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Welcome to our Regulatory Newsletter for December 2021

Executive Summary

In Hong Kong, the HKEX has reached an agreement with the Shanghai Stock Exchange, Shenzhen Stock Exchange, and China Securities Depository and Clearing Corporation on Stock Connect inclusion arrangements for eligible ETFs. The agreement reflects the continued commitment of HKEX and its Mainland partners to further expand and enhance the pioneering mutual market access program between Mainland China and Hong Kong capital markets.

In Singapore, the Monetary Authority of Singapore and the Commercial Affairs Department of the Singapore Police Force, the Hong Kong Securities and Futures Commission, and the Hong Kong Police Force conducted a joint operation against a syndicate suspected of conducting cross-border pump-and-dump scams involving shares listed on the Hong Kong Stock Exchange in violation of the Securities and Futures Act. This is the first action of its kind in tackling such scams involving securities regulators and law enforcement agencies in Singapore and Hong Kong.



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Australia



On 1 December 2021, the Australian Securities & Investments Commission (“ASIC”) released an information sheet on limited advice as well as an example statement of advice. The information sheet ‘INFO 267: Tips for giving limited advice’ assists financial advisers and advice licensees, by providing more regulatory guidance and understanding of the relevant requirements under the Corporations Act 2001. For more information, please click [here](#).

On 8 December 2021, ASIC released a consultation paper seeking feedback on whether to extend the written notice exemption for credit providers and lessors who enter into simple arrangements with consumers in hardship. Submissions are due on 1 February 2022. For more information, please click [here](#).

On 10 December 2021, ASIC and the Croatian Financial Services Supervisory Agency (“CFSSA”) signed a new Memorandum of Understanding regarding mutual assistance in the supervision and oversight of managers that operate cross-border alternative investment funds. ASIC and CFSSA will cooperate for the purpose of fulfilling their respective regulatory mandates. For more information, please click [here](#).

On 20 December 2021, ASIC announced the first exam sitting dates for the financial adviser exam. Enrolments for the sitting of the exam will open from 10 January to 28 January 2022. The dates of the possible sittings are as follows: 17, 18, 19 and 21 February 2022. For more information, please click [here](#).

On 22 December 2021, ASIC announced that the Financial Sector Reform Act 2021 (“Act”) will come into effect 1 January 2022. A key reform under the Act is to give the Financial Services and Credit Panel (“FSCP”) its own statutory functions and powers. The Act allows the FSCP the power to direct financial advisers to undertake training, counselling, or supervision to report certain matters to ASIC. The FSCP will now also be able to suspend or cancel a financial adviser’s registration and recommend ASIC to commence civil penalty proceedings against financial advisers. For more information, please click [here](#).

Enforcement

On 3 December 2021, Mr. Richard Ludwig (“Mr. Ludwig”) was convicted of intentionally dealing with the proceeds of crime and breaching his director’s duty and subsequently sentenced to five years in prison. Mr. Ludwig, with advice from Mr. Stephen O’Neill and Mr. John Narramore, illegally removed assets from his failing company in order to prevent creditor access once insolvent. For more information, please click [here](#).

On 6 December 2021, Mr. Matthew Rixon (“Mr. Rixon”) was sentenced to five months in prison for making false and misleading statements to ASIC. Between 2015 and 2018, Mr. Rixon lodged 43 forms containing false or misleading statements and using the personal details of other individuals without their knowledge or consent. Mr. Rixon’s prison sentence will commence on 9 April 2022. For more information, please click [here](#).

On 7 December 2021, Ms. Kay Sinclair (“Ms. Sinclair”) was disqualified from managing corporations for two years. Ms. Sinclair was a director of two failed companies and ASIC found that she failed to take reasonable steps to comply with obligations under the Australian Tax Laws with over \$3.5 million being owed to creditors including the Australian Taxation Office (“ATO”). For more information, please click [here](#).

On 7 December 2021, Ms. Sharon Peart (“Ms. Peart”) was disqualified from managing corporations for three years and nine months. Ms. Peart was a director of three failed companies and ASIC found that she failed to prevent trading whilst insolvent, ensuring the keeping of proper records and ensure timely reporting and payments to the ATO. Over AU\$2 million is owed to creditors including the ATO. For more information, please click [here](#).

On 7 December 2021, Mr. Jeffrey Aiken (“Mr. Aiken”) was disqualified from managing corporations for five years. Mr. Aiken was a director of four failed companies and ASIC found that he failed to understand his directors’ duties whilst allowing himself to be appointed as a dummy director of multiple companies. For more information, please click [here](#).

On 8 December 2021, Avanteos Investments Limited (“Avanteos”) plead guilty to 18 criminal charges relating to the continuation of fees to deceased superannuation members and failures to update faulty disclosure statements. After receiving legal advice in 2016 relating to the lack of authority to deduct fees from superannuation members after their death, Avanteos failed to update their disclosure statement and continued deducting the fees for a further two years. For more information, please click [here](#).

On 14 December 2021, ASIC cancelled the Australian Financial Services (“AFS”) license of Premier Wealth Management Financial Services Pty Ltd (“Premier Wealth”). ASIC found that Premier Wealth had failed to ensure its representatives were competent and sufficiently trained. Premier Wealth was also guilty of failing to ensure that all

financial services covered by their licensed were provided efficiently, honestly, and fairly. For more information, please click [here](#).

On 14 December 2021, Mr. Gerald Cummings (“Mr. Cummings”) and Mr. Craig Allen (“Mr. Allen”) were banned from providing any financial services, performing any function involved in a financial services business and controlling an entity that carries on a financial services business for five years. Mr. Cummings and Mr. Allen were directors and representatives of Premier Wealth and were both found to have demonstrated ongoing incompetence and lack of compliance mentality whilst in their positions, including being engaged in misleading and deceptive conduct in relation to client files. For more information, please click [here](#).

On 15 December 2021, Ms. Melinda Scott (“Ms. Scott”) was convicted of managing a corporation whilst disqualified. Between August 2019 and February 2021, Ms. Scott was a sole director, shareholder and employee of Driven by Results Pty Ltd despite having been disqualified from managing corporations for 25 years. Ms. Scott has been conditionally released on a 2-year bond with an AU\$1,000 recognizance. For more information, please click [here](#).

On 16 December 2021, ASIC obtained an interim order from the Federal Court freezing the assets of Ascent Investment and Coaching Pty Ltd and its director, Michael Dunjey. ASIC is investigating concerns that funds may have been raised through misrepresentations, investor funds may have been dealt with improperly and Ascent may have been operating an unregistered managed investment scheme. Mr. Dunjey and Ascent have been restrained from removing property from Australia, incurring new liabilities, and withdrawing, transferring, disposing of, or dealing with money held in accounts or a financial institution, among other things. For more information, please click [here](#).

On 16 December 2021, the Federal Court ordered Mr. James Cruickshank (“Mr. Cruickshank”) to be disqualified from managing corporations for four years and to pay an AU\$40,000 penalty. Mr. Cruickshank, former CEO of Blue Star Helium, was found to have failed to discharge his duties as a director, act with a reasonable degree of care and diligence when deciding whether information needed to be disclosed to the Australian Securities Exchange. For more information, please click [here](#).

On 20 December 2021, ASIC banned Mr. Christopher Betalli (“Mr. Betalli”) from providing financial services for two years. Mr. Betalli failed to provide financial advice that was in the best interests of his clients and in accordance with their risk profiles. ASIC also found that Mr. Betalli failed to keep sufficient records and gave non-compliant Statements of Advice. For more information, please click [here](#).

On 21 December 2021, The Federal Court ordered that Mr. Michael Christodoulou King (“Mr. King”) be bankrupted after his failure to pay a penalty order of AU\$300,000. Mr. King owes provable debts exceeding \$177 million, with no evidence that he is able to pay them. For more information, please click [here](#).

On 21 December 2021, ASIC cancelled the AFS licensed of United Wealth Group Pty Ltd (“United Wealth”). United Wealth were found to have failed to ensure its financial services were provided efficiently, honestly, and fairly with a one size fits all advice model and misleading Statements of Advice by incorrectly disclosing administration fees and not properly disclosing the risks of products. For more information, please click [here](#).

On 21 December 2021, ASIC banned Mr. James Furnell (“Mr. Furnell”) (director and authorised representative) and Mr. Adrian Summers (“Mr. Summers”) (director, authorised representative and responsible manager) of United Wealth for seven and five years respectively. Mr. Furnell failed to conduct reasonable investigations of products, provide appropriate advice, and engaged in deceptive or misleading conduct when failing to disclose his association with a product provider. Mr. Summers was engaged in misleading conduct by failing to disclose referral fees and ongoing contribution fees, he also failed to act in his clients’ best interests. Both Mr. Furnell and Mr. Summers are seen to be inadequately trained to provide financial services by ASIC. For more information, please click [here](#).

On 22 December 2021, four companies within the Mayfair 101 Group were ordered to pay a combined penalty of AU\$30 million by the Federal Court. The Court found that the four companies engaged in misleading conduct and made false or misleading representations when advertising the Mayfair 101 Group products. The products were advertised in newspapers and online and suggested that the products carried minimal risk, when in fact they were high risk products. For more information, please click [here](#).

On 23 December 2021, Mr. David Hall (“Mr. Hall”) was disqualified from managing companies for five years. Mr. Hall was a director of six failed companies and ASIC found that he failed to act with due care and diligence when ensuring that statutory obligations in relation to tax documents were followed. The six failed companies owe creditors over AU\$11 million, with over \$4 million being owed to the ATO. For more information, please click [here](#).

On 23 December 2021, Ms. Michelle Hall (“Ms. Hall”) was disqualified from managing companies for thirty months. Ms. Hall was a director of two failed companies and ASIC found that she failed to act with due care and diligence when ensuring that statutory obligations in relation to tax documents were followed. The two failed companies owe creditors over AU\$3.9 million, with over \$2 million being owed to the ATO. For more information, please click [here](#).

On 23 December 2021, Mr. Jin Song Cui (“Mr. Cui”) was disqualified from managing companies for four years. Mr. Cui was a director of six failed companies and was found to have improperly used his directors’ powers to gain advantage to himself, failed to prevent further incurring debts whilst insolvent, failed to ensure taxes were paid and liabilities met, failed to ensure the maintenance of adequate records, and failed to ensure statutory obligations in relation to tax documents were completed, among other things. The six failed companies owed over AU\$182 million to creditors, including over \$16 million to the ATO. For more information, please click [here](#).

On 23 December 2021, Mr. Stephen Thomas (“Mr. Thomas”) was disqualified from managing companies for eighteen months. Mr. Thomas was a director of four failed companies and failed to ensure they complied with their ATO lodgement obligations, entered into disadvantageous transactions with related entities and allowed trading whilst insolvent, amongst other things. The four companies owe more than AU\$1.1 million, of which more than \$390,800 is owed to the ATO. For more information, please click [here](#).

On 23 December 2021, Mr. Philip Dixon (“Mr. Dixon”) was disqualified from managing companies for three and half years. Mr. Dixon was a director of six failed companies and failed to act with due care and diligence in relation to his obligations to keep written financial records and his failure to deliver all books and records to the liquidators as soon as practicable after the companies became insolvent. The six failed companies owe over AU\$9.3 million to creditors, including just under \$1 million to the ATO. For more information, please click [here](#).

On 23 December 2021, Mr. Ramzi Zreika (“Mr. Zreika”) was banned from managing companies for four years. Mr. Zreika was a director of four failed companies and failed to act with care and diligence in respect to statutory obligations to the ATO, failed to deliver the books and records to liquidators as soon as practicable and failed to deliver all of the books to the liquidators, amongst other things. The four failed companies owe over AU\$1.6 million to creditors, including over \$600,000 to the ATO. For more information, please click [here](#).

Mainland China



On 3 December 2021, the China Banking and Insurance Regulatory Commission (“CBIRC”) issued the Notice on Matters Relating to the Participation of Insurance Funds in Securities Lending Business (“Notice”). The Notice aims to regulate the participation of insurance funds in domestic and overseas securities lending business and effectively prevent business risks in accordance with the Administrative Measures on the Use of Insurance Funds and the Interim Measures on the Management of Overseas Investment of Insurance Funds. For more information, please click [here](#) (Chinese only).

On 5 December 2021, the China Futures Association (“CFA”) implemented the “Rules for Credit Information Reporting of Risk Management Company Members” (“Credit Information Report”). The Credit Information Report is based on the compliance of members of risk management companies with legal requirements and on the documentation and operating data provided by the companies to the Association. It will be updated annually and presented in the form of tables or radar charts. For more information, please click [here](#) (Chinese only).

On 10 December 2021, the CBIRC sought public comments on the “Regulations for Insurance Asset Management Companies (Draft for Comments)” (“Regulations”). The Regulations provides room for market-oriented operation and differentiated development of insurance asset management companies, which helps guide and promote the standardised operation of insurance asset management companies, better meet the management needs of insurance funds, etc., and provide more medium- and long-term capital support for the high-quality development of the real economy. For more information, please click [here](#) (Chinese only).

On 17 December 2021, the China Securities Regulatory Commission (“CSRC”) issued a Public Consultation on the “Shanghai Stock Exchange Implementation Measures for Shanghai-Hong Kong Stock Connect Business (Second Amendment 2021) (Draft for Comments)” (“Implementation Measures”). The deadline for feedback is 16 January 2022. In order to further optimise the interoperability mechanism and regulate the stock trading practices of the Shanghai Stock Connect, the Implementation Measures intend to define the criteria of Mainland investors. For more information, please click [here](#) (Chinese only).

On 17 December 2021, the CSRC sought public comments on the revision of the “Supervisory Provisions on the Business of Interoperable Depository Receipts between the Shanghai Stock Exchange and the London Stock Exchange (for Trial Implementation)” (“Supervisory Provisions”) in order to further facilitate cross-border investment and financing, promote the global allocation of factor resources, and advance the opening up of the capital market system. For more information, please click [here](#) (Chinese only).

On 17 December 2021, the CBIRC issued the Notice on Clarifying Measures Related to the Opening of the Insurance Intermediary Market to the Outside World (“Notice”). The Notice contains articles lifting the restrictions on the entry of foreign insurance brokerage companies and no longer requires the years of operation of shareholders, total assets and other conditions; lowering the entry threshold for foreign insurance intermediaries and allows foreign

insurance group companies and domestic foreign insurance group companies to invest in the establishment of insurance intermediaries to conduct relevant insurance intermediary business; and others. For more information, please click [here](#) (Chinese only).

On 17 December 2021, the CBIRC issued the Notice on Revision of Some Normative Documents in the Field of Insurance Capital Use ("Notice") to further deepen the reform of decentralisation, increase the vitality of the market, and improve the quality and effectiveness of insurance funds in serving the real economy. For more information, please click [here](#) (Chinese only).

On 24 December 2021, the CBIRC issued Notice on Streamlining Regulatory Reporting Matters for Insurance Asset Management Companies ("Notice"). Notice focuses on risk supervision and institutional supervision, reducing the unnecessary reporting burden of market participants, improving the quality and efficiency of supervision, and preventing related business risks. For more information, please click [here](#) (Chinese only).

On 24 December 2021, the CSRC issued the public consultation notice on the "Administrative Provisions on Overseas Issuance of Securities and Listing by Domestic Enterprises (Draft for Public Comments)" ("Administrative Provisions"), with deadline for feedback on 23 January 2022. The main ideas of the provision are to clarify the scope criteria, the responsibilities of regulators, strengthen cooperation between regulators, improve cross-border cooperation in securities regulation and strengthen compliance of enterprises and intermediaries and to relax restrictions on issuance targets and currency restrictions and apply filing management to direct listings abroad. For more information, please click [here](#) (Chinese only).

On 24 December 2021, the Shanghai Stock Exchange issued notice on the publication of the "Implementation Rules for B to H Business of China Securities Depository and Clearing Corporation Shanghai Stock Exchange" ("Notice") with immediate effect. The Notice allows investors trading in the territory to sell converted H shares through their original accounts for B shares in Shanghai and continue to use US dollars for settlement. For more information, please click [here](#) (Chinese only).

On 27 December 2021, The National Development and Reform Commission revised and introduced the 2021 version of negative list of foreign investment access to integrate development and security, draw on internationally accepted rules, play the role of the "test field" of reform and opening-up of the Pilot Free Trade Zone and maintain national security. For more information, please click [here](#) (Chinese only).

On 31 December 2021, the CBIRC issued the Measures for Supervision of Information Technology Outsourcing Risks of Banking and Insurance Institutions ("the Notice"). The notice covers IT responsibilities for outsourcing, conditions for entering technology outsourcing, monitoring and evaluation of outsourcing, risk management, and supervision and management to further strengthen the supervision of IT outsourcing risk of financial institutions. For more information, please click [here](#) (Chinese only).

On 31 December 2021, the China's National Development and Reform Commission issued a notice on accelerating the work related to real estate investment trusts (REITs) in the infrastructure sector ("Notice") with detailed explanations and requirements related to policy interpretation, selection of relevant projects, clarification of responsibilities, tightening of reporting requirements, and implementation of recovery funds. For more information, please click [here](#) (Chinese only).

Enforcement

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

Hong Kong



On 2 December 2021, the Hong Kong Exchanges and Clearing Limited ("HKEX") announced two new initiatives to support businesses and investors in their sustainability journey, helping facilitate the net-zero transition across the region for companies' better understanding of their greenhouse gas emissions. The HKEX also introduced a new equities section on STAGE, a multi-asset platform that encourages greater transparency on sustainable financial products to both institutional and retail investors and displays ESG metrics of Hong Kong-listed companies published by leading ESG data providers. For more information, please click [here](#).

On 3 December 2021, the Securities and Futures Commission ("SFC") issued a revised list of persons designated as financial services providers for the purpose of the Securities and Futures Rules (Clearing Rules) with immediate effect. For more information, please click [here](#).

On 7 December 2021, the SFC published its latest quarterly report which summarises key developments from July to September 2021, including the SFC's conclusion on its amendments to the Fund Manager Code of Conduct, on an investor's identification regime and an over-the-counter securities transactions reporting regime for the Hong Kong securities market, and on proposed amendments to the SFC's anti-money laundering and counter-financing of terrorism guidelines. For more information, please click [here](#).

On 9 December 2021, the Hong Kong Monetary Authority ("HKMA") and the People's Bank of China organized a joint online seminar which tackled the positioning and future development of Hong Kong as an international financial centre and an offshore RMB business hub. For more information, please click [here](#).

On 10 December 2021, the SFC issued a circular regarding its collaboration with HKMA launching their second joint survey of the sale of non-exchange traded investment products by licensed corporations and registered institutions that are licensed or registered for Type 1 or 4 Regulated Activity. All reporting Intermediaries should submit the completed questionnaires to the SFC through WINGS. For more information, please click [here](#).

On 10 December 2021, the HKMA welcomed the launch of the revised Code of Banking Practice by the Hong Kong Association of Banks and the DTC Association with immediate effect. The use of digital channels has accelerated to deliver services and increased consumer demand for digital banking services in recent years and HKMA would like to ensure that bank consumer protection in place is in line with fintech developments. For more information, please click [here](#).

On 13 December 2021, the SFC issued a circular that sets out the eligibility criteria and pre-registration procedures for eligible executives of licensed corporations ("LCs") to participate in the first phase of the scheme for quarantine-free travel to the Mainland. For more information, please click [here](#).

On 15 December 2021, the SFC announced the launch of WINGS, a web-based platform for SFC electronic forms and online submission services. The fully digitalized platform will provide comprehensive services for users to prepare, electronically sign and submit licensing forms, track the progress of applications, pay licensing fees, and communicate directly with the SFC. A mobile app will be available for download in late January 2022 that will offer key features of the website version. For more information, please click [here](#).

On 16 December 2021, the HKMA and the SFC issued a joint consultation on adding eight new calculation periods under Clearing Rules for the over the counter derivative's regulatory regime. Interested parties are invited to submit comments by 21 January 2022. For more information, please click [here](#).

On 16 December 2021, the Green and Sustainable Finance Cross-Agency Steering Group ("Steering Group") announced the progress made to advance Hong Kong's position as a leader in green and sustainable finance and help the financial ecosystem's transition towards carbon neutrality. It is expected that a new module on Green and Sustainable Finance under the Enhanced Competency Framework for Banking Practitioners will be developed by the HKMA and the GSF Centre will launch information portals on GSF data and resources soon. For more information, please click [here](#).

On 17 December 2021, the SFC issued a circular to LCs regarding the revised version of the financial return form which is required to be submitted by LCs under section 56 of the Securities and Futures (Financial Resources) Rules ("FRR"). With effect from 1 February 2022, the electronic submission of financial returns will migrate to WINGS. For more information, please click [here](#).

On 23 December 2021, the SFC and the China Securities Regulatory Commission ("CSRC") held their high-level meeting enforcement cooperation and joint training which covered issues including sharing experiences on investigations into intermediary misconduct, frauds, and disclosure offences by listed companies and market manipulation. The SFC and the CSRC also laid a solid foundation for cooperation in combating cross-boundary securities offences by sharing their experiences on cases where they worked closely with other local enforcement agencies. For more information, please click [here](#).

On 24 December 2021, the HKMA completed its annual assessment of the list of Domestic Systemically Important Authorized Institutions ("D-SIBs"). Based on the assessment, the Bank of East Asia, Limited is no longer identified as a D-SIB considering its systematic importance relative to other institutions. For more information, please click [here](#).

On 24 December 2021, the HKEX reached an agreement with Shanghai Stock Exchange, Shenzhen Stock Exchange, and China Securities Depository and Clearing Corporation regarding on the Stock Connect inclusion arrangements for eligible ETFs, reflecting the ongoing commitment of HKEX and its Mainland partners to continue expanding and enhancing the landmark mutual market access program between the capital markets of Mainland China and Hong Kong. For more information, please click [here](#).

On 28 December 2021, the IA issued a note to formalise the green light process for assessment of Investment-Linked Assurance Scheme (“ILAS”) products, while ushering in Protection Linked Plans (“PLP”), a new category of ILAS with embedded high level of insurance protection. The green light process streamlines the relevant regulatory application procedures through enhanced coordination between IA and the SFC. In addition, the IA has updated the Interpretation Notes of the Guideline on Sale of Investment-Linked Assurance Scheme Products (GL26) to set out the features of PLP in greater [details](#). For more information, please click [here](#).

On 30 December 2021, the HKMA published the results of its pilot climate risk stress test (“CRST”). The CRST aims to assess the climate resilience of Hong Kong banking sector and to facilitate the capability building of banks for measuring climate risks. The CRST results showed that under extreme climate scenarios assumed in the exercise would lead to a material reduction in the bank’s profitability due to an upsurge in expected credit losses from direct exposure on climate change. For more information, please click [here](#).

Enforcement

On 1 December 2021, the SFC banned Ms. Wang Yu Ching, a former senior relationship manager and director of Bank of Singapore Limited (“BOS”) and director of Bank Julius Baer & Co. Ltd (“BJB”), from re-entering the industry for 10 years from 01 December 2021 to 30 November 2031. The SFC considered Wang is not fit and proper to be a regulated person as her conduct is plainly dishonest by forging her academic qualifications to BJB in 2012 and BOS in 2018. For more information, please click [here](#).

On 2 December 2021, the SFC banned Mr. Poon Chun Hing from re-entering the industry for life. The SFC investigated and found that Poon misappropriated \$160,000 funds he received from two students after entering into agreements with them to invest in securities and futures between May 2015 and September 2017. For more information, please click [here](#).

On 7 December 2021, the Independent Commission against Corruption (“ICAC”) charged Mr. Lam Man-leung, former securities manager of Shanghai Commercial Bank Limited for accepting bribes with a total amount of \$60,000 from two clients by assisting them in stock trading. Mr. Lam allegedly accepted the bribes after the two clients made profits from stock trading based on his investment advice. For more information, please click [here](#).

On 15 December 2021, the SFC reprimanded and fined Mason Securities Limited (“MSL”), formerly known as Guoco Capital Limited (“GCL”), \$3.6 million for failing to comply with AML/CFT regulatory requirements. The SFC found that between December 2014 and January 2015, GCL failed to conduct proper customer due diligence before approving opening accounts of their six clients. MSL also lacks proper internal control to mitigate the risks of money laundering and terrorist financing when identifying and handling third party deposits for 15 cheques issued by third parties which were deposited to the accounts of their five clients between May and July 2016. For more information, please click [here](#).

On 16 December 2021, the SFC conducted a first-of-its-kind joint operation with the Hong Kong Police Force (“Hong Kong Police”), the Monetary Authority of Singapore (“MAS”) and the Singapore Police Force against an active and sophisticated syndicate that is suspected of operating ramp and dump manipulation schemes in Hong Kong and Singapore. The Hong Kong-Singapore joint operation was created after the SFC referred the case to the MAS and the Hong Kong Police for a suspected money laundering offences and specific market misconduct offences under the Securities and Futures Ordinance. For more information, please click [here](#).

On 20 December 2021, the HKMA completed an investigation and disciplinary proceedings for ePaylinks Technology Co., Limited (“ePaylinks”) under the Payment Systems and Stored Value Facilities Ordinance (“PSSVFO”). The Monetary Authority (“MA”) has reprimanded and penalized ePaylinks \$1,000,000 for failing to fulfil the minimum criterion relating to anti-money laundering and counter-terrorist financing measures under section 6(2)(b) of Part 2 of Schedule 3 to the PSSVFO. It is also found that ePaylinks failed to have in place adequate and appropriate systems control to comply with the Guideline on AML/CFT for Stored Value Facility Licensees. For more information, please click [here](#).

On 22 December 2021, the IA fined a licensed insurance broker company and suspended its license for failing to submit its audited financial statements and auditor's report within six months following the end of its financial year. IA urge the licensed insurance broker companies to submit their financial statements and auditor's report on time. For more information, please click [here](#).

On 22 December 2021, the ICAC charged two former manager and four former insurance agents of AXA China Region Insurance Company Limited ("AXA") with conspiracy to defraud the company in paying them a total amount of \$950,000 commissions and bonuses by making false representations in handling agents of 10 policies. The six defendants allegedly conspired to defraud AXA by falsely representing those the handling agent's declarations in policy application forms were genuinely made which would require AXA to pay commissions and bonuses to four of the defendants in connection with the policies. For more information, please click [here](#).

On 30 December 2021, the SFC prohibited Mr. Chu Chun Wai, a former Responsible Officer ("RO") and Executive Director of Zhonghui International Futures Company Limited ("ZIFC"), for seven months from 29 December 2021 to 28 July 2022. It was found that Mr. Chu failed to discharge his duties as an RO and a member of the senior management of ZIFC. For more information, please click [here](#).

On 30 December 2021, the SFC reprimanded and fined Grand International Futures Co., Limited ("GIFCL") \$8 million for failing to comply with AML/CFT and other regulatory requirements between October 2017 and October 2018. It is found that GIFCL did not conduct any due diligence on the customer supplied systems used by 103 clients for placing orders. In addition, the license of Mr. Liang Benyou, a responsible officer of GIFCL, has also been suspended by the SFC from 28 December 2021 to 27 August 2022. For more information, please click [here](#).

On 30 December 2021, the SFC convicted and fined Wai Chun Holdings Group Limited and its director, Mr. Lam Ching Kui, \$20,000 in total for failing to make timely disclosures to the SEHK the acquisition of their interests in Chinese Strategic on five occasions in 2017. For more information, please click [here](#).

India



On 7 December 2021, the Securities and Exchange Board of India ("SEBI") released a consultation paper for public comments on developing a unique set of exchange-specific commodities to reduce fragmentation of liquidity and help develop un-fragmented liquid contracts for stock exchanges, receiving comments until 8 January 2022. For more details, please click [here](#).

On 9 December 2021, SEBI released a consultation paper for public comments on a framework for regulating algorithmic trading by retail investors, accepting comments until 15 January 2022. For more details, please click [here](#).

On 10 December 2021, SEBI released a circular regarding the usage of pool accounts by Mutual Funds. These funds are restricted from using pool accounts for such transactions executed at the fund level owing to certain operational and/or regulatory requirements, subject to certain conditions. For more details, please click [here](#).

On 14 December 2021, SEBI released clarifications with respect to the circular "Common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination" dated 3 November 2021. For more details, please click [here](#).

On 15 December 2021, the Reserve Bank of India ("RBI") released the "Draft Master Directions on Minimum Capital Requirements for Operational Risk". These directions aim to standardize the Basel III approach to the calculation of minimum capital requirements to offset operational risks, with effective from 1 April 2023. For more details, please click [here](#).

On 17 December 2021, SEBI released the Operational Circular for the issue of and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper, providing a framework for issuance, listing, and trading such instruments. For more details, please click [here](#).

On 17 December 2021, SEBI extended the deadline for submissions for public comments on the consultation paper for market making in corporate bonds released on 16 November 2021 to 16 January 2022. For more details, please click [here](#).

On 20 December 2021, SEBI issued directions to stock exchanges having Commodity Derivatives Segment to suspend trading in non-basmati paddy, wheat, chana, mustard seeds and its derivatives, soyabeans and its derivatives, crude palm oil and moong. For more details, please click [here](#).

On 21 December 2021, SEBI amended the limits and modes of fees payable to Investment Advisors to bilaterally negotiated contract terms with the provision of paragraph 2(iii) of SEBI circular released 23 September 2020 not being applicable. For more details, please click [here](#).

On 21 December 2021, SEBI amended the quantum and manner of exit load applicable to the clients of Portfolio Managers to bilaterally negotiated contractual terms and discounted the applicability of the above paragraph. For more details, please click [here](#).

On 22 December 2021, SEBI released a circular extending the facility for conducting annual general meetings and other meetings of unitholders and REITs through videoconferencing or other audio-visual means to 30 June 2022. For more details, please click [here](#).

On 29 December 2021, SEBI released a circular allowing stock exchanges to levy fines and act in case of non-compliance with continuous disclosure requirements by issuers of non-convertible securities and commercial paper. For more details, please click [here](#).

On 30 December 2021, SEBI released a circular extending the timeline for modified reporting requirements for alternative investment funds from 31 December 2021 to 30 September 2022. For more details, please click [here](#).

Enforcement

On 8 December 2021, the Reserve Bank of India ("RBI") imposed a monetary penalty of ₹1 lakh on the Urban Co-operative Bank Ltd., Anantnag, for non-compliance provisions relating to exposure norms. For more details, please click [here](#).

On 15 December 2021, the RBI imposed a monetary penalty of ₹1.8 crore on Punjab National Bank for, among others, contravention of sub-section (2) of section 19 of the Banking Regulation Act 1949 to the extent the bank held shares in borrower companies, as pledgee, of an amount exceeding thirty per cent of paid-up share capital of those companies. For more details, please click [here](#).

On 15 December 2021, the RBI imposed a monetary penalty of ₹30 Lakh on ICICI Bank Ltd. for non-compliance with certain directions issued by the RBI on "Levy of penal charges on non-maintenance of minimum balances in savings bank accounts" dated November 20, 2014. For more details, please click [here](#).

On 16 December 2021, the RBI imposed a total monetary penalty of ₹1.5 lakh on Jila Sahakari Kendriya Bank Maryadit, Rajgarh and Jabalpur, for, among others, having no system to monitor suspicious transactions. For more details, please click [here](#) and [here](#).

On 23 December 2021, the RBI imposed monetary penalties of ₹1 crore each on two payment system operators, One Mobikwik Systems Private Limited and Spice Money Limited, for non-compliance with the directions issued by RBI on net worth requirements for Bharat Bill Payment Operating Units. For more details, please click [here](#).

On 24 December 2021, the RBI imposed a monetary penalty of ₹30 lakh on MUFG bank for, non-compliance with the direction to the extent that the bank had sanctioned loans and advances to companies whose board of directors included persons who were directors on boards of other banks, without such sanctions being approved by its Management Committee. For more details, please click [here](#)

Indonesia



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

Enforcement

On 1 December 2021, the Financial Services Authority of Indonesia announced a follow-up inspection will be conducted on capital market financial institutions which will include off-site inspection, technical inspection, compliance inspection and/or other supervisory actions. For more information, please click [here](#) (Bahasa Indonesia only).

Japan



On 1 December 2021, the Financial Services Agency (“FSA”) announced that representatives of the National Association of Insurance Commissioners of the United States and the Financial Services Agency met virtually at the 15th meeting of the Insurance Regular Dialogue. Officials discussed recent developments on regulatory and supervisory matters in both countries, including responses to digitalization, natural catastrophes, and climate change. For more information, please click [here](#).

On 8 December 2021, the FSA announced Overview of the Discussion Summary: the "Advisory Council on the System of Accounting and Auditing (2021)" which is about change in new environment and new changes and steps forward of ensuring confidence in audit, improving the capacity & capabilities of the CPAs, and improving the environment for high quality audit. For more information, please click [here](#).

On 8 December 2021, the FSA published the outline of proceedings of the third meeting of the “Advisory Council on Accounting and Auditing Systems “ (FY 2021), which was held on November 4, 2021. The Advisory Council aimed at comprehensively discussing various issues pertaining to accounting and auditing. For more information, please click [here](#) (Japanese only).

On 13 December 2021, the FSA published the agenda and handouts of the 13th meeting of “Working Group on Capital Market Regulations” held on December 6, 2021. The Working Group members discussed ways to promote the return of benefits of economic growth to households. For more information, please click [here \(Japanese only\)](#).

On 13 December 2021, the FSA finalised the “Amendment to the Account Management Institutions Order”. The said Order develops/updates the provisions for online procedures regarding application for designation, notification of change of trade name, etc., and application for rescission of designation of foreign account management institutions. The Order was enforced on December 13, 2021. For more information, please click [here \(Japanese only\)](#).

On 14 December 2021, the FSA established the “Sub-Working Group on Impact Indicators for Social Projects,” comprising representatives from the Cabinet Office and relevant ministries and agencies under the “Working Group on Social Bonds”. For more information, please click [here \(Japanese only\)](#).

Enforcement

On 8 December 2021, the first trial of an administrative penalty case against an individual (a non-insider) who committed insider trading regarding stocks of Oncolys BioPharma Inc. by using information received from the employee of the said entity, was conducted. For more information, please click [here \(Japanese only\)](#).

On 9 December 2021, the FSA’s order to impose an administrative penalty charge against an individual, which was imposed in 2018 for committing insider trading regarding stocks of Morpho, Inc. by using information received as an officer of the said entity was rescinded by the judgement of the court. For more information, please click [here \(Japanese only\)](#).

On 15 December 2021, the FSA announced administrative actions against Mizuho Bank, Ltd. And Mizuho Financial Group, Inc, business improvement orders are issued. For more information, please click [here](#).

Korea



On 3 December 2021, the Financial Services Commission (“FSC”) discussed the key policy tasks for 2022 to seek proper balance between the stability in the financial system and pursuing inclusive financial policies. As Korea’s debt levels grow much faster in the household and corporate sectors, extended debt amount management will be focused. The FSC announced the increased availability of microloan opportunities to up to KRW10 trillion for 2022 to strengthen financial support for vulnerable groups and improve measures for financial inclusion. For more information, please click [here](#).

On 7 December 2021, the FSC and other relevant parties agreed on the extension of support available for vulnerable debtors for six more months until June 30, 2022, due to unemployment and job losses continue to weigh down these debtors amid a protracted pandemic situation. For more information, please click [here](#).

On 7 December 2021, the government approved the revisions to the Enforcement Decree of the Financial Investment Services and Capital Markets Act and its subordinate rules with effect from 9 December 2021. Such as securities firms are permitted for venture lending, minimising quarterly disclosure requirements, increasing the severity of the fine for violating the large shareholding reporting rule, etc. For more information, please click [here](#).

On 8 December 2021, the FSC discussed the current ESG disclosure and assessment system and ways to pursue ESG management with relevant ministries and financial institutions. The FSC introduced a guideline on the management of climate risks in the financial sector, such as business environment and strategy, governance structure, risk management and disclosure. The green finance handbook provides the financial industry with practice cases and reference information on green finance strategies, to be annually revised and updated. The Korea Exchange (“KRX”) planned to work on an updated version of its ESG disclosure guidance in the second half of 2022. For more information, please click [here](#).

On 9 December 2021, the FSC met with fintech industry officials to discuss the need for regulatory improvements. The authorities will work on measures to further promote innovation in the payment, MyData and financial data privacy sectors, provide strong support via financial regulatory sandbox and digital data testbed programs, improve rules and requirements on network security, online sales practices, and big data monopolies. For more information, please click [here](#).

On 14 December 2021, the Korean Government approved the postponement of consolidated internal accounting control system for one year until 2023 which was originally set to take effect from 2022 due to the difficulties in setting up consolidated internal accounting management system brought by the COVID-19 pandemic. For more information, please click [here](#).

On 20 December 2021, the FSC and KRX launched an integrated ESG information platform, providing background information on the significance of ESG management, key regulatory trends and related issues, information about the listed companies’ ESG activities, ratings and their sustainability reports, statistical information on ESG investment trends and other educational materials for investors and the general public. For more information, please click [here](#).

On 27 December 2021, the FSC announced that the Korea overnight financing repo rate (KOFRR) as a new risk-free reference rate (RFR) has been taken to actively promote the KOFRR market and ensure a seamless transition from LIBOR-based contracts to alternative rates by developing and promoting its own RFRs according to the recommendations made by the Financial Stability Board. For more information, please click [here](#).

Enforcement

A media search did not find any enforcement for Korea during December.

Malaysia



On 10 December 2021, the Securities Commission Malaysia (“SC”) and the Bank Negara Malaysia announced that it then held sixth meeting which the progress of current initiatives and priorities for 2022 to further strengthen the capacity of the Malaysian financial sector in addressing climate risk are discussed and the Reference Guide which will be issued for public consultation at a later date. For more information, please click [here](#).

On 13 December 2021, the Bursa Malaysia Berhad, successfully completed its Dematerialisation Proof-of-Concept with technology partners, Digital Asset and VMware at the end of November. It is proved that standardised and automated business processes can be shared by multiple parties through the adoption of smart contracts running on a blockchain network. For more information, please click [here](#).

On 17 December 2021, the SC released a consultation paper seeking public feedback on a principles-based Sustainable and Responsible Investment Taxonomy for the Malaysian capital market to facilitate informed and efficient decision-making for fundraising and investment. For more information, please click [here](#).

On 24 December 2021, the SC issued its Corporate Governance Strategic Priorities 2021 – 2023, to promote among others environmental, social and governance (“ESG”) fitness and leadership of boards for boards to be ESG-ready. The SC outlined 11 targeted initiatives such as onboarding programs for directors on sustainability and investor education series on corporate governance and sustainability. For more information, please click [here](#).

Enforcement

On 10 December 2021, the Court of Appeal ruled in favour of the Securities Commission Malaysia (“SC”) and set aside a High Court decision on 10 August 2020 to quash the SC’s Audit Oversight Board’s framework and processes enforcement actions against Afrizan Tarmili Khairul Azhar and its partners, namely Mr. Datuk Mohd Afrizan bin Husain, Mr. Haji Tamili Dulah Kusni and Mr. Khairul Azahar bin Ariffin for non-compliance with the auditing standards on fundamental and basic audit procedures. For more information, please click [here](#).

On 28 December 2021, the SC charged Serba Dinamik Holdings Berhad, its director and officers RM300,000 for submitting a false statement to Bursa Malaysia Securities Berhad, an offence under the Capital Markets and Services Act 2007. For more information, please click [here](#).

On 29 December 2021, the SC charged Mr. Dato' Dr. Ir. Ts. Mohd Abdul Karim Abdullah, Chief Executive Officer/Group Managing Director of Serba Dinamik Holdings Berhad RM500,000 for submitting a false statement to Bursa Malaysia Securities Berhad, an offence under the Capital Markets and Services Act 2007. For more information, please click [here](#).

Philippines



On 2 December 2021, the Bangko Sentral ng Pilipinas (“BSP”) recalibrated its approach in handling new applications for non-bank electronic money issuer to assess how the current market players are impacting the financial inclusion and digital payments transformation objectives. The regular application window for new EMI-Others license for non-bank financial institutions will be closed for 2 years, starting from 16 December 2021. For more information, please click [here](#).

On 13 December 2021, the BSP encouraged trust entities to adopt environmental, social, and governance (“ESG”) standards in their risk management and allocation of capital to assess the value, performance, and long-term growth of an asset. For more information, please click [here](#).

On 23 December 2021, the BSP issued the Environmental and Social Risk Management (“ESRM”) Framework, providing broad expectations on embedding sustainability principles in the corporate and risk governance frameworks, business strategies and operations of banks in line with its commitment to champion the sustainability agenda in the financial system as part of the series of regulations to promote sustainable finance. For more information, please click [here](#).

Enforcement

On 7 December 2021, the Securities and Exchange Commission convicted the incorporators and directors of X-CEE789 Lending and Trading, Inc. to pay a fine of P10,000 with costs for submitting falsified documents for its registration as a lending company. For more information, please click [here](#).

Singapore



On 8 December 2021, the Monetary Authority of Singapore (“MAS”) and the China Banking and Insurance Regulatory Commission (“CBIRC”) reaffirmed the regulatory and supervisory cooperation in the banking and insurance sectors in both jurisdictions at their annual roundtable. Green finance, recovery and resolution planning are discussed in terms of supervisory approaches, views, and potential cooperation. For more information, please click [here](#).

On 15 December 2021, the MAS published a consultation paper on introduction of baseline requirements for due diligence for corporate finance advisers when advising on corporate transactions and on initial public offerings. The consultation proposes firms assess the veracity of information obtained, exercise reasonable judgement, etc. - with an aim to strengthen public confidence and promote informed decision through quality disclosures. The consultation is open until 15 February 2022. For more information, please click [here](#).

On 16 December 2021, the MAS and the Commercial Affairs Department of the Singapore Police Force, the Hong Kong Securities and Futures Commission and the Hong Kong Police Force conducted a joint operation against a syndicate suspected of operating cross-border pump-and-dump scams on stocks listed on the Hong Kong Stock Exchange, in contravention of the Securities and Futures Act. It is the first-of-its-kind in tackling such scams involving securities regulators and law enforcement agencies in Singapore and Hong Kong. For more information, please click [here](#).

On 24 December 2021, the MAS announced the expiry date, 31 December 2021, of the MAS US Dollar (“USD”) Facility, so as the MAS’ temporary US\$60 billion swap arrangement with the US Federal Reserve. The temporary swap arrangements were established in March 2020 to lessen strains in USD funding markets due to COVID-19. The temporary swap lines for the central banks will be expired, and the Facility operation will be discontinued given that the usage of the Facility has declined significantly since July 2020. For more information, please click [here](#).

On 29 December 2021, the MAS announced initiatives to expand and strengthen financial cooperation between Singapore and China in capital markets and green finance to forge new channels of financial connectivity and integration to support sustainable and inclusive growth. The initiatives include signing a Memorandum of Understanding to establish an Exchange Traded Funds Product Link, the potential establishment of connectivity

between both bond trading platforms, collaboration of commodity derivatives collaboration and exploring collaboration in green finance. For more information, please click [here](#).

Enforcement

On 3 December 2021, the SGX-ST Listings Disciplinary Committee (“LDC”) reprimanded Tee International Limited (the “Company”) for failing to disclose in the Company’s annual report the remittances to interested parties and failing to put in place adequate and effective systems of internal controls and risk management systems. Phua Chian Kin and Yeo Ai Mei, the former Executive Director and Group Chief Executive Officer of the Company and the former Group Chief Financial Officer and Company Secretary of the Company, respectively, were reprimanded for overriding the Company’s payment controls. For more information, please click [here](#).

Taiwan



On 1 December 2021, the Financial Supervisory Commission (“FSC”) adopted Enhanced Measures for the Management of Real Estate Credit Extension Business of Banks. Key changes include strengthening the internal control and management on credit risk and concentration risk. For more information, please click [here](#).

On 10 December 2021, the Financial Supervisory Commission (“FSC”) held a Sustainable Finance Workshop” where measures to promote sustainable finance, challenges and opportunities associated with climate change, and the market practices on sustainable finance in other jurisdictions were discussed. For more information, please click [here](#).

Enforcement

On 7 December 2021, the FSC fined GTIC Gold Refinery (S) Co., Ltd (Listed Company 6760) for failing to complete the financial statement for Q2 2021, and Q2 and Q4 2020. For more information, please click [here](#).

On 14 December 2021, the FSC fined VHQ MEDIA HOLDINGS LTD (Listed Company 4803) for failing to publish its Q3 2021 financial statement. For more information, please click [here](#).

On 16 December 2021, the FSC fined SinoPac Futures Co., Ltd. for one of its futures traders failing to test the API before placing an order for the first time resulting in the transfer of real-time information to traders for non-disclosure use without the consent of the Taiwan Futures Exchange. For more information, please click [here](#).

On 27 December 2021, the FSC fined Enterex International Limited (Public Company 1592) for failing to complete its financial statements for Q3 2020 to Q3 2021. For more information, please click [here](#).

On 27 December 2021, the FSC fined Hua Nan Futures Co., Ltd. for failing to check the order placing records of its associated persons with all futures traders of the firm regarding whether there was any conflict of interest involved. For more information, please click [here](#).

On 28 December 2021, the FSC fined Mr. Wong, Responsible Person of Enterex International Limited for failing to improve the insufficient director situation and failing to convene an extraordinary shareholders’ meeting for a by-election within 60 days. For more information, please click [here](#).

Thailand



On 2 December 2021, the Securities and Exchange Commission (“SEC”) sought public comments on the drafted regulations for the supervision of digital asset custodial wallet providers and the provision of services to customers’ wallets as well as the drafted amendment to the regulations for custody of customers’ assets, to ensure proper, standardised, and effective supervision of digital asset businesses, and to prevent misuse of digital assets as a tool for committing a crime. For more information, please click [here](#).

Enforcement

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

Vietnam



On 1 December 2021, The State Bank of Vietnam (“SBV”) and the Central Bank of the Russian Federation signed a Memorandum of Understanding on cooperation in responding to computer attacks, of which is expected to enhance the bilateral cooperation in detecting and prevention of cyber-attacks. Furtherance to enhance cybersecurity and Information Security in the banking section. For more information, please click [here](#).

On 22 December 2021, the SBV issued the implementation plan for the scheme on Cashless Payment Promotion in Vietnam for the period of 2021-2025. The plan aims to set out the relevant solutions, tasks, timelines, and responsibilities of SBV entities and the banking industry; to improve the regulatory and legal mechanisms and policies; to develop the payment infrastructure; to conduct research on advanced technologies on cashless payment systems; and to promote electronic payments methods. For more information, please click [here](#).

On 22 December 2021, The Bank of Investment and Development of Vietnam and The National Payment Corporation of Vietnam partnership launched the ‘Discover Financial Services’, which allows the public to make cashless payments at merchants within Vietnam. For more information, please click [here](#).

Enforcement

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

Suggestions

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

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