



# Welcome to our Regulatory Newsletter February 2023

## Executive Summary

In Australia, the Parliamentary Joint Committee on Corporations and Financial Services announced its organisation review in a bid to support ASIC in achieving its strategic and operational ambitions. ASIC plans to further streamline what it has defined as its four vital regulatory areas: intelligence gathering, transformation and technology, regulation and supervision, enforcement, and compliance.

Meanwhile in Taiwan, the FSC released the Financial Cyber Security Action Plan 2.0. The plan has been designed to enhance the quality of cyber security operations of the financial industry. The plan seeks to create a trading environment where financial services firms adopt policies and procedures which result in increased cyber defence capacity. The introduction of the plan expands on the current cyber security measures in order to respond to the increasingly complex cyber landscape we have today.

If your firm is looking to enhance its technology risk management and cyber security policies and procedures, our dedicated projects and advisory team can assist you with a wide variety of services that will ensure that your technology risk management and cyber security policies and procedures meet both regulatory and industry best practices in the jurisdictions in which your firm operates.

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



Australia



China



Hong Kong



India



Japan



Malaysia



Singapore



South Korea



Taiwan



## Australia

On 10 February 2023, the Australian Securities & Investments Commission (“ASIC”) issued a reminder to company directors to ensure material business risks are appropriately disclosed in annual reports, to better inform shareholders and prospective investors. ASIC Commissioner Danielle Press said, ‘ASIC reiterates the importance of a high-quality operating and financial review, including disclosure of material risks that may affect the achievement of a listed entity’s strategies and prospects. Directors must provide investors with useful and meaningful information about the impact on current and future performance of changing and uncertain market conditions. ASIC seeks to improve standards in this area as it looks to bring higher quality information into the market to help prospective investors and shareholders to make an informed assessment of the entity’s operations, financial position and business strategies, and prospects for future financial years. For more information, please click [here](#).

On 17 February 2023, the Australian Prudential Regulation Authority (“APRA”) announced to its regulated entities that it will consider how to strengthen consideration of inclusion and diversity across its regulated industries as part of this year’s review of Prudential Standard CPS 510 Governance. Moreover, it drew attention to the diversity, equity, and inclusion (DEI) report released by the International Association of Insurance Supervisors (IAIS). A diverse and global workforce is a competitive advantage. Building diverse teams not only strengthens a business and its culture but also broadens the range and solutions it can offer. For more information, please click [here](#).

On 23 February 2023, the ASIC chair Joe Longo, at the Parliamentary Joint Committee on Corporations and Financial Services, announced the organisational review to support ASIC in achieving its strategic and operational ambitions. The commission aims to streamline further four vital regulatory areas: intelligence gathering, transformation and technology; regulation and supervision; enforcement and compliance; and markets. This follows the 173 criminal charges and AU\$76.3 million in civil penalties imposed by the courts after ASIC investigations. The phrase ‘Enforcement is at the heart of ASIC’s work’ coined by Joe Longo and focuses on protecting consumers from financial harm is a warning to businesses in 2023. For more information, please click [here](#).

## Enforcement

On 3 February 2023, Wilsons Advisory and Stockbroking Ltd paid a penalty of AU\$548,328 as part of an infringement notice issued to them by the Markets Disciplinary Panel (MDP). Certain trades were misleadingly reported as ‘Trades with Price improvement’ (TWPI) during the period between 1 March to 21 March 2022. 2,306 trades were reported as TWPI in circumstances where it was not permitted to do so as the trades did not provide adequate price improvement over the best available bid price and the best available offer price. For more information, please click [here](#).

On 13 February 2023, ASIC permanently banned former Perth financial advisor Rahul Goel from having any involvement in financial services and credit services. Mr Goel submitted falsified benefit access applications or hardship applications to the superannuation funds. Moreover, Mr Goel retained up to 100 per cent of the pay-out fees once the funds were released before forwarding the balance to consumers. For more information, please click [here](#).

On 13 February 2023, ASIC permanently banned Sean John Sweeny from providing financial services after he was convicted of fraud offences on 4 November 2022. Mr. Sweeny was adjudged to be not a fit and proper person to provide financial services. Financial advisors must act with honesty and integrity in their dealings with clients. For more information, please click [here](#).

On 17 February 2023, the Federal court handed down the largest penalty ever issued against a company for breaching continuous disclosure laws. GetSwift Limited were required to pay a penalty of AU\$15 million. Getswift made numerous misleading statements in its disclosures the Australian Stock Exchange (ASX), breaching its continuous disclosure obligations on 22 occasions between February and December 2017. For more information, please click [here](#).

On 20 February 2023, ASIC announced that it had prosecuted fifteen companies between 1 July 2022 and 31 December 2022 for failing to comply with their obligations to lodge financial reports with ASIC. A cumulative total of AUD\$115,000 in financial penalties were delivered to the offending companies. Certain classes of company in Australia are required to make timely financial reports to ASIC within a specified timeframe which the offending companies had failed to do. For more information, please click [here](#).

On 23 February 2023, the Federal court found that Membo Finance Pty Ltd and its credit representative Richmond Group Financial Services Pty Ltd, trading as Clearloans, breached the National Consumer Credit Protection Act. The companies were ordered to pay AU\$6 million in penalties. Consumers were not being treated fairly regarding the assessment of their hardship requests. For more information, please click [here](#).



On 28 February 2023, ASIC launched its first court action against a company for alleged greenwashing offences. Mercer Superannuation (Australia) Limited (Mercer) allegedly made misleading statements about the sustainable nature and characteristics of some of its superannuation investment options. Mercer marketed products as suitable to customers who are deeply committed to sustainability as due to the exclusion of companies who are involved in environmentally harmful industries such as coal extraction. However, ASIC allege that the products had underlying investments in companies involved in industries which were meant to be excluded. For more information, please click [here](#).

On 28 February, The Star Entertainment Group Ltd (The Star) provided for fines of AU\$150 million for compliance failures relating to AML laws following concerns raised by ASIC. ASIC conduct a surveillance programme which found that The Star had in place no provisions for fines and penalties relating to non-compliance with AML and CTF laws. For more information, please click [here](#).



## Mainland China

On 1 February 2023, The China Securities Regulatory Commission (“CSRC”) issued the public consultation on the full implementation of the registration system for the issuance of shares of the main system rules. The main measures are reflected in the consolidation of issuers, intermediaries and exchanges at all levels, strict auditing, and strict quality control of listed companies. The implementation of the registration system involves not only the main board of the Shanghai and Shenzhen Stock Exchanges, the basic and innovation layers of the New Third Board, but also the Science and Technology Innovation Board, the Growth Enterprise Market and the North Exchange, which have already implemented the registration system. For more information, please click [here](#). (Chinese only)

On 3 February 2023, the CSRC released the launch of bond market-making busines in the exchange bond market, which will be officially launched on 6 February 2023 with a total of 12 securities companies participating in market-making in the first batch. The introduction of bond market-making is conducive to reducing liquidity premium and bond issuance costs, improving the functions of the exchange bond market, and further playing the key role to the bond market in supporting the real economy. For more information, please click [here](#). (Chinese only)

On 9 February 2023, the People's Bank of China issued the Measures for the Administration of Affiliated Transactions of Financial Holding Companies (the "Measures"), which becomes effective on 1 March 2023. The Measures have seven chapters and forty-eight rules, and the main content contains general definitions for financial holding companies, requirements for establishing management related to transactions, reporting and disclosure systems, etc. A financial holding company must also establish an effective related transaction management system and coordinate the management of intra-group transactions. For more information, please click [here](#). (Chinese only)

On 10 February 2023, CSRC issued four financial industry standards, which came into effect from the date of publication. The four financial industry standards include the over – the – counter Business Funds Service Interface of Securities Firms, “Securities and Futures Industry Institutional Internal Interface Account Management”, and “Securities and Futures Industry Information System Penetration Testing Guide”. The financial industry standard provides a set of general information system penetration testing framework and provides operational guidance to ensure test quality and controlling security risks in the planning, design, execution, results and risk management of penetration testing. For more information, please click [here](#). (Chinese only)

On 17 February 2023, the SAFE Shanghai Bureau issued a notice on the pilot expansion of certain cross-border trade and investment with high-level opening in the Lingang New Area, which will be implemented from the date of promulgation. In order to ensure the orderly development of the pilot work, the Shanghai Bureau of the SAFE has formulated the "Shanghai Qualified Foreign Limited Partner (QFLP) Pilot Foreign Exchange Management Operation Guidelines" ("Operation Guidelines") and the "Shanghai Municipal Bank Handling the Registration of Foreign Debt Signing (Amend) of Non-financial Enterprises". For more information, please click [here](#). (Chinese only)

On 20 February 2023, AMAC issued a notice entitled “Real Estate Private Investment Fund Pilot Filing Guidelines (for Trial Implementation)” (The “Pilot Guidelines”), which came into effect on 1 March 2023. The Pilot Guidelines consist of twenty-one articles, specifying the scope of real estate investment and the requirements of the pilot manager, and regulating fund raising, investment, operation, and information disclosure. As the scope of investment, investment methods, asset income characteristics of real estate private investment funds and traditional equity investment are quite different, in order to actively play the role of private equity investment funds, the pilot real estate private investment funds, the "pilot guidelines" are formulated. Private equity fund managers who meet the requirements are allowed to set up real estate private investment funds on the basis of initial fundraising and exhibition plans, and introduce institutional capital, investment in specific residential housing, commercial business



premises and infrastructure projects, etc., to promote real estate enterprises to revitalize operational real estate and explore new development models. For more information, please click [here](#). (Chinese only)

On 24 February 2023, AMAC issued the revised Measures for Registration and Filing of Private Investment Funds (“The Measures”) and the accompanying guidelines, effective from 1 May 2023. The revised “Measures” consist of six chapters and 83 articles. The measures apply to companies or partnerships which conduct fundraising non-publicly for investment activities, where the assets are managed by a private fund manager or general partner. These Measures apply to their private equity fund business activities. In the previous period, AMAC has publicly consulted on the Measures and the supporting guidelines, and parties in the market have expressed their consent and support for the basic idea and main content of the rules, which are considered to be conducive to regulating private equity activities, creating a better development environment, and better serve the real economy, adjust the economic structure, increase national wealth, enhance market resilience and industry vitality, etc. For more information, please click [here](#). (Chinese only)

On 24 February 2023, CSRC announced that the optimisation of the trading calendar of the Shanghai-Shenzhen-Hong Kong Exchange will be officially implemented. In order to further expand the high-level two-way opening of the capital market and better meet the needs of domestic and foreign investors to participate in the allocation of equity assets in the capital markets of the Mainland and Hong Kong, the CSRC and the Hong Kong SFC recently agreed that the SSE, SZSE, HKEx, China Clearing and Hong Kong Clearing will officially implement the optimisation of the trading calendar of the Shanghai-Shenzhen-Hong Kong Stock Exchange on 24 April, 2023, opening up the trading days of the Shanghai-Shenzhen-Hong Kong Stock Exchange that are closed due to non-fulfilment of the settlement arrangement. For more information, please click [here](#). (Chinese only)

On 24 February 2023, CSRC announced the “Regulations on Strengthening Confidentiality and Records Management in relation to Foreign Securities Offerings and Listings by Domestic Enterprises” (the “Regulations”), which will become effective on 31 March 2023. The Regulation is a normative document that regulates the confidentiality and archives management of domestic enterprises in connection with their overseas listings. It stipulates the procedures that domestic enterprises should follow in providing confidential or sensitive information to securities firms, accounting firms and other securities service providers as well as overseas regulatory authorities. For more information, please click [here](#). (Chinese only)

On 24 February 2023, the Cyberspace Administration of China announced the Standard outbound Contractual Approach to Personal Information (hereinafter referred to as the “Approach”), which shall come into effect on 1 June 2023. These Measures shall apply to the circumstances where personal information provided outside the PRC by personal information processor through a standard contract to an overseas recipient. The Measures make it clear that before personal information processors provide personal information overseas, they shall carry out personal information protection impact assessments and clarify the key assessment content. It is stipulated that personal information processors shall file with the local internet information department within 10 working days of the effective date of the standard contract. For more information, please click [here](#). (Chinese only)

## Enforcement

On 1 February 2023, The Shanghai Futures Exchange (“SFE”) made a violation handling decision on Zhang Yixiang, Yan Zhiqiang due to failure to properly store the transaction code resulting in the transaction code being used by others to transfer funds. The SFE made a warning notification of criticism punishment, and suspension of open transactions for 2 months of sanctions. For more information, please click [here](#). (Chinese only)

On 10 February 2023, the AMAC cancelled the membership of Shanghai Minxiang Equity Investment Management Co Ltd and revoked their registration. The was due to violations include raising funds from non-qualified investors, and uncontrolled management. For more information, please click [here](#). (Chinese only)

On 21 February 2023, AMAC imposed a penalty of cancellation of membership and suspension of acceptance of its private fund products for filing for twelve months on Shanghai Shizu Asset Management Co. The violations include failure to reasonably fulfil information disclosure obligations, violation of professional operation requirements, and inducing investors to conduct appropriate risk assessment. For more information, please click [here](#). (Chinese only)

On 21 Feb 2023, AMAC publicly criticised Zhongjin Nanhai (Shenzhen) Equity Investment Fund Management Co for several violations including disguised promises to investors of capital and income protection, and failure to conduct the due diligence. For more information, please click [here](#). (Chinese only)



## Hong Kong

On 16 February 2023, The Hong Kong Monetary Authority (“HKMA”) released that the Hong Kong government had announced the offering of HK\$800 million of tokenised green bonds through the Government Green Bond Programme (GGBP). The Tokenised Green Bond in Hong Kong is the first of its kind issued by a government globally. The issuance of the tokenised bonds demonstrates that Hong Kong is prepared to embrace innovative financial technology within its regulatory and legal environment. The clearing and settlement for the bond is carried out by the Central Moneymarkets Unit (CMU) of the HKMA. For more information, please click [here](#).

On 17 February 2023, the Financial Action Task Force (FATF) released a follow up report commending Hong Kong’s progress in implementing risk-based anti-money laundering (AML) and counter-terrorist financing (CTF) regulations. Hong Kong became the first APAC jurisdiction to pass the FATF AML/CTF assessment following the FATF Mutual Evaluation conducted in 2018/2019, the follow up serves to assess how far AML/CTF policies have been maintained and progressed in the time since. The report also commended Hong Kong’s compliance with FATF requirements for Virtual Asset Service Providers (VASPs) and the pending introduction of a VASP regulatory regime. For more information, please click [here](#).

On 17 February 2023, the Securities and Futures Commission (“SFC”) and the China Securities Regulatory Commission (“CSRC”) signed a Memorandum of Understanding (MoU) in relation to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies which comes into effect on 31 March 2023. The MoU will allow enhanced cooperation between the regulators and will enable them to implement enhanced protections for investors, whilst simultaneously allowing for misconduct to be identified and halted. The processes for listing, share issuance, cross-boundary enforcement, and the supervision of intermediaries were clarified in the MoU as well. For more information, please click [here](#).

On 20 February 2023, the SFC launched a consultation on enhanced requirements for operators of virtual asset trading platforms. The SFC will require centralised virtual asset trading platforms domiciled in Hong Kong to hold an SFC license. The main consideration of the consultation is to determine whether licensed platforms would be able to serve retail investors and what investor protection measures should be introduced if so. Examples of the proposed investor protections are enhanced suitability requirements in the onboarding process and due diligence processes on virtual products. The deadline for the submission of comments is 31 March 2023. For more information, please click [here](#).

## Enforcement

On 1 February 2023, Hong Kong Exchanges and Clearing Limited (HKEX) issued disciplinary statement which censured China Gem Holdings Limited and imposed Director Unsuitability Statements against seven directors of the company. The company was repeatedly approached by the exchange in relation to the submission of its annual results, a customer complaint, and numerous transactions. The company failed to provide the required information despite the exchange granting extensions. For more information, please click [here](#).

On 1 February 2023, the Independent Commission Against Corruption (ICAC) announced Yuki Fan Ting-yan, an insurance agent previously employed by AXA China Region Insurance Company Limited (AXA), had been charged following an investigation into fraud. Mr. Ting-yan was found to have defrauded an insurer of bonuses and commissions totaling HK\$1.9 Million by making false representations to seven clients who had taken out insurance policies. For more information, please click [here](#).

On 7 February 2023, the SFC issued a notice reprimanding and fining Jinrui Futures (Hong Kong) Limited HK\$4.8 million as well as delivering sanctions to its responsible officers for failures relating to AML/CTF controls. The company was found to have failed to conduct the proper due diligence upon a customer supplied system (CSS) which was used to allow customers to place orders. For more information, please click [here](#).

On 27 February 2023, the SFC banned the former customer relationship manager of Dah Sing Bank Limited (DSB), Chan Wai Chun, from the financial industry for life following a conviction for fraud. Mr. Chun was found to have convinced a customer to redeem their investment in a fund and deposit it with him on the assumption it would be invested into another fund. The reality was that Mr. Chun used the funds to pay off personal debts. For more information, please click [here](#).

On 28 February 2023, HKEX issued disciplinary action against Hygieia Group Limited and three directors in the form of censures for the company and the former CEO Hong Rui Sheng, and public criticisms of current CEO Toh Eng Kui and director Peh Poon Chew. The company was found to have placed a substantial amount of funds into a discretionary investment management agreement shortly after listing, something which was not referenced in the



initial company prospectus submitted to the exchange. The company was found to have made investments into a certain private company without conducting adequate due diligence. For more information, please click [here](#).



On 1 February 2023, the Securities and Exchange Board of India ('SEBI') issued a circular which made adjustments to the Framework to Enable Verification of Upfront Collection of Margins from Clients in cash and derivatives segments. The adjustment is that End Of Day (EOD) margin collection requirements from clients, in derivatives segments (including commodity derivatives) will now be calculated on fixed BOD margin parameters but only for verifying the upfront collection of margins. The margin parameters used in order to complete the margin obligation by the Clearing Corporations will be updated on a day to day and EOD basis, as per the agreements. Any other provisions of the SEBI circulars dated July 20 2020, December 16 2021 and May 10 2022, remain unmodified. The provisions of this circular shall come into effect 3 months from the date of issuance (February 1 2023). For more information, please click [here](#).

On 1 February 2023, the SEBI issued a circular on Transactions in Corporate Bonds through Request for Quote (RFQ) platform by Alternative Investment Funds (AIFs). The aim of this circular is to increase the liquidity of the RFQ platform of Stock Exchanges and to clarify trading in the Corporate Bonds Secondary Market. This is done taking into account the recommendations of the Alternative Investment Policy Advisory Committee (AIPAC), under the assumption that AIFs shall use the RFQ platform for at least 10% (by value) of their total Secondary Market Trades in Corporate Bonds. In relation to the SEBI Circular dated October 19, 2022, all transactions in Corporate Bonds where both parties are AIFs shall be executed via the RFQ platform in 'one-to-one' mode. Yet any transaction between two AIFs that is executed in the 'one-to-many' mode shall be accepted in this form. This circular will come into effect from April 1, 2023. For more information, please click [here](#).

On 3 February 2023, the SEBI issued a circular in regards to achieving minimum public shareholding (MPS), the previous permitted methods can be found in the [February 22 2018](#) circular. However, SEBI have taken into account comments from listed entities and other stakeholders who have requested a relaxation in the methods used to achieve MPS compliance. With regards to the commentary provided, there have been adjustments made to some of the existing methods with new methods being added. The Stock Exchanges will continue to supervise the methods used by the listed entities to advance their public holding. This circular supersedes the circular of [February 22 2018](#). For more information, please click [here](#).

On 3 February 2023, the SEBI issued a circular titled 'dos and don'ts relating to green debt securities to avoid occurrences of greenwashing'. Recently the framework of 'green debt security' was reviewed and updated. There was a specific focus on greenwashing which is defined by SEBI as '*making false, misleading, unsubstantiated or otherwise incomplete claims about the sustainability of a product, service, or business operation*'. The circular then goes on to list items that the issuer of green debt securities should ensure they follow to limit the chances of greenwashing. This circular will come into effect immediately. For more information, please click [here](#).

On 6 February 2023, SEBI issued a circular in relation to the enhanced obligations and responsibilities on Qualified Stock Brokers (QSBs). Over time, there have been key developments in the technological sphere of the securities markets and with regards to investor knowledge. As such, there has been a high concentration of business focused on a small number of stockbrokers which has increased the risk of cyber-attacks. Due to certain stockbrokers catering to the needs of large numbers of investors, it is of paramount importance that they follow the regulatory guidelines in order to prevent disruption to their activities and by extent impact the securities market as a whole. Therefore, in order to continue to enhance compliance requirements relating to stockbrokers, the category of QSBs has been created. The circular then details the qualifying parameters to designate a stockbroker a QSB along with their obligations and the guidelines on the enhanced monitoring that QSBs will be subjected to. For more information, please click [here](#).

On February 9 2023, the SEBI issued a circular clarifying in respect of compliance by the first-time issuers of debt securities under SEBI (Issue and Listing of Non-Convertible Securities) Regulations. The issue it references is that the regulations require the Articles of Association (AoA) of an issuer to include certain provisions with respect to the requirements for the board of directors. The regulation also provided time up to September 30, 2023, for existing debt listed issuers to amend their AoA. Certain issuers who are preparing for their first private listing placing Non-Convertible Debentures (NCDs) or their first public issue of NCDs, have also requested, that they are given time to update their AoAs. The AoAs are to be updated within a period of six months from the date of the listing of the debt securities and an undertaking is to be given to the Stock Exchanges. This circular will come into effect immediately. For more information, please click [here](#).

On 15 February 2023, the SEBI issued a circular relating to the Introduction of Issue Summary Document (ISD) and dissemination of issue advertisements. This has been undertaken to simplify the consumption of data by stakeholders e.g., researchers or market participants it has been decided to make available the relevant information



at the Stock Exchanges or Depositories in an accessible manner. This ISD will be filed in two stages, the first stage analysing pre-issue/offer fields and the second stage containing post-issue/offer fields. The ISD will also be implemented in three phases. The first phase of the ISD will be released on 1 March 2023 and will focused on public issues of specified securities. The second phase, for further issues will be released out from 3 April 2023. The third phase, focused on open offer, buy-back and voluntary delisting shall be made accessible from 2 May 2023. For further information please click [here](#).

On 22 February 2023, the SEBI issued a circular advising on the best Cybersecurity practices for regulated entities. It reminds these entities that cyber security is not an individual requirement but rather a complex, industry-wide responsibility. It is also noted that traditional practices may be outdated. As such, a tactile response to cyber-attacks is to limit problems that may arise. This is not meant to be a stand-alone circular but rather an addition to the current library of circulars relating to Cyber-Security. This circular will come into immediate effect. For more information, please click [here](#).

## Enforcement

On 1 February 2023, the RBI imposed a fine of ₹42.48 lakh on Krazybee Services Private Limited, Bangalore for non-compliance with certain provisions of the directions issued by RBI on 'Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs. An inspection of the company was conducted by RBI revealed that the company failed to ensure that its recovery agents operated in a legal manner without resorting to underhanded tactics. There was also numerous harassment complaints relating to the methods undertaken. For more information, please click [here](#).

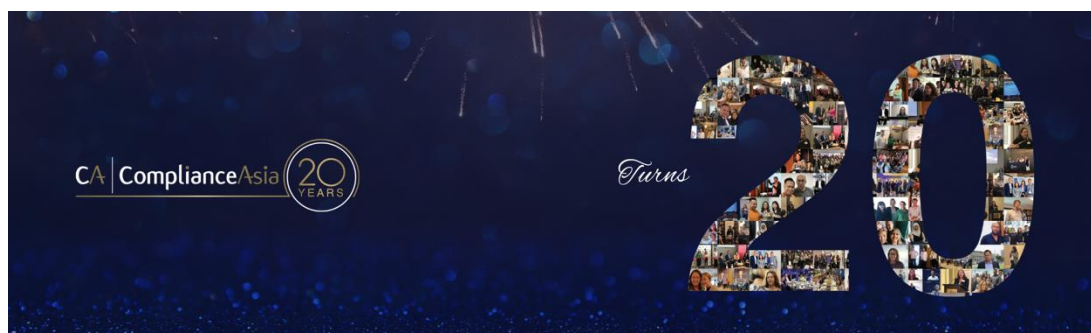
On 7 February 2023, the RBI imposed a fine of ₹1.50 lakh on the Vaidyanath Urban Co-operative Bank Ltd., Beed (Maharashtra) for ignoring guidelines issued to the bank by the RBI under the Supervisory Action Framework. The inspection revealed that the bank had made a transfer which violated the Operational Instructions issued by the RBI. For more information, please click [here](#).

On 14 February 2023, the RBI imposed a fine of ₹1.50 lakh on the Jalgaon District Central Co-operative Bank Ltd. for non-compliance with the directions issued by the RBI on KYC. The inspection revealed that the bank had not carried out the correct risk categorization of its customers in contravening the understood best practices. For more information, please click [here](#).

On 14 February 2023, the RBI imposed a fine of ₹4.00 lakh on The Vajapur Merchants Co-operative Bank Ltd for breaking with the directions issued by RBI to Urban Co-operative Banks on Income recognition and Asset Clarification (IRAC) norms. The inspection revealed that the bank had not specified that certain accounts were Non-Performing Assets. For more information, please click [here](#).

On 15 February 2023, the RBI imposed a fine of ₹4.00 lakh on the Satara Sahakari Bank Ltd Mumbai for non-compliance with the directions issued by the RBI on 'Management of Advances and Exposure Norms and Statutory/ Other Restrictions-UCBs'. The inspection revealed that the bank did not possess proper procedures for monitoring the end use of the funds and had allowed advances above relevant limits. For more information, please click [here](#).

On 21 February 2023, the RBI imposed a fine of ₹4.00 on the Rajkot Commercial Co-operative Bank Ltd for breaking certain directions issued by the RBI. The inspection revealed that the bank had failed to analyse NPAs on a repetitive basis, (ii) broken inter-bank exposure practices, breached inter-bank counter-party limits and had not limited its investments under the relevant HTM category. For more information, please click [here](#).





## Japan

On 17 February 2023 the Financial Services Authority (henceforth referred to as “FSA”) published draft amendments to the Administrative Guidelines. The changes were regarding supervisory measures for fund transfer agents, to reflect the update to the Ministerial Ordinance that came into force 28 November 2022. For more information, please click [here \(Japanese only\)](#).

On 21 February 2023, the FSA published an article titled “Public and private sector initiatives to promote support for decarbonisation through transition finance by financial institutions”. The article outlines plans to move towards a sustainable finance industry, in line with Japans 2050 carbon neutral pledge. Working groups have been set up to develop this, and they will release a more detailed report in Summer 2023. For more information, please click [here \(English\)](#).

### Enforcement

On 10 February 2023, the FSA reported that the Kanto Finance Bureau had issued an administrative action against a Notifier of Special Business for Qualified Institutional Investors, HAMABAY CAPITAL. The respondent had failed to submit business reports in accordance with the Financial Instruments and Exchange Law, and the Bureau has been unable to confirm their principal place of business despite on-site investigation and contact with the respondent. The Bureau has requested that the respondent suspend their business and has issued a business improvement order. For more information, please click [here \(Japanese only\)](#).



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## Korea

On 6 February 2023, the Financial Services Commission in Korea (“FSC” Korea) issued a notice unveiling the proposed regulations related the issue and circulation of security tokens. The proposed measures are designed to permit the issuers to perform security token offerings (STOs). Under the new regulatory proposals, it will be permissible for security tokens to be traded through digital platforms and trading systems of major securities firms that are within the investor protection regime. The notice also encompasses a range of information about the new measures including the directions, the interpretations, the definitions of the relevant terms and the continuity plans for the proposed measures. For more information, please click [here](#).

### Enforcement

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





## Malaysia

On 9 February 2023, Bursa Malaysia Berhad announced that it has recently enhanced its framework of Islamic Securities Selling and Buying – Negotiated Transaction (“ISSBNT”). ISSBNT, launched in December 2017, is the first Shariah-compliant alternative in the world for Securities Borrowing and Lending. It involves selling and buying Shariah-compliant securities in a structured way that complies with the Shariah principles. For the previous framework, transactions can only be cash settled via commodity ‘murabahah’ or replaced with similar Shariah-compliant securities if the ISSBNT Eligible Securities status changes to Shariah non-compliant. With the enhancement, an “Additional Remedial Option” has been introduced, which enables users to recall or acquire back the securities under the same circumstance. For more information, please click [here](#).

On 14 February 2023, Bursa Malaysia Securities Berhad issued a notification about the public reprimand on Jerasia Capital Berhad (JERASIA) and 8 of its directors. JERASIA breached various aspects of the Bursa Malaysia Securities Main Market Listing Requirements (Main LR). Firstly, the company failed to make an immediate announcement about the defaults in payment for 3 of its subsidiaries. Secondly, the company was unable to ensure the accuracy of its announcement regarding the dates of the defaults in payments to several lenders. Thirdly, the company failed to promptly disclose material litigations and winding-up petition. The 8 directors of JERASIA were penalised for allowing the company to commit the breaches. For more information, please click [here](#).

On 27 February 2023, the Securities Commission Malaysia (“SC”) and the Securities and Exchange Regulator of Cambodia signed a Memorandum of Understanding (MoU) to enhance collaboration in regulatory, enforcement, and supervisory capacity between the two regulators considering growing globalisation and cross-border activities of regulated entities/persons in both countries. The MoU covers specific criteria, such as supervising capital market intermediaries, cross-border enforcement assistance, and facilitating licensing information. Also, the MoU addresses capacity building, human capital development, and the exchange of regulatory expertise and technical knowledge. For more information, please click [here](#).

## Enforcement

On 17 February 2023, the Kuala Lumpur High Court dismissed an appeal by Low Thiam Hock against his conviction for the manipulation of Repco Holdings Bhd (Repco) shares in 1997. However, the High Court reduced Low’s sentence of imprisonment from 5 years to 1 year, while the fine of RM 5 million remained unchanged. Mr. Low was charged with manipulating the price of Repco shares by creating a misleading appearance to the share price listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia) on 3 December 1997. For more information, please click [here](#).

On 23 February 2023, the SC issued a penalty of RM5,000 against Kenanga Investors Berhad (KIB) for compliance failures relating to the timely submission of reports to the regulator. The company was found to have submitted their annual report and monthly statistical returns for a fund late to the SC. For more information, please click [here](#).



## Singapore

On 3 February 2023, the Monetary Authority of Singapore (“MAS”) reaffirmed its close ties with the Brunei Darussalam Central Bank (BDCB) at the fourth BDCB-MAS Bilateral Roundtable. At the meeting, the two authorities discussed new way in which they could collaborate, one area of interest was cooperation in the supervision of the banking and insurance sectors. A Memorandum of Understanding (MoU) was signed between the two organisations which would allow closer supervision and inspection access of banks and insurers operating across the two localities. Further topics of discussion included the advancement of the sustainable finance agenda across ASEAN countries and the development of Central Bank Digital Currencies. For more information, please click [here](#).

On 9 February 2023, the MAS in collaboration with the Accounting and Corporate Regulatory Authority (ACRA) and the Ministry of Finance (MOF) launched a public consultation on proposed changes to the Companies Act (CA), Variable Capital Companies Act (VCC Act) and the Business Trusts Act (BTA). The proposition being tabled is in relation to whether general meetings should be able to be conducted by electronic means. The proposal would enable companies to conduct either virtual or hybrid general meetings following the revocation of temporary Covid-19 related legislation which has enabled such practices in recent years. The consultation ran from the 9<sup>th</sup> until the 20<sup>th</sup> of February 2023. For more information, please click [here](#).



On 15 February 2023, the MAS released its third and final consultation on the establishment of a green and transition taxonomy for Singapore financial institutions. The consultation builds on the two previous iterations by seeking comments on the thresholds and criteria for classification of green and transition activities in the following five sectors: agriculture and forestry/land use; industrial; waste and water; information and communications technology; carbon capture and sequestration. The consultation also proposes the use of a “measures-based approach” for the industrial sector which is designed to easier categorise factors which have vague or difficult to determine metrics for assessing progress towards carbon net zero. For more information, please click [here](#).

On 21 February 2023, the MAS in collaboration with the Reserve Bank of India (“RBI”) launched a link between the Singaporean PayNow and the Indian Unified Payments Interface (UPI) which will enable the real-time transfer between bank accounts or e-wallets for participating financial institutions in both countries. The collaboration will enable cheaper and more efficient cross-border transfers in real-time. The introduction of the service will be phased with participating institutions being able to gradually expand the number of participants. For more information, please click [here](#).

On 23 February 2023, the MAS issued a notice implementing minimum due diligence standards and conduct requirements for corporate finance (CF) advisers. The new requirements will enhance the quality of disclosures produced by CF advisers and improve the quality of their conduct in order to allow potential investors to make decisions based on better quality information. Examples of some of the due diligence standards that CF advisers will have to implement are the conduction of background checks on stakeholders, site visits, knowledge and skill assessments, and clarifying the adequacy of third-party service providers. For more information, please click [here](#).

## Enforcement

A media search did not find any relevant enforcements for Singapore during February.



## Taiwan

On 9 February 2023, the Financial Supervisory Commission (“FSC”) stated that they will support domestic banks to provide more comprehensive financial services for foreigners in Taiwan. In addition, the FSC encourage domestic banks to support the government's population and immigration policies so more foreign professionals can be attracted to boost Taiwan's economy. Actions include to provide foreigners with more information on financial services. For more information, please click [here](#).

On 14 February 2023, the FSC released the Financial Cyber Security Action Plan 2.0. This plan is designed to enhance the quality of operations of the financial industry. It seeks to create a trading environment where financial services firms adopt policies and processes which result in increased cyber defence capacity. The introduction of the plan will expand the current cyber security measures in order to respond to the increasingly complex cyber security landscape. The threat of cyber security incidents such as hacking poses a threat to the stability of the Taiwanese financial system and therefore financial institutions will need to embrace these measures in order to contribute to economic security in the country. For more information, please click [here](#).

## Enforcement

On 3 February 2022, a fine of NT\$240,000 was imposed on the Unitel High Technology Corporation. The sanction was mainly imposed on the person responsible for the actions of the corporation since it fails to compensate investors. This case is significant since it is a serious enforcement case that has a huge impact on shareholders' equity. However, High Technology Corporation did not make a public announcement until October 25, 2022. For more information, please click [here](#).

On 14 February 2022, a fine of NT\$480,000 was imposed on the responsible person of the Taisun Enterprise Co., Ltd. This is because the company failed to make an evaluation of the data related to the acquisition of assets. Moreover, the company did not provide any supplemental documents used by the accountants and lawyers who attended the meeting. They also did not leave the meeting during the discussion and voting; which violates the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. For more information, please click [here](#).

On 22 February 2022, a fine of NT\$ 240,000 was imposed on Horizon Securities. The company violated Securities and Exchange Act. The Taiwan Stock Exchange Corporation conducted an audit and found the violations that a company's employee kept customers' passbooks on their behalf, carried and used a laptop which was provided by a customer without the permission of the firm. More significantly, the employee placed orders on behalf of customers, and accepted customers' discretionary authorization to trade securities. These actions are due to the



Horizon Securities did not implement its internal control system in a proper manner. For more information, please click [here](#).

## Suggestions

Please send any comments or suggestions or other information you would like included in the next issue to [communications@complianceasia.com](mailto: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.

## Contact Us

Philippa Allen  
CEO and Founder  
E: [Philippa.allen@complianceasia.com](mailto:Philippa.allen@complianceasia.com)

Alex Duperouzel  
Managing Director  
E: [Alex.duperouzel@complianceasia.com](mailto:Alex.duperouzel@complianceasia.com)

Susana Leung  
Chief Operating Officer and Regional Head of Training  
E: [Susana.leung@complianceasia.com](mailto:Susana.leung@complianceasia.com)

Cherry Chan  
Compliance Director- MNC  
E: [cherry.chan@complianceasia.com](mailto:cherry.chan@complianceasia.com)

Thiyiyah Malaravan  
Head of Singapore Ongoing Support  
E: [thiyiyah.malaravan@complianceasia.com](mailto:thiyiyah.malaravan@complianceasia.com)

Fraser Leishman  
Compliance Manager- Corporate Finance & Wealth Management  
E: [fraser.leishman@complianceasia.com](mailto:fraser.leishman@complianceasia.com)

Ben Axten-Burrett  
Compliance Manager- Broker Dealer  
E: [ben.axten-burrett@complianceasia.com](mailto:ben.axten-burrett@complianceasia.com)

Spencer Yeung  
Compliance Manager- Private Equity & Hedge Funds  
E: [spencer.yeung@complianceasia.com](mailto:spencer.yeung@complianceasia.com)

Jasmine Tse  
Compliance Manager- Private Equity & Hedge Funds  
E: [jasmine.tse@complianceasia.com](mailto:jasmine.tse@complianceasia.com)

Hardy Hussain  
Head of AML Services, South-East Asia  
E: [hardy.hussain@complianceasia.com](mailto:hardy.hussain@complianceasia.com)

Justin Fletcher  
Head of AML Services, North Asia  
E: [Justin.fletcher@complianceasia.com](mailto:Justin.fletcher@complianceasia.com)

Doris Li  
Head of Licensing, North Asia  
E: [doris.li@complianceasia.com](mailto:doris.li@complianceasia.com)

Lachlan Chubb  
Regional Head of Regulatory Advisory and Projects  
E: [Lachlan.chubb@complianceasia.com](mailto:Lachlan.chubb@complianceasia.com)

Zi Jia Tan  
Head of Internal Audit  
E: [zija.tan@complianceasia.com](mailto:zija.tan@complianceasia.com)

Rachel Wu  
Regional Head of Business Development and Compliance Manager  
E: [Rachel.wu@complianceasia.com](mailto:Rachel.wu@complianceasia.com)

Melissa Lyn  
Regional Head of Marketing  
E: [Melissa.lynn@complianceasia.com](mailto:Melissa.lynn@complianceasia.com)



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