



# CA | ComplianceAsia

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## Welcome to our Regulatory Newsletter for June 2020

### Executive Summary

COVID-19 has put pressure on regulatory authorities globally to establish new procedures and monitoring programs to mitigate their respective financial sectors against the inevitable economic ramifications of the virus. In **Australia**, ASIC has released an Interim Corporate Plan which lays out five priorities in tackling the effects of the pandemic. They have also now registered an amending instrument which will specify the end date of three COVID-19 specific instruments to return the regulatory framework to normal as the virus begins to subside. **Mainland China** the PBOC has issued the “Guiding Opinions on Further Strengthening Financial Services for Micro, Small and Medium-sized enterprises” in hopes of improving the financial situation and reducing the effects of COVID-19 for smaller enterprises. Meanwhile in **Hong Kong**, the SFC has published its Annual Report 2019-2020, which defines its priorities regarding stability in Hong Kong’s securities and futures markets in response to the current economic environment in Hong Kong, particularly surrounding COVID-19. In **Korea**, the FSC has held three financial risk assessment meetings to assess the market conditions and check the implementation status of the COVID-19 financial support within their jurisdiction. **New Zealand, India, the Philippines, Thailand, Russia, and Taiwan** have also introduced measures to combat the financial difficulties surrounding the virus.

Other notable, non-COVID-19, developments this month included an announcement by the People’s Bank of **China**, the **Hong Kong** Monetary Authority, and the Monetary Authority of **Macao** regarding the launch of a cross-boundary wealth management connect pilot scheme in the Guangdong-Hong Kong-Macao Greater Bay Area. In addition, the SFC in **Hong Kong** began a consultation on proposals to amend the Code on Real Estate Investment Trusts (REITs) to provide REITs in Hong Kong with more flexibility when making investment decisions.

## Australia



On 11 June 2020, ASIC published its Interim Corporate Plan, which sets out five priorities to tackle the challenges presented by the COVID-19 pandemic. These challenges include protecting consumers from harm at a time of heightened vulnerability, maintaining financial system resilience and stability, supporting Australian businesses to respond to the effects of COVID-19, and continuing to identify, disrupt and take enforcement action against harmful conduct. For further detail, please click [here](#).

On 12 June 2020, ASIC published its draft Cost Recovery Implementation Statement (CRIS) for 2019-20. The CRIS details ASIC's actual regulatory costs for 2018-19 and provides an estimate of costs for 2019-20. The estimated costs are published to give industry an indication of what levy costs to expect. For further detail, please click [here](#).

On 12 June 2020, ASIC registered an amending instrument to specify an end date for three COVID-19 related instruments. ASIC has publicly stated that the relief measures are temporary and that they will repeal the instruments following the COVID-19 crisis. For further detail, please click [here](#).

On 17 June 2020, ASIC released a new regulatory guide on the administration of its product intervention power following a consultation. To access Regulatory Guide 272 and for further detail, please click [here](#).

On 22 June 2020, ASIC noted the decision by Capitol Health Limited to restate comparative figures for the year ended 30 June 2019 in its financial report for the year ending 30 June 2020 by derecognising goodwill of \$5.3 million. Profit before tax for the 30 June 2019 year will be reduced by \$4.4 million and a deferred consideration liability will be reduced by \$0.9 million. For further detail, please click [here](#).

On 23 June 2020, ASIC announced they helped to cut red tape for businesses by granting over 600 applications for relief between 1 October 2019 and 31 March 2020. During ASIC's report period, ASIC granted relief from provisions of the Corporations Act or the National Credit Act in relation to 619 applications. For further detail, please click [here](#).

On 24 June 2020, ASIC published regulatory guidance to assist in the application of the best interest's duty for mortgage brokers, to come into effect in 2021. From 1 January 2021, mortgage brokers will be required to act in the best interests of consumers and to prioritise consumers' interests when providing credit assistance. For further detail, please click [here](#).

On 24 June 2020, ASIC published news that it has seen a rise in the number of investment scam reports from Australian consumers and investors during the COVID-19 (coronavirus) pandemic. Reports of misconduct received by ASIC from March to May 2020 are up 20% compared to the same period last year. For further detail, please click [here](#).

On 30 June 2020, the Australian Prudential Regulation Authority (APRA) published news that more than 40 per cent of MySuper members have seen a reduction in fees since APRA published its MySuper Product Heatmap last December. APRA published its first update to the Heatmap to reflect changes in superannuation fees and costs in the six months. For further detail, please click [here](#).

## Enforcement

On 1 June 2020, ASIC published news that it had cancelled the Australian financial services (AFS) licence of Western Australia-based financial services provider, Personal Risk Management Pty Ltd effective on 21 May 2020. ASIC cancelled the licence because Personal Risk Management failed to lodge its audited financial accounts for the financial years ending 2017, 2018 and 2019. In the same media release, ASIC also cancelled the Australian AFS licence of Melbourne-based financial services provider and responsible entity Australian Golden Securities Ltd. (formerly AFS Capital Securities Ltd), effective 21 May 2020. Australian Golden Securities Ltd. were found to have failed to lodge their financial and audit reports, nor address their failure to maintain adequate competence and capacity to provide the financial services covered by their AFS licence. For further detail, please click [here](#).

On 3 June 2020, ASIC disqualified Mr. Andrew Yiasemides of West Gosford, New South Wales from managing corporations for five years. Mr. Yiasemides was disqualified for his role in the failure of five companies. This action was following ASIC's findings that Mr. Yiasemides failed to exercise his powers and discharge his duties as a director, to maintain proper company records, and to ensure taxation lodgements and obligations were fulfilled. For further detail, please click [here](#).

On 4 June 2020, ASIC further extended the suspension of the Australian financial services (AFS) licence held by BBY Limited (BBY) to 30 June 2021, effective from 27 May 2020. Previously, on 28 May 2015, ASIC suspended the AFS licence held by BBY for a period of three years. For further detail, please click [here](#).

On 4 June 2020, Mr. Gilman Edwin Wong, the former Chief Executive Officer and Director of Sirtex Medical Limited, was sentenced by the District Court of New South Wales to eighteen months' imprisonment to be immediately released on recognisance of \$10,000 to be of good behaviour for three years. He pleaded guilty to an offence of insider trading. For further detail, please click [here](#).

On 5 June 2020, ASIC cancelled the Australian financial services (AFS) licence of retail over the counter (OTC) derivative issuer, Forex Capital Trading Pty Ltd (Forex CT). ASIC's investigation found that Forex CT's financial services business model disregarded key obligations of an AFS licensee and resulted in unconscionable conduct, misleading and deceptive conduct, and a failure to manage conflicts of interest. For further detail, please click [here](#).

On 5 June 2020, The Federal Court of Australia ordered CBA to pay a \$5 million penalty after the Court found that CBA had breached the ASIC Act and Corporations Act for failures of their AgriAdvantage Plus Package (AA+ Package). The Court also ordered CBA to publish a Corrective Notice in the form determined by the Court. For further detail, please click [here](#).

On 10 June 2020, Following an ASIC investigation, former Sydney financial adviser Sam Maxwell Henderson was charged with three counts of dishonest conduct and two counts of giving a disclosure document knowing it to be defective. The charges relate to alleged false representations made by Mr. Henderson that he had a Master of Commerce. For further detail, please click [here](#).

On 11 June 2020, Mr. Zhonghan Wu, former CFO of Traditional Therapy Clinics Limited, was charged with 19 counts of market manipulation, eight counts of attempted market manipulation, six counts of forgery and three counts of fraud. ASIC alleges that Mr. Wu carried out, or attempted to carry out, multiple share transactions for the sole or dominant purpose of setting or maintaining a trading price for TTC shares on the Australian Securities Exchange. For further detail, please click [here](#).

On 15 June 2020, ASIC imposed additional conditions on the Australian financial services (AFS) licence of Societe Generale Securities Australia Pty Ltd (SGSAPL) to ensure compliance with client money regulations. The need for additional conditions arose after SGSAPL reported to ASIC that it had deposited client money into unauthorised bank accounts between December 2014 and September 2018. For further detail, please click [here](#).

On 15 June 2020, ASIC put responsible entities (REs) of all managed investment schemes (MISs) 'on notice' that they must ensure their investment fund advertising provides clear, balanced, and accurate information. This follows ASIC's risk-based surveillance of advertising material, website disclosure, and product disclosure statements from managed funds during the COVID-19 pandemic. For further detail, please click [here](#).

On 17 June 2020, ASIC published news that, on Tuesday 16 June 2020, Mr. Shiv Prakash Sahay was sentenced in the Downing Centre Local Court on two charges of breaching section 82(2) of the National Consumer Credit Protection Act 2009. Mr. Sahay was given a nine-month prison sentence. The period of imprisonment was wholly suspended immediately upon Mr. Sahay accepting a nine-month good behaviour bond in the amount of \$1,000. For further detail, please click [here](#).

On 17 June 2020, The Australian Prudential Regulation Authority (APRA) published news that it has delegated certain enforcement powers to the Australian Securities and Investments Commission (ASIC) in connection with the agencies' investigations into matters arising from AUSTRAC's proceeding against Westpac Banking Corporation. For further detail, please click [here](#).

On 18 June 2020, ASIC published news that the Federal court has imposed a \$1.8m penalty on One Tech Media Ltd. and has permanently banned Mr. Eustace Senese from managing corporations and carrying on financial services businesses. The judgement follows findings made by Justice Davies in February 2020 that OTML, Allianz Metro, Mr. Senese, and Mr Ida had breached the Corporations Act in relation to the pressure sale of binary options to Australian consumers. For further detail, please click [here](#).

On 23 June 2020, ASIC commenced civil penalty proceedings in the Federal Court of Australia against Commonwealth Bank of Australia (CBA) and CBA's subsidiary, Colonial First State Investments Limited (CFSIL) in relation to alleged conflicted remuneration paid by CFSIL to CBA between 1 July 2013 and 30 June 2019. For further detail, please click [here](#).

On 23 June 2020, ASIC published news that former director Mr. Avrohom Mordechai Kimelman of St Kilda East appeared in the Magistrates' Court of Victoria in Melbourne, charged with insider trading offences. Mr. Kimelman was charged with four counts of procuring the acquisition of shares in Quantum Resources Ltd while in possession of inside information and four counts of applying for shares in Quantum while in possession of inside information. For further detail, please click [here](#).

On 26 June 2020, ASIC published news that its responsible lending appeal was dismissed by the Full Federal Court. In September 2019, ASIC filed an appeal with the Federal Court of Australia against the decision of the Honourable

Justice Perram regarding ASIC's allegations against Westpac Banking Corporation for contraventions of responsible lending provisions of the National Consumer Credit Protection Act 2009. For further detail, please click [here](#).

On 26 June 2020, ASIC permanently banned former responsible manager Mr. Anthony 'Tony' David Wynd of Melbourne from providing financial services. ASIC determined a permanent ban was appropriate given Mr. Wynd's position at Financial Circle, his connection to that misconduct, the seriousness of that misconduct, and the likelihood that Mr. Wynd would contravene a financial services law in the future. For further detail, please click [here](#).

On 29 June 2020, ASIC banned Mr. Steven Marsh, a former employee of Forex Capital Trading Pty Ltd (Forex CT), from providing financial services for a period of three years. In making the banning order, ASIC found Mr. Marsh was not compliant with financial services law, was not adequately trained or competent to provide financial services and was not a fit and proper person to provide financial services. For further detail, please click [here](#).

On 30 June 2020, ASIC cancelled the Australian Financial Services (AFS) licence of Queensland-based financial services provider, MyPlanner Professional Services Pty Ltd (MyPlanner Professional). The cancellation took place because MyPlanner Professional is no longer operating a financial services business and is in liquidation. For further detail, please click [here](#).

On 30 June 2020, ASIC published news that Mr. Sean Joseph O'Reilly of Hemmant of Queensland was banned from managing companies for four years due to his involvement in three failed companies. All three companies were involved in the building and construction industry. ASIC found that Mr. O'Reilly failed to exercise his duties as a director with due care and diligence. For further detail, please click [here](#).

## Cambodia



On 22 June 2020, The SECC announced MOU Signing Ceremony Between SECC And Ruifengtianfu Investment Co., Ltd on "Consultation and Technical Support on the Development of Commodity and Futures Market in Cambodia". For further details, please click [Here](#)

On 22 June 2020, The SECC announced that His Excellency Mr. Sou Socheat, Director General of the SECC, presided over on the "Partnership Launch of Global Derivatives Training Accessibilities" event and handed the Letter of Accreditation to CDX as a facilitator for the online arrangement of the Training for Approved Person for Derivative Business, and CPE Program organised by the SECC. For further details, please click [Here](#)

## Enforcement

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



## Mainland China

On 1 June 2020, PBOC, along with CBIRC, NDRC, the Ministry of Industry and Information Technology, the Ministry of Finance, the State Administration for Market Regulation, CSRC and SAFE, issued the 'Guiding Opinions on Further Strengthening Financial Services for Micro, Small, and Medium-sized Enterprises' to improve financial inclusion and set out a series of measures aimed at reducing the impact of COVID-19 on micro enterprises and SMEs. The measures mainly focus on introducing credit support policies for micro enterprises and SMEs, enhancing the financial service capacity of commercial banks and optimising the local environment for financing. For further detail, please click [here](#) & [here](#) (Chinese only)

On 5 June 2020, AMAC issued a consultation on 'Guidelines for Performance Remuneration for Private Securities Investment Fund' which articulates four basic principles for private fund managers to follow in establishing and implementing their performance remuneration mechanisms. There is also an appendix which provides a consolidation of methods of accrual for performance remuneration currently adopted in China and mainstreamed globally. The payment ratio for performance remuneration should not exceed 60% of the investment returns above the accrual basis for the performance remuneration. For further detail, please click [here](#) (Chinese only)

On 9 June 2020, CBIRC issued the 'Interim Measures on Supervision and Administration of Financial Leasing Companies' to set out general business rules and clarify the prohibited business or activities for financial leasing companies. This newly issued Measures refine the rules on corporate governance, internal control, risk management, and affiliated transactions of the financial leasing companies. In addition, the Measures introduce

prudential regulation indicators, covering the proportion of finance leasing assets, proportion of fixed-income security investment business, business concentration and their relevance, in which the proportion of financial leasing and other leasing assets of financial leasing companies cannot be less than 60% of total assets. For further detail, please click [here](#) (Chinese only) & [here](#)

On 12 June 2020, CSRC issued the 'Decision on Revising the Provisions on Administration of Equity of Securities Companies' and related implementation rules. Under the draft provisions, the definition of "major shareholders" would change from 'a shareholder that holds over 25% of the equity in a securities company or a substantial shareholder that holds over 5% of equity' to 'a shareholder that holds over 5% of the equity in a securities company'. The draft provisions also cancel the requirement that major shareholders possess ongoing profit-making capability. For further detail, please click [here](#) (Chinese only)

On 29 June 2020, People's Bank of China, the Hong Kong Monetary Authority and the Monetary Authority of Macao jointly issued an announcement on the 'Launch of cross-boundary wealth management connect pilot scheme in the Guangdong-Hong Kong-Macao Greater Bay Area' to facilitate cross-boundary investment in the Greater Bay Area. 'Wealth management connect' includes southbound and northbound components, where individual residents can buy wealth management products distributed by banks in the Greater Bay Area. The official launch date and implementation details will be announced separately. For further detail, please click [here](#) (Chinese only) & [here](#)

## Enforcement

On 1 June 2020, AMAC officially revoked the license of 31 Chinese private fund institutions as the fund managers of these institutions failed to contact AMAC with valid supporting documents within 3 months after notice of revocation was issued. Those institutions are not allowed to carry out private fund business without license. For further detail, please click [here](#) (Chinese only)

On 5 June 2020, AMAC revoked the license of 32 Chinese private fund institutions that failed to submit specific legal opinion within 3 months after notice of revocation was issued. Those institutions are not allowed to carry out private fund business without license. For further detail, please click [here](#) (Chinese only)

On 5 June 2020, AMAC officially revoked the license of 36 Chinese private fund institutions as the fund managers of these institutions failed to contact AMAC with valid supporting documents within 3 months after notice of revocation was issued. Those institutions are not allowed to carry out private fund business without license. For further detail, please click [here](#) (Chinese only)

On 12 June 2020, AMAC revoked the license of 57 Chinese private fund institutions that failed to submit specific legal opinion within 3 months after notice of revocation was issued. Those institutions are not allowed to carry out private fund business without license. For further detail, please click [here](#) (Chinese only)

On 16 June 2020, Changzhou Intermediate People's Court sentenced Xiang Junbo, the former Chairman of China Insurance Regulatory Commission, to 11 years' imprisonment for bribery in his capacity as a government official. Xiang was found to accept RMB 18 million in bribes between 2005 to 2017 in exchange for helping some organisations and individuals with qualification reviews or loan issuance by using his capacity as the Deputy Governor of PBOC, Chairman of CIRC and Governor of Agricultural Bank of China. He was also fined RMB 1.5 million and had his bribes confiscated. For further detail, please click [here](#) (Chinese only)

On 24 June 2020, CSRC fined Zonoco Group Co Ltd RMB 600,000 and decided to ban its chairman from re-entering the securities market for life due to alleged fraud. CSRC has made use of satellite system to pinpoint this seafood supplier's movements in the sea and discover the actual fishing area covered by Zonoco, and finally to substantiate that Zonoco faked its annual reports during 2016 and 2017. 15 executives are also warned and fined between RMB 30,000 to RMB 300,000. For further detail, please click [here](#) (Chinese only)

On 24 June 2020, CSRC imposed penalties on Wang Yaoyuan and Wang Chengcheng for using insider information to purchase shares of Joincare Pharmaceutical Group. After receiving the insider information through meetings, Wang Yaoyuan controlled other's account with his daughter Wang Chengcheng to invest a large amount of money with Joincare shares. They were fined RMB 3.6 billion and had their illegal gains confiscated. For further detail, please click [here](#) (Chinese only)

On 24 June 2020, AMAC officially revoked the license of 69 Chinese private fund institutions as the fund managers of these institutions failed to contact AMAC with valid supporting documents within 3 months after notice of revocation was issued. Those institutions are not allowed to carry out private fund business without license. For further detail, please click [here](#) & [here](#) (Chinese only)

## Hong Kong



On 9 June 2020, the SFC began a two-month consultation on proposals to amend the Code on Real Estate Investment Trusts (REITs) to provide Hong Kong REITs with more flexibility in making investments. The proposed changes include allowing REITs to make investments in minority-owned properties and in property development projects in excess of the existing limit of 10% of gross asset value (GAV) subject to unitholders' approval, as well as increasing the borrowing limit for REITs from 45% to 50% of GAV. For further details, please click [here](#).

On 10 June 2020, the SFC released a consultation conclusions paper on proposals to refine the scope of regulated activities so that the corporate treasury activities of non-financial groups and certain portfolio compression services would not be captured under the over-the-counter (OTC) derivatives licensing regime. The paper also sets out the competence and continuous professional training requirements which will apply to those licensed or applying to be licensed under the regime. For further details, please click [here](#).

On 24 June 2020, the SFC published its Annual Report 2019-20 which sets out its priorities to ensure the integrity and overall soundness of Hong Kong's securities and futures markets in the face of unprecedented challenges, particularly stemming from the COVID-19 outbreak. For more details, please click [here](#).

On 24 June 2020, the HKMA and the SFC issued joint consultation conclusions on the annual update to the list of Financial Services Providers (FSP List) under the clearing obligation for over-the-counter (OTC) derivative transactions. In view of market feedback, the HKMA and the SFC will remove an entity that no longer conducts OTC derivatives business from their proposed FSP List. The consultation conclusions paper and the updated FSP List can be downloaded from the websites of the HKMA and the SFC. For more details, please click [here](#).

On 30 June 2020, the SFC announced that their office will be relocated to 54/F, One Island East, 18 Westlands Road, Quarry Bay, Hong Kong, which will become effective on 6 July 2020. For more details, please click [here](#).

## Enforcement

On 4 June 2020, the Eastern Magistrates' Court convicted Mr. Chong Kin Ting, former director and shareholder of Wonderful Wealth Group Limited (WWGL), of holding out as carrying on a business of dealing in futures contracts and asset management without a licence in a criminal prosecution brought by the SFC and alleged that between June and September 2012, Mr. Chong Kin Ting presented to two investors that WWGL operated a business of trading in futures contracts and options and solicited them to invest in a WWGL-operated investment scheme which guaranteed a monthly rate of return of 5% in three months' time. For further details, please click [here](#).

On 8 June 2020, the SFC has reprimanded and fined Potomac Capital Limited (Potomac) \$800,000 for failures to comply with the Securities and Futures (Financial Resources) Rules (FRR). Potomac overstated its liquid capital in its financial returns from November 2016 to May 2017 by incorrectly including certain fees receivables from two clients accumulated since around April 2013 as liquid assets when the aged fee receivables should not qualify as liquid assets under the FRR. For more details, please click [here](#).

On 11 June 2020, the SFC publicly censured Fu Kwan, the chairman of Macrolink Capital Holdings Limited, for acquiring the company's shares within six months after the close of an offer at prices above the offer price in breach of Rule 31.3 of the Code on Takeovers and Mergers (Takeovers Code). For more details, please click [here](#).

On 18 June 2020, the SFC has publicly criticised CICC Financial Trading Limited (CICCFT) and China International Capital Corporation Limited (CICCL) for breaches of the Code on Takeovers and Mergers (Takeovers Code). In transactions related to mandatory general offers for the H shares of Dalian Port (PDA) Company Limited and Maanshan Iron & Steel Company Limited in 2019, China International Capital Corporation Hong Kong Securities Limited (CICCHKSL), a member of the China International Capital Corporation group (CICC Group), was the financial adviser to the offerors. CICCFT and CICCL dealt in the relevant securities of Dalian Port and Maanshan Iron during the transactions but failed to make timely disclosure of their dealings in relevant securities under Rule 22 of the Takeovers Code. For more details, please click [here](#).

On 22 June 2020, the SFC has reprimanded and fined Guotai Junan Securities (Hong Kong) Limited (Guotai Junan) \$25.2 million for multiple internal control failures and regulatory breaches in connection with anti-money laundering, handling of third party fund transfers and placing activities, as well as detection of wash trades and late reporting. For more details, please click [here](#).

On 23 June 2020, the SFC prohibited Ms Joanna Chu Lai Wa, former responsible officer (RO), director and head of dealing of Guosen Securities (HK) Brokerage Company, Limited (Guosen) from re-entering the industry for 12 months from 23 June 2020 to 22 June 2021. The disciplinary action follows the SFC's sanctions against Guosen over its failures to comply with anti-money laundering (AML) and counter financing of terrorism (CFT) regulatory

requirements when handling third party fund deposits between November 2014 and December 2015. For more details, please click [here](#).

## India



On 10 June 2020, SEBI issued a circular regarding the implementation of section 51A of UAPA. It states that the registered intermediaries should ensure that accounts are not opened in the name of anyone whose name appears in updated list of individuals and entities which are subject to various sanction measures such as freezing of assets or accounts, denial of financial services etc. Registered intermediaries shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. For further detail, please click [here](#).

On 18 Jun 2020, SEBI issued a memo that on review of the COVID-19 pandemic related situation, regulatory measures introduced vide SEBI Press Release dated on 20 March 2020 shall continue to be in force until 30 July 2020. For further details, please click [here](#).

On 23 June 2020, SEBI issued a circular regarding the relaxation of pricing methodology for preferential issues by listed companies having stressed assets and exempt allottees of preferential issues from open offer obligations. The framework is aimed at helping stressed companies raise capital through timely financial intervention and protecting the interest of shareholder. For further detail, please click [here](#).

## Enforcement

A media search did not find any relevant articles for India during June.

## Indonesia



A media search did not find any news for Indonesia during June.

## Enforcement

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

## Japan



On 3 June 2020, The Council of Experts Concerning the Japanese Version of the Stewardship Code published the Principles for Institutional Investors on 26 February 2014. For further details, please click [Here](#)

On 5 June 2020, The FSA has finalised the "Cabinet Office Order to Amend the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations" and the amendments to the "Cabinet Office Order on Financial Instruments Business." For further details, please click [Here](#) (Japanese only)

On 10 June 2020, The FSA finalised the amendments to the regulatory notice designating commodities to be stipulated under the "Financial Instruments and Exchange Act" based on the "Order for Enforcement of the Financial Instruments and Exchange Act." For further details, please click [Here](#) (Japanese only)

On 17 June, 2020, The FSA finalised the amendments to the "Order for Enforcement of the Financial Instruments and Exchange Act." For further details, please click [Here](#) (Japanese only)

On 19 June, 2020, The FSA has finalised the "Cabinet Office Order to Amend the Cabinet Office Order on Financial Instruments Business." For further details, please click [Here](#) (Japanese only)

On 19 June 2020, The FSA published a report entitled "Progress Report on Advanced Asset Management Business 2020". The report outlines key underlying challenges clarified through interviews with foreign asset managers and dialogues with domestic asset managers and others, as well as the expected responses thereto, based on the current state of asset management business. For further details, please click [Here](#) (Japanese only)

## Enforcement

On 11 June 2020, The FSA issued an order to impose an administrative penalty charge against Tella, Inc. for failing to disclose material corporate information in its securities reports. For further details, please click [Here](#) (Japanese only)

On 12 June 2020, The FSA and the Kanto Local Finance Bureau issued warnings to entities that are operating financial instruments businesses without proper registration. For further details, please click [Here](#) (Japanese only)

## Korea



On 2 June 2020, FSC Vice Chairman, Sohn Byungdoo held the 6<sup>th</sup> financial risk assessment meeting to review the status of the COVID-19 financial support for businesses and households. The financial markets have largely stabilised due to the measures taken by the government. However, there remain risk factors, and the government will continue to closely monitor markets while implementing its market stabilisation measures. As decided on May 28 and 29, the government will promptly provide support to businesses through quick corporate bond underwriting program and issuance of P-CBOs, while providing liquidity to help businesses maintain their competitiveness. The government will also expedite the preparation for the effective operation of the key industry stabilisation fund and special purpose vehicle to help most heavily affected industries as well as businesses with lower-rated bonds and CP. For further detail, please click [here](#).

On 3 June 2020, the government approved the 3<sup>rd</sup> supplementary budget proposal at a cabinet meeting, which includes KRW4.7 trillion in additional funding for various financial support programs. This supplementary budget proposal needs to be passed at the National Assembly. For further detail, please click [here](#).

On 5 June 2020, the FSC, the Seoul Metropolitan Government and the Korea Advanced Institute of Science and Technology (KAIST) signed a memorandum of understanding for launching digital finance educational programs to help cultivate more experts in the field. For further detail, please click [here](#).

On 8 June 2020, the FSC unveiled a new bill on the supervision of financial conglomerates, which lays legal grounds for the supervision of non-holding financial groups that have financial assets of KRW5 trillion or more. It also contains provisions that authorise the FSC to demand a management improvement plan to help improve their financial soundness. The proposed bill will be submitted to the National Assembly in September this year. For further detail, please click [here](#).

On 8 June 2020, the FSC will make available about 44.5 million cases of public financial data through open API at [www.data.go.kr](http://www.data.go.kr) beginning. Among the newly made available data, some 580,000 cases of non-listed firms' data will be opened up to the public for free for the first time, which is expected to help contribute to the advancement of the data economy and fintech industry. For further detail, please click [here](#).

On 8 June 2020, the FSC held the first taskforce meeting on improving the personal authentication and identity verification system in financial services. At the meeting, the task force discussed policies on technological neutrality, development of a distinct industry field and data security in financial services. For further detail, please click [here](#).

On 9 June 2020, FSC Vice Chairman Sohn Byungdoo held the 7<sup>th</sup> financial risk assessment meeting on to assess the financial market conditions and check the implementation status of the COVID-19 financial support. The following is a summary of Vice Chairman's remarks: There are continuing signs of market stability with stock prices recovering to pre-COVID-19 levels and the yield spreads in corporate bond and CP markets stabilising. In June, about KRW12 trillion of corporate bonds and KRW53 trillion of commercial paper and short-term bonds are up for maturity. Given the recent improvement in the market conditions and that most of them have AA-or A1 rating, there will not be much difficulty for businesses to raise capital through issuing or refinancing bonds. For further detail, please click [here](#).

On 11 June 2020, FSC Chairman Eun Sung-soo attended the Financial Development Review Committee meeting and spoke about the crucial role of finance in a post-COVID-19 economy. For further detail, please click [here](#).

On 11 June 2020, FSC Chairman Eun Sung-soo held a press briefing on and laid out the government's financial policy plans for the second half of 2020. For further detail, please click [here](#).

On 11 June 2020, the FSS released a report on asset management companies' earnings for the first quarter in 2020. Assets under management (AUM) – the sum of fund assets and assets under discretionary management – by 300 asset management companies came to KRW1,149.4 trillion in total as of the end of March 2020, up KRW12.9 trillion or 1.1% from KRW1,136.5 trillion from three months earlier. For further detail, please click [here](#).

On 16 June 2020, FSC Chairman Eun Sung-soo held a meeting with relevant officials from the public and private sectors and unveiled the government's plans to promote crowdfunding. The FSC has prepared specific plans to promote crowdfunding to support the growth of innovative start-ups and SMEs through venture capitals and

strengthen foundations to foster an ecosystem for innovative solutions in financial services. For further detail, please click [here](#).

On 16 June 2020, the FSS reported that securities companies reported net income of KRW527.4 billion for the first quarter of 2020, down KRW530.3 billion (50.1%) from three months earlier. The return on equity (ROE) for the first three months of 2020 stood at 0.9%, down 1.7% from the same period a year ago. For further detail, please click [here](#).

On 18 June 2020, Vice Chairman Sohn Byungdoo held a meeting to review market conditions and risk factors in the financial industry on with experts from the public and private sectors. For further detail, please click [here](#).

On 22 June 2020, Vice Chairman Sohn Byungdoo held a meeting on improving rules on accounting and auditing. With some of the key changes going into effect this year, Vice Chairman Sohn emphasised that it is important to maintain close communication with market players while continuing to pursue reform initiatives. For further detail, please click [here](#).

On 23 June 2020, Vice Chairman Sohn Byungdoo presided over the 9<sup>th</sup> financial risk assessment to assess the financial market conditions and check the implementation status of the COVID-19 financial support. For further detail, please click [here](#).

On 23 June 2020, FSC Chairman Eun Sung-soo attended the global start-up conference, NextRise 2020, in Seoul and delivered congratulatory remarks. During his speech, Chairman Eun explained the government's policy to promote innovation in financial services while encouraging start-up entrepreneurs. For further detail, please click [here](#).

On 24 June 2020, the FSC revised the regulations on financial investment business, laying out specific liquid asset requirements for the sellers of repurchase agreements. The FSC has been pursuing changes in regulations to improve the effectiveness and soundness of the repurchase agreement (repo) market. The revisions to the Enforcement Decree of the Financial Investment Services and Capital Markets Act in December last year introduced a legal basis to require repo sellers (borrowers) to hold liquid assets. The changes in regulations adopted today are a follow-up measure, establishing the specific scope of liquid assets as well as holding requirements. For further detail, please click [here](#).

On 29 June 2020, the FSC introduced revisions to the Act on Registration of Credit Business and Protection of Finance Users to strengthen rules on illegal predatory lending. The proposed revisions are a follow-up measure to the government's plans to combat loan sharking announced earlier. For further detail, please click [here](#).

On 29 June 2020, the FSC held a financial MyData forum to facilitate discussions on the topic of "Personal Data Meets Finance and IT" and provide information about the licensing procedures for MyData businesses. For further detail, please click [here](#).

On 29 June 2020, the FFS announced that corporate financing through debt and equity issues in May 2020 came to KRW16.0718 trillion in total, up KRW4.5999 trillion from a month earlier. Meanwhile, corporate financing through issuance of commercial paper and short-term electronic bond in May totalled KRW94.9949 trillion, down KRW5.8774 trillion month on month. For further detail, please click [here](#).

On 30 June 2020, the revisions to the Financial Investment Services and Capital Markets Act (FSCMA) were approved at a cabinet meeting, which aim to lower risks in the over-the-counter (OTC) derivatives market and improve regulations on asset management and crowdfunding. The revisions will be submitted to the National Assembly in July. For further detail, please click [here](#).

## Enforcement

On 30 June 2020, the FSC decided to impose the suspension of business operations for Optimus Asset Management in order to protect investors and prevent a vacuum in the fund's management and operation amid recent disruptions due to ongoing probes related to alleged frauds. The suspension will be from June 30, 2020 until December 29, 2020, and Optimus Asset Management will be prohibited from engaging in collective investment business and other relevant businesses other than those considered to be necessary for investor protection or recognised by the financial authority. For further detail, please click [here](#).

## Malaysia



On 3 June 2020, The Bursa Malaysia launched “Bursa Academy”, an e-learning platform targeted primarily to retail investors across the Securities Market, Derivatives Market, and Islamic Capital Market. For further details, please click [Here](#)

On 17 June 2020, The Bursa Malaysia and CGS-CIMB today successfully launched the inaugural Shariah Investing Virtual Conference 2020. For further details, please click [Here](#)

On 22 June 2020, The Bursa Malaysia today has rolled out a new set of features on its mobile app Bursa Anywhere. The new additional features will enable investors to apply online for new CDS accounts and register for e-Dividends via the app. For further details, please click [Here](#)

On 26 June 2020, The Securities Commission (SC) and The Bursa Malaysia have decided to further extend the temporary suspension of short-selling to 31 December 2020. For further details, please click [Here](#)

## Enforcement

On 13 June 2020, The Kuala Lumpur Sessions Court yesterday convicted Ms. Afkariah Md Norani of four charges under section 179(b) of the Capital Markets and Services Act 2007 for defrauding four individuals and sentenced her to imprisonment for a period of six months and a total fine of RM4 million. For further details, please click [Here](#)

## Mauritius



On 15 June 2020, the FSC Mauritius released a communique on security token trading systems announcing a new guidance note on regulations of security token offerings. For more information, please click [here](#). For the full guidance note on security tokens, please click [here](#).

## Enforcement

On 12 June 2020, the FSC Mauritius released a communique announcing the publishing of its Enforcement Manual outlining the FSC’s approach to enforcement and exercise of its enforcement powers. For more information on the communique, please click [here](#). For the full Enforcement Manual, please click [here](#). For FAQs on the manual, please click [here](#).

## Myanmar



A media search did not find any relevant news for Myanmar during June.

## Enforcement

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

## New Zealand



On 17 June 2020, the Financial Markets Authority (FMA) announced that it had opened consultation on the proposed full licence standard conditions for Financial Advice Providers as part of the new financial advice regime. The FMA has considered eight standard conditions for full licences. For further detail, please click [here](#).

On 19 June 2020, the Financial Markets Authority (FMA) published its Auditor Regulation and Oversight Plan 2020-2023. The plan sets out the areas the FMA will focus on as part of its role in reviewing the quality of Financial Markets Conduct Act audits and contributing to the integrity and development of the audit profession. For further detail, please click [here](#).

On 25 June 2020, the Financial Markets Authority (FMA) published news that investor confidence has remained steady for the third year running despite the volatility caused by COVID-19, an FMA survey has found. There was a strong increase in investor confidence that markets are effectively regulated, rising from 60% last year to 68% in 2020. For further detail, please click [here](#).

On 25 June 2020, the Financial Markets Authority (FMA) published news that it is encouraging financial advisers to apply for their transitional licences by the end of the year as the Government announces final details of the new financial advice regime. For further detail, please click [here](#).

On 30 June 2020, the Financial Markets Authority (FMA) released two documents that together set out how the regulator will measure and report on progress against its performance measures and targets. The two documents are the Statement of Intent 2020-2024 (SOI) and the Statement of Performance Expectations 2020/21 (SPE). For further detail, please click [here](#).

On 30 June 2020, the Financial Markets Authority (FMA) published news that the NZX met its statutory obligations as a licensed market operator for the period 1 January to 31 December 2019, according to the Financial Markets Authority (FMA)'s annual review. The review found that NZX complied with its market operator obligations during the review period. The FMA will continue to engage with NZX on areas where it considers improvements should be made. For further detail, please click [here](#).

## Enforcement

On 5 June 2020, the Financial Markets Authority (FMA) filed High Court proceedings against ANZ Bank New Zealand (ANZ), alleging that the bank charged some customers for credit card repayment insurance (CCRI) policies that offered those customers no cover. For further detail, please click [here](#).

On 8 June 2020, the Financial Markets Authority (FMA) welcomed the Court of Appeal's decision to dismiss a sentence appeal by Mr. Steven Robertson, who defrauded victims of \$2.1 million through PTT Limited. Back in October 2019, he was sentenced by the high court to 6 years and 8 months of imprisonment. For further detail, please click [here](#).

On 12 June 2020, the Financial Markets Authority (FMA) published news that Mr. Rodney McCall, also known as Rodney Crichton, had pleaded guilty to charges brought by the FMA. The FMA filed 21 charges against Mr. McCall in May 2019, which have been grouped as representative charges. For further detail, please click [here](#).

On 23 June 2020, the Financial Markets Authority (FMA) filed civil High Court proceedings against CLSA Premium New Zealand Limited for alleged breaches of the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act. The allegations included failure on numerous occasions to conduct sufficient customer due diligence and enhanced customer due diligence, to terminate business relationships, to report suspicious transactions, and to keep records in accordance with the AML/CFT Act. For further detail, please click [here](#).

## Philippines



On 2 June 2020, the SEC has issued cease and desist orders against Fast Track Worldwide, Inc. and JOCALS688 Beauty and Wellness Products Trading, Inc. to stem their fraudulent investment schemes. The Commission ordered Fast Track and JOCALS688 to immediately cease and desist under pain of contempt from soliciting investments from the public or engaging in similar activities. For further details, please click [here](#).

On 10 June 2020, the SEC advised corporations to strengthen their cybersecurity as more Filipinos turn to digital transactions amid the COVID-19 pandemic. The Commission issued a notice encouraging corporations to assess their exposure to cybersecurity risks and craft the appropriate policies and measures considering recent reports of hacking incidents. For further details, please click [here](#).

On 17 June 2020, the SEC issued another warning against Bitcoin Revolution, which presents itself as a cryptocurrency trading program purportedly endorsed by government officials, businessmen, and celebrities. The Commission urged the public to avoid or stop investing in schemes offered by Bitcoin Revolution or any other entities engaged in digital asset trading and promising ridiculous rates of return with little or no risk. For further details, please click [here](#).

On 30 June 2020, the SEC announced the issuance of social bonds to support efforts to contain the COVID-19 pandemic, manage the resulting socioeconomic impacts, and build resilience to future shocks. Social bonds are financing instruments whose proceeds are exclusively used to finance or refinance new or existing projects that directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes. For further details, please click [here](#).

## Enforcement

A media search did not find any enforcements for Philippines during June.

## Russia



On 2 June 2020, the Bank of Russia approved a decision permitting non-governmental pension funds (NPF) and management companies (MC) not to temporarily reevaluate securities in the portfolios of pension assets and assets of closed-end unit investment funds (closed-end UIF) for qualified investors until 1 January 2021. This decision was made due to market volatility and is intended to support market players during the period of the coronavirus pandemic by mitigating the risks of asset fire sales. The regulator's instructions in this regard were registered by Russia's Ministry of Justice and become effective on 2 June 2020. For further detail, please click [Here](#)

On 4 June 2020, the Bank of Russia announced it is aiming to mitigate the risks of market manipulations that may be committed under the guise of maintaining exchange trading parameters. The relevant draft ordinance is available on the Bank of Russia's website. For further detail, please click [Here](#)

On 5 June 2020, the Bank of Russia published a notice that beginning on 1 October 2021, brokers will be obliged to comply with the liquidity coverage ratio (LCR), where they must hold an amount of high-quality liquid assets that would be sufficient to continue their operations in the case of a substantial cash outflow over a month. The relevant Bank of Russia Ordinance was officially registered by the Ministry of Justice. This Ordinance is applicable to brokers entitled to make advantage of their clients' funds. For further detail, please click [Here](#)

On 17 June 2020, the Bank of Russia amended the requirements for pension reserve investment that will become effective on 1 January 2021. The updates are intended to limit investment risks and enhance the protection of the rights of depositors and members of non-governmental pension funds (NPFs), as well as help NPFs adjust to the new regulations given the consequences of the pandemic. For further detail, please click [Here](#)

## Enforcement

A media search did not find any enforcements for Russia during June.

## Singapore



On 25 June 2020, the MAS issued a set of three consultation papers on its proposed Guidelines on Environmental Risk Management for banks, insurers, and asset managers. For further details, please click [Here](#)

## Enforcement

A media search did not find any enforcements for Singapore during June.

## Sri Lanka



On 2 June 2020, the SEC Sri Lanka announced that it has approved amendments to the Stockbroker Rules, Central Depository Systems Rules and Listing Rules submitted by the Colombo Stock Exchange to assist in the digitalisation of the Colombo Stock Market. For full details on the amended rules, please click [here](#).

## Enforcement

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

## Taiwan



On 4 June 2020, the FSC published a consultation paper according to the Article 54 of the Securities and Exchange Act. The proposed amendment aims to strengthen the protection of the rights and interests of young people, and to coordinate with civil law to comply with international legislative trends to reduce the adult age. The age limit of the business personnel directly employed by the securities firm for the conduct of securities business is amended from "should be over 20 years old" to "should be adult", adult age is in accordance with the provisions of the Civil Law. For detailed information please click [here](#). (Chinese only)

On 11 June 2020, the FSC published a consultation paper according to the Regulations Governing Foreign Bank Branches and Representative Offices to moderately increase the operating capacity of foreign bank branches and support them to handle loan and investment business in Taiwan. The calculation of net value and total deposit amount is proposed to be updated. For detailed information please click [here](#). (Chinese only)

On 23 June 2020, the FSC published a consultation paper according to the Insurance Act to meet the needs of insurance practice, improve the financial structure of the insurance industry, and strengthen the company's ability to withstand risks. The relocation or abolition of branches of the insurance industry shall comply with the regulations. Those who violate the part-time restrictions and the prohibition of conflicts of interest shall be ordered to adjust within a specified period. For detailed information please click [here](#). (Chinese only)

On 23 June 2020, the FSC announced that the amendments made to the Regulations for Establishment, Transfer, or Withdraw Branch Units by Insurance Enterprises will be published recently. The relocation or abolition of the branch office of the insurance industry or the off-site office area involved in external business activities shall include the employee placement plan into the document that should be checked when applying for approval in order to protect the rights and interests of employees. For other detailed information please click [here](#). (Chinese only)

## Enforcement

On 23 June 2020, Uni-President Assets Management Corp. was fined NT\$1.8 million for breaking the Securities Investment Trust and Consulting Act. The design and implementation of the company's internal control system have not effectively prevented the conflict of interest of the internal handlers. The general manager and the internal audit supervisor have not fulfilled their supervisory management responsibilities and professional attention. For detailed information please click [here](#). (Chinese only)

## Thailand



On 2 June 2020, SEC has informed investors of the posting of supervisory signs on listed securities in accordance with the relevant regulations of the Stock Exchange of Thailand (SET) to ensure proper investor protection. In case of irregular trading activities, SEC and SET will collaborate closely to manage such a situation. For further detail, please click [here](#).

On June 4 2020, the Stock Exchange of Thailand (SET) has signed a Memorandum of Understanding (MOU) with the Securities and Exchange Commission (SEC) in connecting the database on the licenses granted to investment consultants (ICs), investment planners (IPs), and investment analysts (IAs) This will provide access for over 80,000 professionals to a Professional Link Digital Platform system, Prof. Link. The mutual project aims to elevate and enhance efficiency in knowledge development for all professionals in the capital market and build quality personnel to benefit investors and facilitate the industry. SET has scheduled to launch the Prof. Link system services in July 2020. For further detail, please click [here](#).

On 18 June 2020, the Bank of Thailand (BOT) has announced the project to develop the prototype of the payment system for businesses using Central Bank Digital Currency (CBDC), which will build upon knowledge from Project Inthanon. The project scope will include conducting a feasibility study and developing a process to integrate CBDC with the business' innovative platform. For further detail, please click [here](#).

On 19 June 2020, Mr. Ronadon Numnonont, Deputy Governor for Financial Institutions Stability The Bank of Thailand (BOT), revealed that since the end of February 2020, the BOT has implemented measures to help retail debtors affected by COVID-19, which will gradually expire. The BOT discussed this with financial institutions, specialised financial institutions, 9 associations, and associations of financial service providers who issued additional phase 2 measures to assist micro debtors. For further detail, please click [here](#) (Thai only).

On 24 June 2020, the SEC has announced the latest progress in the regulatory sandbox project for testing and implementing blockchain technology in the corporate bond offering process of the Thai Bond Market Association (ThaiBMA). The regulatory sandbox framework supports the testing and development of innovations to facilitate service provision in the capital market. Currently, two companies have already offered corporate bonds for sale under the testing process at the combined value exceeding 1 billion baht. For further detail, please click [here](#).

On 24 June 2020, Mr. Titanun Mallikamas, Secretary of the Monetary Policy Committee (MPC), held a meeting in which it was voted unanimously to maintain the policy rate at 0.50 percent. In deliberating their policy decision, the Committee assessed that the Thai economy would contract in 2020 more than the previous assessment due to the impact of the COVID-19 outbreak that turned out more severe than expected, as well as the containment measures implemented by governments in many countries, including Thailand, which disrupting global economic activities. The COVID-19 pandemic would also have highly uncertain effects on the economic structure, business operations, and the way people live and work. However, economic activities would gradually recover in the second half of the year in countries that could effectively contain the outbreak including Thailand. Meanwhile, headline inflation would

be more negative than previously assessed but would return to the target in 2021. Financial stability would be more vulnerable given the economic outlook. The Committee viewed that the extra accommodative monetary policy since the beginning of the year as well as the fiscal, financial, and credit measures additionally announced helped alleviate adverse impacts and would support the economic recovery after the pandemic subsided, facilitate the return of inflation to the target, and reduce financial stability risks. The Committee thus voted unanimously to maintain the policy rate at this meeting. For further detail, please click [here](#).

On 30 June 2020, the Bank of Thailand (BOT) released a press release on the economic and monetary conditions: In May 2020, the Thai economy continued to contract substantially due to external demand, both in tourism sector and merchandise exports. The former continued to extremely contract because of international travel restrictions. The latter further contracted from weakening trading partner demand. Consequently, domestic economic activities were affected especially private investment indicators and manufacturing production which contracted at a higher rate. Nevertheless, public spending continued to expand. Meanwhile, private consumption indicators contracted somewhat lower rate owing to the relaxation of lockdown measures and the government's COVID-19 relief measures. For further detail, please click [here](#).

## Enforcement

On 22 June 2020, the SEC announced that the Court of Appeal has confirmed the judgement of the Civil Court whereby the two offenders, Mr. Surasak Chuntori and Mr. Ekkamon Chuntori, are subject to a civil sanction in the case of insider trading of Siam Global House Public Company Limited (GLOBAL) shares. The civil sanction requires that Surasak pay 522,500 baht, and a 7.5 percent annual interest of the benefit he would have received from committing the offense, starting from the case filing date until the payment is completed, while Ekkamon is subject to a civil penalty of 333,333.33 baht. The payments above shall be submitted as state revenue. For further detail, please click [here](#).

## Vietnam



A media search did not find any news for Vietnam during June.

### Enforcement

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

## 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.