



# CA | ComplianceAsia

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## Welcome to our Regulatory Newsletter for December 2020

### Executive Summary

In Mainland China, the PBOC released its amended administrative measures on Anti-Money Laundering and Counter-Financing of Terrorism for Financial Institutions to seek public comments. The proposed amendments come following the assessment of Mainland China's AML regulatory system by the Financial Action Task Force in 2019.

The Hong Kong SFC granted the first license to a virtual asset trading platform. The platform will only service professional investors and will be under close supervision by the SFC and will be subject to tailor-made requirements similar to those of securities brokers and automated trading ventures.

Over in South Korea, the FSC announced its plans to update its regulations on subscription based financial services to increase consumer protections including introducing fixed term memberships.

Meanwhile, in Singapore, Monetary Authority of Singapore released its guidelines on Environmental Risk Management for Asset Managers. The guidelines cover governance and strategy, research and portfolio construction, portfolio risk management, stewardship and disclosure of environmental risk information.

Finally, the Japanese FSA and the Japanese Government's reiterated its intentions to grow Japan into a global financial hub by highlighting its intentions to make regulations more flexible and internationally friendly to entice foreign asset managers.

## Australia



On 08 December 2020, the first reporting date for superannuation funds to disclose their portfolio holdings, which was originally set to expire on 31 December 2020, was deferred by ASIC given the regulations supporting the requirements had not yet been made. To make the deferral ASIC amended ASIC Class Order [CO 14/443] to set the first reporting day for superannuation funds to disclose their portfolio holdings to 31 December 2021. For more details, please click [here](#).

On 11 December 2020, a new regulatory guide on the product design and distribution obligations was released by ASIC. Resulting from a consultation with the industry, the new design and distribution obligations require firms to design financial products in a more tailored fashion to their users and for them to be marketed to those users in a targeted manner. For more details, please click [here](#).

## Enforcement

On 02 December 2020, a mortgage broker and director of Wealth Investment Milestone Pty Ltd (WIM) and Aus Mortgage Pty Ltd (AUS), Guodong Liu (Mr. Liu) was convicted of knowingly making a false statement in documents lodged with ASIC. Mr. Liu falsely certified that none of AUS's nominated fit and proper people had their accreditation cancelled or suspended by a lender. However, Mr. Liu's lender accreditation with ANZ bank was suspended in April 2016. For more details, please click [here](#).

On 02 December 2020, ASIC published news that the Administrative Appeals Tribunal (AAT) had upheld ASIC's decision to refuse Allegra Financial Services Pty Ltd (Allegra), an Australian financial services license (AFSL) to provide personal financial product advice to retail and wholesale clients. The AAT found that Allegra's controller, sole director and proposed responsible manager, Lachlan Schonfelder, engaged in conduct, including making misleading submissions, that meant ASIC could not be satisfied that Allegra would provide financial services efficiently, honestly and fairly. For more details, please click [here](#).

On 04 December 2020, a former director of Secure Investment Pty Ltd (Secure Investments) and Aquila Group Pty Ltd, Mudasir Mohammed Naseeruddin (Mr. Naseeruddin), was charged with two counts of failing to exercise his power as a director and discharge his duty in good faith. He dishonestly obtained superannuations, including representations that the funds would be invested in property development. For more details, please click [here](#).

On 07 December 2020, a former Managing Director and Chief Executive Officer of iSignthis Ltd (iSignthis), Nickolas John Karantzis (Mr. Karantzis) had civil proceedings against them commenced by ASIC for failing to fulfill continuous disclosure obligations honestly under the Corporations Act. The prosecution resulted from the submission of false and misleading representations by Mr Karantzis and iSignthis. Further, the proceedings against Mr. Karantzis' include alleged breaches of his directors' duties resulting from his failure to take reasonable steps to ensure information that he gave to ASX was not false or misleading. For more details, please click [here](#).

On 07 December 2020, ASIC published that, on 01 December 2020, a former finance broker, Adam Edward Greene (Mr. Greene) was sentenced, after pleading guilty, to four counts of fraud involving approximately AUD 85,300. The charges related to Mr. Greene submitting false documents that had not been provided to him by the customers, to secure a loan that ordinarily may not have been approved. For more details, please click [here](#).

07 December 2020, an unregistered managed investment scheme operated by Chris Marco (Mr. Marco) and AMS Holdings (WA) Pty Ltd. (AMS) has been ordered by the Federal Court to wind up. The Court also ordered that Mr. Marco be permanently banned from carrying on a financial services business without an Australian Financial Services (AFS) license or operating an unregistered managed investment scheme. For more details, please click [here](#).

On 10 December 2020, a former mortgage brokerage company, Advanced Choice Finance Pty Ltd (ACF), and its director, Ding Yang (Mr. Yang), were charged with making a false statement to ASIC. ACF was charged with one count of knowingly making a false statement in a credit license annual compliance certificate which it lodged with ASIC. Mr. Yang, was charged with aiding and abetting ACF in making the false statement. For more details, please click [here](#).

On 11 December 2020, Union Standard International Group Pty Ltd and its former corporate authorized representatives, Maxi EFX Global AU Pty Ltd (trading as EuropeFX) and BrightAU Capital Pty Ltd (trading as

TradeFred), had civil penalty proceedings commenced against them in the Federal Court by ASI for illegally providing FX services to residents in China and for failing to comply with its obligation to ensure the financial services covered by its license were provided effectively, honestly and fairly. For more details, please click [here](#).

On 16 December 2020, Migration Cover Pty Ltd's Australian Financial Services (AFS) license was cancelled by ASIC. ASIC found that Migration Cover failed to lodge its 2019 annual accounts and maintain membership with the Australian Financial Complaints Authority (AFCA). ASIC also found that Migration Cover was no longer carrying on a financial services business. For more details, please click [here](#)

On 18 December 2020, La Trobe Financial Asset Management Ltd (La Trobe) had civil penalty proceedings commenced against it in the Federal Court by ASIC, in its capacity as the responsible entity of the La Trobe Australian Credit Fund (the Fund). ASIC alleges La Trobe marketed the Fund throughout Australia in ways that were misleading or deceptive, or likely to mislead or deceive. For more details, please click [here](#).

On 22 December 2020, a former financial adviser, Keith James Flowers (Mr. Flowers), formerly known as Nigel Flowers, pled guilty to acting dishonestly as a company director and theft. Mr. Flowers was the director of Flowers Financial Group Pty Ltd and Flower Financial Management Pty Ltd, which specialized in providing financial advice to the medical industry. Mr. Flowers used his position as a director dishonestly, with the intention of gaining advantage for himself and Flowers Financial Management. For more details, please click [here](#).

## Cambodia



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

### Enforcement

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

## Mainland China



On 3 December 2020, the People's Bank of China ("PBOC") and the Chinese Banking and Insurance Regulatory Commission ("CBIRC") jointly issued the 'Measures for the Assessment of Systemically Important Banks' which stipulate the scoring methods, assessment scopes and assessment procedures of identifying systemically important banks in China. When assessing a participating bank, PBOC and CBIRC will evaluate its degree of systemic importance based on indices including its scale, relevance, replaceability and complexity. The list of systemically important banks will be updated and announced annually. For more details, please click [here](#) (Chinese only).

On 4 December 2020, the PBOC announced that the Cybersecurity Situational Awareness and Information Sharing Platform for the financial sector had been established. Organized and planned by the PBOC, the establishment of this platform was undertaken by ICBC in collaboration with the China Construction Bank and other financial institutions, with the aim of improving the level of cybersecurity for the financial sector. For more details, please click [here](#) (Chinese only).

On 11 December 2020, the PBOC, along with CBIRC, State Administration of Foreign Exchange ("SAFE") and China Securities Regulatory Commission ("CSRC"), released the 'Roadmap for The Application and Implementation of the Global Legal Entity Identifier ("LEI") (2020-2022)', stipulating the objectives for 2020-2022, the application rules, LEI assignment and registration, application of technology and sustainable operations of Chinese LEI system. For more details, please click [here](#) (Chinese only) & [here](#).

On 11 December 2020, the CSRC issued a consultation on the "Measures for Reporting, Investigation and Handling of Cyber Security Incidents of the Securities and Futures Industry". The consultation proposed revisions on several aspects compared with the previous revisions, which includes clarifying the supervision and administration measures to be taken against securities and futures service institutions, unifying the information system, proposing

a standardized method for grading cyber security incidents and enhancing the reporting process for cyber security incidents. For more details, please click [here](#) (Chinese only).

On 25 December 2020, the CBIRC issued the consultation of 'Interim Measures on Wealth Management Product Sales by Wealth Management Subsidiaries of Commercial Banks'. The draft Measures define the scope of sales organizations that offer wealth management services, marketing wealth management products and conducting subscription and redemption, and outlines the responsibilities and obligations of product issuers and sellers. Under the draft Measures, wealth management subsidiaries of other banks and banks that absorb public deposits are allowed to act as sales agents. For more details, please click [here](#) (Chinese only).

On 25 December 2020, the CSRC issued two financial industry standards, namely 'Securities Trading Exchange Protocol' and 'Electronic Information Disclosure Specification for Capital Market OTC Products', to further standardize the securities trading exchange specification and lower the technical threshold for international market participants to access the China market. For more details, please click [here](#) (Chinese only).

On 26 December 2020, the National People's Congress adopted the Amendment XI to the Criminal Law. Under the amendment, the maximum prison sentence for fraudulent securities issuances will be raised to 15 years, while the maximum sentence for fraudulent information disclosures will be increased to 10 years. Controlling shareholders and actual controllers who instigate fraudulent securities issuances, falsify information disclosures or conceal relevant matters will also be subject to the amendment. For more details, please click [here](#) (Chinese only).

On 28 December 2020, the PBOC, NDRC and CSRC jointly issued the 'Administrative Measures for Information Disclosure for Corporate Credit-based Bonds' which takes effect from 1 May 2021. The Measures refine the requirements for identification and disclosure of significant matters throughout the duration and specified 22 types of 'significant' matters. It requires enterprises to promptly disclose the significant matters that may affect the solvency or investors' rights and interests. For more details, please click [here](#) (Chinese only).

On 30 December 2020, the PBOC released the amended 'Administrative Measures of Anti-Money Laundering and Counter-Financing of Terrorism for Financial Institutions' to solicit public comments. The proposed amendments to these measures include the overhaul of China's AML regulatory system resulting from an assessment made by the Financial Action Task Force in 2019. The measures require financial institutions to tighten their AML internal controls and risk management by establishing a self-evaluation system of money laundering risk, a sound safeguard system for AML information, and AML internal inspection and audit. For more details, please click [here](#) (Chinese only).

On 31 December 2020, the CSRC issued the 'Administrative Measures for Convertible Corporate Bonds' which require an issuer to continuously pay attention to whether the redemption conditions are met; if the redemption conditions are expected to be met, the issuer should promptly disclose them and fully alert the market to the risks five trading days before the redemption conditions are met. For more details, please click [here](#) (Chinese only).

## Enforcement

On 2 December 2020, the CSRC filed an investigation against Beijing Blue Mountain Technology Co. Ltd related to its application for public offering to unspecified qualified investors and its suspected illegal information disclosure when listing of selected layers. The investigation comes as part of the effort to implement the general requirements under the recent reforms of the National Equities Exchange and Quotations Company ("NEEQ"). For more details, please click [here](#) (Chinese only).

On 5 December 2020, the CBIRC announced that it has completed its investigation into a product risk incident related to the Bank of China. Subsequently, the CBIRC decided to fine the Bank of China and its branches RMB 50.5 million for irregularities in a crude oil future product and for the lack of an adequate internal control system. Two general managers involved also received warnings and RMB 500,000 fines. For more details, please click [here](#) (Chinese only).

## Hong Kong



On 1 December 2020, the SFC reconfigured its staffing arrangements in response to COVID-19 developments. Although the majority of SFC staff will be working from home, they will continue to provide all of its public services as usual. For more details, please click [here](#).

On 4 December 2020, the SFC announced that the code on Real Estate Investment Trust (REITs) take effect for connected party transactions which were entered into before 4 December 2020. A transitional period of six month will be allowed for REITs to comply with the revised requirements. For more details, please click [here](#).

On 4 December 2020, the SFC launched a consultation on proposals to introduce investor identification for the securities market in Hong Kong. Under this regime, licensed corporations and registered individuals would submit clients' names and identity document information to a data repository. This will allow the SFC to identify investors who place securities orders. For more details, please click [here](#).

On 7 December 2020, the SFC published its Quarterly Report summarising key developments from July to September 2020. The report includes release of consultation conclusions on proposals to enhance the open-ended fund companies' regimes and provide more flexibility for Hong Kong real estate investment trusts, consultation on proposals to amend the anti-money laundering and counter-financing of terrorism guidelines to align with international standards and a new campaign to caution investors against online investment scams. For more details, please click [here](#).

On 10 December 2020, the SFC released additional guidance to market participants on external electronic data storage in response to questions from licensed corporations and other stakeholders. For more details, please click [here](#).

On 11 December 2020, the SFC launched a consultation on proposals to update its entry requirements for licence applicants as well as its ongoing competency standards for individual practitioners. The minimum academic qualification requirements would be raised and a broader range of qualifications would be recognised. Applications would also have more flexibility for meeting the industry qualification and regulatory examination requirements. For more details, please click [here](#).

On 16 December 2020, the SFC announces that it has granted the first license to a virtual asset trading platform in Hong Kong. The platform will only serve professional investors under the close supervision of the SFC and will be made subject to tailor-made requirements similar to those which apply to securities brokers and automated trading ventures. For more details, please click [here](#).

On 17 December 2020, the Green and Sustainable Cross-Agency Steering Group (Steering Group) announced that its green and sustainable finance strategy for Hong Kong and five key action points. These points include; strengthening climate-related financial risk management; promoting the flow of climate-related information at all levels to facilitate risk management; capital allocation and investor protection; enhancing capacity building for the financial services industry and raising public awareness; encouraging innovation and exploring initiatives to facilitate capital flows towards green and sustainable causes; capitalising on Mainland opportunities to develop Hong Kong into a green finance centre in the Guangdong – Hong Kong – Macao Greater Bay Area; and strengthening regional and international collaboration. For more details, please click [here](#).

On 18 December 2020, the SFC launched a three-month consultation on proposed amendments to the Code on Pooled Retirement Funds (PRF Code). The proposals would enhance the SFC's requirements for the operation of these funds and clarify the obligations of key operators including product providers, trustees, management companies and insurance companies. For more details, please click [here](#).

On 23 December, the SFC released consultation conclusions on proposed customer due diligence requirements for open-ended fund companies. The SFC will implement the proposal to require OFCs to appoint a reasonable person to carry out anti-money laundering and counter financing of terrorism (AML/CFT) functions, in line with the Financial Action Task Force's principles and requirements as well as to better align the AML/CFT requirements for different investment vehicles. For more information, please click [here](#).

## Enforcement

On 10 December 2020, the Market Misconduct Tribunal (MMT) has found that MR Cheng Chak Ngok, former executive director, chief financial officer and company secretary of EN Energy Holdings Limited (ENN Energy), had engaged in insider dealing in the shares of China Gas Holding Limited (China Gas) in 2011 following a retrial. The MMT, which concluded that neither the nominee nor some unidentified individual would have been in a position to place orders, and will determine the sanctions against Cheng at a later date. For more details, please click [here](#).

On 14 December 2020, the MMT has found that Ms Li Yik Shuen engaged in insider dealing in the shares of Meadville Holdings Limited (Meadville) in 2009 following the proceedings brought by the SFC. The SFC alleged that Mr Tom Tang Chung Yen, the former chairman and an executive director of Meadville had tipped off Li. The MMT is satisfied that there is no evidence that Tang had counselled or procured Li to deal in Meadville shares, and therefore the MMT is not satisfied that Tang engaged in market misconduct. The MMT will determine the sanctions to be made against Li and subsequent orders at a later date. For more details, please click [here](#).

On 17 December 2020, the Eastern Magistrates' Court convicted Mr Chow Chiu Chi, company secretary of China Automation Group Limited (China Automation), of insider dealing in the shares of China Automation following a prosecution by the SFC. Chow who was convicted of insider dealing, was granted cash bail of \$10,000 and is not allowed to leave Hong Kong during the adjournment. The court adjourned the case to the 11<sup>th</sup> of January for sentencing. For more details, please click [here](#).

On 23 December 2020, the SFC reprimanded Fulbright Securities Limited (Fulbright) and fined it \$3.6 million for internal control failures relating to short selling and for failing to report related short selling incidents to the SFC in a timely manner as required under the SFC's Code of Conduct. For more details, please click [here](#).

On 23 December 2020, the SFC issued a restriction notice to CNI Securities Group Limited (CNI), prohibiting it from dealing with or processing certain assets held in three client accounts, which are related to suspected market manipulation in the shares of a company listed on The Stock Exchange of Hong Kong Limited. For more details, please click [here](#).

## India



On 4 December 2020, the Governor of the Reserve Bank of India (RBI) issued a press statement relating to a Monetary Policy Committee (MPC) meeting. The Governor highlighted the impact of COVID-19 on industry, financial market outlook in the second half of 2020-21 and assessment of inflation and growth in 2020. For more details, please click [here](#).

On 18 December 2020, the RBI published a notification amending the 'Master Direction on centralized KYC registry rolling out of Legal Entity (LE)' template and other changes. According to which, regulated entities shall upload the KYC data pertaining to accounts of LEs opened on or after April 1, 2021, on to CKYCR under Rule 9 (1A) of the Prevention of Money Laundering Rules. For more details, please click [here](#).

On 23 December 2020, the RBI warned the public to be wary of unauthorized digital lending platforms/Mobile Apps to which a number of individuals and small business have fallen prey to. The RBI reiterated that legitimate public lending activities are undertaken by Banks, Non-Banking Financial Companies (NBFCs) which are registered with RBI and other entities who are regulated by the State Governments under statutory provisions, such as the money lending acts of the concerned statutes. For more details, please click [here](#).

On 24 December 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, 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 on one Singaporean entity. For more details, please click [here](#).

## Enforcement

On 1 December 2020, the RBI imposed a fine of ₹ 10 lakh on The Karad Urban Co-operative Bank Ltd. The fine was related to deficiencies in regulatory compliance rather than any transaction or agreement entered by the bank with

its customers. Statutory inspection of the bank revealed contravention of section 47A(1)(c) read with Section 46(4)(i) and Section 56 of the Banking Regulation Act, 1949 issued by RBI. For more details, please click [here](#).

On 4 December 2020, the RBI imposed a fines of ₹ 2 lakh on three banks, mainly The Berhampur Co-operative Urban Bank Ltd., The Boral Union Co-operative Bank Ltd. and Khatra People's Co-operative Bank Ltd. for contravening/ non-compliance with the directions issued by Reserve Bank of India (RBI) on "Exposure Norms and Statutory/Other Restrictions-UCBs. For more details, please click [here](#).

On 8 December 2020, the RBI cancelled the banking license of The Karad Janata Sahakari Bank Ltd., ("Bank"). It is alleged that the Bank did not have adequate capital or earning prospects, failed to comply with the requirements of the Banking Regulation Act, 1949, was unable to pay its present depositors in full, and that public interest would be adversely affected if the bank was allowed to carry on its banking business any further. For more details, please click [here](#).

On 11 December 2020, the RBI imposed a fine of ₹ 50 lakh on the Urban Co-operative Bank Ltd. This penalty administered was for non-compliance with directions issued by RBI on Income Recognition and Asset Classification (IRAC) norms and on Management of Advances-UCBs. For more details, please click [here](#).

On 24 December 2020, the RBI cancelled the banking license issued to Subhadra Local Area Bank Ltd., ("Bank"). The banking license was cancelled due to the bank conducting its business in a manner which was detrimental to the interests of its present and future depositors and the interest of public would be adversely affected if it was allowed to operate. For more details, please click [here](#).

## Indonesia



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

### Enforcement

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

## Japan



On 1 December 2020, The FSA announced that it had released a "Cabinet Office Order to Amend the Cabinet Office Order on Financial Instruments Business, etc." The updates state that a description on the flood risk faced by a property must be provided to the other party prior to the conclusion of a contract sale of beneficial interests in real property trusts. The updated Cabinet Office Order came into enforcement on December 21, 2020. For more details, please click [here](#). (Japanese only)

On 9 December 2020, The FSA iterated that the Japanese Government is committed to expanding Japan's role as an international finance hub by publishing the New Comprehensive Economic Measures. Included is a set of policies aimed at expanding Japan's role as an international financial hub. The new policies will help foreign asset managers and other financial institutions enter the Japanese market so that they may contribute to and improve Japan's financial and capital markets in tandem with local players. For more details, please click [here](#). (Japanese only)

## Enforcement

On 16 December 2020, the FSA announced that it had imposed an administrative penalty charge against ISHIGAKI FOODS CO.,LTD. for making false statements in its securities reports. For more details, please click [here](#). (Japanese only)

On 16 December 2020, the FSA announced that it had issued an administrative penalty charge against an individual (non-insider) for committing insider trading regarding stocks of SOFTMAX CO., LTD after they used information received from an officer of the entity. For more details, please click [here](#). (Japanese only)

## Korea



On 3 December 2020, the FSC announced its plan to improve rules on subscription businesses' payment system to enhance consumer protection and user experience. The FSC plans to establish standardized terms and conditions and strengthen payment gateways' supervision over their affiliates. For more details, please click [here](#).

On 7 December 2020, the FSC announced its plan to introduce a routine inspection of personal data protection measures at financial institutions to ensure consistency in data protection and improve accountability. The plans include but are not limited to establishing specific inspection standards according to the data lifecycle, providing feedback on a regular basis through the Financial Security Institute, and setting up self-inspection guidelines for financial institutions. The routine inspection of personal data protection is scheduled to begin on 4 February 2021. For more details, please click [here](#).

On 9 December 2020, the FSC published new legal precedents for the supervision of non-holding financial groups after new legislation was passed at a plenary session of the National Assembly. The key provisions concern internal risk management, internal assessment and reporting and disclosure requirements. For more details, please click [here](#).

On 9 December 2020, the FSC announced a revision of bill to the Financial Investment Services and Capital Markets Act at a plenary session of the National Assembly. The revision bill focuses on regulating illegal short sale activities specifically naked short sales to improve the accountability of domestic stock markets. The key provisions of the revision bill consist imposing penalty surcharges and criminal penalties for illegal short sale, requiring short sellers to keep records of loan agreements for five years, restricting short sellers' participation in equity financing and strengthen regulation on short sale ban. For more details, please click [here](#).

On 17 December 2020, the FSC revealed that the Korea Financial Intelligence Unit (KoFIU) will begin to operate an upgraded anti-money laundering system from 17 December 2020. This system will improve the efficiency of its suspicious transaction report system, strengthen assessment and analysis capabilities and enhance information security. For more details, please click [here](#).

## Enforcement

On 2 December 2020, the FSC announced its decision to revoke the business registration of Lime Asset Management. The FSC has imposed a fine of KRW950 million and issued suspension of duties on its staff and executive personnel. Lime Fund Management was found to have engaged in illegal and inappropriate fund management activities, resulting in a large-scale suspension of redemptions for investors totalling KRW1.7 trillion. For more details, please click [here](#).

## Malaysia



On 7 December 2020, Bursa Malaysia expanded its market-making framework to allow greater flexibility to quote prices and respond to market demands. The changes introduced via this expanded market making framework is aimed towards further improving market makers' ability to manage risk by hedging their exposure to price volatility in the underlying securities. For more details, please click [here](#).

On 9 December 2020, the 33rd ASEAN Capital Markets Forum (ACMF) Chairs' Meeting was held virtually in Hanoi. The meeting set out key priorities for the upcoming Action Plan 2021 - 2025 in which the aim was to realise the ACMF Vision 2025 to develop a more inter-connected and inclusive ASEAN capital market. For more details, please click [here](#).

On 14 December 2020, Bursa Malaysia and the Shenzhen Stock Exchange ("SZSE) started displaying selected mutual benchmark index constituents of the other's markets on their exchanges' websites. This index promotion forms part of the cross-border collaboration initiative between the two countries. For more details, please click [here](#).

On 16 December 2020, The Securities Commission Malaysia (SC) and Bursa Malaysia Berhad (Bursa Malaysia) jointly decided that they will uplift the temporary suspension of Regulated Short Selling (RSS) on 1 January 2021 so



as to facilitate investors' risk management and revive Securities Borrowing and Lending (SBL) activities, to promote product development and market making activities. For more details, please click [here](#).

On 16 December 2020, the Securities Commission Malaysia (SC) and Bank Negara Malaysia (BNM) are collaborating to develop policies and regulations related to cryptocurrencies and digital assets, with the aim of facilitating responsible innovation while managing any emerging risks related to this nascent sector. For more details, please click [here](#).

On 30 December 2020, the Securities Commission Malaysia (SC) issued a Guidance Note on the Provision of Investment Advice falling within the regulated activity of providing investment advice under the Capital Markets and Services Act 2007 (CMSA). Recently, there has been an increasing number of queries and complaints regarding various social media and chat rooms that appear to be providing specific stock recommendations to the public upon payment of a fee. The SC issued a caution to members of the public against dealing with unlicensed investment advisers as they could be defrauded or used as part of a market manipulation scheme. For more details, please click [here](#).

## Enforcement

On 10 December 2020, the Securities Commission Malaysia (SC) convicted a former Group Accountant of Asia Media Group Berhad, for three offences under Section 32(3)(a) of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLATFPUAA) after he failed to appear before SC's investigating officer to assist in a money laundering investigation. For more details, please click [here](#).

On 16 December, the Securities Commission Malaysia's (SC) Audit Oversight Board (AOB) reported that it has on 21 October 2020, it had imposed a RM50,000 fine on Muhamad Hafiz Bin Che Yusof, a partner of Morison AAC PLT for failing to comply with the International Standards on Auditing when auditing a public interest entity (PIE). For more details, please click [here](#).

On 23 December, The Kuala Lumpur Sessions Court convicted a former managing director, Cheah Yew Keat, of insider trading and sentenced him to a one-day jail custody and a fine of RM1 million. Cheah was in possession of material price sensitive information which was not generally available to the public and disposed of a significant number of shares via accounts belonging to his personal assistant's husband. For more details, please click [here](#).

## Mauritius



On 11 December 2020, the FSC released a communique announcing that it had published its Settlement Framework. The Settlement Framework sets out a means through which timely and proportionate enforcement outcomes can be achieved in appropriate cases. The FSC also published a set of FAQs on the Framework. For more details on the communique, please click [here](#). For the Settlement Framework, please click [here](#). For FAQs, please click [here](#).

On 14 December 2020, the Bank of Mauritius announced that it had signed a Memorandum of Understanding with Deutsche Bundesbank (DB) on technical central bank cooperation. Cooperation between the parties will mainly involve training and advisory assistance provided by the Bundesbank. For more details, please click [here](#).

## Enforcement

On 9 December 2020, the FSC Mauritius issued an investor alert against Atrad.io, an entity falsely claiming they were regulated by the FSC, and a notification that "Victoria Capital Ltd." is their parent company. The FSC goes on to state that "Victoria Capital Management Ltd." is a victim of impersonation, and reminded the public to be vigilant when conducting dealing activities. For more details, please click [here](#).

On 10 December 2020, the FSC Mauritius issued an investor alert against Pulse Markets Ltd./Pulstrade, who falsely claimed they were regulated by the FSC. The FSC reminded investors to refer to its register before performing dealings. For more details, please click [here](#).

On 30 December 2020, the FSC Mauritius revoked the Management License of Beaufort Management Services Limited, due to, among other things, concealment of beneficial ownerships, conspiring to commit securities fraud,

money laundering, providing misrepresentations to the FSC, inadequate internal controls, and breaches of the Financial Services Act (“FSA”), FIAMLA, and the FSC Code on Prevention of Money Laundering and Terrorist Financing. For more details, please click [here](#).

On 30 December 2020, in connection with the aforementioned Beaufort Management Services Limited case, the FSC disqualified three directors and the General Manager from holding officer positions in any licensees of the FSC for periods of 9 years and 10 years respectively. The FSC further imposed an administrative penalty of MUR 4,922,568 on the General Manager. For more details, please refer to the individual disqualifications [here](#), [here](#), [here](#) and [here](#).

On 30 December 2020, the FSC Mauritius revoked the licenses of Private Kapital Partners Asset Management (Mauritius) Limited and its sole director due to, among other things, lapse in license without an application for reinstatement, lack of redressal of FSC concerns during an inspection made in October 2018, not filing annual reports for 2016 and 2017, failure to comply with its Category 1 Global Business license licensing condition, AML/CTF breaches and a failure to commence business. For more details, please click [here](#) or [here](#).

## Myanmar



On 30 December 2020, the Central Bank of Myanmar released a list of foreign bank subsidiaries with their respective license dates. For further details, please click [here](#).

### Enforcement

A media search did not find any enforcements for December.

## New Zealand



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

### Enforcement

On 22 December, Auckland High Court found Steven Robertson (“Mr Robertson”) and Rodney McCall (“Mr McCall”) of fraudulent activities. Mr Robertson and Mr McCall presented themselves to the victims as investment professionals and had encouraged the victims to “invest in them”. The proceeds raised were then spent Mr Robertson’ and Mr McCall’s lifestyles. The defendants were instructed to repay the stolen total of NZ\$70,031 and Mr. McCall was sentenced to 12 months’ home detention. For more details, please click [here](#).

## Philippines



On 17 December 2020, the Securities and Exchange Commission (SEC) announced plans to update the rules related to the standard of cybersecurity across the financial industry. The update is intended to enhance the performance of IT systems, increase the adoption of technical schemes to protect technology systems and emphasise the effectiveness of business recovery plans. For more details, please click [here](#).

### Enforcement

On 28 December 2020, the SEC revoked the lending license of Super Cash Lending Corp. (Super Cash) which has ceased operations as a lending company. Super Cash was found to be liable for various violations including using abusive language and threatening borrowers in the process of collecting debts through Super Cash’s online platform. For more details, please click [here](#).

## Russia



On 25 December 2020, the Bank of Russia announced that German Zubarev (“Mr Zubarev”) had been appointed as its new Deputy Governor. Following Mr Zubarev’s appointment, he will supervise the Security Department and the Information Security Department. For more details, please click [here](#).

On 25 December 2020, the Bank of Russia announced that it had completed its preparations for the publishing of the Ruble Overnight Index Average (“RUONIA”), the replacement for London Inter-Bank Offered Rate (“LIBOR”), and that it was in compliance with the International Organization of Securities Commission (“IOSCO”) Principles for Financial Benchmarks. The benchmark was verified by Ernst & Young against international standards “in all material aspects”. The RUONIA will be used for the pricing of a range of financial instruments, including loans, bonds, and derivatives. For more details, please click [here](#).

On 28 December 2020, the Bank of Russia announced the release of its Statistical Services Development Programme in Macroeconomic Statistics for 2021-2025. The document outlines the regulators aims, objectives, and the underlying principals it will follow for the period. For more details, please click [here](#).

On 30 December 2020, the Bank of Russia set its deadlines for the submission of 2021 statements for specialised depositories and management companies. Investment funds sold only to qualified investors, management companies, and non-governmental pension funds will be required to have compiled the required information for ‘Form 0420502 ‘Statement of the Value of Net Assets, Including the Value of Assets (Property), of Joint-stock Investment Funds (Unit Investment Funds)’ approved by Bank of Russia Ordinance No. 4715-U’ (dated 8 February 2018) by the last business day of each quarter, and to submit within 10 business days of the end of each financial quarter. From 30 September 2021, Unit investment funds targeted at solely qualified investors will be able to compile the required information for Form 0420872 ‘Report on the Value of Net Assets, Including Assets (Property), of Unit Investment Funds’ approved by Bank of Russia Ordinance No. 4777-U (dated 19 April 2018) for the last business day of each month, and submit such information within 3 business days of the end of each month. For more details, please click [here](#).

## Enforcement

A media search did not find any enforcements for December.

## Singapore



On 4 December 2020, the Monetary Authority of Singapore (“MAS”) announced that it had awarded 4 digital bank licenses, with two to operate as Digital Full Banks and two to operate as Digital Wholesale Banks. The recipients are a consortium comprising Grab Holding Inc. and Singapore Telecommunications Ltd; an entity wholly-owned by Sea Ltd; and an entity wholly owned by Ant Group Co. Ltd. The former two were awarded Full Bank status and the latter two were designated as Wholesale Banks. For more details, please click [here](#).

On 8 December 2020, the MAS released Guidelines on Environmental Risk Management (“the Guidelines”) for asset managers. The Guidelines address the asset management sector’s resilience to, and management of, environmental risk. The MAS believes that FMCs should protect investors’ assets against the impact of environmental risk but that they are also stakeholders in the transition to an environmentally sustainable economy via green investment and working with regulators and other governmental and academic institutions. For more details, please click [here](#).

On 11 December 2020, the MAS announced that in line with the interest rate benchmark transition from SIBOR to SORA, it intended to expand the mandate of the Steering Committee for SOR Transition to SORA (Committee) to give it oversight of the new mechanism. A joint industry report announced the discontinuation of the remaining SIBOR tenors in phases over the next four years. The Committee will be renamed as the Steering Committee for SOR & SIBOR Transition to SORA (SC-STs). The industry published a response to the feedback received, noting strong support from bank and non-bank respondents, and setting out the key timelines for SIBOR discontinuation by end-2024. For more details, please click [here](#).

On 17 December 2020, the MAS announced a further extension of the US\$60 billion swap arrangement with the US Federal Reserve (Federal Reserve) until 30 September 2021. The MAS USD Facility will also be extended to 30 September 2021, offering up to US\$60 billion of funding to banks, to facilitate USD lending to businesses during the COVID-19 pandemic. For more details, please click [here](#).

## Enforcement

On 2 December 2020, the MAS banned two former insurance agents for dishonest conduct. Prohibition orders (POs) were issued against the individuals following the MAS' investigations into their dishonest conduct involving the sale of integrated shield plans. The individuals, Mr. Chong Yoon Loi and Mr. Suresh Kannan were banned for 4 years and 2 years respectively for deliberately mis-selling insurance policies to individuals who already held equivalent policies on the basis that having more than one policy would be beneficial. For more details, please click [here](#).

## Sri Lanka



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

## Enforcement

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

## Taiwan



On 10 December 2020, the FSC announced that the amendments made to Regulations Governing Securities Investment Trust Enterprises would come into effect soon. The amendments were made to strengthen the management of investment and credit business's on investment in domestic, foreign and Mainland China businesses, clarifying the major changes that should be reported and the reporting timing. For more details, please click [here](#). (Chinese only)

On 17 December 2020, the FSC announced that the amendments made to Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Certified Public Accountants would come into effect soon. The amendments set out the timing of confirming customer identity and the requirement of establishing the policies and procedures regarding the name verification of customers and their transaction-related objects. For more details, please click [here](#). (Chinese only)

## Enforcement

On 22 December 2020, Shin Kong Life Insurance Co., Ltd. was fined NTD\$ 7.2 million for breaking the Insurance Act. The FSC found during an inspection that the Company had failed to implement relevant verification and review mechanisms for the source of premiums, and failed to implement sufficient internal controls resulting in a salesman misappropriating insurance premiums. For more details, please click [here](#). (Chinese only)

On 24 December 2020, KGI Securities was fined NTD\$ 3.36 million for breaking the Securities and Futures Administration Act. The FSC found out that one former employee of KGI Securities had defrauded clients after offering to arrange futures contracts for them. KGI Securities failed to implement an effective internal control system and fulfil its responsibility of supervision and management. For more details, please click [here](#). (Chinese only)

On 29 December 2020, Cathay United Bank was fined NTD\$ 12 million for breaching the Banking Act and the Insurance Act. The Bank's accountants discovered that the bank was involved in misappropriation of customer funds after examining the bank's internal audit results. The bank failed to implement a confirmation mechanism for executing relevant transactions and therefore the internal control system lacked effective coverage. For more details, please click [here](#). (Chinese only)

## Thailand



On 14 December 2020, the Bank of Thailand (BOT) announced the outcome of the joint meeting between the Monetary Policy Committee and the Financial Institutions Policy Committee. They concluded that Thailand's financial stability remained sound overall although risks to it still existed due to internal and external uncertainties in relation to the situation of COVID-19. For more details, please click [here](#).

On 15 December 2020, the 33rd ASEAN Capital Markets Forum (ACMF) Chairs' Meeting was held virtually, announcing the key priorities for its Action Plan 2021 - 2025, covering the ACMF's Vision for 2025 of being an inter-connected, inclusive and resilient ASEAN capital market. Further, it acknowledged the progress of ACMF working groups on implementation of the six short-to-medium term focus areas identified in the Roadmap for ASEAN Sustainable Capital Markets. For more details, please click [here](#).

## Enforcement

On 17 December 2020, the BOT and a Member of the Financial Institutions Development Fund (Fund) revealed that it had appointed of an investigation sub-committee to look into whether unusual transactions of the Board of Directors of Sukhumvit Asset Management Co., Ltd. (SAM) existed in relation to foreclosed assets. The BOT emphasized that serious disciplinary actions would be taken in case any fraud was discovered. For more details, please click [here](#). (Thai only)

## Vietnam



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

## Enforcement

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

## 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.