



# CA | ComplianceAsia

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## Welcome to our Regulatory Newsletter for October 2020

### Executive Summary

In **Australia**, ASIC continued its aggressive approach to enforcement action with numerous cases of individuals being charged due to dishonest conduct. Australia and New Zealand Banking Group Limited (ANZ) were also in ASIC's firing line, receiving a fine for engaging in unconscionable conduct and breaching its obligations as a financial service licensee.

Over in **Mainland China**, the SSE issued guidelines No. 1 on the application of securities trading rules of the Shanghai Stock Exchange for Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors. The guidelines expand the scope of investment products QFII and RQFII are allowed to invest in.

Meanwhile in **Hong Kong**, the SFC released a consultation paper on the management and disclosure of climate-related risks by Fund Managers. The SFC is proposing to amend the FMCC to require fund managers to take climate-related risks into consideration in their investment and risk management processes.

The **Philippines** SEC commenced its risk assessment of the Securities Sector to identify, assess and understand money laundering and terrorist financing risks that the securities industry maybe exposed to and to implement the most appropriate mitigation measures.

## Australia



On 23 October 2020, a product intervention order imposing conditions on the issue and distribution of contracts for difference (CFDs) to retail clients was made by ASIC. This order was produced to strengthen consumer protections by reducing the CFD leverage available to retail clients and by targeting CFD product features and sales practices that could lead to amplified losses. For more details, please click [here](#).

### Enforcement

On 2 October 2020, ASIC published news that a financial adviser, Rahul Goel (Mr. Goel) was charged with dishonest conduct while carrying on a financial services business. Mr. Goel acted dishonestly by fraudulently submitting hardship claims and other applications to superannuation funds on behalf of his customers. For more details, please click [here](#)

On 2 October 2020, ASIC published news that Australia and New Zealand Banking Group Limited (ANZ) was ordered by the Federal Court of Australia to pay AUD 10 million in penalties after finding that ANZ engaged in unconscionable conduct and breached its obligations as a financial service licensee. For more details, please click [here](#)

On 8 October 2020, ASIC published news that following an Administrative Appeals Tribunal it had banned a former director and responsible manager of Financial Circle Pty Ltd (Financial Circle), Anthony "Tony" David Wynd (Mr. Wynd). Mr Wynd was convicted of exploiting vulnerable customers through breaching the minimum requirements for the provision of credit services and he was restricted to operating under an APRA-authorized approved deposit-taking institution. For more details, please click [here](#).

On 8 Oct 2020, Anthony Vivian Dick (Mr. Dick) was convicted of fraudulently accessing and withdrawing approximately AU\$ 1.1 million from one of his client's accounts between March 2006 and December 2017. It is reported that Mr Dick used the funds to support his personal lifestyle. Mr Dick was ultimately sentenced to 8 years imprisonment following the referral of the case to the Commonwealth Director of Public Prosecutions. For more details, please click [here](#).

On 9 October 2020, ASIC banned Todd Erwin Butler (Mr. Butler), formerly a Business Development Manager for St George Bank, from providing financial services and engaging in credit activity for five years. Mr. Butler is reported to have written 44 valueless cheques, worth roughly AUD 410,000, from his personal account dating 2012 to 2017. For more details, please click [here](#).

On 12 Oct 2020, an Australian Court ruled in favour of ASIC in its case against Antares Energy Limited (AEL), now known as Big Star Energy Ltd. ASIC found AEL to have breached its ongoing disclosure obligations in 2015 in relation to the sale of its 'Northern Star asset' for US\$148,788,560. Furthermore, James Cruickshank (Mr Cruickshank), the former Director of AEL, was found to have failed to act with the required skill and diligence. The ruling means that ASIC can now apply for penalties to be applied to AEL and Mr Cruickshank at a future date. For more details, please click [here](#).

On 15 Oct 2020, following an investigation by the E-Crime Squad and ASIC, an unidentified male was arrested for fraudulently acquiring AU\$ 370,000 through an online investment scam running from May 2019 until October 2020. For more details, please click [here](#).

On 16 Oct 2020, ASIC announced that Henan Gao (Mr. Gao), a mortgage broker and director of Shining Crown International Pty Ltd (SCI) was charged with making a false statement in his annual credit license compliance certificate. Mr Gao is reported to have pled not guilty. A court date was set for 13 October 2020. For more details, please click [here](#).

On 19 Oct 2020, ASIC reported that the Federal Court had ordered AGM Markets Pty Ltd (AGM), OT Markets Pty Ltd (OT) and Ozfin Tech Ltd (Ozfin) to pay AU\$ 75 million in fines for their engagement in deliberate and systemic abuse of their responsibilities towards their retail customers. AGM, OT and Ozfin, were reported to have sold complex and risky Over-the-counter (OTC) derivatives to retail clients, resulting in the loss of significant sums of money for those affected. The directors of AGM were also banned from conducting regulated activities for 8 years. For more details, please click [here](#)

On 20 October 2020, ASIC announced that a former CEO, director and senior financial adviser of Henderson Maxwell Pty Ltd (Henderson Maxwell), Sam Maxwell Henderson (Mr. Henderson), had been convicted of making false representations on two occasions in 2014 and 2016. Mr Henderson is reported to have falsely stated that he held Master of Commerce degree to prospective clients in various indirect marketing materials. For more details, please click [here](#).

On 21 October 2020, ASIC announced that it had fined Societe Generale Securities Australia Pty Ltd (SGSAPL) AU\$ 30,000 for breaching client money obligations. It is reported that SGSAPL on several occasions, between December 2014 and February 2017, deposited client monies with Societe Generale S.A. Hong Kong, which is not an Australian Authorised Deposit-taking Institution, thus breaching s993B(1) of the Corporations Act. For more details, please click [here](#).

On 26 October 2020, ASIC published news that on 13 October 2020, Matthew Alan Beresford (Mr. Beresford) was prevented from carrying on a financial services business after he was found to have offered high-risk products to retail investors in radio and Facebook advertising campaigns. Additionally, Maxwell Financial Services and Asset Capital Holdings which Mr. Beresford established had their websites suspended and their bank accounts frozen to prevent further transactions. For more details, please click [here](#).

On 26 October 2020, ASIC published news that Secure Investment Pty Ltd (Secure Investments) and Aquila Group Pty Ltd (Aquila Group) had been ordered by the Federal Court to wind up. The Court stated that Secure Investments and Mr. Mudasar Naseeruddin had breached the Corporations Act by offering property development investment opportunities despite not possessing an Australian financial services license. For more details, please click [here](#).

On 30 October 2020, Sigma Healthcare Limited (Sigma)'s general manager, Michael John Story (Mr. Story) was charged with two counts of insider trading. ASIC is pursuing Mr. Story after he sold roughly 900,000 Sigma shares when he was in possession of inside information relating to the status of negotiations to renew the wholesale supply agreement between Sigma and Sigma's main supplier – Chemist Warehouse Group (CWG). For more details, please click [here](#).

## Cambodia



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

### Enforcement

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

## Mainland China



On 10 October 2020, the PBOC announced that it would reduce the risk reserve ratio for forward forex trading from 20% to 0%, effective from 12 Oct 2020. For more details, please click [here](#).

On 13 October 2020, the PBOC announced the establishment of an industry guarantee fund of non-banking payment institutions to mitigate and manage the risk of non-banking payment institutions, and issued a consultation on the 'Administrative Measures on Industry Guarantee Funds of non-banking payment institutions'. Non-banking payment institutions are required to deposit client reserves, which will be treated as a guarantee fund, with the PBOC. The guarantee funds will be used to resolve financial risks when payment companies are unable to repay clients' funds resulting from insolvency of non-banking payment institutions and situations that endanger public interests, financial and social stability. For more details, please click [here](#) (Chinese only).

On 14 October 2020, the CSRC signed a Memorandum of Understanding on Cooperation with the Monetary Authority of Macau relating to cross-border regulatory cooperation and the development of the bond market. For more details, please click [here](#) (Chinese only).

On 16 October 2020, the PBOC issued a consultation on the 'Revised Commercial Bank Law of PRC'. The revisions mainly cover the issue of corporate governance, capital and risk management, protection of customers' right, risk disposal and market exit, and refine market entry conditions for commercial banks. They also set out a mechanism for mitigating financial risks and upholding financial stability. For more details, please click [here](#) (Chinese only).

On 23 October 2020, the PBOC issued a consultation on the 'Law of the PRC on the People's Bank of China'. Primarily, the draft rules set out provisions on various topics including the organisation structure of the PBOC, the Renminbi, the business operations of the PBOC as well as its supervisory and administration duties and accounting and legal liability. In particular, the PBOC will now formally recognise the Renminbi, in both physical and digital form, to be China's sovereign fiat currency. Additionally, the PBOC will no longer be permitted to directly subscribe for or underwrite sovereign bonds and other government bonds. For more details, please click [here](#) (Chinese only).

On 23 October 2020, the PBOC issued a consultation titled 'Notice on Matters Concerning the Improvement of the Administration of Market Makers of Cash Bonds in the Interbank Bond Market'. According to the draft rules, the PBOC will remove the need for administrative approval of market makers. Market makers only need to sign a market making agreement with trading platforms before commencement of business, subject to certain conditions. For more details, please click [here](#) (Chinese only).

On 23 October 2020, the CSRC made two releases: 'Opinions on the Application of Article 9 of the Administrative Provisions on the Record-filing of Securities Service Business Conducted by Securities Service Agencies – Opinions on the Application of Laws on Securities and Futures No.16' and 'the Guidelines on the Application of Regulatory Rules – for Science and Technology Regulation No.1'. Combined, these state that where a securities company or a securities investment consulting firm rents the cyberspace business premise of a third-party online platform, deploys functional modules on relevant web pages, and provides securities brokerage, securities investment consulting and other securities services to investors, it shall file a record with the CSRC. For more details, please click [here](#) (Chinese only).

On 23 October 2020, the CSRC issued a consultation on the 'Administrative Measures for Convertible Corporate Bonds'. The draft rules clarify the conditions and procedures of issuance as well as improve the transaction transfer and information disclosure system. They also set out a mechanism of determination and regulation of conversion prices. For more details, please click [here](#) (Chinese only).

On 25 October 2020, National Internet Finance Association of China (NIFA) issued the 'Guidelines on Anti Money-Laundering and Counter Financing of Terrorism for Online Microfinance Companies' to further implement the PBOC's work arrangements on AML/CFT and internet financial risk rectification. The Guidelines set out rules that cover the whole AML/CFT process including: compliance, the construction of risk control culture, customer ID verification, suspicious transaction monitoring and analysis, internal data management, and AML/CFT coordination across different institutions. For more details, please click [here](#) (Chinese only).

On 28 October 2020, AMAC issued a consultation on the 'Measures for the Administration of the Electronic Contracts for Private Investment Funds' to prevent the risk of contract tampering and integrate ESG factors into fund industry. The consultation stipulates a set of conditions and documentation requirements to apply for the use of electronic contracts, and their legal validity. It also clarifies data management requirements on data confidentiality, transmission, backup and storage. For more details, please click [here](#) (Chinese only).

On 30 October 2020, SSE published 'Guidelines No.1 on the Application of Securities Trading Rules of the Shanghai Stock Exchange for Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors' which take effect on 1 Nov 2020. This QFII and RQFII Guidelines expand the scope of investment of qualified foreign investors in which they can invest in depository receipts, stock options and government-backed bonds, as well as participate in margin trading, securities borrowing and lending, and bond repurchase, in addition to the products already available. The updated QFII and RQFII Guidelines also adjust the requirements for information reporting and initial notification threshold of shareholding by foreign investors and enhance the rules for non-trade transfers. For more details, please click [here](#) (Chinese only).

On 30 October 2020, AMAC published the 'Operating Procedure for the Side Pocket Mechanism of Securities Investment Funds'. The Procedure stipulates the scope of application of side pocket mechanism and sets forth conditions under which the side pocket mechanism can be activated, as well as other operational requirements of the mechanism. For more details, please click [here](#) (Chinese only).

## Enforcement

On 10 October 2020, the Beijing Operations Office of the PBOC issued a fine of RMB 178 million to six payment companies. Of those fined, Allscore Payment Service Co. Ltd received a nearly RMB 116 million of the total for misappropriation of provisions, which is the largest fine meted out by the PBOC for the payment sector. Eight executives also received warning and cumulative fines of RMB 2.4 million. For more details, please click [here](#) (Chinese only).

On 12 October 2020, the State Administration for Market Regulation (SAMR) fined Luckin Coffee and four other associated companies RMB 2 million respectively for fake orders, inflated revenue through false transactions, forged bank statements and other illegal measures. For more details, please click [here](#) (Chinese only).

On 16 October 2020, the CBIRC announced two enforcement cases against the Chengdu branch of Shanghai Pudong Development Bank and the Huizhou branch of China Guangfa Bank. The former chairman of the Chengdu branch of Shanghai Pudong Development Banks, along with a former vice president and several responsible officers were reprimanded for illegally granting of loans. The former chairman and president of Huizhou branch of China Guangfa Bank and other responsible officers for providing illegal guarantees to clients. For more details, please click [here](#) (Chinese only).

On 21 October 2020, branches of the PBOC warned six stated-owned banks, including a branch of Agricultural Bank of China, a branch of Bank of China and four branches of China Construction Bank. Furthermore, a cumulative fine of over RMB 40 million was handed to the banks for the infringement of consumer's privacy, subject to 'Law of the PRC on Protection of the Rights and Interests of the Consumers' and 'Anti-Money Laundering Law of the PRC'. For more details, please click [here](#) (Chinese only).

On 23 October 2020, AMAC revoked the registration of 31 Chinese private fund institutions that it had failed to get in contact with. The fund managers of these institutions are required to contact AMAC with valid supporting documents with 3 months of revocation to retain their registration. For more details, please click [here](#) (Chinese only).

On 23 October 2020, AMAC officially revoked the license of 7 Chinese private fund institutions 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 future reference. For more details, please click [here](#) (Chinese only).

## Hong Kong



On 6 October 2020, the SFC re-appointed Ms Agnes Chan and Mr Edward Cheng as Non-Executive Directors for a term of two years with effect from 20 October 2020 and 1 January 2021.

On 15 October 2020, the SFC has publicly reprimanded and imposed a 24-month cold-shoulder order against So Yuk Kwan (So) for breaching the mandatory general offer obligation under the Takeovers Code. With the cold-shoulder order, So will be denied direct or indirect access to the Hong Kong securities market for a period of 24 months commencing on 15 October 2020 to 14 October 2022. In 2016, So advanced loans to a borrower, who transferred 25,000,000 shares in AV Concept to So's nominee on 8 June 2017 as repayment. As a result of the transfer, So's interest in AV Concept increased from 2.38% to 5.61% while the interest of So and his concert parties (Concert Group) increased from 35.61% to 38.84%. For more details, please click [here](#).

On 30 October, the SFC has issued a consultation paper on the Management and Disclosure of Climate-related Risks by Fund Managers. SFC announced a strategic framework to contribute to the development of green finance in Hong Kong in September 2018. One priority was to engage with the asset management industry to formulate an appropriate regulatory response to climate change, and as part of this effort the SFC conducted a survey of asset managers and assets owners in Hong Kong.

The results of the survey suggested that the majority of asset managers questioned generally considered environmental, social and governance (ESG) factors, which included the risks arising from climate change, but they did not take a consistent approach to disclosing this information and integrating climate-related risks into their investment decisions.



Accordingly, SFC is proposing to amend the Fund Manager Code of Conduct (FMCC) to require fund managers to take climate-related risks into consideration in their investment and risk management processes as well as to make appropriate disclosures to meet investors' growing demand for climate risk information and to combat greenwashing. The SFC also proposed to issue a circular setting out baseline requirements and enhanced standards for larger fund managers. These measures are aimed at improving the comparability of information across different fund managers to help investors make more informed decisions.

The deadline for submitting the response to this consultation paper is on 15 January 2021. Please click [here](#) for a copy of the consultation paper.

## Enforcement

On 16 October 2020, the Market Misconduct Tribunal (MMT) found that CMBC Capital Holdings Limited (CMBC Capital) and six of its former directors had failed to disclose inside information as soon as reasonably practicable under the Securities and Futures Ordinance (SFO). Subsequently, the SFC imposed a 15-month disqualification order against the company's former Chief Executive Officer and Company Secretary Mr Philip Suen Yick Lun. CMBC Capital's former chairman Mr Paul Suen Cho Hung and Philip Suen were also fined \$900,000 and \$1.2 million, respectively, by the MMT in the proceedings brought by the SFC. For more details, please click [here](#).

On 22 October 2020, the SFC has reprimanded and fined Goldman Sachs (Asia) L.L.C. (Goldman Sachs Asia) US\$350 million (HK\$2.71 billion) for serious lapses and deficiencies in its management supervisory, risk, compliance and anti-money laundering controls. The SFC stated that these lapses contributed to the misappropriation of US\$2.6 billion from US\$6.5 billion that 1Malaysia Development Berhad (1MDB) raised in three bond offerings in 2012 and 2013. The 1MDB bond offerings were arranged and underwritten by Goldman Sachs International, but the actual work was conducted by deal team members in multiple jurisdictions, and revenue generated from the transactions was shared among Goldman Sachs entities in different jurisdictions. For more details, please click [here](#).

On 29 October 2020, the SFC suspended the licence of Ms Sandra Cheung Wing Yi, former licensed representative of Mason Securities Limited (MSL), for 12 months from 28 October 2020 to 27 October 2021. The disciplinary action follows an SFC investigation which found that between November 2014 and July 2017, Ms Cheung failed to obtain approval to maintain a securities trading account with an external brokerage firm and conducted 66 personal trades in the aforesaid account, in breach of MSL's internal control policies. Further, Ms Cheung also provided false and misleading declarations to MSL by declaring on multiple occasions that she did not have any personal trading accounts with other licensed corporations. The SFC considers Ms Cheung's conduct, which was wilful and dishonest, as calling into question her fitness and properness to be a licensed person. For more details, please click [here](#).

## India



On 9 October 2020, the Securities and Exchange Board of India (SEBI) issued a press release after United Nations' Security Council Resolution updated its list of sanctioned individuals and entities. This was in line with the 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 1 individual with suspected links to terror organizations, ISIL (Da'esh) and/or Al-Qaida. For more details, please click [here](#).

On 20 October 2020, the Reserve Bank of India (RBI) released the results of Survey of Foreign Liabilities and Assets of the Mutual Fund (MF) Companies for 2019-2020. The survey covered 44 Indian MF companies and their Asset Management Companies (AMCs). In MF companies, foreign liabilities declined by 15.7%, the UAE, the UK and the USA accounted for 38 % of the total MF units held by non-residents and overseas equity investments of MF companies were largely concentrated in the Luxembourg and the USA. In AMCs, foreign liabilities stood at US \$ 4.4 billion as compared to their foreign assets of US \$ 0.1 billion, non-residents in the UK and Japan accounted for nearly 89% of FDI and relatively small overseas direct investment were held in Guernsey, Singapore and Mauritius. For more details, please click [here](#).

On 22 October 2020, the SEBI issued a circular on the processing of applications for registrations of Alternative Investment Funds (AIFs) and the launch of schemes. The release stated that the SEBI (Alternative Investment Funds) Regulations, 2012 had been amended to state that a Fund Manager may constitute its Investment

Committee (by whatever name it may be called) to approve investment decisions of the AIF, subject to certain conditions. For more details, please click [here](#).

## Enforcement

On 28 October 2020, the RBI imposed a fine of ₹ 22 lakh on DCB Bank Ltd. for non-compliance with the directions issued by RBI in the circular on "Marketing/distribution of mutual fund/insurance etc., products by banks" dated November 16, 2009. For more details, please click [here](#).

On 28 October 2020, the RBI imposed a fine of ₹ 1 crore on Jio Payments Bank Limited for failure to reappoint Managing Director and Chief Executive Officer prior to the date of expiry of their term. This penalty was imposed in exercise of powers vested in RBI under the provisions of section 47A (1)(c) read with section 46(4)(i) of the Banking Regulation Act, 1949. For more details, please click [here](#).

On 29 October 2020, the RBI cancelled the Certificate of Registration of seven Non-Banking Financial Institutions under Section 45-IA (6) of the Reserve Bank of India Act, 1934. For more details, please click [here](#).

## Indonesia



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

### Enforcement

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

## Japan



On 5 October 2020, The FSA announced that it had updated the one-stop access pertaining to "Meetups on Tsumitate NISA (Dollar-Cost Averaging NISA)" on the subpages of the "NISA Official Promotion Webpage." The one-stop access mainly provides the background information of the meetups with its key purpose and objectives as well as the schedule information on future meetups (online meetups included). For more details, please click [here](#).

On 7 October 2020, The FSA announced that it had published statistics relating to NISA and Junior NISA Accounts. As of June 30, 2020, there were approximately 14.5 million NISA accounts in total, and approximately 20.2 trillion yen (approximately 186.7 billion USD) deposited in them, among which, 457.8 billion yen (approximately 4.2 billion USD) deposited in approximately 2.4 million accounts of the Tsumitate NISA (Dollar-Cost Averaging NISA) became available in January 2018. For more details, please click [here](#).

On 23 October 2020, The FSA announced that it had proposed a draft Cabinet Office Order to Amend the "Cabinet Office Order on Financial Instruments Business". The proposal intends to reflect recommendations from the "Report of the Working Group on Financial Markets of the Financial System Council – Toward the Enhancement of Financial Institutions" (provisional English report title), which was published in August 2020. The report put forward the notion of non-paper-based delivery of material information (related to "prospectus," "document for delivery prior to conclusion of contract," and others) to financial products/services users (hereinafter referred to as "customers") prior to conclusion of contracts for the provision of financial products/services. For more details, please click [here](#).

## Enforcement

On 9 October 2020, The FSA announced that The Kanto Local Finance Bureau (KLFB) had taken action against Columbus Capital Ltd., a notifier of specially permitted business for qualified institutional investors (SPBQII) following the firm's failure to make contact with the KLFB. The KLFB the abolition of Columbus Capital Ltd. pursuant to the "Financial Instruments and Exchange Act." For further details, please click [here](#).

On 23 October 2020, The FSA announced that The Kanto Local Finance Bureau had taken action against Kokomo Capital Limited, a high-speed trader, with whom the KLFB could not make contact. The KLFB ordered the revocation

of the entity's registration pursuant to the "Financial Instruments and Exchange Act." For more details, please click [here](#).

## Korea



On 5 October 2020, FSC Chairman Eun Sung-soo held a meeting to review the cyber security conditions of financial institutions. It was subsequently reported that the cyber security controls in FIs were sufficient and ready to cope with cyberattacks in view of recent series of DDoS attack attempts. For more details, please click [here](#).

On 14 October 2020, the FSC announced that the second round of the corporate restructuring fund initiated its investments in private companies. The stated aim of this round is to a more vibrant corporate restructuring ecosystem. For more details, please click [here](#).

On 19 October 2020, Vice Chairman Sohn Byungdoo held a kick-off meeting of the task force on the prevention of unlawful and unfair trading activities in stock markets. The authorities are worried that there are developing trends in light of COVID-19 within the market such as unfair trading activities surrounding medical and online technology sectors, and illegal short selling against the current temporary ban. The meeting was held with the aim working to improve rules and regulations, and proactively detecting loopholes in the existing systems. For more details, please click [here](#).

On 27 October 2020, the FSX introduced a proposal of an enforcement decree in relation to the newly enacted legislation on financial consumer protection. The proposed act will be applicable to financial products offered by banks, insurance companies, and financial investment firms, among others. The proposed regulations include the creation of best practice guidelines for internal controls over financial consumer protections, and the addition of regulations necessary to support the current sales regulatory principles. For more details, please click [here](#).

On 28 October 2020, the FSC held its 27<sup>th</sup> financial risk assessment meeting. The discussions covered market risks amid the market volatility, and recent major events, including US presidential election and the upcoming discontinuation of LIBOR. Also mentioned was the gradual but slow recovery's been seen in corporate and CP markets recently, linked to the narrower spread of low-rated corporate bonds. For more details, please click [here](#).

## Enforcement

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

## Malaysia



On 5 October 2020, the Securities Commission Malaysia (SC) announced at SCxSC Fintech Conference that RM1 billion had been raised by Equity Crowdfunding (ECF) and Peer-to-Peer Financing (P2P) platforms since their introduction to Malaysia 2016. For more details, please click [here](#).

On 9 October 2020, the Securities Commission Malaysia released its annual Corporate Governance Monitor (CG Monitor 2020) noting that more listed companies have adhered to best practices as per the Malaysian Code on Corporate Governance (MCCG) in 2019 than compared to 2018. For more details, please click [here](#).

On 13 October 2020, the Securities Commission Malaysia (SC) released an updated *Guidance Note on the Conduct of General Meetings for Listed Issuers* aligning it with the Conditional Movement Control Order (CMCO). For more details, please click [here](#).

On 17 October 2020, the Securities Commission Malaysia (SC) clarified the inaccuracy of an article published on 16 October 2020 by Ekonomi Rakyat titled "Suruhanjaya Sekuriti Ubah Format Laporan, Pendapatan CEO Tidak Lagi Didedahkan". For more details, please click [here](#).



From 23 October 2020 to 25 October 2020, the Securities Commission Malaysia (SC) held its first virtual investor education event, InvestSmart® Fest. The SC partnered with Bursa Malaysia Berhad, Financial Planning Association of Malaysia and Malaysian Financial Planning Council to educate investors on the fundamentals of sound investment decisions. For more details, please click [here](#).

On 28 October 2020, the Securities Commission Malaysia (SC) issued a revised *Guidelines on Digital Assets* aimed at regulating Exchange Offerings and Digital Asset Custodians. It is intended that the guidelines will promote responsible innovation, manage emerging risks and more importantly safeguard the interests of issuers and investors. For more details, please click [here](#).

## Enforcement

On 19 October 2020, the Audit Oversight Board (AOB) of the Securities Commission Malaysia announced that an audit firm, RSL PLT, and its partners would be prohibited as of 1 November 2020 from accepting clients. The company and its partners were sanctioned for non-compliance with auditing standards and in particular, the failure to observe fundamental and basic audit procedures while auditing a public listed company. The company's appeal against the AOB's decision was dismissed. For more details, please click [here](#).

## Mauritius



On 2 October 2020, the FSC Mauritius released revised Guidelines on Fitness and Propriety along with a circular about the changes. These Guidelines aim to clarify the criteria being taken into consideration by the FSC in assessing the "fitness and propriety" of an applicant/licensee. For more details, please click [here](#). For the revised Guidelines, please click [here](#).

On 25 October 2020, the FSC Mauritius released a communique announcing that Mauritius was commended by the FATF during the virtual Plenary session held between 21-23 October 2020 for the progress made in implementing the FATF's AML/CTF compliance Action Plan. For more details, please click [here](#).

On 29 October 2020, the FSC Mauritius issued a communique announcing that it had released a consultation paper on investment-based crowdfunding. The consultation is open for comments until 9 November 2020. For more details on the communique, please click [here](#). For the consultation paper, please click [here](#).

On 29 October 2020, the FSC Mauritius issued a communique announcing that it had released a consultation paper on Robotics and Artificial Intelligence Enabled Financial Advisory Services. The consultation is open for comments until 9 November 2020. For more details on the communique, please click [here](#). For the consultation paper, please click [here](#).

On 29 October 2020, the FSC Mauritius released a communique announcing that it had signed a multilateral memorandum of understanding with the Group of International Finance Centre Supervisors (GIFCS). The GIFCS is recognized as a leading authority on the regulation of Trust and Company Service Providers and is the interface of these intermediaries with AML/CFT standards. For more details, please click [here](#).

On 30 October 2020, the Bank of Mauritius announced it had become a member of the Groupe des Superviseurs Bancaires Francophones (GSBF), a supervisory association whose objective is to reinforce interaction and consultation process between French-speaking supervisors and the Basel Committee. The GSBF focuses on international reforms and enabling members to collaborate on strategies for optimal implementation. For more details, please click [here](#).

## Enforcement

A media search did not find any relevant articles for October 2020.

## Myanmar



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

### Enforcement

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

## New Zealand



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

### Enforcement

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

## Philippines



On 28 October 2020, the Securities and Exchange Commission (SEC) aimed at implementing an all-round risk assessment framework to indicate any risk of terrorist financing and money laundering. The program covered all licensed persons in the securities industries who will now be required to complete an AML/CFT Sectoral Risk Assessment Questionnaire under the SEC circular. The SEC will be collecting and analysing data from agencies to determine any appropriate measures and alternatives. For more details, please click [here](#).

On 19 October 2020, the SEC and the Philippine Stock Exchange (PSE) jointly held the “7<sup>th</sup> SEC-PSE Corporate Governance Forum” covering topics including corporate governance, securities regulation and regulatory updates the COVID-19 era. One of the key discussions was impact on businesses and the economy and how better corporate strategy can facilitate the industry and country’s recovery. For more details, please click [here](#).

### Enforcement

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

## Russia



On 5 October 2020, the Bank of Russia announced changes to the structure of its organisation that would take effect from 12 October 2020. The purpose of the reshuffle is provide greater oversight and industry momentum to the development of FinTech. This will be overseen by Olga Skorobogatova, First Deputy Governor of the Bank of Russia. For more details, please click [here](#)

On 14 October 2020, the Bank of Russia announced that its payment system, the Bank of Russia Payment System (BRPS), was found to be in compliance with the Principles for Financial Market Infrastructures (PFMI) international standard. Such inspections are carried out every 3 years and the Bank of Russia hopes that this will instil confidence in its infrastructure. For more details, please click [here](#).

On 16 October 2020, the Bank of Russia announced that for the remainder of 2020 collective investment schemes are to submit Reporting Form 0420502 'Information on net asset value including the value of assets (property) of the stock (share) investment fund' to the Bank of Russia within 10 business days of their required reporting date. In the same press release, it was also announced that specialised depositaries are to submit Reporting Form 0420872 'Report on net asset value including the value of assets (property) of the unit investment fund' within 3 business days of their specified reporting date. For more details, please click [here](#).

## Enforcement

On 1 October 2020, The Bank of Russia released details on its investigation into the market manipulation units of Rental Closed-end Unit Investment Fund (CUIF) Capital Investments (ISIN RU000AOJTJRO) and units of Rental CUIF Strategic Investments (ISIN RU000AOJTYP3) by IC VITUS LLC. It is stated that IC VITUS LLC made deals with CAPITAL CITY LLC (TIN 5903119550) and RIEL CITY (TIN 5902244572) which amounted to 99% of the market for the fund units, thus, artificially raising the volume and price of the units. These acts led the Bank of Russia to revoke the various license held by IC VITUS LLC. For more details, please click [here](#).

On 8 October 2020, the Bank of Russia announced the findings of its investigation into the conduct of Public Bank (JSC) following the revocation of its license on 24 July 2020. It was found that the former management of the bank had lost the bank 1.2 billion rubles through fraudulent actions including preferential payment of creditors and the provision of intentionally bad loans. The losses resulted in the insolvency of the bank and the revocation of its license. For more details, please click [here](#).

On 9 October 2020, the Bank of Russia revoked the banking license of the LIMITED LIABILITY COMPANY BANK MAYSKIY (Bank Mayskiy). It is understood the Bank Mayskiy breached multiple banking regulations through the understating of losses sustained, failure to apply sufficient AML/CFT measures and fraudulent accounting practices including constructing fictitious repayment of outstanding loans. For more details, please click [here](#).

On 9 October 2020, the Bank of Russia revoked the banking license of Bank Prohladnyj LLC (Reg No. 874) for breaching several regulations in addition to understating the loan loss provisions it would be required to make. It was found that 70% of the loan portfolio of Bank Prohladnyj LLC consisted of bad loans. For more details, please click [here](#).

On 23 October 2020, the Bank of Russia revoked the banking license of the Moscow based Rosbusinessbank. It is understood the Rosbusinessbank breached multiple banking regulations through the understating of losses sustained and failure to apply sufficient AML/CFT measures. Bad loans are reported to have equated to over 50% of the bank's loan portfolio. For more details, please click [here](#).

## Singapore



On 12 October 2020, the MAS announced that the regulator would offer a six-month extension of its MAS SGD Facility for ESG Loans to support lending by banks and finance companies to SMEs from 1 April 2021 to 30 September 2021. According to Ms. Jacqueline Loh, the MAS' Deputy Managing Director (Markets and Development), the extended facility will provide banks with greater certainty of access to central banking liquidity and support banks and finance companies in providing credit to individuals and business in SG and the region. For more information click [here](#).

On 26 October 2020, the MAS issued a Notice of Intention to direct DBS Trustee Limited, being the Trustee of Eagle Hospitality Real Estate Investment Trust, to remove the Manager of Eagle Hospitality REIT (the "Manager") and appoint a new manager. The Notice of Intention is a result of the regulator's views that there have been numerous breaches of the Securities and Futures Act committed by the Manager and subsequent concerns over the Manager's ability to comply with rules and regulations. Primarily, among other breaches, the MAS had found the Manager to have breached the minimum base capital and financial resources requirements, of which on one occasion the Manager had reported such breaches four months after said breach. Further, there have been subsequent breaches of the base capital requirement for a second and third time on 31 August 2020 and 30 September 2020. For more information please click [here](#).

## Enforcement

On 23 October 2020, the MAS has issued a lifetime prohibition order against Mr. Kelvin Michael Swampillai, a former representative of BSI Bank Limited, Singapore Branch after an investigation conducted by the regulator. Per the MAS' media release, the regulator had found that Mr. Swampillai, in the course of assisting the Malaysian state-owned strategy development company, 1Malaysia Development Berhad, had channeled a portion of the fund management fees to an entity beneficially owned by Mr. Swampillai without authorization or knowledge of BSI Bank Limited. Further, it was found by the MAS that Mr. Swampillai had made deliberate misrepresentations to 1MDB's auditors in an attempt to improperly influence the outcome of an audit on 1MDB's fiduciary fund investments. For more information click [here](#).

On 23 October 2020, the MAS, together with the Commercial Affairs Department ("CAD") and the Attorney-General's Chambers ("AGC"), took action against Goldman Sachs (Singapore) Pte. ("GSSP") on 1MDB bond offerings. As part of Goldman Sachs Group Inc's Deferred Prosecution Agreement with the United States of America, Goldman Sachs and its affiliates (i.e. Goldman Sachs (Singapore) Pte.) will pay USD 122 million to the Singapore Government for its role in the 1MDB bond offerings. In consultation with the AGC, the CAD further issued a Conditional Warning in lieu of prosecution to GSSP for offences under Section 5(b)(i) of the Prevention of Corruption Act, Chapter 241. Pursuant to the Conditional Warning, and apart from the aforementioned payment, GSSP committed to continuing to cooperate with the CAD in its 1MDB-related investigations and comply with the terms of the Deferred Prosecution Agreement if it relates to GSSP. For more information click [here](#).

On 30 October 2020, the MAS issued two Prohibition Orders against Mr. Lu Chor Sheng (the former Treasure Advisor of Oversea-Chinese Banking Corporation Limited) and Mr. Tan Swee Thiam Timothy (a former Relationship Manager of United Overseas Bank Limited) for 17 years and 9 years respectively following the individual's convictions in the State Courts of Singapore. Mr. Lu was found to have placed unauthorized forward foreign exchange trades with off-market rates through a friend's account in order to buy lower and sell higher than the prevailing market rates. Mr. Tan was found to have made unauthorized internet bank transfers from a friends account to his personal account to pay for his living expenses. For more information click [here](#).

## Sri Lanka



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

### Enforcement

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

## Taiwan



On 13 October 2020, the FSC published a consultation paper regarding the regulations governing issuance of bank debentures by banks. The proposed amendments are predominantly to enhance the ability of domestic banks to raise funds for overseas branches and subsidiaries. For more details, please click [here](#). (Chinese only)

On 20 October 2020, the FSC announced that the proposed "Regulations Governing Domestic Juridical Persons Opening Accounts for the Purpose of Handling Loan-related Receipts and Disbursements in Offshore Banking Units ("OBUs")" will come into effect soon. The proposed regulation is to assist Taiwanese businessmen in handling international capital movement, targeting at domestic companies with substantial international working capital needs. For more details, please click [here](#). (Chinese only)

## Enforcement

On 6 October 2020, BNP Paribas Cardif was fined NTD \$1 million for breaking Article 146 of the Insurance Act. The Company failed to carefully evaluate the foreign investment business, causing the total amount of its foreign investment to exceed the legal limit. For more details, please click [here](#). (Chinese only).

## Thailand



On 7 October 2020, the Bank of Thailand (BOT) released the September 2020 issue of the quarterly Monetary Policy Report. The Monetary Policy Committee agreed to maintain the policy rate at 0.50 percent. It also stated that the economy of Thailand was forecasted to contract by 7.8% in 2020 amid the local and global confinement measures. For more details, please click [here](#). (Thai only).

On 30 October 2020, a press release from the BOT reports on the Economic and Monetary Conditions for September and the third quarter of 2020. It announced a slight improvement in Thai economy from August due to the slow recovery, combined with the increased spending over the holidays. For more details, please click [here](#).

## Enforcement

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

## Vietnam



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

## Enforcement

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

## Suggestions

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