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Welcome to our Regulatory Newsletter for July 2020

Executive Summary

In **Australia**, we have seen a third noticeable enforcement case relating to client money offences, with prominent names such as Societe Generale, Credit Suisse and Forex Capital Trading being prosecuted by ASIC.

In **Mainland China**, regulatory bodies such as CBIRC has for the first time published a list of 38 shareholders of banking and insurance institutions that committed violations, while the CSRC has disclosed a list of 258 illegal OTC margin lending platforms.

Over in **Korea**, the Korean government has introduced KRW175 trillion-plus financial support programs, in order to help businesses and stabilise markets which are still suffering from the impact of COVID-19.

Meanwhile in **Japan**, the Japanese FSA announced that it has made certain amendments to the Cabinet Office Ordinance to allow foreign investment managers who may have difficulty in continuing business in the foreign country to temporarily be based in Japan subject to the approval by the commissioner of the FSA.

Australia



On 7 July 2020, ASIC published further information on its focus areas for financial reporting in the COVID-19 environment for the year ending 30 June 2020. ASIC plans to review the full-year financial reports of about 200 larger listed entities and other public interest entities. The reviews will focus on entities and industries adversely affected by the current conditions. Directors, preparers and auditors should focus on asset values, provisions, solvency and going concern assessments. For further details, please click [here](#).

On 7 July 2020, ASIC issued a temporary no-action position for Australian financial services (AFS) licensees to allow right-of-use lease assets to count towards their financial resource requirements and not take regulatory action against licensees in relation to past breaches of financial resource requirements arising from right-of-use lease assets. ASIC further plans to consult on proposals to change the financial resource requirements to enable an AFS licensee to include a right-of-use lease asset when calculating whether it meets its financial resource requirements. For further details, please click [here](#).

On 9 July 2020, ASIC released Consultation Paper 330 (CP 330) on the proposed use of its product intervention power to address a significant detriment it has identified in the continuing credit industry. ASIC encourages affected and interested parties to provide any comment and further information by Thursday 6 August 2020, before ASIC decides whether or not to make the product intervention order. For further details, please click [here](#).

On 23 July 2020, APRA released a letter to superannuation licensees outlining upcoming legislative obligations. Trustees are reminded of their obligations to undertake a Business Performance Review by 31 December 2020, and an outcomes assessment by 28 February 2021. For further details, please click [here](#).

On 24 July 2020, ASIC released minor updates on the transitional arrangements for product disclosure statements (PDSs) in response to COVID-19. There is no change to the transition arrangements for periodic statements. ASIC clarified some definitions and amended the 'Consumer advisory warning' and 'Example of annual fees and costs' to correct inconsistencies between the templates in the legislative instrument and RG 97. For further details, please click [here](#).

On 29 July 2020, APRA updated its capital management guidance for banks and insurers, in particular easing restrictions around paying dividends as institutions continue to manage the disruption caused by COVID-19. For further details, please click [here](#).

On 30 July 2020, ASIC released updated requirements for how financial firms deal with consumer and small business complaints – under their Internal Dispute Resolution (IDR) procedures. Separately, ASIC is following up with each of the firms that were subject to supervisory on-site visits about the changes they are making to improve IDR outcomes. For further details, please click [here](#).

Enforcement

On 1 July 2020, ASIC published news that Societe Generale Securities Australia Pty Ltd (SGSAPL) pleaded guilty to four separate client money offences. The offences included two counts of breaching s993B by failing to pay money received in connection with financial services into an account that satisfied the client money requirements, and two counts of breaching s993C(1) through making payments out of a client money account that were not permitted. SGSAPL is the second company in 2020 in Australia to face criminal prosecution for breaching client money provisions. For further details, please click [here](#).

On 3 July 2020, Credit Suisse Equities (Australia) Limited (Credit Suisse) paid a penalty of \$75,000 for contravening Rule 3.3.1(b) of the ASIC Market Integrity Rules (ASX Market) 2010 (ASX Rules) by failing to act in accordance with its clients' instructions. The ASX Rules were superseded by the ASIC Market Integrity Rules (Securities Markets) 2017 on 7 May 2018. For further details, please click [here](#).

On 17 July 2020, ASIC sued Forex Capital Trading Pty Ltd (Forex CT) and cancelled Forex CT's AFS licence due to Forex CT's unconscionable conduct, misleading and deceptive conduct and a failure to manage conflicts of interest. For further details, please click [here](#).

On 17 July 2020, following an ASIC investigation, Mr Clive Frederick Palmer, was charged with two counts of dishonest conduct and two counts of fraud by dishonestly gaining a benefit or advantage. ASIC took the view that

Mr Palmer dishonestly used his position as a director of a company owned by him, in obtaining that advantage. For further details, please click [here](#).

On 21 July 2020, ASIC suspended Australian Financial Services (AFS) licence of Union Standard International Group because Union Standard is under external administration. Union Standard International Group is a Sydney-based retail over-the-counter (OTC) derivatives issuer. For further details, please click [here](#).

On 28 July 2020, ASIC took action to wind up illegal unregistered managed investment scheme MyWealth Manager ("The Scheme"). The Scheme contravened the Corporations Act by operating the unregistered Scheme and failing to hold the required Australian Financial Services (AFS) licence. For further details, please click [here](#).

On 29 July 2020, ASIC banned Hobart-based financial adviser David Horton from providing financial services for five years for failing to provide financial advice that was appropriate and in the best interests of his clients and to keep proper records. For further details, please click [here](#).

Cambodia



A media search did not find any news for Cambodia during July.

Enforcement

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

Mainland China



On 1 July 2020, CBIRC issued the 'Measures for Regulatory Assessment of Financial Services of Micro-and-small Enterprises by Commercial Banks (for Trial Implementation)' to resolve the difficulty for MSEs to raise funds, which take effect immediately from the date of issuance. The Measures introduce a standardised indicator for assessing financial services delivered to MSEs, with five elements of assessment covering loan supply, systems and mechanisms development, implementation of key regulatory policies, products and services innovation and supervisory inspections. The assessment system is divided into four tiers and the assessment should be carried out on an annual basis among commercial banks. For further details, please click [here](#) (Chinese only)

On 3 July 2020, PBOC, CBIRC, CSRC and SAFE jointly issued the 'Rules on Determining Standardized Debt Assets' to provide clearer recognition standards for standardised debt-based assets. Under the Rules, standardised debt assets are considered to be fixed-income securities such as bonds and asset-backed securities. The Rules also set five conditions for other debt assets to be recognised as standardised debt assets. If debt assets (i) can be divided and traceable, (ii) have sufficient information disclosure, (iii) are registered in a centralised manner and placed into independent custody, (iv) valued in a fair price and (v) are traded at a trading floor approved by the State Council, such debt assets can be recognised as standardised debt assets. The Rules came into effect from 3 August 2020. For further details, please click [here](#) (Chinese only)

On 3 July 2020, SSE issued the 'Implementing Rules of the Shanghai Stock Exchange for Shareholding Lessening by Shareholders of Companies Listed on SSE STAR Market through Making an Inquiry to the Specified Institutional Investors for Transfer and Allotment'. The newly issued Rules, which took effect on 22 July 2020, stipulate that the floor transfer price shall not be less than 70% of the average price of the company's stock in 20 trading days before the date of sending out the subscription invitations. Additionally, the total number of the shares to be transferred by a single or some pre-IPO shareholders shall not be less than 1% of the total number of the shares of companies listed on SSE STAR Market. For further details, please click [here](#) (Chinese only)

On 3 July 2020, National People's Congress Standing Committee released the draft of Amendment (XI) to the Criminal Law to solicit public opinions until 16 August 2020. The Amendment further step up the prevention of and penalties for workplace safety crimes, food and drug safety crimes and financial crimes, among which punishment for financial crimes will be increased. The maximum prison sentence for committing serious financial fraud in stock and bond issuance is now 10 years, up from 5 years. The maximum prison sentence for taking advantage of capacity to misappropriate funds for personal use or for lending to others is now 15 years, up from 10 years. For further details, please click [here](#) (Chinese only)

On 4 July 2020, CBIRC for the first time published a list of 38 shareholders of banking and insurance institutions that committed violations. Those included in the list were alleged to have profited from illegal affiliated transactions, seeking improper benefits, falsifying materials or exceeding shareholding limits without approval from CBIRC. For further details, please click [here](#) (Chinese only)

On 8 July 2020, CSRC disclosed a list of 258 illegal OTC margin lending platforms. Illegal institutions pitch their business via mobile apps and social media, claiming that investors can make quick profit. According to the new Securities Law revised this year, securities margin financing can only be conducted by licensed brokerages. Individuals or institutions must obtain approval from CSRC to conduct such business. For further details, please click [here](#) (Chinese only)

On 10 July 2020, CSRC and CBIRC jointly issued the revised 'Administrative Measures on Custody Business for Securities Investment Fund'. Under the new Measures, foreign banks and branches of foreign banks in China are allowed to apply for a custody license for a Securities Investment Fund in China. The asset access criteria for fund custodians have also been adjusted. CSRC and CBIRC decided to reduce application paperwork processes for fund custodian licenses to optimise application and approval procedures. For further details, please click [here](#) (Chinese only)

On 10 July 2020, CSRC issued the 'Guidelines on Side Pocket Mechanism of Public Securities Investment Funds (for Trial Implementation)' which took effect on 1 August 2020. Side pocket mechanism refers to a mechanism where assets that are difficult to value are separated from the fund portfolio asset account to be disposed and settled. The Guidelines set forth conditions under which the side pocket mechanism will be activated, procedures for implementation and other operational requirements, and enforce relevant responsibilities of fund managers, fund custodians and accounting firms. For further details, please click [here](#) (Chinese only)

On 16 July 2020, CBIRC issued a consultation of 'Measures for the Financial Services Management by Banking and Insurance Institution in Response to Emergencies' to solicit public opinion until 15 August 2020. Banking and insurance institutions in China should update or make new contingency plans and conduct drills at least once every three years. They should, when necessary, initiate plans in response to emergency events and improve the risk management measures. An institutions board of directors is responsible for making decisions in response to emergencies. Additionally, financial institutions need to establish work mechanisms within six months of the final release of the Measures to minimize disruption to their services. For further details, please click [here](#) (Chinese only)

On 19 July 2020, PBOC and CSRC jointly published an announcement on connecting China interbank and exchange bond markets to facilitate smooth transmission of monetary policy and promote the free flow of capital. Under the mutual market access programme, qualified investors will be allowed to buy and sell tradable bonds in each other's markets via electronic trading platform. Bond registration, depository and settlement institutions in both markets will be able to jointly provide issuers and investors with bond issuance, registration and custody, clearing and settlement and other services. For further details, please click [here](#) (Chinese only) & [here](#)

On 24 July 2020, CSRC, the Ministry of Industry and Information Technology, the Ministry of Justice and the Ministry of Finance of the PRC, issued the 'Provisions for Record-filing of Securities Service Institutions Engaged in Securities Services'. Accounting firms, law firms, and securities services companies providing asset evaluation services, credit rating services, financial advisory services or information systems technology services must file a record with CSRC at the time it commences securities services and file an annual record before 30 April every year. The provisions also set out the scope and procedures for filing records. For further details, please click [here](#) (Chinese only)

On 30 July 2020, CBIRC and PBOC jointly issued a consultation of 'Provisions on the Administration of the Solvency of Insurance Companies' to solicit public opinions until 29 August 2020. The consultation proposed to improve the system of solvency regulatory indicators, which comprise core solvency adequacy ratio, comprehensive solvency adequacy ratio, and comprehensive risk rating. To qualify for the solvency standard, insurance firms should have a core solvency adequacy ratio of no less than 50%, a comprehensive solvency adequacy ratio of no less than 100% and a comprehensive risk rating of at least B grade. For further details, please click [here](#) (Chinese only)

On 31 July 2020, PBOC announced that due to the Covid-19 pandemic, the transition period for financial institutions to comply with the "Guiding Opinions on Regulating the Asset Management Operations of Financial Institutions" will be extended by a year to the end of 2021. For further details, please click [here](#) (Chinese only)

On 31 July 2020, CSRC issued a consultation of 'Measures for the Supervision and Administration of Publicly Offered Securities Investment Fund Managers' and the relevant supporting rules to solicit public opinions until 30 August 2020. The draft is intended to apply to both fund managers and other asset management institutions. The draft sets out general qualifications of, internal control and business conduct expectations for mutual fund managers to further improve corporate governance and to clarify the arrangement of exit mechanism for them. For further details, please click [here](#) (Chinese only)

Enforcement

On 3 July 2020, AMAC officially revoked the license of 17 Chinese private fund institutions as the fund managers of these institutions failed to submit a 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 details, please click [here](#) (Chinese only)

On 10 July 2020, CSRC issued an Advance Notice to GF Securities, who will be banned from sponsoring listings for six months and banned from bond underwriting for 12 months, as GF Securities is involved in the \$12.6 billion financial fraud of and failed to perform due diligence on Kangmei Pharmaceutical. CSRC also considered the 14 responsible persons not fit and proper to perform invest banking activities. For further details, please click [here](#) (Chinese only)

On 17 July 2020, AMAC revoked the registration of 22 Chinese private fund institutions which it has lost contact with. The fund managers of these institutions are required to contact AMAC with valid supporting documents within 3 months of revocation to retain their registration. For further details, please click [here](#) (Chinese only)

On 17 July 2020, CSRC announced the takeover of New Times Securities, Guosheng Securities and Guosheng Futures, as part of efforts to crack down on corporate misbehaviour. The companies were found to have concealed information about shareholder structures and were mismanaged. The takeover will last from 17 July 2020 to 16 July 2021. For further details, please click [here](#) (Chinese only)

Hong Kong



On 2 July 2020, the SFC released a report on its review of the Stock Exchange of Hong Kong Limited's (SEHK) performance in its regulation of listing matters. The report summarises the findings and recommendations of the SFC's review in 2018. The report is published on the SFC website. For further details, please click [here](#).

On 9 July 2020, the HKEx announced that it will launch the Master Special Segregated Account (Master SPSA) service on 10 July 2020, as part of its latest service enhancement to support Stock Connect, HKEX's landmark mutual market access programme with the Shanghai and Shenzhen stock exchanges. The new optional service will facilitate more efficient pre-trade checking of Northbound sell orders and average pricing execution at the fund manager level. For further details, please click [here](#).

On 19 July 2020, the SFC announced a policy statement that centred on concerns expressed by firms about the potential ambit and effect of the new National Security Law (NSL) on the way they currently do business in Hong Kong. The SFC has communicated firms' observations to the Hong Kong SAR Government and welcomes the views of the Financial Secretary as set out in his Blog. For further details, please click [here](#).

On 27 July 2020, the HKEx was pleased to welcome the first Hong Kong-listed A-share Leveraged and Inverse Products (L&I Products). These newly listed products seek to achieve twice the daily return or the opposite (inverse) daily return of the CSI 300 Index, before fees and expenses. Their introduction to Hong Kong's markets signals a new chapter for directional trading in China A-shares. Investors can use these instruments to seek increased returns during short-term market momentum, and/or hedge against market downside, at relatively low cost. For further details, please click [here](#).

Enforcement

On 7 July 2020, the SFC banned Mr Lai Wing Fat, a former licensed representative of Black Marble Securities Limited, from re-entering the industry for 20 months from 5 July 2020 to 4 March 2022 for breaches of the SFC's Code of Conduct. The disciplinary action follows an SFC investigation which found that between August 2016 and June 2017, Lai effected transactions in a client's account on a discretionary basis without obtaining the client's prior written authorization. Lai also effected discretionary transactions in the accounts of three other clients without their prior written authorizations. For further details, please click [here](#).

On 8 July 2020, the Appeal Committee of the Court of Final Appeal (CFA) dismissed the application of Mr Andrew Left of Citron Research for leave to further appeal to the CFA against the February 2019 judgment of the Court of Appeal (CA) that ruled against him. In August 2016, the Market Misconduct Tribunal (MMT) found that Left was culpable of market misconduct in the publication of a report on Evergrande Real Estate Group Limited in June 2012.

The MMT imposed several orders on Left, including a “cold shoulder” order banning him from trading securities in Hong Kong for five years. For further details, please click [here](#).

On 9 July 2020, the Eastern Magistrates’ Court convicted Mr Simon Chan Ying Ming, former officer of Wonderful Wealth Group Limited (WWGL), for holding out to be carrying on a business of dealing in futures contracts and asset management without a licence. For further details, please click [here](#).

On 24 July 2020, following a prosecution brought by the SFC the Eastern Magistrates’ Court convicted Brilliance Capital Management Limited (BCM) and its director Mr Law Sai Hung for holding out as carrying on a business in advising on corporate finance without an SFC licence. For further details, please click [here](#).

India



On 3 July 2020, SEBI announced that it has made amendments to SEBI (Investment Advisers) Regulations aimed to strengthen the regulatory framework of investment advisers. The amendments included segregation of advisory and distribution activities, implementation services, agreements made between Investment adviser and client, fees and eligibility criteria. For further details, please click [here](#).

On 8 July 2020, SEBI signed a Memorandum of Understanding (MoU) with Central Board of Direct Taxes (CBDT), Government of India for data exchange between the two organizations. The MoU will facilitate the sharing of data and information between CBDT and SEBI on an automatic and regular basis. The MoU will ensure that both CBDT and SEBI have seamless linkage for data exchange. In addition to regular exchange of data, CBDT and SEBI will also exchange with each other, on request and suo moto basis, any information available in their respective databases, for the purpose of carrying out inspections, investigations and prosecutions. For further details, please click [here](#).

On 10 July 2020, SEBI issued a circular regarding the Commodity Derivatives Market. The circular is a master circular which includes all circulars issued by the Commodity Derivatives Market Regulation Department. For further details, please click [here](#).

On 14 July 2020, SEBI further extend its deadline of public consultation regarding the report of the working group on Social Stock Exchange uploaded on 1 June 2020. Further extension was granted until the 15 August 2020. For further details, please click [here](#).

On 22 July 2020, SEBI issued a notification on the implementation of Section 51A of UAPA. Clause 2.8 of the SEBI Master Circular which stated that 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/ accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations’ Security Council Resolutions (UNSCRs). 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 details, please click [here](#).

Enforcement

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

Indonesia



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

Enforcement

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

Japan



On 3 July 2020, The FSA announced 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 7 July 2020, The FSA published the updated column entitled "Consideration of Key Components of Financial Literacy for Purchasing Financial Instruments (draft)" on the subpage of the "NISA Official Promotion Webpage". For further details, please click [here](#)

On 14 July 2020, The FSA published "Statistics of NISA and Junior NISA Accounts." As of 31 March 2020, there were approximately 14.1 million NISA accounts in total, and approximately 19.5 trillion yen was invested through the NISA accounts, among which, 373.3 billion yen was invested through approximately 2.2 million accounts of the Tsumitate NISA which started in January 2018. For further details, please click [here](#)

On 14 July 2020, The FSA has announced that disaster-affected corporations may extend the filing due dates of their annual securities reports, internal control reports, quarterly securities reports, and semiannual securities reports if business impediments have been caused by the heavy rain from 3 July 2020, pursuant to the enforcement of the "Cabinet Order on the Specific Extraordinary Disaster Caused by the Heavy Rain from 3 July 2020 to Designate Measures to be Applied Thereto". For further details, please click [here](#)

On 22 July 2020, The FSA announced Under the amendment to the Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act, a foreign investment manager who has difficulty in continuing its business in the foreign country can continue the business temporarily in Japan based on an approval by the commissioner of the FSA. For further details, please click [here](#)

On 22 July 2020, The FSA developed and publicized the "Principles for Customer-Oriented Business Conduct" in March 2017 and has encouraged financial institutions that adopted "the Principles" to publish their policy and achievements so that the general public can compare financial institutions' customer-oriented initiatives and can select optimal financial institutions to build their assets. For further details, please click [here](#)

Enforcement

On 3 July 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](#)

On 10 July 2020, The FSA announced that Partial rescission of the FSA's order to impose an administrative penalty charge against J-LEASE CO.,LTD. for making false statements in its securities reports has become final and binding. For further details, please click [here](#)

Korea



On 2 July 2020, The FSC announced the current implementation status of the government's financial response to COVID-19 at the 9th Meeting of Central Economic Response Headquarters. In response to the impact of the COVID-19 on the real economy and the spread of anxieties in financial markets, the government has introduced KRW175 trillion-plus financial support programs intended to help businesses and to stabilize markets. For further details, please click [here](#).

On 2 July 2020, The FSC and the FSS unveiled plans for comprehensive inspections targeting fraud-prone areas to stem potential damages to financial consumers from illegal activities. For further details, please click [here](#).

On 6 July 2020, The FSC announced that more than KRW4.7 trillion in fiscal resources has become available to facilitate smooth implementation of the various pandemic-related financial support programs as the National Assembly passed the 3rd supplementary budget on July 3. For further details, please click [here](#).

On 7 July 2020, FSC Chairman Eun Sung-soo attended a seminar held by the Financial Security Institute commemorating the day of information protection and delivered a keynote address underscoring the importance of maintaining a balance between financial innovation and data security. For further details, please click [here](#).

On 7 July 2020, the Vice Chairman Sohn Byungdoo presided over the 11th risk assessment meeting to discuss the financial market conditions and monitor the progress in implementing COVID-19 financial support. The government is offering consulting and financial support to businesses that are restructuring. For further details, please click [here](#).

On 9 July 2020, FSC Chairman Eun Sung-soo visited the Korea Insurance Development Institute's automobile technology research center in Icheon-si, Gyeonggi-do to see the application of artificial intelligence in auto insurance and held talks on the topic of the insurance industry in the 4th industrial revolution and post-pandemic era. For further details, please click [here](#).

On 13 July 2020, the FSC announced the opening of the preliminary application process for MyData businesses from 13 July until 4 August 2020. Prospective MyData service providers in the financial sectors should obtain a license from the FSC. The preliminary application process is to ensure that prospective applicants meet the requirements and that the licensing process goes smoothly. For further details, please click [here](#).

On 14 July 2020, Vice Chairman Sohn Byungdoo presided over the 12th financial risk assessment meeting to discuss financial market conditions and monitor the progress in implementing the COVID-19 financial support. For further details, please click [here](#).

On 14 July 2020, the FSC and the Ministry of Health and Welfare announced that an improvement to the personal credit rating scheme using information about individuals' national pension contribution payments will be made available in October this year. For further details, please click [here](#).

On 14 July 2020, The FSC announced that the corporate asset sell-off support program will begin to accept applications beginning on 17 July 2020. Online application will be available at www.oncorp.or.kr. For further details, please click [here](#).

On 15 July 2020, the FSC extended the deadline available for companies affected by COVID-19. The FSC lifted administrative sanctions and granted a 30-day extension of deadlines for companies unable to meet the quarterly or semi-annual reporting deadline due to pandemic disruption in business operation. For further details, please click [here](#).

On 16 July 2020, the FSC held a kick-off meeting of the working group on the promotion of artificial intelligence technology in financial services. The meeting discussed major trends and policies surrounding AI application in financial services as well as the plans for the working group. For further details, please click [here](#).

On 16 July 2020, the FSC announced regulatory changes to minimize inconvenience for consumers and improve efficiency in damage prevention and remedy provision, while introducing plans to create task forces as part of the government-wide efforts to root out phishing scams. For further details, please click [here](#).

On 16 July 2020, FSC Chairman Eun Sung-soo presided over the 43rd financial hubs establishment committee meeting in which he discussed ways to reassess the government's financial hub policy following recent changes in market environments at home and abroad. For further details, please click [here](#).

On 15 July 2020, the government announced the official launch of the special purpose vehicle intended to support businesses facing liquidity problems by purchasing corporate bonds and CPon. For further details, please click [here](#).

On 20 July 2020, the FSC announced changes to the peer-to-peer lending guidelines to ensure that investor protection measures are put in place during the one-year deferred registration period until 26 August 2021. For further details, please click [here](#).

On 21 July 2020, Vice Chairman Sohn Byungdoo presided over the 13th financial assessment meeting to review market conditions and monitor the progress in implementing the COVID-19 financial support. This press release includes details of the New Deal Initiatives, capital markets financial support provided and how the government will support economic recovery for the post pandemic era. For further details, please click [here](#).

On 21 July 2020, FSC Chairman Eun Sung-soo met with officials from financial institutions, big techs and fintechs as well as academia and held talks on ways to promote the advancement of Korea's financial industry. For further details, please click [here](#).

On 23 July 2020, the KRX will check its regulatory system and strengthen market monitoring activities in order to minimize stock price fluctuations of preferred stocks. For further details, please click [here](#).

On 23 July 2020, FSC Chairman Eun Sung-soo held talks with heads of financial holding groups, and shared opinions about the recent issues surrounding the financial industry and expected changes in a post-pandemic era. For further details, please click [here](#).

On 23 July 2020, the FSC added four more 'innovative financial services' to the regulatory sandbox, bringing the total number of designated services to 110 since the sandbox program was first launched on 1 April 2019. For further details, please click [here](#).

On 24 July 2020, the FSC announces their financial policy direction for the post-pandemic era. Topics which were addressed in this report include the expected changes and challenges of the post-pandemic era including the effects on the whole economy and society as well as IT infrastructure and soft power. It concludes with the governments

financial policy direction which is geared towards supporting steady growth and promoting capital market activities. For further details, please click [here](#).

On 28 July 2020, Vice Chairman Sohn Byungdoop presided over the 14th financial risk assessment meeting to review market conditions and monitor the progress in implementing the COVID-19 financial support. For further details, please click [here](#).

On 28 July 2020, The FSC announced administrative guidance aimed at strengthening the supervisory role of private equity fund sellers and trustees against fund management companies to provide more specific guidelines to facilitate more systematic and effective self-assessment of private equity funds. For further details, please click [here](#).

On 30 July 2020, the government announced its plans to designate a thousand innovative firms over the next three years and provide targeted financial support at the 12th Meeting of the Central Economic Response Headquarters held. For further details, please click [here](#).

Enforcement

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

Malaysia



On 7 July 2020, the SC announced that it will facilitate the entry of innovative stockbroking models with differentiated value propositions to spur greater innovation, create greater diversity among market participants and enhance value for investors. For further details, please click [here](#)

On 7 July 2020, the Bursa Malaysia announced that it plans to set the tone of the 16th instalment of Invest Malaysia. Invest Malaysia Virtual Series 1: Economic Recovery - Policies and Opportunities held in collaboration with Maybank was broadcasted to over 1,000 virtually connected capital market investors around the world. For further details, please click [here](#)

On 8 July 2020, the Bursa Securities announced that a Practice Note No. 17 company, LOTUS KFM BERHAD has regularised its financial condition and no longer triggers any of the criteria under Paragraph 2.1 of PN17 of the Main Market Listing Requirements of Bursa Securities. For further details, please click [here](#)

On 21 July 2020, the SC announced an enhanced IPO framework to promote greater shared responsibility among key stakeholders involved in the submission of an IPO for listing on the Main Market of Bursa Malaysia. For further details, please click [here](#)

On 23 July 2020, the Bursa Malaysia issued a consultation paper seeking public feedback on the proposed amendments to the Main Market and ACE Market Listing Requirements in relation to the public security holding spread. For further details, please click [here](#)

On 29 July 2020, the Bursa Malaysia and Singapore's Fintech technology provider, Hashstacs Pte Ltd today embarked on a bond on blockchain proof-of-concept, to facilitate the growth of the bond marketplace at the Labuan Financial Exchange. For further details, please click [here](#)

On 30 July 2020, The Bursa Malaysia hosted the 7th edition of the Bursa Excellence Awards 2019, to honour the top-performing brokers and market intermediaries. For further details, please click [here](#)

Enforcement

On 17 July 2020, the SC revoked Etalage Sdn Bhd's Capital Market Services Licence on 25 June 2020, in accordance to Section 72(2)(a)(ii) of the Capital Markets and Services Act 2007, as the company has failed or ceased to carry out its licensed activities for a consecutive period of three months. For further details, please click [here](#)

On 27 July 2020, the Bursa Malaysia publicly reprimanded Maxwell International Holdings Berhad and 4 of its directors for breaches of the Bursa Malaysia Securities Main Market Listing Requirements. In addition, 4 directors of MAXWELL were imposed total fines of RM1,744,800. For further details, please click [here](#)

On 28 July 2020, the Bursa Malaysia publicly reprimanded Bertam Alliance Berhad and 7 of its directors for breaches of the Bursa Malaysia Securities Main Market Listing Requirements. In addition, 2 directors of BERTAM were imposed total fines of RM75,000. For further details, please click [here](#)

Mauritius



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

Enforcement

On 1 July 2020, the FSC Mauritius and the Bank of Mauritius announced a joint investigation into a possible breach of regulatory requirements including AML/CFT regulations relating to a case of round-tripping from a Mauritius-registered entity in connection with the insolvency of German digital payment company Wirecard AG. For further details, please click [here](#).

On 27 July 2020, the FSC Mauritius released a notice of revocation of Global Business License of Neomenia Ltd. after it was found in breach of two of its licensing conditions and Sections 71(3)(a)(iii) and 71(3)(b)(i) of the Financial Services Act. For further details, please click [here](#).

Myanmar



A media search did not find any relevant articles for Myanmar during July.

Enforcement

Media search did not find any enforcements for Myanmar during July.

New Zealand



On 22 July 2020, the Financial Markets Authority (FMA) released the second part of its annual Investor Confidence Survey, which focused on the impacts of COVID-19. The survey showed more New Zealanders are now taking greater interest in their finances and investments, which is positive. For further details, please click [here](#).

On 27 July 2020, the FMA released an information sheet outlining its priorities over the next three to six months as New Zealand continues to respond to COVID-19. For further details, please click [here](#).

On 24 July 2020, the FMA published a report identifying key risks in the Derivatives Issuer (DI) sector and highlighted future focus areas to improve sector compliance. For further details, please click [here](#).

Enforcement

A media search did not find any enforcements for New Zealand during July.

Philippines



On 1 July 2020, the Securities and Exchange Commission (SEC) warned the public against individuals and groups engaged in unauthorized activities such as investment-taking in the guise of cryptocurrency trading and online selling. For further details, click [here](#).

On 1 July 2020, the Philippine Stock Exchange (PSEi) dropped 20.6% in the first half of the year. PSE President and CEO Ramos S. Monzon said “While the index may have recovered from oversold levels it has not been able to climb back to its pre COVID-19 levels indicating that investors are still quite wary about the full impact of the virus on the economy”. For further details, click [here](#).

On 9 July 2020, the SEC announced plans for a new investment vehicle to support corporations’ liquidity needs amidst the pandemic. This new regulatory framework for the development of a capital market where closed-end investment companies primarily invest in corporate debt papers of large and medium enterprises as part of its efforts to cushion the economic fallout of COVID-19. For further details, click [here](#).

Enforcement

A media search did not find any enforcement news for Philippines during July.

Russia



On 2 July 2020, a loan repayment law (No. 106-FZ) was passed as a relief measure aimed at helping people and enabling borrowers whose incomes fell more than 30% to defer their loan repayments. The regulator leaves open the chance of a borrower failing to confirm their income reduction of 30% within this timeframe (e.g., through a calculation mistake when applying for holidays). The Bank of Russia believes that responsible borrowers should be saved the painful consequences of this should they fail to provide documentary evidence of their right to holidays. For further details, please click [here](#).

On 9 July 2020, Domestic investors actively replace non-residents in the Federal loan bonds (OFZ) market in May-June. The volumes of local investors' investment in the OFZ market in May-June grew faster than those of non-residents. This resulted in the shrinkage of non-residents' share in accounts of foreign depositories in the National settlement depository (NSD) to 29.6%, according to the latest issue of the Financial Market Risks Review. For further details, please click [here](#).

On 9 July 2020, the Bank of Russia recognised the quality of the financial benchmark family RUSFAR (Russian Secured Funding Average Rate) and the functioning of Moscow Exchange as their administrator as satisfactory. The regulator lays down requirements for financial benchmarks based on the IOSCO Principles for Financial Benchmarks (IOSCO is the International Organization of Securities Commissions). For further details, please click [here](#).

On 21 July 2020, the draft law on digital financial assets was approved. Digital financial assets (DFAs) will be allowed to be issued by any legal entities (profit and non-profit organisations) and individual entrepreneurs, regardless of their residency, and to be purchased by anyone who wishes to. For further details, please click [here](#).

On 29 July 2020, Bank of Russia to set up Expert Council to protect retail investors. The main tasks of the Council will be to prepare recommendations for market participants to protect retail investors and make proposals for the development of regulation in retail investing. For further details, please click [here](#).

Enforcement

A media search did not find any enforcement news for Russia during July.

Singapore



On 9 July 2020, the MAS announced "Singapore - Pushing the ILS Frontier in ASIA" during the Welcome Speech by Mr Benny Chey, Assistant Managing Director of the MAS at the 6th Edition of the Artemis Insurance Linked Securities Asia Conference. For further details, please click [here](#).

On 21 July 2020, the SGX RegCo and Nasdaq extended their partnership by entering into an agreement to cooperate on regulatory matters and to build on the existing collaboration to help companies access capital markets funding in both jurisdictions. For further details, please click [here](#).

Enforcement

On 22 July 2020, the MAS imposed a composition penalty of \$1,100,000 on Asiatic Trust Singapore Pte Ltd for its failure to comply with MAS' Anti-Money Laundering and Countering the Financing of Terrorism requirements. For further details, please click [here](#).

On 28 July 2020, the MAS revoked the Capital Markets Services licence of Apical Asset Management Pte. Ltd., for serious breaches of MAS' Anti-Money Laundering/Countering Financing of Terrorism requirements. For further details, please click [here](#).

Sri Lanka



On 1 July 2020, the SEC Sri Lanka approved and released new admission requirements for listing on the Colombo Stock Exchange, targeted towards those corporations with insubstantial assets but substantial cash flow and revenue, such as SMEs and startups. For further details, please click [here](#).

On 7 July 2020, the Central Bank of Sri Lanka released a statement that it has started to develop a blockchain technology-based KYC proof of concept. For further details, please click [here](#).

Enforcement

On 13 July 2020, the Central Bank of Sri Lanka suspended the businesses of ETI Finance Ltd. and Swarnamahal Financial Services PLC due to insolvency. For further details, please click [here](#).

Taiwan



On 9 July 2020, the FSC published a consultation paper according to the Regulations Governing Securities Firms. The proposed amendment is to regulate the distribution of surplus or making up losses for securities firms shall be handled in accordance with the financial statements verified by accountants. For further details, please click [here](#). (Chinese only)

On 9 July 2020, the FSC published a consultation paper according to the Directions Governing the Acquisition of Treasury Stock by Exchange-listed and OTC-listed Financial Institutions. It is proposed that the transfer (replacement) period for financial institutions to buy back company shares for transfer to employees and for equity conversion is extended from 3 years to 5 years. For further details, please click [here](#). (Chinese only)

On 21 July 2020, the FSC published a consultation paper regarding the Regulations Governing Approval of Certified Public Accountants to Audit and Attest to the Financial Reports of Public Companies. The proposed amendments strengthen accountant work experience and further study requirements, the number of yearly training hours has been increased from at least 20 hours to 40 hours. For further details, please click [here](#). (Chinese only)

On 28 July 2020, the FSC announced that the amendments made to the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises will be published and coming into effect soon. The upcoming amendments will restrict Compliance Managers of insurance firms from holding other positions except those will not raise the concerns of conflicts of interest such as AML and CFT Managers. For further details, please click [here](#). (Chinese only)

Enforcement

On 7 July 2020, Nan Shan Life Insurance Company, Ltd. was fined NTD \$1 million for breaking Article 168 of the Insurance Act. The company failed to meet the requirement of investments in real estate by an insurance enterprise which is limited to real estate that can be used immediately and from which benefit may be derived. For further details, please click [here](#). (Chinese only)

On 7 July 2020, Chang Hwa Commercial Bank, Ltd. was fined NTD \$12 million for breaking Article 129 of the Banking Act. The company failed to establish and diligently conduct its internal control and audit systems. For further details, please click [here](#). (Chinese only)

On 7 July 2020, Farglory Life Insurance Inc. was fined NTD \$1.2 million for breaking Article 171 of the Insurance Act. The company failed to complete its KYC procedures and confirm its clients' source of fund. For further details, please click [here](#). (Chinese only)

Thailand



On 3 July 2020, the SEC issued its proposed draft guidelines for amending the Provident Fund Act B.E. 2530 (1987) in accordance with the SEC Board's resolution to enhance the role of provident funds (PVD) as an efficient tool for supporting long-term, retirement savings, creating a mechanism for members to choose an investment policy suitable for their goals, and promoting adequate post-retirement income for Thai workforce in alignment with the draft National Pension Fund Act. For further details, please click [here](#).

On 7 July 2020, the Bank of Thailand (BOT) announced the outcome of the joint meeting between the MPC and the FIPC, to assess risks to Thailand's financial stability. The committees concluded that Thailand's financial stability remained sound overall, with commercial banks and insurance companies holding substantial capital buffers. Nevertheless, financial stability risks had risen due to the COVID-19 pandemic, which remained uncertain as to when the pandemic would end or how prolonged its economic and financial impact would be. For further details, please click [here](#).

On 8 July 2020, the SEC announced that it is seeking public comments on proposed amendments to the rules governing digital asset businesses to ensure supervision suitable for the industry developments and the current market environment in line with international standards, and to enhance supervision on important matters in line with the regulations governing securities businesses to protect investors' interest. For further details, please click [here](#).

On 8 July 2020, the Bank of Thailand released their Monetary Policy Report for June. The report, posted quarterly, includes details regarding inflation, policy rate cuts and the global economy. For further details, please click [here](#).

On 10 July 2020, the Capital Market Supervisory Board (CMSB) approved the regulations for establishing debt securities funds whose investment policy concentrates in non-investment grade (high yield bonds) as a relief measure for debt issuers facing liquidity issue during the COVID-19 pandemic. For further details, please click [here](#).

On 13 July 2020, the SEC announced that it is seeking public comments on the proposed regulations to accommodate cross-border fund offerings under the project for Mutual Recognition of Funds between Hong Kong Special Administrative Region of the People's Republic of China and Thailand (HK-TH MRF). The supervisory proposal aims to enhance international market connectivity in accordance with governmental policy and offer more investment alternatives for investors in both markets. For further details, please click [here](#).

On 14 July 2020, the SEC announced plans to organise an online discussion on the topic, "Regulatory Guillotine: a Next Step towards Stronger Global Competitiveness of the Thai Capital Market" to share experiences and perspectives on capital market regulatory reform with experts from the public and private sectors. For further details, please click [here](#).

On 16 July 2020, the SEC introduced the first Capital Market Digital Strategic Plan 2020 - 2022 to support and promote the development of innovations and utilisation of digital technology resulting in a digital market accessible for the public and all stakeholders, in alignment with the 20-Year National Strategy and the drive towards innovative digital economy for sustainable growth. For further details, please click [here](#).

On 21 July 2020, the SEC announced that it is seeking public comments on the proposed amendments to the regulation on the fee for undertaking business of derivatives exchange whereby the fee would be determined by the actual trading volume and the current fixed rate is maintained as the minimum rate. The proposed amendments aim to align the fee with the cost of supervising a derivatives exchange and in line with the changing capital market landscape. For further details, please click [here](#).

On 21 July 2020, the Bank of Thailand and the Regional Economic Bureau held a seminar regarding the sustainability for local businesses. The seminar was divided into 3 sessions, the first was a discussion with the governor about the macroeconomic problems which have rose due to COVID-19. The second invited the President of the Research Institute for Development Thailand to share his views on COVID-19. The final phase included two experts in the business industry which concluded that the Pandemic was a catalyst for digital technology to play a bigger role in business. For further details, please click [here](#).

On 24 July 2020, the Bank of Thailand issued guidelines for the use of biometric technology to support the use of biometric technology in providing financial services, especially the use of facial recognition technology, which is a core technology currently used in the financial sector. For further details, please click [here](#). (Thai only)

Enforcement

On 15 July 2020, the SEC announced that it has penalised a former investment consultant named Ms. Supreeya Intasopa by prohibiting her from performing duties for any capital market business for 10 years on account of committing wrongful acts against an investor's assets. Ms. Supreeya was found to have used investor money for unit subscriptions and redemptions for her own benefit, causing the total damage of 6.95 million baht to the investor. At the time of the offense, Supreeya was working at Bangkok Bank Public Company Limited. For further details, please click [here](#).

Vietnam



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

Enforcement

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

Suggestions

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