prohibiting the firm, without prior written consent from the SFC, from carrying on any regulated activities and disposing/dealing with any property held by it or held on behalf of its clients until further notice. The SFC's investigation is ongoing. For further detail, please click [here](#)

On 5 November 2019, the Court convicted Mr Ken Yiu Ka Lun of insider dealing in the shares of Hong Kong Television Network Limited (HKTU) in a prosecution brought by the SFC. According to SFC's allegation, between 19 and 20 December 2013, Yiu purchased 101,000 HKTU shares when he was involved in HKTU's acquisition of a mobile television licence in his capacity as then HKTU's senior regulatory affairs manager. For further detail, please click [here](#)

On 6 November 2019, SFC banned Mr Song Baojun, a former relationship manager of HSBC, for 12 months from 6 November 2019 to 5 November 2020 for using incomplete application forms pre-signed by a client to effect 4 unit trust transactions for her without first obtaining her specific authorisation for the transactions. For further detail, please click [here](#)

On 7 November 2019, the Court sentenced Mr Ken Yiu Ka Lun to two and a half months of imprisonment after he was convicted of insider dealing in the shares of HKTU in a prosecution brought by the SFC. For further detail, please click [here](#)

On 7 November 2019, SFC obtained Court order against Mr Chin Jong Hwa, the former Chairman and Executive Director of Minth Group Limited, ordering him to pay a sum of RMB 20.3 million as compensation to Minth's wholly-owned subsidiary, Decade (HK) Limited, following findings of misconduct in connection with the loss suffered by Decade in the acquisition of two companies in 2008. For further detail, please click [here](#)

On 11 November 2019, SFC reprimanded and fined UBS AG (UBS) HK\$400 million for overcharging its clients over a ten-year period and for related serious systemic internal control failures. The SFC found that between 2008 and 2015, the client advisors and client advisors' assistants in UBS's Wealth Management division had overcharged clients when conducting bond and structured note trades by increasing the spread charged after the execution of trades without clients' knowledge. For further detail, please click [here](#)

On 14 November 2019, SFC banned Mr Ma Sin Chi, a former responsible officer of Deutsche Securities Asia Limited (DSAL), from re-entering the industry for life. In February 2018, the Court convicted Ma of accepting bribes of around HK\$6.4 million from his client as rewards for providing information and assistance to the client and the client's family in their trading of Deutsche Bank AKTIENGESELLSCHAFT-issued derivative warrants with DSAL being the liquidity provider. For further detail, please click [here](#)

## India



On 5 November 2019, SEBI issued a circular on e-KYC authentication facility under section 11A of the Prevention of Money Laundering Act, by entities in the securities market for resident investors. Accordingly, entities in the securities market can undertake Aadhaar Authentication if they comply with the necessary standards of privacy and security and such authentication is necessary in a given situation. The entities must submit the application for the use of Aadhaar authentication services to SEBI and SEBI, after its scrutiny, will forward the application to Unique Identification Authority of India (UIDAI) along with its recommendation. After verifying the application, UIDAI will send its recommendation to the Department of Revenue for notification to permit the applicant to perform Aadhaar authentication. For further detail, please click [here](#)

On 7 November 2019, SEBI issued a circular on 'Creation of segregated portfolio in mutual fund schemes', to permit the creation of segregated portfolio of unrated debt or money market instruments by mutual fund schemes of an issuer that does not have any outstanding rated debt or money market instruments. For further detail, please click [here](#)

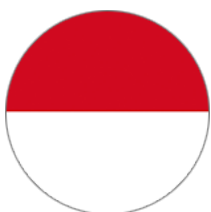
## Enforcement

On 5 November 2019, RBI imposed a monetary penalty of INR 50 million on the Mehsana Urban Co-operative Bank Ltd for violating the Master Directions on 'Know Your Customer' among other things. For further detail, please click [here](#)

On 13 November 2019, SEBI ordered an investment adviser, Mr. Dharmendra Kumar, who was the proprietor of Star India Market Research, to stop providing services to his existing and future clients. He is also prohibited from representing through any media as an investment advisor. SEBI found that Mr. Kumar had submitted incorrect information to the regulator at the time of seeking registration as an IA, besides committing fraud and failing to act in fiduciary capacity towards his clients. For further detail, please click [here](#)

On 20 November 2019, RBI imposed monetary penalties of INR 25 million and 7.5 million on Bank of Baroda and Indian Bank respectively for failing to comply with RBI directions on reporting frauds, keeping customer identification records and RBI norms on AML/CFT. For further detail, please click [here](#)

## Indonesia



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

### Enforcement

A media search did not find any enforcements for Indonesia during November.

## Japan



A media search did not find any relevant articles for Japan during November.

### Enforcement

A media search did not find any enforcements for Japan during November.

## Korea



On 5 November 2019, FSC published an update on its progress on regulatory sandbox. Totally there are 53 financial services as 'innovative financial services' since adopting the financial regulatory sandbox on 1 April 2019. For further detail, please click [here](#)

On 14 November 2019, FSC introduced measures to strengthen investor protection with high-risk financial investment products in the light of recent derivatives-linked funds (DLFs) mis-selling cases. The measures strengthened the standards for determining features of a public offering fund and the regulatory regime for 'highly complex' investment products. Banks will be prohibited from selling 'highly complex' private funds and the threshold for minimum investment in hedge funds by retail investors will be raised from KRW100 million to KRW300 million. For further detail, please click [here](#)

On 14 November 2019, both FSC and FSS signed the International Association of Insurance Supervisors (IAIS) Multilateral Memorandum of Understanding (MMoU). The signing of MMoU intends to increase international co-operation on insurance supervision. For further detail, please click [here](#)

On 26 November 2019, the National Policy Committee approved a Financial Consumer Protection Bill, which intends to enhance the rights of financial consumers and improve the overall public trust in the financial industry. The six major sales regulations currently applied to selected financial products by separate laws, such as the Financial Investment Services and Capital Markets Act, will be applied to all financial products. The new legislation established a legal basis to impose punitive fines, which may amount to 50% of the income generated from bypassing the regulation, for violating the major sales regulations. The new bill will be debated in the Legislation & Judiciary Committee and during a plenary session of the National Assembly and the law will become effective one year from the public announcement. For further detail, please click [here](#)

On 25 November 2019, the National Policy Committee approved a revision bill on Reporting and Using Specified Financial Transaction Information on Crypto Assets. The revised bill imposes AML requirements on crypto-asset business operators and stipulates requirements with which financial institutions must comply in transaction with crypto-asset business operators. For further detail, please click [here](#)

On 28 November 2019, the National Policy Committee approved a revision bill on the Credit Information Use and Protection Act, to promote data economy. The revised bill establishes a new legal basis for using and analysing big data and strengthens the role of Personal Information Protection Commission. For further detail, please click [here](#)

## Enforcement

A media search did not find any enforcements for Korea during November.

## Malaysia



On 1 November 2019, Bursa Malaysia announced the completion of its first securities borrowing and lending Proof-Of-Concept (POC 1) blockchain technology solution that is designed to increase the efficiency, speed and capacity in the securities lending supply and borrowing demand. The POC 1 is the first of its kind in ASEAN and has secure, shared ledgers and smart contracts which enable instant and automated update of asset status. For further detail, please click [here](#)

On 5 November 2019, Bursa Malaysia and the Malaysian Anti-Corruption Commission (MACC) decided to collaborate in learning for a corruption-free Malaysia. The learning collaboration between MACC and Bursa Malaysia will involve the placement of MACC officers in Bursa Malaysia for a certain period of time to learn and better understand Malaysia's capital market regulations in the current environment, including market supervision and investigation. For further detail, please click [here](#)

On 7 November 2019, BNM issued a policy document on 'Fair Treatment of Financial Consumers' to foster high standards of responsible and professional conduct in a financial service provider (FSP), promote a culture where the interests of financial consumers are an integral part of a FSP's business strategies, set expectations for a FSP to effectively manage risk and provide financial consumers with the confidence that a FSP acts fairly in its dealings with financial consumers. For further detail, please click [here](#)

## Enforcement

A media search did not find any enforcements for Malaysia during November.

## Mauritius



A media search did not find any relevant articles for Mauritius during November.

## Enforcement

A media search did not find any enforcements for Mauritius during November.

## Myanmar



On 15 November 2019, CBM issued Directives on CDD measures to the banks licensed and supervised by it. The Directives require banks to establish internal policies and procedures to combat ML/TF, conduct and document risk assessments, set out customer identification requirements, conduct on-going monitoring of transactions etc. Any banks breaching the requirements of this Directive will be liable to penalties and sanctions. For further detail, please click [here](#)

## Enforcement

A media search did not find any enforcements for Myanmar during November.

## New Zealand



On 6 November 2019, FMA published their latest update on summaries of all of FMA's class legislative notices, including exemptions, designations, frameworks, methodologies and public accountability notices granted as at 30 October 2019. For further detail, please click [here](#)

On 7 November 2019, FMA apologised for a privacy breach that meant complaints documents sent to the regulator between 2015 and 2017 were potentially accessible via internet searches. A preliminary review has identified 27 instances where documents that supported complaints were accessed by internet searches. The documents were inadvertently uploaded to a portal on the FMA website. Of these, six contained sensitive personal information such as financial information. For further detail, please click [here](#)



On 20 November 2019, RBNZ announced that it is working closely with the regulatory counterparts following AUSTRAC's AML/CFT findings relating to the alleged systemic AML/CFT breaches by Westpac Banking Corporation in Australia. AUSTRAC had already applied to the Court for civil penalty order against Westpac Banking Corporation. For further detail, please click [here](#)

On 29 November 2019, the Council of Financial Regulators (CoFR) announced its work priorities for 2020, which include seven separate work streams namely, climate change, financial Inclusion and consumer engagement, conduct and governance, FinTech, residential property insurance, credit unions and review of the regulatory system charter. For further detail, please click [here](#)

## Enforcement

On 4 November 2019, FMA welcomed the Court ruling upholding a direction by the FMA to de-register foreign exchange firm FXBTG Financial Limited. In June, the FMA directed the Companies Office to de-register FXBTG Financial Limited for providing financial services to New Zealand customers. For further detail, please click [here](#)

## Philippines



On 8 November 2019, SEC published a statement on the business failure of stock brokerage R&L Investments, Inc. R&L Investments was forced to cease operations after an employee allegedly siphoned off stocks worth more than P700 million. The Capital Markets Integrity Corporation (CMIC) is investigating the reported theft and SEC will closely monitor the issue. For further detail, please click [here](#)

## Enforcement

On 25 November 2019, SEC imposed penalties totalling at least P50.25 million against the substantial shareholders of Professional Services, Inc. for violating the Securities Law, when they secretly took over the company behind The Medical City. The shareholders violated the rule that any person who acquires directly or indirectly the beneficial ownership of more than 5% of equity securities must report it to the issuer, the exchange where the security is traded and the SEC within 10 days. For further detail, please click [here](#)

## Russia



On 21 November 2019, CBR approved the Basic Standard to separate investment consulting from other activities in the financial market, such as trading and analytics. This Standard sets out the characteristics of individual investment advice and additional requirements for investment advisers' activity. The Basic Standard also describes cases when information provided by advisers should not be recognised as investment advice. For further detail, please click [here](#)

On 22 November 2019, the Expert Board for Financial Consumer and Minority Shareholder Protection under CBR discussed a draft law on the regulation of retail investor categories which deals with the requirements for testing non-qualified investors' understanding of the specifics of financial instruments. The Board also discussed the criteria for recognising an individual as a qualified investor. For further detail, please

click [here](#)

## Enforcement

On 1 November 2019, CBR revoked the license of the JSC Expert Bank for violating the AML/CFT regulations and carrying out dubious transactions involving foreign cash sale and money withdrawal abroad. The bank was also engaged in securities transactions having signs of cash flow substitution when retail companies transferred non-cash compensation for sale transactions to replace cash revenues. For further detail, please click [here](#)

On 15 November 2019, CBR revoked the license of CB Creditinvest Ltd for violating the AML/CFT regulations and conducting dubious cross-border transactions. For further detail, please click [here](#)

On 22 November 2019, CBR revoked the license of JSC Credprombank for violating AML/CFT laws and conducting dubious transit operations, including those involving siphoning money abroad and cashing out. For further detail, please click [here](#)

On 22 November 2019, CBR revoked the license of SNCI WEST for violating AML/CFT laws and conducting dubious foreign exchange transactions. For further detail, please click [here](#)

On 29 November 2019, CBR revoked the license of LLC Commercial Agroindustrial Bank for violating AML/CFT laws and conducting dubious increased-risk transit transactions for tax evasion. For further detail, please click [here](#)

## Singapore



On 11 November 2019, MAS announced the establishing of US\$2 billion green investments programme (GIP) to support the growth of green finance in Singapore. Funds will be placed with asset managers who are committed to drive regional green efforts out of Singapore and contribute to MAS' other green finance initiatives. For further detail, please click [here](#).

On 12 November 2019, MAS and the Banque de France (BDF) decided to deepen financial linkages and foster closer cooperation in key areas. Autorité de contrôle prudentiel et de résolution (ACPR), BDF and MAS will also sign an MoU to enhance cooperation in cybersecurity, through regular information sharing on cyber incidents and threat intelligence. For further detail, please click [here](#).

On 13 November 2019, MAS decided to work with financial industry partners to create a framework for financial institutions to promote the responsible adoption of Artificial Intelligence and Data Analytics (AIDA). The framework, known as Veritas, will enable financial institutions to evaluate their AIDA-driven solutions against the principles of fairness, ethics, accountability and transparency and strengthen internal governance around the application of AI and the management and use of data. For further detail, please click [here](#).

On 20 November 2019, MAS issued a consultation on proposed changes to regulate Payment Token Derivatives traded on Approved Exchanges. The consultation proposes to allow payment token derivatives to be traded on Approved Exchanges and to regulate the activity under the Securities and Futures Act. For further detail, please click [here](#).

## Enforcement

On 14 November 2019, MAS imposed a civil penalty of SG\$11.2 million on UBS AG for deceptive trades by its client advisors. The client advisors had engaged in acts that deceived or were likely to deceive clients about the spreads and/or interbank prices for OTC transactions and structured products. All affected clients will be duly compensated by UBS. For further detail, please click [here](#).

On 25 November 2019, MAS convicted former director of Joerik Financial Pte Ltd, Mr Joseph Chai Ming Leong, for furnishing a false statement to SGX-DT on or around 28 July 2015. Mr Chai was also sentenced to 4 weeks imprisonment for the misconduct. For further detail, please click [here](#).

## Sri Lanka

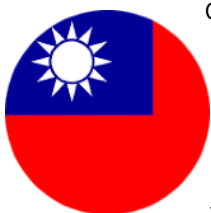


A media search did not find any relevant articles for Sri Lanka during November.

## Enforcement

On 5 November 2019, SEC filed Court action against 3 individuals for engaging in market manipulation. Mr. W.K.H. Wegapitiya, Mr. U.K. Thilak N. De Silva, and Mr. Thakshila I. Hulangamuwa were accused of manipulating the shares of Laugfs Gas PLC through trading on the CDS accounts of certain clients, and thereby creating a false and misleading appearance of active trading. For further detail, please click [here](#).

## Taiwan



On 7 November 2019, FSC convened a discussion meeting for the Financial Suggestion White Paper with Taiwan Financial Services Roundtable (TFSR). The White Paper proposes financial development suggestions to assist financial institutions to catch up with global trends and boost the sound development of the local market. For further detail, please click [here](#).

On 11 November 2019, FSC amended and published 'Regulations Governing Capital Adequacy of Insurance Companies'. The amendments intend to improve the financial structure of insurance companies to have better ability when facing various risks. The Net Worth Ratio will be included as an indicator to check the capital adequacy of insurance companies. For further detail, please click [here](#) (Chinese only).

On 14 November 2019, FSC issued a consultation on the amendments made to Regulations Governing the Preparation of Financial Reports by Securities Firms. The amendments intend to promote transparency and reasonable determination of directors, supervisors and senior managers' remuneration package. For further detail, please click [here](#) (Chinese only).

## Enforcement

On 14 November 2019, FSC imposed a fine of NT\$4.8 million on Fubon Life Insurance Co., Ltd for violating insurance laws. The FSC found that the entity's internal handling systems and procedures were not effective or sufficient. For further detail, please click [here](#) (Chinese only).

On 14 November 2019, FSC fined Cathay Century Insurance Co., Ltd. NTD 3.6 million for failing to properly operate AML/CFT monitoring due to wrong system setting, which led to ineffective checks on suspicious transactions. For further detail, please click [here](#) (Chinese only)

## Thailand



On 8 November 2019, SEC issued a consultation on the proposed amendments to paperless filing for establishment and management of mutual funds. The amendments intend to facilitate the business sector, reduce carbon footprints and impacts on climate change and enhance competitiveness of the Thai capital market through business sustainability. For further detail, please click [here](#).

On 15 November 2019, SEC announced the Master Blueprint for Thai capital market, which included the launch of Distributed Ledger Technology (DLT) as the new digital platform for capital market transactions to increase efficiency, reduce costs and facilitate market accessibility. The DLT pilot project will apply to corporate bond business. For further detail, please click [here](#)

## Enforcement

A media search did not find any enforcements for Thailand during November.

## Vietnam



On 5 November 2019, SBV issued a statement that Vietnam is making great efforts to implement National Action Plan on preventing and combating money laundering and terrorist financing. For further detail, please click [here](#)

## Enforcement

A media search did not find any enforcements for Vietnam during November.

## Suggestions

Please send any comments or suggestions or other information you would like included in the next issue to [newsletter@complianceasia.com](mailto: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.