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Welcome to our Regulatory Newsletter for August 2020

Executive Summary

In what is appearing as a recent trend, **Australia** is once again experiencing high levels of enforcement activity, with ASIC taking action against several prominent individuals on accounts of fraud, misappropriation of client funds, and failure to provide advice in the best interest of clients.

In **Mainland China**, AMAC revoked the license of 22 Chinese private fund institutions and 5 fund managers, and have imposed fines on two of the four “Big Four” banks – China Construction Bank and the Agricultural Bank of China.

Over in **Hong Kong**, the SFC is continuing to closely monitor the impact of the sanctions imposed by the US Government.

Lastly, **India** was confirmed as having the second-highest confirmed COVID-19 infections in the world having surpassed five million cases in August. SEBI has extended the regulatory measures in relation to COVID-19 to provide additional relief until 24 September 2020.

Australia



On 5 August 2020, ASIC released a consultation on a proposed product intervention order on the sale of add-on motor vehicle financial risk products. The consultation followed ASIC's earlier consultation, which sought to use product intervention power to introduce a deferred sales model for the sale of add-on insurance and warranties by car yard. ASIC is considering addressing significant consumer detriment in this market through the consultation. For more details, please click [here](#).

On 6 August 2020, ASIC published news that from 22 August 2020, operators of litigation funding schemes will need to hold an AFS licence and each litigation funding scheme will need to be registered. The changes do not apply to litigation funding schemes entered into before 22 August 2020. For more details, please click [here](#).

On 13 August 2020, APRA issued a consultation to authorized deposit taking institutions (ADIs) on capital measures and reporting requirements for loans impacted by COVID-19. APRA has also updated its banking COVID-19 frequently asked questions relating to the treatment of loans impacted by COVID-19. For more details, please click [here](#).

On 21 August 2020, ASIC restated that from 22 August 2020, operators of litigation funding schemes will be required to hold an Australian financial services (AFS) licence and litigation funding schemes will generally be subject to the managed investment scheme (MIS) regime. Additionally, ASIC issued a no-action position which is related to the obligation to set up and maintain a register of members of a registered litigation funding scheme. ASIC announced that it will consider applications for relief on a case-by-case basis. For more details, please click [here](#).

On 25 August 2020, ASIC published guidance on the Government's enhanced regulatory sandbox (ERS), which is a class waiver from licensing for certain financial services and credit activities. The waiver allows individuals and businesses to test new products without first requiring a license. The guidance supersedes the ASIC sandbox by providing a longer timeframe to assist businesses in understanding how the ERS works. The various forms required to access the ERS can be found in the link provided. For more details, please click [here](#).

On 26 August 2020, ASIC granted a relief to all responsible entities of registered managed investment schemes that have become "frozen funds". The relief will provide support to entities in order to enable withdrawals by investors suffering hardship, should they meet certain criteria. However, responsible entities will still be required to act in the best interests of their members. For more details, please click [here](#).

On 27 August 2020, ASIC granted regulatory relief to companies planning an initial public offer (IPO) by reducing red tape and thus costs. Included in the relief is the ability to enter into voluntary escrow arrangements, and to provide non-promotional material before having to lodge a disclosure document with ASIC. The relief will be provided issuers meet certain requirements and conditions to qualify for the relief. For more details, please click [here](#).

Enforcement

On 3 August 2020, ASIC published news that Steven Philip Heaton (Mr. Heaton) was charged with nine counts of fraud. ASIC alleges that Mr. Heaton dishonestly made false representations to investors for the benefit of companies where he sat as director, including obtaining a loan of \$117,500 from an investor for the company and inducing investors to invest a total of \$974,667 in the company. For more details, please click [here](#).

On 4 August 2020, ASIC published news that Graeme Walter Miller (Mr. Miller) was sentenced to six years' imprisonment for misappropriating \$1.865 million of client funds. As a financial adviser, Mr. Miller was charged with six counts of dishonest conduct by using the funds for his own benefit and to meet business expenses, including payments made to other clients as dividend payments. For more details, please click [here](#).

On 5 August 2020, ASIC published news that Pershing Securities Australia Pty Ltd (PSAPL) pleaded guilty to breaching client money obligations by transferring sales proceeds from trading in client account into PSAPL's own account and by failing to ensure the client money received was held in segregated client money trust accounts. PSAPL was sentenced to pay a fine of \$40,000. Notably, PSAPL is the first company in Australia to be convicted of criminal offences for breaching client money provisions. For more details, please click [here](#).

On 7 August 2020, ASIC published news that it has cancelled the Australian financial services (AFS) licence of Global Merces Funds Management Limited (Global Merces), effective from 20 July 2020. Global Merces entry into liquidation was the justification of the cancellation. The liquidators may continue to conduct certain necessary activities, including transferring the funds managed to a new responsible entity, until 31 July 2022. For more details, please click [here](#).

On 10 August 2020, ASIC announced that it had banned Jeffery Leonard Gordon (Mr. Gordon), a Brisbane-based finance broker, from engaging in credit activities following his fraudulent behavior regarding a mortgage customer. It is reported that Mr. Gordon provided false home loan acceptance letters to clients when no applications had been made. Furthermore, Mr. Gordon failed to comply with his obligations under the National Credit Act. For more details, please click [here](#).

On 11 August 2020, ASIC commenced civil penalty action against GoGetta Equipment Funding Pty Ltd (GoGetta), which allegedly engaged in unlicensed credit activity. GoGetta is accused of contravening sections 29 and 32 of the National Credit Act due to its lack of license. ASIC noted that the maximum penalty for a single contravention of each of sections 29 and 32 of the National Credit Act was \$1.8 million for offences prior to 30 July 2015 and \$2.1 million for offences prior to 30 June 2017 respectively. For more details, please click [here](#).

On 17 August 2020, ASIC published news that Askk Investment Group Pty Ltd (ASKK) and the illegal unregistered managed investment scheme it operated were to be wound up. From October 2017, ASKK raised over \$10 million from over 270 investors in an unregistered managed investment scheme related to a single property investment. ASIC stated that ASKK's conduct put consumers at substantial risk with the illegal scheme. For more details, please click [here](#).

On 19 August 2020, ASIC applied urgent interim orders against NSW-based PW Kitt Co Pty Ltd and its sole director Larry John Dawson (the defendants). The interim order was due to the defendants having obtained almost \$7 million in Australian investor funds by cold-calling Australian consumers and through website. ASIC commenced this investigation as part of its response to the increase in financial scam activity arising during the COVID-19 pandemic, which was to take urgent action to protect consumers in the current environment. For more details, please click [here](#).

On 19 August 2020, ASIC cancelled or imposed conditions on the registration of several self-managed superannuation funds (SMSFs) auditors who had failed to maintain an appropriate level of audit experience. These SMSF auditors had not issued any SMSF audit reports over the past five years and thus, were not considered by ASIC to have the required practical experience. For more details, please click [here](#).

On 20 August 2020, ASIC commenced civil penalty proceedings against State Super Financial Services Australia Limited (StatePlus) for falsely promising to provide financial advice to at least 36,592 paying customers. This action contravened StatePlus' overarching obligations as an Australian financial services (AFS) license holder to act efficiently, honestly and fairly. ASIC is seeking for penalties to be applied by the Federal Court. The maximum civil penalty for contraventions alleged against StatePlus range between &1.7 million and \$2.1 million per contravention. For more details, please click [here](#).

On 20 August 2020, ASIC commenced civil penalty proceedings against BT Funds Management Limited (BT) and Asgard Capital Management Limited (Asgard). They are charged with making misleading representations in semi-annual or annual account statements regarding the charging of the adviser fees. Asgard reportedly fraudulently charged 404 customers for services that were not provided. ASIC stated that it was seeking penalties to discourage potential future offences. For more details, please click [here](#).

On 21 August 2020, ASIC commenced Federal Court proceedings against RI Advice Group Pty Ltd (RI) for failing to implement adequate policies, systems and resources to manage risk in respect of cybersecurity and cyber resilience. The proceedings come after a number of alleged cyber breaches at authorized representatives of RI were identified. For more details, please click [here](#).

On 25 August 2020, ASIC banned Francesco Antonio (Tony) Romano (Mr Romano) from providing financial services for five years as a result of failing to provide advice in the best interest of his clients. As a result, Mr Romano was found not to be sufficiently fit and proper to provide financial services. For more details, please click [here](#).

On 25 August 2020, ASIC published news that Sam Maxwell Henderson has pleaded guilty to making false representations that he had a Master of Commerce when he did not hold the qualification. The dishonest conduct could carry a maximum penalty of two years' imprisonment or a fine not exceeding 120 penalty units, or both. For more details, please click [here](#).

On 28 August 2020, ASIC published news that Ananda Kathiravelu pleaded guilty to market manipulation by carrying out transactions, directly or indirectly, to create or maintain an artificial price for Rader Iron Limited shares traded on the Australian Securities Exchange (ASX). For more details, please click [here](#).

On 28 August 2020, ASIC published news that Brett Andrew Gordon (Mr. Gordon) was charged with 10 counts of fraud to the total value of \$975,600. Mr. Gordon is alleged to have withdrawn a total of \$502,000 from 6 self-managed superannuation funds without authorization. Furthermore, Mr. Gordon misappropriated various other funds under his control at Diverse Capital Management Pty Ltd to pay personal debts and expenses totaling \$473,600. For more details, please click [here](#).

Cambodia



On 12 August 2020, The SECC announced that His Excellency SOU Socheat, the Director General of the SECC and his colleagues attended official listing ceremony of Pestech Plc on the Cambodian Securities Exchange. Pestech is the first subsidiary company of a Malaysian listed company to be listed on the Cambodian Securities Exchange. For more details, please click [here](#).

On 14 August 2020, The SECC announced His Excellency SOU Socheat, Director General of Securities and SECC chaired a virtual meeting with the Asia Development Bank team as part of the ASEAN+3 Bond Market Forum. The aim of the meeting was to develop further understanding of the intended Corporate Bond Market Implementation Guidelines and how these can be advanced. For more details, please click [here](#).

On 14 August 2020, The SECC released the derivative trading statistics for July 2020. For more details, please click [here](#).

On 14 August 2020, The SECC announced His Excellency Mr. Sok Dara, Deputy Director General of SECC attended virtual meeting as part of the ASEAN Capital Market Forums framework to discuss the proposed ASEAN Sustainable Fund Standards. For more details, please click [here](#).

Enforcement

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



Mainland China

On 5 August 2020, CBIRC released a three-year plan from 2020 to 2022 for the purpose of promoting high-quality development of the property insurance industry. CBIRC aims to expand the opening-up of the sector and accelerate the development of reinsurance market by 2022. The plan is also targeting transferring 80% of major insurance business online by 2022. For more details, please click [here](#) (Chinese only).

On 6 August 2020, SAC issues the 'Code of Professional Ethics for Securities Practitioners' to set out nine general principles to be abided by Chinese securities practitioners which includes "Compliance", "Diligence", 'Honesty and Professional', 'Prudent Risk Management' and 'Fairness, Integrity and Self-Discipline'. For more details, please click [here](#) (Chinese only).

On 7 August 2020, CSRC issued the 'Guidance on Publicly Offered Infrastructure Securities Investment Fund (for trial implementation)' to define the requirements for fund investment restriction, connected transaction management, loan arrangement, offer for subscription and information disclosure. The Guidance explicitly stipulates that publicly offered infrastructure securities investment fund is a closed-end mutual fund which invests more than 80% of the fund assets in infrastructure asset-backed securities. Fund managers should operate and manage the infrastructure projects for obtaining a stable level of cash flow. For more details, please click [here](#) (Chinese only).

On 8 August 2020, in response to a media question regarding the US Department of the Treasury published a report that requires US-listed Chinese companies to comply with US audit standards by 1 Jan 2022, CSRC said recently it sent an updated proposal to U.S. Public Company Accounting Oversight Board for joint inspections on US-listed Chinese companies and addressing the most recent concerns raised by the US side. For more details, please click [here](#).

On 14 August 2020, CSRC issued a consultation of 'Provisions on the Administration of Securities Companies to Rent Third-Party Platforms for Carrying Out Securities Activities' to define the scope of responsibilities of securities firms and stipulate that securities companies must enhance their internal control by setting out a business plan for information technology governance committee's review. Securities companies are the main body responsible for conducting securities activities and third-party platforms should not seek to intervene. For more details, please click [here](#) (Chinese only).

On 21 August 2020, CSRC issued a consultation of 'Implementing Measures for Order of Repurchase of Fraudulently Issued and Listed Shares (for Trial Implementation)'. Under the draft Measures, CSRC could order issuers or their controlling shareholders that have been found concealing any material facts or fabricating any major fraudulent contents in offering documents to buy back the issued shares. The repurchase should be at the market price. If the price is higher than the current level, issuers or controlling shareholders may buy back the stocks at the buy-in price. For more details, please click [here](#) (Chinese only).

On 28 August 2020, CSRC issued the 'Measures for the Supervision and Administration of the Publicly Offered Securities Investment Funds Distributors' and its supporting rules to define the regulatory landscape for fund distribution, all of which will take effect from 1 October 2020. The requirements of granting a license for fund distribution are tightened. When financial institutions engage in fund distribution activities, they must file a registration with CSRC local office. The Measures consolidated the registration requirements for financial institutions and introduced a fund distribution license renewal system. For more details, please click [here](#) (Chinese only).

On 28 August 2020, CSRC approved two Hong Kong-Shenzhen ETFs under the cross-listing arrangement. Each of the ETF will invest at least 90% of its assets in a Hong Kong-listed ETF through the QDII status. The ETFs will track the Hang Seng China Enterprise Index and the S&P New China Sectors (A-shares Capped) Index. For more details, please click [here](#) (Chinese only).

Enforcement

On 7 August 2020, AMAC officially revoked the license of 22 Chinese private fund institutions as the fund managers of these institutions failed to submit 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 more details, please click [here](#) (Chinese only).

On 21 August 2020, AMAC officially revoked the registration of 5 fund managers as they failed to comply with the ongoing requirements for fund managers. Such record will be archived in the Integrity File Database for Securities and Futures Markets. For more details, please click [here](#) (Chinese only).

On 28 August 2020, CBIRC announced that recently they had imposed a fine of RMB53 million on Agricultural Bank of China for return of discount funds to the drawer of bank acceptance drafts and a fine of RMB 39 million on China Construction Bank for failure to separate wealth management business from other banking operations. Further, one of the responsible officers of CCB has been banned from entering the banking sector for life. For more details, please click [here](#) (Chinese only).

Hong Kong



On 8 August 2020, the SFC announced that it was monitoring the impact of the US Government sanctions. The only comment provided was that the SFC expected financial intermediaries to assess the risks they may be exposed to, and for them to act with fairly with the best interests of their customers in mind. For more information, please click [here](#).

On 11 August 2020, the SFC announced that it was closely monitoring the trading activity surrounding shares in Next Digital Limited (0282.HK) The SFC sought to remind investors to exercise extreme caution when investing in the shares of Next Digital Limited. For more details, please click [here](#).

On 20 August 2020, the SFC published its latest quarterly report. Key takings from the report include: the SFC stepping up its supervisory function and stress tests in response to Covid-19; consultations on changes to the Code on Real Estate Investment Trusts; on the possibility of a paperless securities market; and on enhancements to the over-the-counter derivatives licensing regime; and finally, the establishment of Hong Kong's Green and Sustainable Finance Cross-Agency Steering Group. The report then goes on to detail various statistics surrounding the SFC's activities over the quarter. For more details, please click [here](#).

On 25 August 2020, the SFC published the results from its latest Asset and Wealth Management Activities Survey. The SFC reported a 20% year-on-year increase in the assets under management (AUM) in Hong Kong to \$28,769 billion (US\$3,694 billion) as of 31 December 2019. The SFC reported rises in funds managed across Licensed Corporations, private banking and private wealth management institutions and trusts. The report went on to say that the market remained resilient despite the effects of Covid-19. For more details, please click [here](#).

On 28 August 2020, the SFC approved the listing of two ETFs under the Hong Kong and Mainland Exchange Traded Fund (ETF) cross-linking schemes on the Stock Exchange. The two ETFs will each be invested in an ETF approved by the China Securities Regulatory Commission and currently listed on the Shenzhen Stock Exchange. The implementation of ETF interlinking reflects a further deepening of cooperation between the capital markets in Hong Kong and Mainland China, affording investors greater investment opportunities. For more details, please click [here](#).

Enforcement

On 11 August 2020, the SFC issued restriction notices against Gary Cheng Securities Limited (GCSL) and Zhongcai Securities Limited (ZSL). They are suspected of committing market manipulation in the shares of a company listed on the Stock Exchange of Hong Kong Limited dating April 2020. The restriction notice prohibits them from disposing of or dealing with or entering into transactions with any assets/securities in any way without the SFC's prior written consent. For more details, please click [here](#).

On 12 August 2020, Mr Chan Yiu Ting, a former account executive of China Tonghai Securities Limited (CTSL), has been banned from re-entering the industry for 18 months for breaching the SFC's Code of Conduct. Mr Chan executed roughly 6,031 trades involving over \$573 million worth of shares without obtaining the client's prior written permission between April 2011 and June 2018. Furthermore, Mr Chan failed to comply with policies and procedures of CTSL in relation to discretionary accounts. For more details, please click [here](#).

On 13 August 2020, the SFC commenced criminal proceedings against five individuals for conspiring to carry out false trading in the shares of Ching Lee Holdings Limited ("Ching Lee"). It is alleged that the defendants conspired to create a false or misleading appearance of an active market in the shares. This falls contrary to sections 295 and 303 of the SFO and section 159A of the Crimes Ordinance. For more details, please click [here](#).

On 14 August 2020, China Gather Wealth Financial Company Limited (China Gather Wealth) and Power Securities Company Limited (Power Securities) had restriction notices placed against them by the SFC. They are suspected of committing misconduct and breaching their duties towards a listed company. As a result, they are prohibited from dealing with or processing certain assets held in the client accounts without the SFC's prior written consent. For more details, please click [here](#).

On 20 August 2020, the SFC executed a search warrant at an office premises in relation to an ongoing investigation of possible market manipulation of the shares of a Hong Kong-listed company. Subsequently, criminal proceedings have been set in motion against a Ms Zeng Lingxi for obstructing SFC employees in the course of the execution of the warrant. For more details, please click [here](#).

On 31 August 2020, a former investment advisor of UBS AG Hong Kong Branch (UBS), Ms Masy Lo Mee Chi (“Lo”), has been banned by the SFC for eight months from performing regulatory activities. An SFC investigation found that when Lo was handling the request of a trust’s settlor (Settlor) in July 2017, she attempted to mislead the trustee into believing that the Settlor had signed an amended request letter in connection with the purchase of a fund for the trust account. For more details, please click [here](#).

India



On 4 August 2020, SEBI issued a circular regarding the decentralization of work related to Registration of Portfolio Managers. It has been decided that the processing of registration applications for Portfolio Managers received on or after 05 August 2020, shall now be decentralized and delegated to the respective Regional Offices or Head Office based on the registered address of the applicant. Registration applications for Portfolio Managers will be processed by respective offices of SEBI and applicants should file all communications related to their registration applications for Portfolio Managers with the said office of SEBI. For more details, please click [here](#).

On 14 August 2020, SEBI announced that Shri G P Garg has taken charge as the Executive Director on 13 August 2020. Shri Garg was the Chief General Manager in SEBI before his promotion and he has handled several important assignments in SEBI since joining in January 1994. For more details, please click [here](#).

On 18 August 2020, The Reserve Bank of India (RBI) has invited comments on the draft framework for recognition of a Self-Regulatory Organisation (SRO) for Payment System Operators. The SRO would cover operators in all segments of payment systems and Operators expected to observe best practices on security, customer protection and competitiveness. For more details, please click [here](#).

On 26 August 2020, SEBI decided to continue the regulatory measures in regards of COVID-19 introduced on 20 March 2020 until 24 September 2020. For more details, please click [here](#).

Enforcement

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

Indonesia



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

Enforcement

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

Japan



On 7 August 2020, The FSA announced that 285 institutional investors have notified them of their intention to accept the revised Stewardship code. For more details, please click [here](#).

Enforcement

On 19 August 2020, The FSA announced that The Kanto Local Finance Bureau took an administrative action against FX PRIME by GMO Corporation, ordering the improvement of its business operations pursuant to the "Financial Instruments and Exchange Act." This administrative action is based on a recommendation from the SESC as a result of its on-site inspection. For more details, please click [here](#).

Korea



On 6 August 2020, the FSC designated the Korea Credit Information Services and the Financial Security Institute as data specializing institutions to perform the task of data convergence. The revised Credit Information Use and Protection Act was effective from 5th August and the financial authorities have additionally introduced guidelines for data anonymization and pseudonymization in order to encourage safety and security in data usage and convergence. For more details, please click [here](#).

On 11 August 2020, Vice Chairman Sohn Byungdoo presided over the 16th financial risk assessment meeting to review market conditions and monitor the progress in implementing the COVID-19 financial support. He discussed the financial relief programs for torrential rain victims, the recovery of the financial market of Korea, and the strengthening of financial inclusiveness by corporate debt programs. For more details, please click [here](#).

On 12 August 2020, FSC Chairman Eun Sung-soo met with heads of financial associations, and held talks on the progress of the COVID-19 emergency financial support, ways to promote big techs' entrance into the financial services industry while ensuring a framework of fair competition and the role of finance in the government's new deal initiative and the post-pandemic economy. For more details, please click [here](#).

On 13 August 2020, Vice Chairman Sohn Byungdoo presided over a kick-off meeting of the green finance task force, which will work to establish a monitoring system for financial risks stemming from climate change, boost investment in green industries and consider joining international groups working on green finance. For more details, please click [here](#).

On 19 August 2020, Vice Chairman Sohn Byungdoo presided over the 17th financial risk assessment meeting to review the latest market conditions and monitor the implementation of the COVID-19 financial support programs. He emphasized the importance of encouraging all financial institutions to support lending in order to maintain the recovery momentum. For more details, please click [here](#).

On 20 August 2020, the FSC announced recent progress in the operation of the financial regulatory sandbox. Through its sandbox program, regulatory improvements were made to eight specific areas. The FSC will continue to promote regulatory innovation through its sandbox program to facilitate a digital transformation and remove regulatory obstacles, including financial market monitoring. For more details, please click [here](#).

On 24 August 2020, Vice Chairman Sohn Byungdoo presided over the 18th financial risk assessment meeting to review market conditions in light of the COVID-19 financial support. He discusses preemptive responses to potential risks amid growing uncertainty, including the implementation of measures to curb speculative housing demand and the reform of regime of CD rates. For more details, please click [here](#).

On 26 August 2020, the FSC announced that the Online Investment-linked Finance Act will go into effect on August 27. The peer-to-peer lending specifies requirements in the Act for business registration, regulations on sales practices and measures for consumer protection. For more details, please click [here](#).

On 26 August 2020, the FSC announced its decision to extend some of the interim deregulatory measures introduced on April 17 in order to continue to support the financial sector amid a protracted pandemic situation, including lowering risk weights when calculating securities firms' net capital ratio for newly issued business loans. For more details, please click [here](#).

On 27 August 2020, the FSC announced the availability of loan maturity extensions and deferment of interest payments for SMEs and small merchants until March 31, 2021. The financial authorities and financial institutions discussed and agreed to extend the duration of the repayment support for six more months due to the pandemic situation. For more details, please click [here](#).

On 27 August 2020, FSC Chairman Eun Sung-soo met with the heads of the Korea Financial Investment Association and major securities firms. They discussed the current market situation, temporary ban on stock short sale, improving rules for retail investors and channeling liquidity to the real economy sectors. For more details, please click [here](#).

On 27 August 2020, the FSC announced its decision to extend the temporary ban on stock short sale to March 15, 2021, given market volatility amid concerns about COVID-19. The lifting of share buyback limits for listed companies will also be extended during such extension. For more details, please click [here](#).

Enforcement

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

Malaysia



On 12 August 2020, The Securities Commission Malaysia (SC) announced they have updated the Investor Alert List that contains the list of unauthorised websites, investment products, companies and individuals. For more details, please click [here](#).

On 12 August 2020, The SC announce they will temporarily increase the gearing limit for Malaysian real estate investment trusts from 50% to 60%. The increase is effective immediately until 31 December 2022. For more details, please click [here](#).

Enforcement

On 27 August 2020, The Kuala Lumpur Sessions Court have found former CEO of Transmile Group Bhd Gan Boon Aun guilty of furnishing misleading statements to Bursa Malaysia. This is an offence under the Securities Industries Act 1983. For more details, please click [Here](#)

Mauritius



On 14 August 2020, the FSC Mauritius released the Financial Services (Peer to Peer Lending) Rules 2020, as it seeks to improve the regulatory environment, support and execution of Peer to Peer (“P2P”) Lending. The move is targeted towards boosting the non-bank financial services sector. Additionally, the Financial Services (Consolidated Licensing and Fees) Rules have been amended. For more details, please click [here](#). For the full Rules, please click [here](#). For the Consolidated Licensing and Fees Rules, please click [here](#).

On 26 August 2020, the FSC Mauritius entered into a Memorandum of Cooperation with local AML/CFT Supervisors to facilitate policy formulation and exchange of information. Signatories of the memorandum include: the FSC Mauritius, the Attorney General’s Office, Bank of Mauritius, Financial intelligence Unit, Registrar of Companies, Gambling Regulatory Authority, Registrar of Associations, and Mauritius Institute of Professional Accountants. For more details, please click [here](#).

Enforcement

On 19 August 2020, the FSC Mauritius issued an investor alert about an entity called UI Group falsely claiming to be regulated by the FSC. For more details, please click [here](#).

On 24 August 2020, the Bank of Mauritius revoked Century Banking Corporation Ltd.’s Islamic Banking License after it failed to remedy several breaches of banking laws relating to capital requirement, internal control systems, record keeping obligations, and AML/CFT obligations.

Myanmar



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

Enforcement

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

New Zealand



A media search did not find any relevant articles for New Zealand during August.

Enforcement

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

Philippines



On 7 August 2020, the Securities and Exchange Commission (SEC) announced that they will be running an outreach program via Webinars. The program is aimed to enhance Responsible Officers and Directors of Covered Persons awareness and understanding of the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) obligations which fall under the Anti Money Laundering Act and the commissions AML/CFT Guidelines for SEC Covered Person. For more details, please click [here](#).

On 11 August 2020, the SFC issued a notice to announce that due to the COVID-19 quarantine situation they will be issuing an extension of deadlines and interim procedures for the submission of hard copies of Annual Financial Statements and General Information Sheet. Please refer to the article for full coverage, adjusted deadlines and the relevant filings. For more details, please click [here](#).

On 28 August 2020, the SEC updated their working arrangement and operating hours amid the COVID-19 pandemic. The public should take note on their latest release of Main Office, Satellite Offices and Extension Offices. In respect of general queries and concerns, please reach out to the announcement, relevant email addresses and department hotline for public assistance. For more details, please click [here](#).

Enforcement

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

Russia



On 28 August 2020, the Central Bank of Russia (CBR) implemented a new procedure for the approval of model terms, adopted by a financial market self-regulatory organisation, for repo and financial derivative contracts, and/or other types of contracts on securities, and/or FX, and/or precious metal transactions. Under the newly released procedures, applicants will now be able to complete their application electronically when they wish to begin interactions with self-regulatory bodies. For more information, please click [here](#).

Enforcement

On 18 August 2020, The Central Bank of Russia (CBR) announced that it had identified Routa Luxury Services Limited (a Cypriot registered company) as a market manipulator. It is alleged that the firm performed several cross-transactions between 30 November 2017 and 3 August 2018 with the aim of manipulating the market. The CBR is reported to have delivered a cease-and-desist order to Routa Luxury Services Limited. For more information, please click [here](#).

On 20 August 2020, The Central Bank of Russia (CBR) announced that it had identified STARBERRY Limited (a Cypriot registered company) as conducting market manipulation in the securities of PJSC FG FUTURE, PJSC Promsvyazbank, PJSC EUROPLAN and PJSC SAFMAR Financial Investments. It is alleged that STARBERRY Limited sold the securities to a market maker whilst also placing sell orders through an automated trading system with the aim of manipulating the market in those same securities. The CBR is reported to have delivered a cease-and-desist order to STARBERRY Limited. For more information, please click [here](#).

On 21 August 2020, The Central Bank of Russia (CBR) revoked the banking licence of Moscow-based Commercial Bank Slavyanski Credit Ltd. This decision was made following their voluntary liquidation of the bank. For more information, please click [here](#).

Singapore



On 6 Aug 2020, The SGX RegCo announced that it is in consultation with the market participants on changes to the Listing Rules with respect to enforcement actions. The purpose of the exercise is for the SGX RegCo to improve on its clarity when it comes to enforcement actions, along with achieving greater and swifter accountability in the securities market. One of the proposed changes is for all market participants to have in place a whistleblowing policy. For more details, please click [here](#).

On 12 Aug 2020, The SGX RegCo and the Israel Securities Authority, the national securities regulator, have agreed to increase cooperation in their efforts to provide protection for investors in issuers that are dual listed on SGX and Tel-Aviv Stock Exchange. It is thought that the increased cooperation will lead to greater capital raising opportunities for companies listed in both jurisdictions. For more details, please click [here](#).

On 28 August 2020, the MAS responded to queries on proposed merger of ESR REIT and Sabana REIT. The MAS clarified that their regulatory framework does not prohibit a shareholder group from owning substantial stakes in two REIT managers managing REITs invested in the same property class. The MAS also sought to provide reassurance that there were safeguards in place under the Securities and Futures Act to protect against potential conflicts of interest, including restrictions on board voting rights and requirements for independent trustees. For more details, please click [here](#).

Enforcement

On 19 August 2020, The MAS announced that it had issued prohibition orders against a former insurance agent and a former bank employee for fraud and dishonest conduct. Mr Aw was banned from providing financial advisory services, taking part in the management of a financial advisory firm, or carrying on business in the insurance industry for forging a receipt which he purported to have been issued by Prudential. In the other unrelated case, Mr Chew was banned from providing financial advisory services or conducting any other regulated activities for placing false orders for securities in three SGX-listed counters. Furthermore, as part of the same sentence, Mr Chew was handed down an 8-month prison sentence. For more details, please click [here](#).

Sri Lanka



On 1 August 2020, the SEC Sri Lanka released the Framework for Real Estate Investment Trusts (REITs) to provide access to Sri Lankan retail investors and general public to take advantage of the appreciation of property prices. Subsequently, it will be a formal requirement for 90% of the income of the REIT's to be distributed to unit holders. For more information, please click [here](#). For details on the full Framework, please click [here](#).

On 14 August 2020, the SEC Sri Lanka released a directive amending the qualification framework for Unit Trust managers. Among other requirements, any persons advising on unit trusts are required to complete Series 1, 5, 6, and 7 and have six months of relevant industry experience before being allowed to take the relevant examination. More details on this are unavailable due to an ongoing update of the SEC's website.

Enforcement

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

Taiwan



On 13 August 2020, the FSC published a consultation paper on the Regulations Governing Beneficiaries Meetings of Securities Investment Trust Fund. The proposed amendment will ensure the fairness and independence of electronic voting. Those who have the right to convene a beneficiary meeting may include electronic methods as one of the ways to exercise voting rights. It will be required that the method of exercising voting rights shall be stated in the meeting notice. For more details, please click [here](#). (Chinese only)

On 20 August 2020, the FSC published a consultation paper on the fit-and-proper assessment for the responsible persons of banks, financial holding companies, brokers and other financial institutions. It is proposed that a person's 10-year industry experience will be included as one of the requirements to be recognised as a responsible person. For more details, please click [here](#). (Chinese only)

On 25 August 2020, the FSC announced that the amendments made to the Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities and Directions for the Conduct of Wealth Management Business by Securities Firms will be published and are expected to come into effect soon. The upcoming amendments will require securities firms to meet certain qualifications before they can apply for operating financial services for high-net-worth individuals and the relevant application procedure will be updated. The range of financial services and products applicable to high-net-worth individual is broadened. For more details, please click [here](#). (Chinese only)

Enforcement

On 4 August 2020, Honesty Insurance Brokers Co., Ltd. was fined NTD \$1.2 million for breaching Article 167 of the Insurance Act. Due to a lack of internal control and audit system the Company failed to adopt appropriate policies and procedures to control risks for policyholders who continue to handle policy loan cases for a short period of time. For more details, please click [here](#). (Chinese only)

Thailand



On 5 August 2020, Mr. Titanun Mallikamas, Secretary of the Monetary Policy Committee (MPC), announced the committee had decided to maintain the policy rate at 0.50 percent. The Committee believe that the Thai economy will gradually recover as the COVID-19 situation improves. It is believed the extra accommodative monetary policy along with the fiscal, financial and credit measures announced will assist and support the recovery of the economy. For more details, please click [here](#).

On 6 August 2020, SEC amended the regulations on experimenting and developing innovations to support service provision related to the capital market (regulatory sandbox) to cover all activities in the capital market. The SEC is seeking to promote business operators' provision of innovative products and services to their customers, and to boost the development and efficiency of the domestic capital market. For more details, please click [here](#).

On 10 August 2020, SEC announced that it is seeking public comments on the proposed regulations for undertaking securities and derivatives businesses in the form of partnership. The purpose of this exercise is to create robust regulations that allow intermediaries to only take responsibility for the functions under their direct operation. For more details, please click [here](#).

On 14 August 2020, SEC announced that it is seeking public comments on the proposed amendments to the regulations on the supervision of staff in capital market business. The SEC is aiming to simplify redundant processes, reduce unnecessary human resources and facilitate effective management oversight of their personnel. For more details, please click [here](#).

On 20 August 2020, SEC announced that it is seeking public comments on the proposed amendments to the Securities and Exchange Act B.E. 2535 (1992) regarding the supervision of auditors and audit firms in the capital market. The purpose of the amendment is to enhance enforcement efficiency and protect market participants resulting in the enhanced credibility of the financial reporting system in Thailand. For more details, please click [here](#).

On 21 August 2020, SEC announced that it is seeking public comments on the proposed principles for amending the rules on subordinated perpetual bonds. The SEC is seeking to enhance investor protection by requiring all subordinated perpetual bonds to have an investment grade rating to ensure that retail and high net worth investors are protected from unrealised consequences. For more details, please click [here](#).

On 24 August 2020, SEC announced that it is seeking public comments on draft amendments to the regulations related to repurchase and reverse repurchase agreement. This would allow both securities companies and derivatives intermediaries to make repo/reverse repo transactions of listed securities and investment units with all types of investors. It aims to improve business's and investors' liquidity management abilities. For more details, please click [here](#).

On 27 August 2020, SEC held a quarterly meeting with all securities and derivatives business operators with the aim of reducing difficulties, increasing resilience and flexibility for the industry, and discussing future measure to support such lines of business. At the meeting, the SEC announced the launch of the 'One-Stop-Service Center' to improve its ability to provide advice and facilitate cooperation between intermediaries. For more details, please click [here](#).

Enforcement

On 3 August 2020, Mr. Sorrapon Poolsukkho had his approval to work as an investment consultant revoked by the SEC for failing to deliver the unit-linked life insurance premium of a client to the relevant life insurance company. Instead Mr. Poolsukkho used the premium money for his own benefit, resulting in the client's life insurance policy becoming ineffective. The SEC banned Mr. Poolsukkho from performing capital market business duties for five years. For more details, please click [here](#).

On 7 August 2020, SEC penalized Mr. Nattapong Saelee a former investment consultant, by prohibiting him from performing capital market business duties for 7.5 years. Mr. Saelee is reported to have used an investors' money which was destined for a unit subscription for his own benefit whilst working at Bangkok Bank Public Company Limited, causing damages totalling 449,500 baht. For more details, please click [here](#).

On 18 August 2020, following an anonymous tip-off via Facebook, the SEC filed a criminal complaint against Mr. Artit Suntawanic with the Economic Crime Suppression Division (ECSD) for operating securities and derivatives businesses without license. Mr. Suntawanic was found to be providing investment advice and soliciting investments in securities through social media channels. For more details, please click [here](#).

Vietnam



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

Enforcement

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

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.