



Welcome to our Regulatory Newsletter December 2022

Executive Summary

In Vietnam, the State Bank of Vietnam (“SBV”) announced that the State President of Vietnam and the National Assembly had approved a new Law on Anti-Money Laundering (AML). This law will come into effect on 1 March 2023 and will replace the previous Anti-Money Laundering law from 2012. The new law seeks to align Vietnam’s AML policies with internal standards.

Over in South Korea, the Financial Services Commission (“FSC”) announced that from February 2023, they will publicly disclose the identities of entities committing unfair trading practices. Offences such as illegal short selling will be added to the scope of offences which warrant public disclosure on the FSC website and display details to further discourage entities from committing unfair trading practices.

Meanwhile in Singapore, the Monetary Authority of Singapore (“MAS”) released a consultation paper proposing amendments to the Guidelines on Fair Dealing. The aim of the amendments is to broaden the scope of the application process to include all Financial Institutions (FIs), financial products and services which they offer, and to all their customers. The consultation seeks to identify the practical implications of the proposed update to the guidelines upon the financial industry, for example one of the questions is seeking comment on how the guidelines can be applied to those who design and manufacture financial products.

Click onto a region of your interest to read the corresponding regulatory updates and enforcement actions:



Australia



China



Hong Kong



India



Indonesia



Japan



Malaysia



Philippines



Singapore



South Korea



Taiwan



Thailand



Vietnam



Australia

On 7 December 2022, the Australian Prudential Regulation Authority (“APRA”) released an amended version of the ‘Prudential Standard SPS 310 Audit and Related Matters’. APRA has revised the standards to reduce the scope of audits in response to a public consultation from December 2021. Five reporting standards were removed from the scope of the audit for Registered Superannuation Entities (RSEs) which will serve to streamline the audit process and support more granular reporting. The new audit standards will come into effect from 30 June 2023 onwards. For more information, please click [here](#).

On 8 December 2022, the Australian Securities and Investments Commission (“ASIC”) updated its guidance on the provision of Self-Managed Superannuation Fund (SMSF) advice. The new guidance provides clarity for Australian Financial Services (AFS) license holders on how to remain compliant when issuing advice about SMSFs. The enhancement of the guidance on SMSFs is part of a wider ASIC policy which seeks to improve protection for consumers, particularly those seeking to plan their finances in preparation for retirement. The updated guidance increases the suitability assessment requirements for SMSFs and ensures that consumers are able to access sufficient information when making decisions of whether to invest in an SMSF. For more information, please click [here](#).

On 13 December 2022, ASIC published a report on small amount credit lenders compliance with the design and distribution obligations (DDO). The report demonstrates the improvements which lenders have made in terms of target market determinations (TMDs) due to the intervention of ASIC. ASIC noted that there are still some areas of concern. These include insufficient product descriptions which do not accurately reflect the specific products, target market categorisations which are too broad, and inadequate trigger reviews whereby the threshold which triggers the review of TMDs is too vague. For more information, please click [here](#).

On 15 December 2022, ASIC and the Reserve Bank of Australia (“RBA”) issued a statement reiterating the need for the Australian Stock Exchange (ASX) to maintain the current CHESS settlement system until the delayed replacement has been completed. ASIC issued notices to ASX which requires the exchange to produce a special report which demonstrates the steps taken to maintain CHESS due to its critical importance within the Australian financial industry. The replacement to CHESS was recently announced to be delayed, the Australian regulators (ASIC and RBA) have demonstrated their concern with the capability of the current CHESS system to endure until its replacement has been introduced. For more information, please click [here](#).

On 20 December 2022, ASIC created a legislative instrument which facilitates employee share schemes (ESS). This instrument will seek to remove technical issues which currently exist, these technical issues were identified in an ASIC consultation. The new instrument introduces a number of measures including an increase in the amount of financial information foreign companies can provide ESS participants and exemptions for secondary sales of financial products which are quoted on financial markets. For more information, please click [here](#).

Enforcement

On 2 December 2022, the ASIC issued an interim stop order to offerings from APS Savings Limited (APS Savings) due to failings in the issuers’ target market determination (TMD). APS Savings were prevented from conducting business or issuing advice to investors for a period of 21 days. The company was found to have been failing to conduct the required due diligence on investors’ suitability for their services. For more information, please click [here](#).

On 2 December 2022, ASIC issued stop orders to Australian Fiduciaries Limited (AFL) to prevent the company from issuing three funds to retail investors due to failings in their target market determinations (TMDs). The stop order is in place for 21 days. AFL were found to be advertising their funds to potential investors who were not suitable. For more information, please click [here](#).

On 2 December 2022, ASIC issued three infringement notices to investment manager Vanguard Investments Australia Ltd (Vanguard) in response to greenwashing allegations. Vanguard were found to have been advertising to investors that they had an exclusion in place for companies involved in tobacco sales, when in fact the exclusion did not cover companies involved in the sale of tobacco products. For more information, please click [here](#).

On 6 December 2022, ASIC took civil penalty action against American Express Australia Limited (Amex) for alleged breaches of design and distribution obligations. ASIC suggest that Amex distributed two credit cards to customers who did not meet the required suitability criteria. Amex distributed the credit cards through a specific vendor which had particularly high cancellation rates for credit cards. For more information, please click [here](#).

On 6 December 2022, ASIC suspended the Australian Financial Services (AFS) license of Quantum Funds Management Limited (QFML) until 15 October 2023 for failures to hold the required professional indemnity



insurance coverage. QFML are allowed to continue conducting business which will allow them to complete the winding up process for the investment schemes which they manage. For more information, please click [here](#).

On 6 December 2022, ASIC cancelled the Australian Financial Services (AFS) license of AFSL Group Pty Ltd (AFSL Group) for failing to submit financial statements and maintain membership of the AFCA dispute resolution scheme. ASFL Group did not submit the required financial statements and audit reports for the 2020 and 2021 financial years. They also failed to maintain membership of AFCA which is required by ASIC. For more information, please click [here](#).

On 7 December 2022, Ashley Grant Howard was convicted by Downing Centre Local Court for two charges of using false documents to gain an advantage. Mr. Howards produced false off market transfer forms to transfer shares in a listed company to himself and an associate without the knowledge or approval of the owners of the shares. Mr. Howards was sentenced to a 12-month community corrections order. For more information, please click [here](#).

On 9 December 2022, ASIC announced that superannuation trustees are on notice to improve their internal dispute resolution systems following a review of compliance with complaint handling regulations. Within the review, some trustees were found to have in place insufficient processes for handling and managing complaints. ASIC is considering further regulatory action for those who fail to improve their internal dispute resolution systems. For more information, please click [here](#).

On 14 December 2022, Benjamin Heath Cooper was sentenced to 15 months imprisonment for his role in conspiring to commit share price manipulation for Quantum Resources Limited (Quantum). Mr. Cooper conspired with two other individuals to artificially increase the value of the shares to then profit off the proceeds of the trades. For more information, please click [here](#).

On 15 December 2022, ASIC banned Trading Life Services and its former director from providing financial services for five years after engaging in misleading or deceptive conduct. Both the company and the former director were found to have published and distributed misleading promotional materials for financial products. For more information, please click [here](#).

On 16 December 2022, ASIC cancelled or suspended twenty-one Australian credit licenses for failures to hold membership of the Australian Financial Complaints Authority (AFCA). Australian credit license holders are required to hold membership of AFCA as it provides an independent dispute resolution platform, failure to hold membership automatically leads to a suspension and cancellation of the license. For more information, please click [here](#).

On 16 December 2022, ASIC cancelled the AFS license of National Advice Solutions Pty Ltd (National Advice Solutions) and two of its responsible managers were banned from providing financial services for a period of 10 years for failures to provide an efficient, honest, and fair service. The company provided prescriptive and non-compliant advice to clients which was not in their best interest, instead benefitting National Advice Solutions. For more information, please click [here](#).

On 20 December 2022, the Federal Court found an online influencer, Tyson Robert Scholz, had been conducting a financial services business without the proper license. Mr. Scholz was delivering financial advice on equities trading through the creation of online courses and seminars on social media despite not having the required AFS license. For more information, please click [here](#).

On 21 December 2022, ASIC banned Andrew Jung-Woo Kim from providing financial services permanently after engaging in dishonest conduct. Mr. Kim was found to have traded between managed company accounts of his employer and his own personal accounts to make personal gains at the expense of the managed company accounts. For more information, please click [here](#).

On 23 December 2022, ASIC issued an infringement notice to superannuation trustee Diversa Trustees Limited (Diversa) for greenwashing offences. Diversa were found to have published misleading statements about their exclusion of companies which conduct environmentally harmful activity from their financial products. This was found to be a false and deliberately misleading statement. For more information, please click [here](#).



Mainland China

On 9 December 2022, the U.S. side imposed illegal sanctions on two Chinese officials on the pretext of the so-called "human rights in Tibet" issue. In accordance with the Anti-Foreign Sanctions Law of the People's Republic of China, the Chinese side decided to take counter-sanctions against Yu Maochun and Todd Stein. For more information, please click [here](#). (Chinese only)

On 16 December 2022, the Spokesperson of the China Securities Regulatory Commission ("CSRC") answered reporters' questions on the Progress of U.S.-China Audit and Regulatory Cooperation. In response to the report issued by the U.S. Public Company Accounting Oversight Board ("PCAOB") the Spokesperson confirmed that the



inspections and investigations of accounting firms in Mainland China and Hong Kong can be completed in 2022, and the certification of relevant firms made in 2021 can be revoked. For more information, please click [here](#). (Chinese only)

On 16 December 2022, the CSRC announced that it will formally implement the reform of the Delivery Versus Payment (DVP) which is the basic system used for securities registration and settlement. The reform was officially implemented on 26 December 2022. The reform uses international best practices and is carried out in accordance with the principles of marketisation and rule of law. The reform keeps the existing transaction settlement system and habits of investors basically unchanged, establishes the link between securities settlement and capital settlement by marking, clarifying the default disposal arrangements, and having no impact on the majority of individual investors. For more information, please click [here](#). (Chinese only)

On 16 December 2022, Asset Management Association of China ("AMAC") published the Fund Manager Green Investment Self-Assessment Report (2022) ("Self-Assessment Report"). The Self-Assessment Report is the result of the fourth self-assessment survey conducted for member institutions in the asset management category. The survey obtained results from several aspects of green investment strategy management, green investment system construction and product operation. According to the survey results, asset management institutions actively respond to the national strategy and practice the concept of green development, and the construction quality and talent input of green investments have further improved compared with 2021. For more information, please click [here](#). (Chinese only)

On 19 December 2022, the CSRC agreed that the China Financial Futures Exchange will carry out trading of Shanghai Securities Exchange ("SSE") SSE 50 stock index options and the official listing and trading of the relevant contracts will commence from the date of the announcement. In recent years, the scale of China's stock market has steadily expanded, and investors' demand for risk management has increased accordingly. The listing of SSE 50 stock index options is conducive to the comprehensive deepening of the capital market reform, helping to further meet investors' demand for risk management, improve capital market stability, and promote the stable and healthy development of the capital market. For more information, please click [here](#). (Chinese only)

On 19 December 2022, the CSRC and the Securities and Futures Commission of Hong Kong ("SFC") agreed in principle that the two stock exchanges should further expand the scope of the underlying stocks for interoperability to further deepen the interoperability mechanism between the Mainland and Hong Kong stock markets and promote the joint development of the capital markets in the two places. The expansion will not be formally implemented until the relevant trade settlement rules and systems have been prepared, all relevant regulatory approvals have been obtained, and market participants have fully adjusted their business and technical systems. For more information, please click [here](#). (Chinese only)

On 23 December 2022, The Cyberspace Administration of China and the CSRC jointly issued a notice regarding the Scheme of Governance of Online Information Content on Illegal Securities Activities ("the Scheme"). The Scheme aims to dispose the existing online information, accounts and online platforms involving stock market "black mouth" and illegal stock recommendation by the end of March 2023. By the end of June 2023, the requirement that a securities business must be licensed shall be implemented and the situation of frequent occurrence shall be effectively curbed. For more information, please click [here](#). (Chinese only)

On 30 December 2022, the CSRC issued a public comment on the Interim Provisions on Position Management in Futures Market (Draft for Comments) (hereinafter referred to as "Interim Provisions"), which will be further improved and released for implementation after fulfilling relevant procedures. The Futures and Derivatives Law stipulates that the management methods of position limits and hedging shall be formulated by the futures regulatory authority under the State Council. In order to implement the legal requirements and better connect with the existing system, the CSRC summarised the practical experience of supervision and drafted the Interim Provisions, taking into account the current development of the futures market and the needs of supervision. For more information, please click [here](#). (Chinese only)

On 30 December 2022, the CSRC announced the Remediation of the Illegal Cross-Border Business Development of Futu Holdings and Tiger Brokers. In recent years, Futu Holdings Limited ("Futu Holdings") and UP Fintech Holding Limited ("Tiger Brokers") have been conducting cross-border securities business for domestic investors without approval, which constitutes illegal operations of a securities business. In order to maintain the stability of the market, domestic investors will be allowed to continue trading through the original overseas institutions, but foreign institutions are prohibited from accepting incremental funds transferred into such investors' accounts which is a violation of China's foreign exchange management regulations. For more information, please click [here](#). (Chinese only)

Enforcement

On 2 December 2022, the SSE publicly reprimanded China Minsheng Investment Co. Ltd and related management for failure to disclose the 2021 annual report by 30 April 2021, to date it has still not been disclosed. Under normal circumstances the SSE would be harsher in pursuing disciplinary action for this kind of breach, but in light of the clear effort to implement tighter internal controls since the incident, the SSE has decided to take lighter disciplinary action. For more information, please click [here](#). (Chinese only)



On 14 December 2022, CSRC issued a warning and a fine to Haihang Investment Group Co. Ltd and the related responsible managers. The CSRC imposed a CNY 1.5 million fine on the company, and personal fines were also imposed on the relevant responsible persons. Haihang's conduct resulted in numerous violations including failure to disclose the relevant party guarantees, as well as related party transactions in the periodic regulatory report. Failure to disclose the loan guarantee situation in the periodic regulatory report. Failure to disclose matters of equity transfer in the periodic regulatory report. For more information, please click [here](#).

On 21 December 2022, AMAC cancelled the registration of Ximen Shiwei Changxin Equity Investment Management Co. Ltd due to a range of breaches. These include failure to register changes in information of the relevant controller, non-compliance from some of their investors, misappropriation of fund assets, and not conforming to continuous operation requirements as well as other breaches. For more information, please click [here](#). (Chinese only)

On 22 December 2022, The SSE issued a regulatory warning to BDO China Shu Lun Pan Certificated Public Accountants LLP (BDO) and the relevant registered accounts. The regulatory warnings were due to BDO failing to conform to audit procedures, including insufficient verification for research and development expenses, insufficient understanding of internal control and testing of the implementation of audit procedures regarding sales revenue, inventory, accounts payable, and other related systems. Additionally, there were errors and omissions in the income test manuscript. For more information, please click [here](#). (Chinese only)

On 23 December 2022, the AMAC cancelled the membership qualification of Zhongshang Jointly Wealth Fund management (Beijing) Co. Ltd due to several breaches including failure to record the completion of products raised according to regulations, failure to disclose connected transactions to investors, failure to submit accurate updates on fund information on time, and failure to report important matters. For more information, please click [here](#). (Chinese only)

On 23 December 2022, the AMAC publicly criticised Shenzhen Zheng Qianfang financial Services Co. Ltd, and suspended their filing of private fund products for the following breaches. The violation of investor suitability management requirements, mismatch of fund risk levels, failure to fulfil disclosure obligations to investors, inadequate internal control systems, failure to properly maintain fund information, failure to appoint a compliance and risk control officer, and false reporting on important matters. For more information, please click [here](#).



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Hong Kong

On 7 December 2022, the Legislative Council of Hong Kong passed the Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill 2022. The updated legislation is designed to enhance Hong Kong's regulatory regime and maintain its international reputation as an international finance center. Alongside updated Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) measures, the new regulations introduce a regulatory framework for virtual assets (VAs). Enhanced AML and CTF measures include increased fit and proper requirement for relevant persons and more stringent customer due diligence measures. VA service providers will be required to submit audited accounts and financial information regularly to the Securities and Futures Commission ("SFC"). For more information, please click [here](#).



On 12 December 2022, the SFC issued a press release announcing the launch date for the Hong Kong Investor Identification Regime (HKIDR). The official launch date has been named as 20 March 2023. The HKIDR has been in development since the SFC released a consultation in 2021, its market readiness has been assessed through three rounds of public surveys. The HKIDR will require licensed corporations to tag Broker-to-Client Assigned Numbers (BCANs) to securities orders to be executed on SEHK, and to subsequently submit to SEHK's data repository the names and identity document information of their clients. For more information, please click [here](#).

On 16 December 2022, the Hong Kong Exchanges and Clearing Limited ("HKEX") published a consultation paper on expanding the paperless listing regime. The revised listing process would remove the need to submit documents which are outdated and unnecessary to HKEX's regulatory objectives, require electronic submission of documents, and would remove unnecessary signature and certification requirements. Further measures would see corporate communications from companies be required to be disseminated electronically rather than in paper form. The listing rules for HKEX will also be restructured and made more accessible for users. For more information, please click [here](#).

On 19 December 2022, the SFC announced in collaboration with the China Securities Regulatory Commission ("CSRC") that they had approved the expansion of the scope of eligible stocks under the Stock Connect Scheme. The expansion of the northbound trading scope will allow investment in stocks which have a market capitalisation of RMB5 billion along with other criteria. The expansion of the southbound trading scope will include stocks of foreign companies which are primarily listed in Hong Kong and meet additional criteria. This announcement signifies the increased collaboration between Hong Kong and the Mainland in allowing mutual access to the respective financial industries. The inclusion of foreign company stocks is a significant development in allowing international companies to fundraise in mainland China and Hong Kong. For more information, please click [here](#).

On 20 December 2022, the Green and Sustainable Finance Cross-Agency Steering Group (Steering Group) announced a collaboration with CDP, an international non-profit providing a global environmental disclosure system, which will seek to improve the standards of climate data and sustainability reporting in Hong Kong. The Steering Group and CDP have created a Climate and Environmental Risk Questionnaire for Non-listed companies/small and medium-sized enterprises (SMEs) (SME Questionnaire) which is a template for companies in Hong Kong who are seeking to make their first climate and sustainability report. This document will allow for such companies to more easily and accurately complete sustainability reporting and enable associated investors and lenders to gauge the level of sustainability the company is operating at. For more information, please click [here](#).

Enforcement

On 5 December 2022, the HKEX announced disciplinary action against REXLot Holding Limited (REXLot) for various regulatory breaches. REXLot were publicly censured by HKEX for multiple breaches of regulations, including providing inaccurate disclosures, failing to publish reports by the required deadlines, and the payment of funds to a business partner for an investment which did not proceed. For more information, please click [here](#).

On 15 December 2022, the SFC suspended Wang Pei Yi, a former licensed representative of SinoPac Securities (Asia) Limited (SinoPac), for 10 months after making false and misleading declarations during the process of opening corporate client accounts. Ms. Yi was found to have made declarations that she had met representatives of the clients in question and had witnessed them signing the relevant forms which was in fact false. For more information, please click [here](#).

On 15 December 2022, the SFC suspended Chung Tung Sau, a former licensed representative of Quam Securities Company Limited (Quam), for 7 months and issued him a fine of HK\$60,000 for trading misconduct. Mr. Sau was found to have personally traded in the shares of a listed company whilst executing one of his client's good-till-cancel buy order for the same shares. Mr. Sau bought and sold the shares in a manner which allowed him to profit from the upper price limit set by the good-till-cancel order. For more information, please click [here](#).

On 19 December 2022, the SFC issued an order prohibiting Sun Yiding from re-entering the industry for eight months after failing to declare to her employer that she had opened a personal dealing account with an external brokerage firm. This was in violation of the trading policy of the employer, Ms. Yiding was also found to have traded in products which were on the employer's restricted list. For more information, please click [here](#).

On 21 December 2022, the SFC fined Guosen Securities (HK) Brokerage Company, Limited (Guosen) HK\$2.8 million for regulatory breaches relating to handling of client assets and the production of client account statements. Guosen was found to have provided inaccurate monthly reports to over 900 clients. Guosen were also found to have pledged their client securities collateral with a bank as collateral. For more information, please click [here](#).



On 9 December 2022, the Securities and Exchange Board of India (“SEBI”) released a circular which updated regulations in relation to foreign investments in Alternative Investment Funds (AIFs). The circular provides more detail on the conditions that foreign investors must meet in order to remain compliant. At the time of onboarding an investor, an AIF is required to ensure that the foreign investor is from a jurisdiction which is signatory to the International Organisation of Securities Commission’s Multilateral Memorandum of Understanding or has a bilateral agreement with SEBI. There is also the condition that foreign investors cannot be on the United Nations Sanctions List. For more information, please click [here](#).

On 16 December 2022, the SEBI released a circular which enacts the requirement for Clearing Corporations (CCs) to have in place a framework for the orderly winding down of critical operations and services. The circular mandates that CCs have in place a policy framework which firstly identifies potential scenarios which might lead to be unable to provide their services and the steps they have in place to mitigate this risk. The new guidelines will also identify which services the CC offers that are categorised as critical and a Standard Operating Procedure (SOP) for conducting an orderly wind down of such services amongst other provisions. For more information, please click [here](#).

On 21 December 2022, the SEBI published a consultation paper which seeks to enhance the Investor Grievance Redressal Mechanism in the Indian Securities Markets through the use of online dispute resolution mechanisms. The proposed changes seek to streamline the existing mediation and arbitration process which investors utilize to resolve grievances with an intermediary. Currently, investors are able to lodge a complaint with a Market Infrastructure Institution (MII). Under the proposed changes, the process by which a grievance is brought before a MII will be simplified and made more efficient through the use of innovative online technology which will serve to benefit the investor addressing their grievance. For more information, please click [here](#).

On 23 December 2022, the SEBI launched a study into the fees and expenses which are charged by mutual funds. This is part of a SEBI drive to align their regulatory framework with the practical realities of the market through consultation with stakeholders. The study will seek to gather useful data which will help to inform the regulator whether the current regulations governing fees and expenses are fair and in the best interests of the Indian financial industry. For more information, please click [here](#).

On 30 December 2022, the SEBI released a circular which introduces an Investor Risk Reduction Access (IRRA) platform in case of disruption of trading services provided by a Trading Member (TM). This comes in response to the increasing reliance of the Indian financial industry on technology which are susceptible to glitches and failures. These have the potential to cause trading errors and disruption to services. SEBI have, following extensive consultations, decided to introduce a contingency service to mitigate this risk. The IRRA platform will allow investors to close positions and cancel pending orders in the case of disruption of trading services by the TM. For more information, please click [here](#).

Enforcement

On 2 December 2022, the Reserve Bank of India (“RBI”) imposed a monetary penalty upon Arunachal Pradesh Rural Bank of ₹42.00 lakh for compliance failures relating to asset classification and exposure limits. The bank was found to have failed to adhere to exposure limits for single investments and did not properly classify non-performing assets in adherence to regulations. For more information, please click [here](#).

On 5 December 2022, the RBI imposed a monetary penalty upon The Bharat Co-operative Bank Limited, Bengaluru, Karnataka of ₹5.00 lakh due to compliance failures relating to exposure limits. The bank was found to have breached the prudential individual exposure limit of 15% of capital funds through their investment in commercial paper. For more information, please click [here](#).

On 12 December 2022, the RBI imposed a monetary penalty upon Jila Sahakari Kendriya Bank Maryadit, Shahdol of ₹50,000 due to compliance failures relating to the timely submission of the financial returns required to be submitted by licensed banks. The bank was found to have delayed their submission of financial returns to the National Bank for Agriculture and Rural Development (NABARD) as mandated by banking regulations. For more information, please click [here](#).

On 12 December 2022, the RBI imposed a monetary penalty upon The Vaidyanath Urban Co-operative Bank Ltd., Beed (Maharashtra) of ₹2.50 lakh for compliance breaches relating to Know-Your-Customer (KYC) requirements. The bank was found to have failed to regularly conduct risk categorisation on the accounts of their clients. For more information, please click [here](#).

On 12 December 2022, the RBI imposed a monetary penalty upon Jila Sahakari Kendriya Bank Maryadit, Chhatarpur (Madhya Pradesh) of ₹1.00 lakh for compliance failures relating to the timely submission of the financial returns required to be submitted by licensed banks and breaches relating to Know-Your-Customer (KYC) requirements. The bank was found to have delayed their submission of financial returns to the National Bank for



Agriculture and Rural Development (NABARD) as mandated by banking regulations and failed to regularly conduct risk categorisation on the accounts of their clients. For more information, please click [here](#).

On 12 December 2022, the RBI imposed a monetary penalty upon Shri Kanyaka Nagari Sahakari Bank Ltd., Chandrapur (Maharashtra) of ₹4.00 lakh for compliance breaches relating to Know-Your-Customer (KYC) requirements. The bank was found to not have in place a periodic review process for client account risk categorisation and no software in place to monitor the occurrence of suspicious transactions. For more information, please click [here](#).

On 19 December 2022, the RBI imposed a monetary penalty upon Gujarat Mercantile Co-operative Bank Ltd., Ahmedabad (Gujarat) of ₹1.00 lakh for compliance failures relating to the maintenance of minimum liquid capital. The bank was found upon inspection to have not maintained the minimum Cash Reserve Ratio (CRR) in contravention of the regulations set out by the RBI. For more information, please click [here](#).

On 19 December 2022, the RBI imposed a monetary penalty upon The Bechraji Nagarik Sahakari Bank Ltd., Bechraji, district Mehsana (Gujarat) of ₹50,000 for compliance failures relating to the maintenance of minimum liquid capital. The bank was found upon inspection to have not maintained the minimum Cash Reserve Ratio (CRR) in contravention of the regulations set out by the RBI. For more information, please click [here](#).

On 19 December 2022, the RBI imposed a monetary penalty upon The Gujarat Rajya Karmachari Co-operative Bank Ltd., Ahmedabad (Gujarat) of ₹3.00 lakh for compliance failures relating to the maintenance of minimum liquid capital. The bank was found upon inspection to have not maintained the minimum Cash Reserve Ratio (CRR) in contravention of the regulations set out by the RBI. For more information, please click [here](#).

On 26 December 2022, the RBI imposed a monetary penalty upon Shri Mahila Sewa Sahakari Bank Ltd., Ahmedabad (Gujarat) of ₹5.00 lakh for compliance failures relating to maintenance of minimum liquid capital and allowing family members to act as guarantors for issuing credit facilities to customers. The bank was found upon inspection to have not maintained the minimum Cash Reserve Ratio (CRR) in contravention of the regulations set out by the RBI. The bank was also found to have allowed the family members of its directors to stand as guarantors when the bank offered certain loans and financial products. For more information, please click [here](#).

Indonesia

On 9 December 2022, Bank Indonesia (“BI”) and The Japan Ministry of Economy, Trade and Industry (“METI”) signed a Memorandum of Cooperation (MOC) on the topic of cross-border QR code payment connectivity. The intention of the MOC is to encourage cooperation between Japan and Indonesia in developing the use of seamless cross-border payments using QR code technology. The scope of the MOC also extends to third party payment operators who might use the innovative technology to improve the efficiency of their business. The MOC will allow for the sharing of resources, knowledge and technical expertise amongst Japan and Indonesia to expedite the process of digitalising cross border payment services in-between the two countries. For more information, please click [here](#).

On 22 December 2022, BI raised the 7-Day Reverse Repo Rate by 25 bps to 5.5%. The purpose of the central bank raising the rate is an attempt to stave away inflation and promote stability within the Indonesian economy. This comes in response to worldwide economic volatility and the strength of the performance of the US dollar. For more information, please click [here](#).

On 28 December 2022, the President of the Republic of Indonesia ratified the Indonesian Personal Data Protection Law (PDP). The purpose of this new law is to replace the ineffective and sporadic provisions that existed in Indonesia to govern personal data protection with an all-encompassing set of regulations which cover both electronic and non-electronic data protection. The PDP builds upon other examples of data protection laws such as the European Union’s GDPR with additional innovative measures such as the implementation of alternative dispute resolution mechanisms. For more information, please click [here](#).

Enforcement

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



Japan

On 7 December 2022, the Financial Services Authority (“FSA”) released presentation slides that were discussed during the Official Monetary and Financial Institutions Forum on “Regulating the crypto assets landscape in Japan”. The slides go in to depth on the development of Japan’s regulatory framework, the overview and priorities of the framework such as financial stability, user protection and AML/CFT. For more information, please click [here](#).

On 19 December 2022, the FSA published the draft of partial amendments regarding ESG Investment Trusts and called for public comments. Due to reports of greenwashing on investment products both in Japan and overseas, the FSA conducted a survey of 225 publicly offered investment trusts managed by 37 asset managers and have revised supervisory guidelines for financial instruments business operators (investment management business) in order to assist retail investors in making informed decisions. The revision encompasses scope of ESG investment trusts, disclosures to prevent client misunderstanding, investment strategies, portfolio construction etc. For more information, please click [here](#).

Enforcement

On 2 December 2022, the FSA reported that the registration of FSR Holdings, a Fund Transfer Agent, has been revoked as the location of its registered business office could not be confirmed. For more information, please click [here \(Japanese only\)](#).

On 9 December 2022, the FSA reported that the Kanto Local Finance Bureau had issued an order to suspend FTX Japan Inc’s business operations. This was due to the declaration of bankruptcy by FTX and its group companies along with the suspension of the trading systems. The FSA had decided to take all possible measures to prevent new transactions by users and prevent outflow of assets to affiliated companies out of Japan. The respondent was also ordered to hold assets in Japan equivalent to the amount of liabilities to be recorded in the Company’s balance sheet (less the amount of liabilities to the non-residents) for each day from 10 December 2022 to 9 March 2023. For more information, please click [here \(Japanese only\)](#).

On 13 December 2022, the FSA issued a payment surcharge order based on the recommendation from Securities and Exchange Surveillance Commission (SESC) against Evolution Trading Limited for market manipulation involving the shares of Yamaha Corporation. The respondent was ordered to pay JPY 2.76M by 13 February 2023. For more information, please click [here \(Japanese only\)](#).

On 13 December 2022, the FSA issued a payment surcharge order based on the recommendation from Securities and Exchange Surveillance Commission (SESC) against Agile Media Network for misstatements in their securities report. The respondent has engaged in improper accounting practices, including overstatement of sales due to fictitious transactions, understatement of selling, general and administrative expenses, and overstatement of capital work in progress. The respondent was ordered to pay JPY 69.25M by 13 February 2023. For more information, please click [here \(Japanese only\)](#).

On 27 December 2022, the FSA issued an administrative action against EXIA Digital Asset Management. The respondent was found to have failed to maintain a system to properly conduct their crypto asset exchange business, and a business suspension order alongside a business improvement order was issued in November 2022. The respondent’s business improvement plan was unable to show that they were able to establish a proper framework for their business which has led to the FSA issuing a continued business suspension order. The improvement order remains in effect. For more information, please click [here \(Japanese only\)](#).



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Korea

On 1 December 2022, the Financial Services Commission (“FSC”) announced that from February 2023, they will publicly disclose the identities of entities committing unfair trading practices. Offences such as illegal short selling will be added to the scope of offences which warrant public disclosure on the FSC website and display details to further discourage entities from committing unfair trading practices. The identities of both corporate entities as well as individuals will be eligible to be disclosed under the new rules. For more information, please click [here](#).

On 13 December 2022, the FSC announced a revision bill which enables the Korea Asset Management Corporation (KAMCO) to provide financing support to businesses at risk of insolvency. The scope of the provision bill is also extended to businesses which are undergoing a workout process. This move comes in response to the unavailability of new financing injection opportunities for businesses in South Korea. For more information, please click [here](#).

On 19 December 2022, the FSC released a set of measures intended to improve standards and efficiency within the Initial Price Offering (IPO) market. The measures will ensure that share prices will be calculated more accurately, and investors will be allocated with shares according to their actual demand and payment capacity. The new measures will include the provision of a demand survey which will allow bookrunners to establish appropriate price bands for the IPO, the condition that bookrunners will be required to check the ability of institutional investors to fulfil their payment obligations, and an increase to the limit range of the quotation price on the day the IPO occurs. For more information, please click [here](#).

On 20 December 2022, the FSC announced a revision bill which strengthens the rights of general shareholders to attain a split-off for shares in a listed company during the IPO process. This bill is an amendment to a similar piece of legislation approved in September 2022 titled “measures to improve protection for general shareholders in IPO of split-off subsidiary”. The amendment will improve protections for general shareholders and will seek to prevent them from incurring losses during the split-off process through enhanced disclosure standards, the right to request the company to purchase shares, and increased regulator review of the parent companies’ protection of general shareholders. For more information, please click [here](#).

Enforcement

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



Malaysia

On 8 December 2022, the Securities Commission Malaysia (“SC”) released a set of guidelines which seek to improve the credibility of investment analysts and their companies to be a reliable source of information to the public. The guidelines set out minimum standards and core principles for corporations and individuals who hold a Capital Markets Service License in order to ensure that the quality of research and investment advice is of the highest quality. The new guidelines have a transition period which will allow the affected parties to familiarise themselves with the requirements before they officially come into effect on 8 June 2023. For more information, please click [here](#).

On 12 December 2022, the SC released the Principles-Based Sustainable and Responsible Investment Taxonomy for the Malaysian Capital Market (SRI Taxonomy) which is a policy designed to assist Malaysia’s national climate and sustainability agenda. The taxonomy will provide clarity on which types of activities will qualify to be classified as a sustainable investment. This classification process will allow for market participants to more easily identify which investments can be integrated into their sustainable investment strategies, the additional benefit of this is to counteract the trend of greenwashing. For more information, please click [here](#).

Enforcement

On 7 December 2022, Bursa Malaysia (“BM”) reprimanded, fined and struck off Tye Lim Huat from the licensed register for numerous breaches of regulations relating to trading practices. Mr. Huat was found to have conducted illegal short selling as well as unauthorised trades from a client’s account. For more information, please click [here](#).



On 12 December 2022, the SC announced that they had filed a civil suit against five individuals for their involvement in a scheme which defrauded four public listed companies of RM120.6 million. The individuals, who held executive roles at the affected companies, were found to have fraudulently siphoned money away from fundraising activities conducted by the companies. The five individuals were barred from trading and acting as a director of any public listed companies for ten years and were fined RM1 million each in addition to the disgorgement of all proceeds from their fraudulent activities. For more information, please click [here](#).

On 12 December 2022, the SC announced that the Kuala Lumpur Sessions Court convicted two former officers of Jalatama Management Sdn Bhd (Jalatama) for carrying out business without the requisite license. The two individuals were found to have been dealing in derivatives without the required capital markets license, they are yet to be sentenced. For more information, please click [here](#).

On 23 December 2022, the SC announced that they had successfully prosecuted two individuals for insider trading. The two individuals were found to have been communicating non-public information to one another in order to capitalise on the stock price shifts of their respective countries. The two individuals were issued civil fines. For more information, please click [here](#).

On 30 December 2022, BM publicly reprimanded Top Builders Capital Berhad (TOPBLDS) for delays in publishing their annual report. TOPBLDS issued their annual report 15 days after the required deadline. For more information, please click [here](#).



Philippines

On 13 December 2022, the Securities and Futures Commission Philippines (“SEC”) announced that it has set deadlines for the submission of the annual financial statements (AFS) and general information sheets (GIS) of corporations in 2023. All corporations are required to submit their AFS on dates depending upon the last digit of their SEC license number, the table dictating these dates is available in the link below. The GIS deadline is set as 30 calendar days following the annual stockholders’ or members meeting for the company. For more information, please click [here](#).

Enforcement

On 6 December 2022, the Department of Justice (DOJ) filed criminal charges against Silverlion Livestock Trading Corp. (Silverlion) and its officers for the unauthorised solicitation of investments from the public, following an investigation by the SEC. Silverlion engaged in a form of pyramid scheme whereby returns made to investors were sourced from new investors who were misled to believe the company were trading gold, meat and other commodities. For more information, please click [here](#).

On 8 December 2022, the SEC cancelled the corporate registrations of Koen Solutions OPC (Koen), Phil Maritime and Ocean Institute of Technology, Inc. (Ocean Institute) for illegally soliciting investments from the public. All three companies were found to be soliciting the public without holding the proper license. For more information, please click [here](#).

On 22 December 2022, the SEC filed a criminal complaint against four lending companies: Suncash Lending Investors Corp. (Suncash), UCash Lending Investors Corp. (UCash), Suncredit.ph Finance Corp. (Suncredit), and ECredit Finance Inc. (ECredit). The nature of the complaint is that the aforementioned companies were operating unregistered online lending platforms. For more information, please click [here](#).



Singapore

On 14 December 2022, the Monetary Authority of Singapore (“MAS”) released a consultation paper proposing amendments to the Guidelines on Fair Dealing. The aim of the amendments is to broaden the scope of the application process to include all Financial Institutions (FIs), financial products and services which they offer, and to all their customers. The consultation seeks to identify the practical implications of the proposed update to the guidelines upon the financial industry, for example one of the questions is seeking comment on how the guidelines can be applied to those who design and manufacture financial products. The consultation ends on 8 February 2023. For more information, please click [here](#).

On 19 December 2022, the MAS released a circular which sets out the requirements which licensed insurers must follow under the risk-based capital framework. The notice includes guidelines which dictate the valuation of policy



liabilities, the calculation of total risk requirements and financial resources, and the supervisory intervention levels. There is also the addition of technical details relating to the valuation of assets and liabilities, and the calculation of financial resources and risk requirements for insurance. For more information, please click [here](#).

On 19 December 2022, the MAS released a circular which dictates the timelines for implementation of the remaining Basel III reforms in Singapore and the reporting schedules for locally incorporated banks. The final reforms will come into effect in Singapore from January 2024 to January 2025, the delay is to allow the Singaporean financial industry time to adopt the revised frameworks mandated by Basel III. The MAS will require banks to participate in a test reporting process by March 2023 with testing beginning from the middle of March 2023 and running through to April 2023. This gradual introduction will allow the MAS to identify any flaws in their regulatory reporting system and remediate them in order to comply with the standards set out by Basel III. For more information, please click [here](#).

Enforcement

On 7 December 2022, the MAS issued a 15-year prohibition order against Han Delong, a former representative of United Overseas Bank Ltd (UOB) and Oversea-Chinese Banking Corporation Limited (OCBC), following his conviction for Criminal breach of trust, cheating, forgery and transferring benefits of his illicit conduct. Mr. Han deceived customers into depositing funds into his personal bank accounts through the promotion of fictitious financial products. For more information, please click [here](#).

On 14 December 2022, the MAS issued an 8-year prohibition order against Selvarajulu S/O Subramaniam, a former representative of The Great Eastern Life Assurance Company Limited (Great Eastern) for cheating offences. Mr. Subramaniam was found to have deceived 9 customers into handing over roughly SG\$58,000 through various scams including falsifying penalty fees in order to profit from one individual. For more information, please click [here](#).

On 19 December 2022, Goh Jia Poh, Kenneth was imprisoned for 19 months and fined SG\$355,604 for multiple trading offences. The offences include using a “spoofing and layering” technique to generate the appearance of interest in certain securities, making false and misleading statements to induce others to trade, and the unauthorised use of certain trading accounts. For more information, please click [here](#).

On 28 December 2022, the Singaporean High Court sentenced Soh Chee Wen and Quah Su-Ling to a total of 36 and 20-years’ imprisonment respectively for their role in a scheme to manipulate the shares of Blumont Group Ltd, Asiasons Capital Ltd and LionGold Corp Ltd. The two individuals were convicted of 180 and 169 charges respectively which related to market and stock price manipulation, the biggest of its kind in Singaporean history. For more information, please click [here](#).



Taiwan

On 21 December 2022, the Financial Supervisory Commission Republic of China (Taiwan) announced an amendment to the ‘Regulations Governing Foreign Bank Branches and Representative Offices’. The amendment will seek to increase the availability of credit and the investment capacity of foreign banks’ branches in Taiwan. The measures are designed to improve the efficiency and flexibility of funding for multinational banks with Taiwan based branches, whilst still maintaining a high standard of risk management processes. For more information, please click [here](#).

Enforcement

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



Thailand

On 6 December 2022, the Bank of Thailand (“BOT”) signed a Memorandum of Understanding on Cooperation with Brunei Darussalam Central Bank (BDCB). The memorandum is designed to enhance the bilateral ties between the two central banks as well as the exchange of knowledge and resources in order to improve financial connectivity between the two countries. For more information, please click [here](#).

On 6 December 2022, the BOT announced the summary of the joint meeting between the Monetary Policy Committee (MPC) and the Financial Institutions Policy Committee (FIPC). The main discussion points centered



around the risks the global financial system faces in terms of stability and the place that Thailand holds within said system. The ability of the Thai economy to successfully mitigate against the risks associated with global financial instability were a significant point of discussion and those present at the meeting made a commitment to collaborate closely in the monitoring and assessment of such risks. For more information, please click [here](#).

On 27 December 2022, the Securities and Exchange Commission, Thailand (“SEC”) announced a public consultation on a proposal to revise the supervision of digital asset custodial wallet providers. The proposal will exempt digital asset issuers who provide custodial services to self-issued digital assets for their clients from being defined as Digital Asset Custodial Wallet Providers. The measures would also require investment token issuers who provide custody services to ensure that their clients’ digital assets are segregated from their own. The end of the public consultation is 26 January 2023. For more information, please click [here](#).

Enforcement

On 7 December 2022, the SEC imposed fines totaling over 2 million Baht upon Satang Corporation Company Limited (Satang) for numerous compliance breaches. These failures include the failure to properly segregate client assets from those of the company in addition to insufficient collection of client information in line with Know Your Customer (KYC) requirements. For more information, please click [here](#).

On 7 December 2022, the SEC imposed fines totaling 425,000 Baht upon Bitkub Online Company Limited (Bitkub) for failing to include risk warnings in the public advertisement of digital assets. Bitkub were found to have been marketing digital assets to the public without providing the required warning statements about the high level of risk associated with investing in such assets. For more information, please click [here](#).

On 7 December 2022, the SEC imposed fines upon Nok Airlines Public Company Limited (NOK) and two of its Executive Officers totaling over 360,000 Baht for failures to submit the required annual financial statements. NOK failed to submit the annual reports within the timeframe specified by the SEC. For more information, please click [here](#).

On 7 December 2022, the SEC imposed fines upon Kannithi Aviation Company Limited (Kannithi) and its Authorised Director totaling over 300,000 Baht for failing to submit bill of exchange sale reports in the required timeframe. Kannithi was found to have failed to submit ten reports within the time period specified by the SEC. For more information, please click [here](#).

On 7 December 2022, the SEC imposed fines upon Thai Canal Rich Company Limited (Thai Canal) and its Authorised Director totaling over 1 million Baht for issuing shares to the public without the proper approval from the SEC. For more information, please click [here](#).

On 21 December 2022, the SEC imposed fines upon Zipmex Company Limited (Zipmex) and its two CEOs totaling over 2.6 million Baht for breaching obligations to deliver a quality service to clients. Zipmex and its officers suspended the ability of customers to deposit and withdraw assets from digital wallets on the platform. For more information, please click [here](#).

On 21 December 2022, the SEC imposed fines upon UOB Capital Services Company Limited (UOB) and its former director totaling over 130,000 Baht for failures to submit the required annual financial statements. UOB failed to submit the annual reports within the timeframe specified by the SEC. For more information, please click [here](#).

On 21 December 2022, the SEC imposed fines upon Thanathip Consult Company Limited (Thranathip) and its Authorised Director totaling over 290,000 Baht for failures to submit bill of exchange sale reports in the required timeframe. Thranathip was found to have failed to submit multiple reports within the time period specified by the SEC. For more information, please click [here](#).

On 21 December 2022, the SEC imposed fines upon Beyond Securities Public Company Limited (Beyond Securities) totaling over 5.1 million Baht for failing to have a sufficient risk management system in place. Beyond Securities were found to be failing to conduct the proper due diligence in their transactions. For more information, please click [here](#).

On 23 December 2022, the SEC issued civil penalties to two individuals, Mr. Telapon Sinchai and Ms. Uraiwan Sae-lee, for colluding to manipulate the stock price of Multibax Public Company Limited (Multiback). They conducted trades in a manner which misled other investors into believing the stocks were being traded in high volume and demand. For more information, please click [here](#).



Vietnam

On 6 December 2022, the State Bank of Vietnam (“SBV”) announced that the State President of Vietnam and the National Assembly had approved a new Law on Anti-Money Laundering (AML). This law will come into effect on 1 March 2023 and replaces the previous Anti-Money Laundering law from 2012. The new law will seek to align Vietnam’s AML policies with international standards through updated reporting requirements and the introduction of new legal documents which businesses will be required to complete to demonstrate their efforts in the prevention of money laundering in Vietnam. For more information, please click [here](#).

Enforcement

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

Suggestions

Please send any comments or suggestions or other information you would like included in the next issue to communications@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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