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Welcome to our Regulatory Newsletter for September 2020

Executive Summary

With the impact of COVID-19 bringing similar global events to the forefront in the financial sector, in **Malaysia**, a joint statement was issued by the Bank Negara Malaysia and Securities Commission Malaysia on "Accelerating climate action through the financial sector". The Joint Committee on Climate Change (JC3) is a platform established to pursue collaborative actions for building climate resilience within the Malaysia financial sector.

Over in **Hong Kong**, the SFC has introduced a new Facebook page. The SFC believe that the utilisation of the social media platform can assist with their campaign to warn the public of increasing investment scams on social media, and to further educate the public on how these scams operate and provide tips to avoid them.

Finally, in **Mainland China**, the CSRC, PBOC and SAFE announced their aim to further open up capital markets by jointly issuing the 'Administrative Measures of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investor (QFII) and Renminbi Qualified Foreign Institutional Investor (RQFII).' The measures will come into effect on 1 November 2020.



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Australia



On 22 September 2020, ASIC released its enforcement update for the period 1 January to 30 June 2020. The report covers the ongoing areas of focus, including a foreword from ASIC Deputy Chair Daniel Crennan QC discussing ASIC's enforcement progress in the first six months of 2020 including in relation to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry-related enforcement work. For more details, please click [here](#).

On 22 September 2020, ASIC informed fund managers to be "true to label" – that the fund managers must do more to ensure the name of their products are aligned with the underlying assets. ASIC identified two significant concerns. First is confusing and inappropriate products label. Second, redemption features not matching the liquidity of underlying asset. For more details, please click [here](#).

On 23 September 2020, ASIC extended the temporary relief for capital raisings and financial advice during the COVID-19. The capital raisings relief is targeted to help listed companies who are affected by the COVID-19 pandemic to raise capital. The financial advice relief aims to assist industry in providing consumers with affordable and timely advice during the COVID-19 pandemic. For more details, please click [here](#).

Enforcement

On 2 Sep 2020, ASIC published news that on 28 Aug 2020, Eric-John Larry Pryor (Mr. Pryor), former Get Approved Finance broker was charged with twelve offences including five counts of giving false and misleading information. The charges relate to four motor vehicle finance contracts brokered by Mr. Pryor between January 2013 and February 2013. For more details, please click [here](#).

On 2 Sep 2020, ASIC published news that Zhuo Wang (Mr. Wang), a mortgage broker was charged with three counts of knowingly making a false statement with ASIC in credit license annual compliance certificates lodged. For more details, please click [here](#).

On 3 Sep 2020, ASIC banned John Louis Anthony Bigatton (Mr. Bigatton), a former Australian National Representative of an online cryptocurrency platform known as BitConnect, from providing financial services for 7 years. It was found by ASIC that Mr. Bigatton provided unlicensed financial product advice, which was misleading investors. Mr Bigatton is not a fit and proper person nor is he adequately trained to provide financial services. For more details, please click [here](#).

On 4 Sep 2020, ASIC commenced civil penalty proceedings against Dixon Advisory and Superannuation Services Limited (Dixon Advisory) and its subsidiary, Evan Dixon Limited (Evan Dixon) for conflict of interest, failing to act in clients' best interest and providing inappropriate investment advice to clients. For more details, please click [here](#).

On 11 Sep 2020, ASIC published news that Michael Ming Jinn Ho (Mr. Ho) pledged guilty to five counts of insider trading and one count of communicating inside information in relation to Big Un Limited shares; and has been sentenced in the Sydney Downing Centre District Court to 3 years imprisonment. For more details, please click [here](#).

On 14 Sep 2020. The Federal Court of Australia made order to two NAB superannuation companies to pay \$57.5 mil AUD penalty for breaching the ASIC Act for misleading and deceptive conduct and by making false or misleading representations between 08 September 2012 to 30 September 2018. NULIS Nominees (Australia) Limited (NULIS) and MLC Nominee Pty Ltd (MLC Nominees) were found by the Court to have failed in ensuring their financial services were provided efficiently, honestly and fairly. For more detail, please click [here](#).

On 14 Sep 2020, ASIC commenced civil penalty proceedings against current and former directors of Linchpin Capital Group Ltd (Linchpin) and Endeavour Securities (Australia) Ltd (Endeavour) for breaching their duties as officers of a responsible entity of a registered managed investment scheme. ASIC found that the defendants failed to act in the best interests of their investors and also, two of the defendants made improper use of their positions as officers of Endeavour to gain a financial advantage for themselves. For more detail, please click [here](#).

On 23 September 2020, ASIC published news that Zinan Ou (Mr. Ou), the former director of A-One Metal Services Pty Ltd, was charged with making a false or misleading statement in a document lodged with ASIC. The breach of the Corporations Act carries a maximum penalty of 5 years imprisonment. For more details, please click [here](#).

On 28 September 2020, ASIC published news that Avrohom Mordechai Kimelman and Don George Evans (Mr. Evans), the former directors of Quantum Resources Ltd (Quantum), were charged with market manipulation. Mr. Evans has also been charged with six counts of procuring the acquisition of a total of 1,500,000 Quantum share while in possession of inside information and three counts of communicating inside information relating to Quantum to others. For more details, please click [here](#).

On 30 September 2020, ASIC has banned David Moore (Mr. Moore), the former broker and executive manager of BGC Securities (Australia) Pty Limited, from providing financial services for ten years. ASIC found that Mr. Moore breached a contractual agreement between BGC and a referring broker. The ASIC also further found that transactions in corporate bonds that Mr. Moore conducted for his clients were misleading or deceptive and he attempted to conceal this misconduct. For more details, please click [here](#).

Cambodia



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

Enforcement

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

Mainland China



On 2 September 2020, PBOC, CSRC and SAFE jointly issued a consultation on 'Issues Concerning Foreign Institutional Investor's Investment in the Chinese Bond Market' to solicit public comments until 1 Oct 2020. The consultation mainly set out market access requirements and custody and settlement arrangements to standardise market entry and encourage foreign investment into the Chinese bond market. Foreign institutions may trade bond derivatives and ETFs in Chinese bond market, and those currently with access to the interbank market may also trade bonds on exchanges via Stock Connect. For more details, please click [here](#) (Chinese only) & [here](#).

On 7 September 2020, the China Banking Association issued the 'Code of Conduct for Banking Practitioners' to outline the professional ethics and code of conduct, and explicitly stipulate that banking practitioners are expected to comply with the practices and standards, protect the rights and interests of clients and safeguard national financial security. For more details, please click [here](#) (Chinese only).

On 9 September 2020, CBIRC released a 'Notice on the Investment of Insurance Funds in Debt-to-equity Swaps Investment Plan' and announced that investment companies may set up investment plans with debt-to-equity swaps as underlying assets. Market-oriented debt-to-equity swaps should account for at least 60% of net assets in the investment plan. For more details, please click [here](#) (Chinese only).

On 11 September 2020, CSRC issued a consultation for 'Several Provisions on Strengthening the Regulation of Private Investment Fund' to solicit public comments until 10 Oct 2020. The draft provisions mainly stipulate the business scope and limitation on the naming of private fund managers, as well as setting out a negative list for practice of private fund managers. For more details, please click [here](#) (Chinese only).

On 11 September 2020, CBIRC issued three supporting rules of 'Interim Measures of Administration of Insurance Asset Management Products' to further regulate the development of insurance asset management products. The supporting rules are: (i) Implementation Rules of Portfolio Insurance Asset Management Products, (ii) Implementation Rules of Debt Investment Schemes and (iii) Implementation Rules of Equity Investment Schemes. Insurance asset management firms will no longer need to apply for administrative permits on issuing the first portfolio product, instead they just need to register with trading platforms approved by CBIRC. For more details, please click [here](#) (Chinese only).

On 13 September 2020, the State of Council announced the 'Decisions on Implementing Administration of Access of Financial Holding Companies' to clarify the conditions and requirements for the registration of financial holding companies in China. Non-financial enterprises that control two or more financial sector businesses should file a registration with PBOC to operate financial holding companies. Applicants must have at least RMB 5 billion in paid-up registered capital and that should account for at least 50% of the combined registered capital of their controlled financial entities, and fulfil certain requirements in order to be licensed as a financial holding company. For more details, please click [here](#) (Chinese only).

On 13 September 2020, PBOC issued the 'Pilot Measures for Supervision and Regulation of Financial Holding Companies' to further refine the rules on supervision of qualifications of shareholders, requirements of corporate governance, capital replenishment and risk management under the State Council's Decisions. It also creates a regulatory mechanism for financial holding groups, who must attain a certain capital adequacy level. For more details, please click [here](#) (Chinese only).

On 16 September 2020, CBIRC issued the 'Administrative Measures for Financial Services in Response to Emergencies of Banking and Insurance Institutions' to clarify the definition of emergencies, the general principles of response and the organization and management system arrangements. The Measures will only applicable to natural disasters, accidents, public health incidents and social security incidents. It calls for insurance companies to develop targeted insurance products based on demand caused by emergencies and expand the provision of disaster insurance. For more details, please click [here](#) (Chinese only).

On 18 September 2020, CSRC announced that they have developed an online information disclosure platform for capital market, where investors may use the platform to search information publicly disclosed by IPO enterprises, securities companies, bond issuers, public fund management companies. For more details, please click [here](#) (Chinese only).

On 18 September 2020, CSRC issued a consultation of 'Administrative Measures for the Management of Securities Market Credit Rating' to solicit public comments until 18 Oct 2020. Credit rating institutions must fill an application with CSRC before commencing securities market credit rating business. The draft rules also set out qualification requirements on credit rating business and optimize the business rules for credit rating. For more details, please click [here](#) (Chinese only).

On 19 September 2020, the Ministry of Commerce published the 'Regulations on Unreliable Entity List' to establish an unreliable entity list system and a working mechanism. The working mechanism will be responsible for making decisions on whether to investigate the behaviour of relevant foreign entities based on several factors, including the degree of harm to China's sovereignty, security and development interests. For foreign entities included in the list of unreliable entities, they may be banned from import to and export from China. For more details, please click [here](#) (Chinese only).

On 21 September 2020, PBOC, along with SAFE, issued a consultation of 'Administrative Measures on Funds for Investment of China's Bond Market by Foreign Institutional Investor' to solicit public comments until 20 Oct 2020. The consultation stipulates the conditions and scope of income and expenditure for the specific account to be opened by a foreign institution for investment in China's bond market. Foreign institutions are allowed to choose the currency of outward and inward remittance of funds. For more details, please click [here](#) (Chinese only).

On 25 September 2020, CSRC, PBOC and SAFE jointly issued the 'Administrative Measures of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investor (QFII) and Renminbi Qualified Foreign Institutional Investor (RQFII)' to further open up capital markets. Requirements and regulations of QFII and RQFII will be unified and the threshold for entry will be reduced. Additionally, QFII and RQFII are allowed to invest in securities, private investment funds, financial futures, commodities futures and options listed on NEEQ system, as well as bond repo transactions and securities lending. The Measures will come into effect on 1 Nov 2020. For more details, please click [here](#).

On 30 September 2020, PBOC sign a Memorandum of Understanding with Bank Indonesia on the cooperation to promote the settlement of current account transactions and direct investment in local currencies. For more details, please click [here](#).

Enforcement

On 4 September 2020, CBIRC imposed a total fine of RMB 320 million to five financial institutions, in which China Minsheng Bank was fined RMB 107.8 million for illegally providing financing to property developers for land acquisitions, China Zheshang Bank was fined RMB 101.2 million for selling off-balance-sheet wealth management products, while China Guangfa Bank was fined RMB 92.8 million for issuing wealth management products to unqualified individual investors to invest in equity assets. One of the relevant staff of Hua Xia Bank was banned from re-entering the banking industry for life as their internal control rules are inadequate. For more details, please click [here](#) (Chinese only).

On 11 September 2020, CSRC decided to transfer the Zoneco Group Co Ltd to the public security organs for criminal responsibility as per the "Regulations on the Transfer of Suspected Criminal Cases by Administrative Law Enforcement Organs". Zoneco Group previously was fined and punished by CSRC in June this year due to accounting fraud. For more details, please click [here](#) (Chinese only).

Hong Kong



On 2 September 2020, SFC has released the consultation conclusions on enhancements to the open-ended fund companies (OFC) regime. This includes the removal of all investment restrictions for and the expansion of the custodian eligibility requirements for private OFCs. SFC introduces re-domiciliation of overseas corporate funds to Hong Kong where upon re-domiciliation, an OFC may enjoy profits tax exemption subjected to meeting certain requirements. The changes will take place with immediate effect upon the publication of the revised Code on Open-ended Fund Companies (OFC Code). There will also be a six-month transition period for existing private OFC custodians to adapt and meet the new requirements. At the same time, SFC is further consulting on the customer due diligence requirements for OFCs to better align them with the practices adopted by different investment vehicles for funds in Hong Kong. For more details, please click [here](#).

On 11 September 2020, SFC has released the circular that the amendments to the Code on Open-ended Fund companies (OFC Code) is effective today. This includes the updated information checklists, template of instrument of incorporation for umbrella private OFC and an updated Frequently Asked Questions relating to Open-ended Fund Companies. For more details, please click [here](#).

On 11 September 2020, SFC has responded to the numerous enquiries it has received in relation to suspected conspiracy to defraud, money laundering and potential false trading of Next Digital shares. Due to the nature of the activity involved, SFC considers that it is best for the public interest to clarify its position and stated that both the SFC and the police have fully dedicated to work and cooperate to perform their regulatory and enforcement functions effectively in relation to crimes or illicit activities relation to the industry. For more details, please click [here](#).

On 16 September. The SFC had commenced disciplinary proceedings against Ms Ngai Lai Ha (Ngai), the chairperson of International Housewares Retail Company Limited (the Company) over a breach of the Code on Takeovers and Mergers. It was reported that over the period from March to May 2019, Ngai had triggered an obligation to make a mandatory general offer on 13 separate instances and Ngai had not made such offer and has breached the code in doing so. For more details, please click [here](#).

On 18 September 2020, SFC has launched a three-month consultation on proposals to amend its anti-money laundering and counter-financing of terrorism (AML/CFT) guidelines. The proposed amendments include facilitating the adoption of risk-based approach of AML/CFT measures carried out by securities' industry and mitigating risk associated with cross-border correspondent relationships. This assist to address the issues being raised out in the latest Mutual Evaluation Report of Hong Kong. For more details, please click [here](#).

On 24 September, The SFC had introduced a new Facebook page with a campaign to warn public on the increasing investment scams on social media. It further educates the public via the latest Enforcement Reporter explaining how the scam operates and tips to avoid them. SFC highly urged investors to be wary of any potential "inside information" or tips online, especially when strangers on social media are promoting small cap or less liquid stocks. For more details, please click [here](#).

On 28 September 2020, The SFC and Insurance Authority (IA) announced that they have entered a new Memorandum of Understanding (MoU). The joint effort and sharing of information will greatly improve the effectiveness for both organisations in discharging their regulatory responsibilities as well as facilitating the oversight of entities or financial institutions of regulatory interest to both SFC and IA. For more details, please click [here](#).

Enforcement

On 3 September 2020, The SFC issued a restriction notice to Shenwan Hongyuan Securities (H.K.) Limited (Shenwan Hongyuan), a type 1 licensed firm, as a result of an investigation into its involvement in market manipulation of a HKEx listed stock. This restriction notice prohibits Shenwan Hongyuan from dealing with or processing without the SFC's permission, certain assets held in the four trading accounts related to the suspected market manipulation. For more details, please click [here](#).

On 3 September 2020, Mr Lau Tin Yau was convicted for failing to disclose to the SFC in his license application that he was under investigation by other regulatory or criminal investigation bodies. Following the submission of Mr Lau's annual return, it transpired that he had in fact been charged with a criminal offence and that he was under further regulatory investigation for the incident. The Eastern Magistrates' Court handed down a fine of HK\$36,000 and ordered Mr Lau to pay the SFC's investigation costs. For more details, please click [here](#).

On 14 September 2020, Mr Ke Wen Hua, a retail trader, was found guilty by the Eastern Magistrates' Court of false trading in the shares of Carry Wealth Holdings Limited (Carry Wealth) following an investigation by the SFC. Mr Ke plead guilty to the offence and was ordered to pay a fine of HK\$30,000. It is stated that Mr Ke used 6 securities accounts under his control to artificially inflate the trading volume of the aforementioned shares to 3000 times the daily trading volume and therefore increase their price by 50%. This allowed Mr Ke to offload his position in Carry Wealth for a smaller loss than he would have otherwise realised. For more details, please click [here](#).

On 17 September 2020, the SFC announced that it had reprimanded The Bank of East Asia, Limited (BEA) for failing to segregate client securities. In addition to the reprimand, the SFC also handed down a fine of HK\$4.2 million to BEA. The breach, initially referred to the SFC by the HKMA, related to BEA's failure to segregate client securities from proprietary securities in accounts held with two external custodians, the Central Clearing and Settlement System and Sumitomo Mitsui Banking Corporation, Tokyo, between 1 April 2003 and 15 December 2016. Despite having identified the client securities on its internal electronic accounting records, BEA failed to safe-keep the securities in a designated segregated client account and thus breached regulatory requirements. For more details, please click [here](#).

On 21 September 2020, Mr Mung Wai Sun, a former licensed representative of Ewarton Securities Limited (Ewarton) (licensed for Dealing in Securities), was suspended by the SFC for nine months from 18 September 2020 to 17 June 2021. Following an investigation, the SFC found that Mr Mung had been conducting transactions in a client's account without prior written authorisation between May 2017 and March 2018. Furthermore, Mr Mung was found to have prioritised his own personal transactions over those belonging to his client on 542 transactions over the same period, resulting in a profitable outcome for Mr Mung on 133 of the instances. By placing his personal order 30 seconds ahead of the client's order, Mr Mung was able to execute his orders at a more preferable price or at greater volume than compared to his client. For more details, please click [here](#).

On 29 September 2020, the SFC announced that it had reprimanded and fined China Everbright Securities (HK) Limited (CESL) HK\$2.5 million for pledging its clients' securities to banks without having the proper authorisations in place. CESL, who is licensed to conduct Type 1, Type 4, Type 6 and Type 9 regulated activities, realised in August 2018 that its clients' standing authorities expired on 31 March 2018. Following this realisation, CESL immediately self-reported to the SFC its failures to renew its clients' standing authority. After receiving the self-report from CESL, the SFC commenced an investigation to identify the full scope of the breach. During the inquest, it was claimed by CESL that the breach was due to administrative errors and confusion following an internal reorganization. The internal reorganization was a result of the amalgamation between CESL and Everbright Sun Hung Kai Group (EBS) which started late 2017. For more details, please click [here](#).

India



On 7 September 2020, the Reserve Bank of India (RBI) provided updates on the recommendations put forward by the Expert Committee on Resolution Framework for Covid-19 related Stress. For more details, please click [here](#).

On 18 September 2020, Securities and Exchange Board of India (SEBI) invited applications from eligible candidates to be enrolled as Securities Market Trainer (SMARTs) for enhancing education activities of SEBI. The program is expected to cover topics related to basics of securities markets, rights and responsibilities of investors, understanding the risks and rewards involved while investing in the market, grievance redressal mechanism, etc. For more details, please click [here](#).

On 21 September 2020, SEBI issued a press release after United Nations' Security Council Resolution updated its list of sanctioned individuals and entities, as per Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) / Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under. SEBI imposed sanctions, including asset/accounts freezing, denial of financial services etc., on 10 individuals and 1 entity for suspected links to terror organizations, ISIL (Da'esh) and/or Al-Qaida. For more details, please click [here](#).

On 21 September 2020, RBI released performance data of the private corporate section covering 2019-2020. Some of the highlights include decline of sales of manufacturing companies by 7.4 per cent from 14.8 per cent in the previous year and increase of sales growth in information technology (IT) and non-IT sectors to 8.4 per cent and 6.9 per cent, respectively in 2019-2020. For more details, please click [here](#).

On 23 September 2020, SEBI published a circular providing guidelines to Investment Advisors (IA) for ensuring compliance with Client Level Segregation of Advisory and Distribution Activities, Agreement between IA and the client, Fees, Qualification and certification requirement, Registration as Non Individual Investment Advisor, Maintenance of record, Audit, Risk profiling and suitability for non-individual clients & Display of details on website and in other communication channels. For more details, please click [here](#).

Enforcement

A media search did not find any relevant enforcements for India during September.

Indonesia



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

Enforcement

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

Japan



On 24 September 2020, The FSA published the agenda and handouts of the second meeting of the "Study Group on Impact Investment," which was held on September 3, 2020, co-hosted by the FSA and the National Advisory Board of the Global Steering Group for Impact Investment. The Study Group meets regularly to deepen the understanding of "impact investment" among capital market participants and government authorities. For more details, please click [here](#).

On 24 September 2020, The FSA announced that The FSA amended the Cabinet Office Order on Definitions under Article 2 of the Financial Instruments and Exchange Act on July 22 2020. This amended order introduced a scheme for foreign financial services providers, including asset management companies to be exempted from registration requirements by obtaining confirmation by the FSA, which enables them to conduct their business operations in Japan for a certain period of time when they have difficulty in continuing their financial instruments business in their home jurisdiction due to disaster or other reasons. For more details, please click [here](#).

Enforcement

On the 11 September 2020, The FSA announced that The FSA an order to impose an administrative penalty charge against FREESIA MACROSS CORPORATION for failing to disclose material corporate information in its securities reports. For more details, please click [here](#).

On 10 September 2020, The FSA announced that The FSA issued an order to impose an administrative penalty charge against Alphax Food System Co.,LTD for making false statements in its securities reports. For more details, please click [here](#).

On 10 September 2020, The FSA announced that The FAS issued an order to impose an administrative penalty charge against GLOME Holdings, Inc. for making false statements in its securities reports. For more details, please click [here](#).

On 10 September 2020, The FSA announced that The FSA issued an order to impose an administrative penalty charge against Nice Corporation for making false statements in its securities reports. For more details, please click [here](#).

On 17 September 2020, The FSA announced that The Hokkaido Local Finance Bureau took an administrative action against LIFEAID SSI Co., Ltd., ordering the suspension of the entity's entire business operations, from October 12, 2020, to April 11, 2021, and the improvement of its business operations pursuant to the "Insurance Business Act." This administrative action is based on the findings from the FSA's on-site inspection and subsequent mandatory report filed by LIFEAID SSI Co., Ltd. For more details, please click [here](#).

On 18 September 2020, The FSA announced that The Kanto Local Finance Bureau took an administrative action against Saxo Bank Securities Ltd., ordering the improvement of its business operations pursuant to the "Financial Instruments and Exchange Act" and the "Act on the Protection of Personal Information." For more details, please click [here](#).

Korea



On 1 September 2020, Vice Chairman Sohn Byungdoo presided over the 19th financial risk assessment meeting. In an effort to provide further financial support to the economy, the government decided to extend the period of (i) the deferment of principal and interest payments on loans, (ii) elements of the temporary deregulatory measures and (iii) the ongoing ban on stock short sale. Due to the continued resurgence of COVID-19, the financial industry was encouraged to continue to provide lending support for businesses and households. For more details, please click [here](#).

On 3 September 2020, the government announced its plans to create a 'Korean New Deal fund' (fund) worth KRW 160 billion to promote private sector investment in various prescribed projects. The fund, which is designed with the aim of reshaping the future of the Korean economy, has 3 key 'pillars': (i) public sector led funding for new projects, (ii) incentivise the expansion of private funds that invest in the projects through tax incentives and fiscal support, and (iii) encouraging private sector funds to identify projects where cooperation could take place. New Deal Projects are expected to involve focus predominantly on green energy and technological advancements. For more details, please click [here](#).

On 8 September 2020, Vice Chairman Sohn Byungdoo presided over the 20th financial risk assessment meeting. During the meeting, Financial Institutions were encouraged to review their business continuity plans and digital security to ensure the operation of key functions is not affected by the global Pandemic. In addition to providing short term relief, the Government announced that it would be monitoring speculative areas of the financial industry such as household debt lending to prevent overheating. For more details, please click [here](#).

On 10 September 2020, The FSC launched a public-private joint consultative body on digital finance. Composed of relevant, prominent figures across the financial services and tech industries as well as labour unions, the body's objective is to guide the two industries to create a safe, fair, and competitive industry as the financial sector undergoes digital transformation. For more details, please click [here](#).

On 16 September 2020, the FSC announced that Financial Intermediaries would now be able to make integrated disclosures through its website. Firms will now be able to make disclosures through the system on their management status, internal controls, governance structure, capital adequacy and another 4 specific areas through a group-wide integrated disclosure format. This new system was made available on at the end of September for use. For more details, please click [here](#).

On 18 September 2020, the government introduced a bill to increase the penalties afforded to those who make 'undue profits from unfair trading practices'. The bill seeks to make amendments to the Financial Investment Services and Capital Markets Act at the National Assembly. The revision will introduce fines of up to twice the profit gained from any unfair trading activities. Should double the profit be an inappropriate penalty, a fine of up to KRW5 billion may be imposed. For more details, please click [here](#).

Enforcement

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

Malaysia



On 15 September 2020, The Securities Commission Malaysia (SC) concluded its annual Industry Dialogue 2020, which involved 60 industry leaders from various market segments in the capital market. A broad spectrum of issues were discussed including accelerating digitisation adoption, promoting Sustainable and Responsible Investment (SRI) and addressing scams and unlicensed activities. For more details, please click [here](#).

On 15 September 2020, a Joint Statement was issued by the Bank Negara Malaysia and Securities Commission Malaysia on "Accelerating climate action through the financial sector". The Joint Committee on Climate Change (JC3) is a platform established to pursue collaborative actions for building climate resilience within the Malaysia financial sector. At its 3rd meeting held on 14 September 2020, the members affirmed the importance of climate change management given the current COVID-19 pandemic has highlighted the far-reaching impact of similar global events, with demand and supply shocks spreading across borders. For more details, please click [here](#).

On 21 September 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](#).

Enforcement

On 15 September 2020, The Court of Appeal of Malaysia affirmed the 2017 Sessions Court conviction of former Executive Chairman and Director of Megan Media Holdings Berhad, Dato' Dr. Hj. Mohd Adam bin Che Harun. He had previously been convicted of submitting false information to Bursa Malaysia in which more than 75% of Megan Media's revenue amounting to RM228 million were falsified in the quarterly results. The appeal was dismissed for lack of merit and upheld. For more details, please click [here](#).

Mauritius



On 4 September 2020, the Bank of Mauritius issued a Guideline on Cross-Border Exposure providing a set of standards to follow for banks regarding cross-border exposure. The Guidelines provide a risk-based management framework. For more details, please click [here](#). For details on the Guideline, please click [here](#).

On 7 September 2020, the Bank of Mauritius announced an extension to 31 December 2020 of the moratoriums granted to economic operators (including Small and Medium Enterprises), households and individuals under its COVID-19 Support Programme. The terms and conditions of the moratoriums remain unchanged. For more details, please click [here](#).

On 18 September 2020, the FSC Mauritius released a communique stating that it is looking into the matter of credit notes issued by CM Structured Finance (1) Ltd. These notes were released on the Stock Exchange of Mauritius with guarantor NMC. Due to the release of certain information including undisclosed transactions and understated debt position, Moody's downgraded NMC's debt to rating Caa1 on 2 March 2020. For more details on the notes, please click [here](#). For more details on the communique, please click [here](#).

On 24 September 2020, the Bank of Mauritius issued a Guideline on Payment of Dividend Applicable with immediate effect to all deposit-taking institutions. For more details, please click [here](#). For details on the Guideline, please click [here](#).

Enforcement

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

Myanmar



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

Enforcement

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

New Zealand



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

Enforcement

Pegasus Markets Ltd and its New Zealand based Director, Michael Reps, have been found guilty of criminal charges brought forward by the Financial Markets Authority (FMA) for breaches of the Financial Services Providers Act (FSP Act). Although the Company was deregistered and already warned by the Companies Office about the misleading statements on their website, they did not remove the statements that they were a registered company. Mr. Reps was also found guilty of breaching section 40, for knowingly failing to prevent Pegasus from committing a crime. Pegasus and Mr. Reps will be sentenced on the 6 November 2020. For more details please click [here](#).

Philippines



On 21 September 2020, Bangko Sentral ng Pilipinas (BSP) announced that it was about to accomplish an enhancement of their official website, which provides higher responsive and user friendly in navigation to public. An improvement in technology gives new feature in mobile phone version in fingertips, there are latest news and speeches accessible, additionally it provides the door to assist customer in case of file any complaints against financial institutions. For more details, please click [here](#).

On 28 September 2020, the SEC revoked a money lending license of FCash Global Lending, Inc. (FCash) in running their debt collection business who was found to be liable in violation of Law under SEC Memorandum Circular No. 18, Series of 2019 (SEC MC 18). FCash is an online platform that operating loan business mainly is to collect debts by threatening borrowers through abusive languages. The Commission imposed multiple fines on FCash in September. For more details, please click [here](#).

On 30 September 2020, the SEC issued a cease order against Forsage and Forsage Philippines (Forsage) on their unlicensed public crowdfunding project through Ethereum blockchain platform. The Commission aimed at protect investors from mis-selling of Ethereum investment, of which Forsage has solicited investors to enter into a an investment scheme with minimum initial deposit and returns in certain amount of guaranteed pay-back, the said scheme operated without any registration with the Commission. For more details, please click [here](#).

Enforcement

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

Russia



On 10 September 2020 the Bank of Russia updated its requirements for directors of microcredit companies. The new requirement states that anyone who has held an executive position in a financial company that has had its license revoked within the last 5 years will not be allowed to be the director of a microcredit company. Individuals who fall into this category will not be able to hold more than a 10% stake in any microcredit company. In tandem with this new requirement, the Bank of Russia announced a process by which affected individuals could make an appeal. For more information, please click [here](#).

On 15 September 2020 the Bank of Russia sought to reiterate to licensed entities the disclosures that should be made to clients in their product passports on their entitlements with respect to interest rates as well as liabilities and complaint rights. The Bank of Russia sought to emphasise that disclosures should be full and not misleading. For more information, please click [here](#).

On 25 September 2020 the Bank of Russia released a statement announcing measures to increase consumer protection against potential conflicts of interest between management companies and specialised depositories. The measures come in the form of an ordinance which is aimed at providing increased guidance to institutions on how to identify a potential conflict as well as how to address them. For more information, please click [here](#).

Enforcement

On 24 September 2020 the Bank of Russia announced that it had taken disciplinary action against several institutions for market manipulation in the Eurobonds market between September 2015 and April 2017. GTCP TRADING LTD, Mikhail Yu. Chirkov and Yury V. Chirkov, IT INVEST FINANCIAL SOLUTIONS (CYPRUS) LTD, OJSC MMTB, Aleksandr V. Khokhrin, DA VINCI CAPITAL INVESTMENTS (CY) LTD, Ivan A. Timoschenko, and JSC IC IT Invest were all declared by the Bank of Russia as having been involved in the scheme. It is alleged that the aforementioned market participants were conducting significant passive trading operations to falsely inflate the volume and liquidity of the markets. For more information, please click [here](#).

Singapore



On 3 September 2020, the MAS announced measures to enhance the banking system's access to liquidity facilities for the Singapore dollar and US dollar funding in an effort to strengthen the banking sector's resilience. A new MAS SGD Term Facility will be introduced to provide banks and other finance companies with an additional avenue to borrow SGD funds at longer tenors and with additional forms of collateral. The new Facility will offer SGD funds in 1-month and 3-month tenors and will be launched in the week of 28 September 2020. For more information click [here](#).

On 10 September 2020, the MAS issued the "Guidelines on Individual Accountability and Conduct" to strengthen the culture of responsibility and ethical behavior in the financial industry. The Guideline sets out high level desired outcomes for financial institutions which include clearly identifying senior managers responsible for core functions, ensuring senior managers are fit and proper for their roles and ensuring a clear governance framework with transparent management structure and reporting relationships, among others. For more information click [here](#).

On 29 September 2020, the MAS, Securities Industry Council and the Singapore Exchange Regulation announced that electronic dissemination of rights issue and take-over documents would continue to be an option for listed issuers and involved parties for another 9 months, until 30 June 2021. The Offer Documents are able to be electronically disseminated via publication on SGXNET and the respective company's corporate websites. For more information click [here](#).

On 30 September 2020, the MAS announced that it had instructed Wirecard entities based in the jurisdiction to cease their payment services and return all customer funds by 14 October 2020. The MAS' directive is a result of Wirecard AG's insolvency and the regulator continues to monitor Wirecard SG's ability to continue providing payment services in Singapore. The MAS has further warned that the cessation of Wirecard SG's payment services may have an adverse effect on credit card payments at merchants using Wirecard's services. For more information click [here](#).

Enforcement

On 25 September 2020, the Singapore Exchange Regulation (“SGX”) issued a public disciplinary action on China Environment Limited, its former Directors and its former Chief Financial Controller (the “Group”) for breaches to the listing rules. The SGX reprimanded the Group after reviewing the restated financial statements for the financial year ended 31 December 2013 and 2014, of which several incidents of non-compliance with the listing rules were noted by SGX. The alleged breaches revolved around the non-compliance with Listing Rule 703(1)(a) and 720(1) of which it was noted by the regulator that the Company’s annual reports dated 13 March 2014 and 1 April 2015 contained false and misleading financial statements due to non-existent trade receivables. Further breaches centered around a failure to disclose a corporate guarantee of RMB 20M extended by a wholly owned subsidiary to a bank for a loan granted to a third party. For more information click [here](#).

Sri Lanka



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

Enforcement

A media search did not find any relevant enforcements for Sri Lanka during September.

Taiwan



On 1 September 2020, the FSC published an explanation paper regarding the enforcement made to several Futures Commission Merchants (“FCMs”) for their internal control deficiencies in handling negative-value trading of oil futures. The main deficiencies pointed out by the FSC include: FCMs’ trading host server were unable to accept negative value orders and correctly calculate the profit and loss of their customers’ foreign futures account under negative value; and FCMs did not issue a notice to high-risk accounts and did not carry out offset operations. The FSC has therefore required FCMs to add negative value trading and settlement functions to their trading host server. The adjustment was completed by FCMs at the end of August 2020. For more details, please click [here](#).

On 8 September 2020, the FSC released a newsletter according to the plan of implementing the stock market maker system. The market maker system on stock market is proposed to be implemented by the end of June 2021 at TWSE (Taiwan Stock Exchange) to increase the transaction of good-quality low-liquidity stocks as well as to boost the stock market. The selection criteria for good-quality, low-liquidity stocks is listed in the newsletter. For more details, please click [here](#).

On 10 September 2020, the FSC published a consultation paper regarding the Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies. The proposed amendments are mainly to avoid financial holding companies from inflating capital and update the relevant qualified items regarding capital calculation. For more details, please click [here](#). (Chinese only)

On 15 September 2020, the FSC published a consultation paper regarding the Regulations Governing Securities Investment Trust Enterprises. To strengthen the supervision of securities investment trust business, the proposed amendments clearly stated that the total investment that Securities Investment trust enterprises invest in domestic and overseas businesses should not exceed 40% of the net value of the investment credit business. For more details, please click [here](#). (Chinese only)

On 22 September 2020, the FSC published a consultation paper to collect public comments for drafting the “Regulations Governing Domestic Juridical Persons Opening Accounts for the Purpose of Handling Loan-related Receipts and Disbursements in Offshore Banking Units (“OBUs”)”. The proposed regulation is to assist Taiwanese businessmen in handling international capital movement, targeting domestic companies with substantial international working capital needs. For more details, please click [here](#). (Chinese only)

Enforcement

On 15 September 2020, TransGlobe Life Insurance Inc. was fined NTD4.7 million for breaking the Insurance Act and the Money Laundering Control Act. The Company failed to implement KYC and product suitability assessment when it handled the investment-type insurance products. In addition, it was found that the Company did not fully identify the substantial beneficiary of legal person customers which led to the high risk of money laundering. For more details, please click [here](#). (Chinese only)

On 15 September 2020, Shin Kong Life Insurance Co., Ltd. was fined NTD27.6 million for breaking the Article 149 and Article 171 of the Insurance Act. The Company was found during the inspection that there was a serious lack of internal control of its asset allocation and solvency assessment; risk management of investment decision; conflict of interest prevention of its traders which led to the leak of private investment making details and seriously hindered the company's sound operation. For more details, please click [here](#). (Chinese only)

On 29 September 2020, JKO Asset Management was fined NTD3 million for breaking the Securities Investment Trust and Consulting Act, the Futures Trading Act and the Financial Consumer Protection Act. The advertisement carried out by the Company misled the public to believe that there would be guaranteed profits and real-time withdrawal services which is harmful to the investors' rights and interests. For more details, please click [here](#). (Chinese only)

Thailand



On 1 September 2020, the UK Government and the Thailand's Securities and Exchange Commission (SEC) Memorandum of Understanding in financial services aimed at supporting sustainable, inclusive, low carbon economic growth and recovery in Thailand through the financial services sector. The collaboration includes accounting standards, the development of FinTech and sustainable finance. For more details, please click [here](#).

On 1 September 2020, the Bank of Thailand (BOT) announced that CIMB Thai Bank and Kasikorn Bank had entered into the first transaction under the reference interest rate THOR in the Thai financial market - an overnight indexed swap (Overnight Indexed Swap (OIS)) derivative contract. As LIBOR will cease its role as the underlying interest rate in the world financial markets, the new THOR reference rate was established, and released on 1 April, 2020. For more details, please click [here](#) (Thai only).

On 10 September 2020, the BOT successfully launched a new platform for Government Savings Bond issuance using Blockchain Technology. It aims to enhance investors' buying experience, improve operational efficiency and reduce overall cost. The BOT stated that in the future, it will expand the infrastructure to support all government bonds. For more details, please click [here](#).

On 21 September 2020, the BOT launched the "Financial Institutions Information Reporting Reform Program" to support the issuance of BOT policies and measures that are relevant to the financial services industry. The BOT stated that it wanted to cater for the necessity of integrating information systematically for regulatory purposes. For more details, please click [here](#) (Thai only).

Enforcement

On 15 September 2020, Ms. Sarunya Lekpet had her approval to conduct herself as an Investment Consultant revoked for five years, starting from 16 September 2020. Whilst working at TMB Bank Public Company Limited it became apparent that Ms Lekpet had had her Limited Broker Dealer and Underwriter (LBDU) license revoked for failing to pass on an insurance premium of 1 million baht to her insurance company. For more details, please click [here](#).

On 16 September 2020, the SEC filed a Civil lawsuit in Court against three offenders, Mr. Eakarot Apiwattanaporn, Mrs. Usuma Sarapoonsup and Miss Thitirat Lohaset. The defendants are alleged to have conducted insider trading involving investment shares of UOB Freehold Eight Thonglor Property Fund (UOB8TF). It is alleged that Mr Apiwattanaporn used inside information to buy UOB8TF investment units through the trading accounts of Mrs Sarapoonsup and Ms Lohaset. A fine of approximately 1.2 million baht was imposed on Mr Apiwattanaporn, with fines of 558,405 baht and 333,333.333 baht imposed upon Mrs Sarapoonsup and Ms Lohaset respectively. For more details, please click [here](#).

Vietnam



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

Enforcement

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

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.