

## Welcome to our Regulatory Newsletter

# April 2023

## Executive Summary

In Australia, ASIC updated its Regulatory Guide 78 to improve the quality and consistency of notifications made to ASIC under the reportable situations' regime. AFS-licensed corporations and credit licensees will benefit from the improved guidance, which was developed following industry consultation and feedback analysis. These changes are expected to reduce information gaps and help the public make more informed decisions. They will also enhance institutions understanding of their regulatory obligations and help reduce regulatory burdens.

Meanwhile in Hong Kong, The Securities and Futures Commission (SFC) fined Ninety One Hong Kong Limited (NOHK) \$1.4 million for breaching the SFO and the Code of Conduct by executing 4,864 trades in futures contracts without a required license. The trades were for portfolios managed by its three overseas affiliates between April 2014 and January 2020. The SFC considered that NOHK's failure was not intentional, and no client loss was detected.

Over in Malaysia, The Securities Commission Malaysia (SC) introduced a new framework to allow dealer's representatives (DRs) to expand their roles beyond securities dealing. The new framework will provide DRs with greater flexibility to develop their careers in various activities, such as investment advice, financial planning, and dealing with private retirement schemes.

**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 13 April 2023, The Australian Prudential Regulation Authority (“APRA”) confirmed the new cross-industry Standard CPS 230 Operational Risk Management (CPS 230) would be effective from 1 July 2025. This CPS 230 will improve operational risk standards in the banking, insurance, and superannuation industries. Operational risk must keep up with the ever-changing financial services environment, including the evolving risk landscape. Operational risk management is essential as it can save companies money, time and disruption. For more information, please click [here](#).

On 20 April 2023, the Australian Securities and Investments Commission (“ASIC”) reviewed how financial institutions deal with scams and found that customers had lost over AU\$ 550 million the previous financial year. Report 761 by ASIC focused on the four major Australian banks and concluded that procedures were less mature, inconsistent, and required more diligence. The rise of more sophisticated financial scams requires institutions to invest more in protecting customers from fraud. Policies and safeguarding should be constantly reviewed and improved as scammers find new methods to scam customers of financial institutions. For more information, please click [here](#).

On 27 April 2023, ASIC updated its [Regulatory Guide 78](#) regarding making notifications to ASIC under the reportable situations regime. As a result, AFS-licensed corporations and credit licensees now have improved guidance in consistency and quality of reporting. This came following a consultation with the industry, and feedback was analysed and implemented to help improve the use of data for ASIC regulatory means. Still, public reporting helps reduce the regulatory burden on the industry. These improvements should help the public make more informed decisions by reducing information gaps. Moreover, institutions should have a more defined and improved understanding of regulatory obligations. For more information, please click [here](#).

On 28 April, The APRA signed a memorandum of understanding (MoU) with the Australian Financial Complaints Authority (AFCA). The memorandum outlined continued information sharing and other inter-agency cooperation and coordination forms. The inter-agency collaboration will ultimately lead to specialised regulatory solutions that will exceed the quality of standards delivered without collaboration. For more information, please click [here](#).

## Enforcement

On 4 April 2023, ASIC sued Auto & General Insurance Company for offering unfair home and contents insurance contracts. The terms in the contract were unfair regarding the policyholders' obligations, so it was unclear to policyholders what their rights were when making a claim. For more information, please click [here](#).

On 4 April 2023, the Federal Court found officers of Linchpin and Endeavour, both current and former, to be in breach of duties. Mr Ian Williams, Mr Paul Raftery, Mr Paul Nielsen and Mr Peter Daly raised AU\$17 million for an investment scheme but failed to comply with regulatory standards. As a result, the individuals misled clients with false information inside disclosure statements. Moreover, the Federal Court found the four parties were found to have failed to exercise care and diligence, and act in the best interests of members of the Investor Income Opportunity Fund. For more information, please click [here](#).

On 6 April 2023, Starfish Financial Services Pty Ltd (Starfish) had its AFS license cancelled. Starfish failed to meet its AFS license regulatory requirements regarding financial reporting obligations and organisational compliance. For more information, please click [here](#).

On 6 April 2023, Oztures Trading Pty Ltd trading as Binance Australia Derivatives (Binance) had its AFS license cancelled. After the conclusions of a targeted review of Binance's financial services in Australia ASIC issued a notice of hearing to Binance under s915C of the Corporations Act 2001 whether ASIC should cancel or suspend its AFS license. The classification of retail and wholesale clients were not accurate to the law. Therefore, some clients were not afforded rights and protections they were entitled to. For more information, please click [here](#).

On 12 April 2023, Mr Kristofer Ridgway, an authorised representative of AFS licensee Shaw and Partners, was permanently banned by ASIC from having any involvement in financial services. Mr Ridgway induced clients to buy unlisted shares in pre-IPO companies, which are now in liquidation. In addition, Mr Ridgway failed to disclose the true beneficial owners of the securities as he disguised that a related party was the true owner and seller of the unlisted shares he advertised to clients. Furthermore, he made a personal profit as his clients bought shares at a significant price differential. For more information, please click [here](#).

On 13 April, the Federal Court made a permanent injunction against social media influencer Tyson Robert Scholz and prohibited from carrying on a financial service business in Australia. Mr Scholz charged members in online groups between the range of AU\$500 to AU\$1500 and offered recommendations about shares. However, the



members of these groups did receive the benefits of protections afforded to investors. For more information, please click [here](#).

On 17 April 2023, Mr Anthony Keith Silver, of Hobart, Tasmania, was sentenced by the Commonwealth Director of Public Prosecutions to eight and a half years imprisonment. Mr Silver misappropriated AU\$1.815 million out of AU\$9 million raised from investors. Mr Silver transferred this money into his personal bank account, which was used to pay employee salaries and deliver false returns to other investors. For more information, please click [here](#).

On 25 April 2023, Mr Brett Gordon, former Sunshine Coast financial advisor, was sentenced to six years imprisonment. Without his clients' consent, Mr Gordon withdrew funds totalling AU\$652,500 and used these funds for his personal benefit. For more information, please click [here](#).

On 27 April 2023, Assurance Cover Australia Pty Ltd (ACA) had its Australian financial services (AFS) licence cancelled by ASIC. As a result, ACA failed to meet its AFS regulatory requirements as it did not hold the required professional indemnity insurance cover since 26 April 2019. For more information, please click [here](#).

On 28 April 2023, Mutual Care Pty Ltd (Mutual Care) had its Australian financial services (AFS) license suspended until 19 October 2023. This is because Mutual Care failed to meet its AFS license regulatory requirements as it failed to meet its statutory audit and financial reporting obligations. For more information, please click [here](#).



## Mainland China

On 11 April 2023, The Cyberspace Administration of China ("CAC") issued a notice regarding the public soliciting of opinions on the "Management Measures for Generative Artificial Intelligence Services (Draft for Comments)" (hereinafter referred to as the "Measures"). The deadline for feedback was 10 May 2023. In order to promote the healthy development and standardised application of generative artificial intelligence, this measure is formulated in accordance with laws and regulations such as the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and the Personal Information Protection Law of the People's Republic of China. For more information, please click [here](#). (Chinese only)

On 14 April 2023, China Securities Regulatory Commission ("CSRC") publicly solicited opinions on the revisions of the "Administrative Measures for Futures Practitioners" and the deadline for feedback is 4 May 2023. The revised contents mainly include: (1) Optimise the management of futures business practitioners and eliminate the requirements for professional qualification, (2) Improve the professional requirements for futures practitioners and add on regulations on prohibited behaviours, (3) Add a particular chapter that specifies the management responsibilities of institutions, clarifying the specific requirements for futures practitioners. For more information, please click [here](#). (Chinese only)

On 14 April 2023, the CSRC issued a notice publicly soliciting opinions on the "Management Measures for Independent Directors of Listed Companies (Draft for Solicitation of opinions)", deadline for feedback is 14 May 2023. The revised contents mainly include: (1) Clarify the independence, job requirements, tenure, and part-time job requirements of independent directors, and establish a regular testing mechanism of independence and require independent directors to conduct self-assessments on an annual basis. (2) Establish a system for evaluating the qualifications of independent directors and require the exchanges to review the relevant materials and documentations of independent director candidates. (3) Clarify that independent directors should fulfill three responsibilities of participating in board decision-making, supervision, and consultation. (4) Clarify that listed companies and related personnel's should provide necessary conditions for independent directors to perform their duties relating to personnel organisation, right to know, and funding. For more information, please click [here](#). (Chinese only)

On 14 April 2023, the CSRC released its legislative work plan for the year 2023. The work plan indicates that the Commission strives to introduce 5 key projects within this year. For more information, please click [here](#). (Chinese only)

On 14 April 2023, the Asset Management Association of China ("AMAC") issued the "List of Application Materials for Registration of Private Fund Managers/(Revised in 2023)" (hereinafter referred to as the "Application List"), which will come into effect on May 1, 2023. In order to cooperate with the implementation of the "Registration and Filing Measures for Private Investment Funds" and related guidelines and facilitate the registration process for private fund managers and institutions, corresponding revisions have been made to the relevant content for private investment fund managers in the "Application List". These mainly include requirements for registration operations, the materials on their relevant experience and investment ability, etc. For more information, please click [here](#). (Chinese only)



On 21 April 2023, the CSRC issued a notice to solicit public opinions on the “Regulations on the Custody Management of Mainframe Trading in the Securities and Futures Market (Draft for Comment)”. Dealing for feedback is 21 May 2023. The Regulations consists of five chapters and 28 articles, which put forward requirements for the Securities and Futures industry’s mainframe trading custody services and related leasing activities. The term “mainframe trading custodian resource” in these regulations refers to the resources such as computer room cabinets, communication networks, software or hardware facilities provided by the securities and futures exchanges, and the information systems deployed on the relevant resources can be connected to the trading systems of the securities and futures exchange. For more information, please click [here](#). (Chinese only)

On 21 April 2023, the Shanghai Futures Exchange (“SFE”) and Shanghai International Energy Exchange Center (“SIEEC”) announced the public consultation on the revision of the “Shanghai Futures Exchange Settlement Rules” and the “Shanghai International Energy Exchange Center Settlement Rules”. The deadline for feedback was 28 April 2023. For more information, please click [here](#). (Chinese only)

On 23 April China Foreign Exchange Trading Centre (“CFETS”) announced the revised version of the “Guidelines for Prime Brokerage Business in the Interbank Foreign Exchange Market”, which came into effect from the date of publication. In order to implement the “Regulations on the Management of Funds for Foreign Institutional Investors Investing in China’s Bond Market” to improve the arrangements for spot foreign exchange settlement and sale by foreign institutional investors, CFETS has revised the guidelines to expand the scope of business. Qualified foreign institutional investors can apply to become a member of the interbank foreign exchange market to carry out spot transactions and derivatives transactions through the prime brokerage business. For more information, please click [here](#). (Chinese only)

On 24 April 2023, the optimisation of the Shanghai- Hong Kong Stock Connect trading calendar officially launched and will effectively improve the efficiency of cross-border investment connection. The optimisation of the trading calendar has further improved the efficiency of cross-border investment in interconnection, guaranteeing the continuity and convenience of investor transactions, and better meeting the needs of domestic and foreign investors to participate in the asset allocation of the Mainland and Hong Kong capital markets. After the implementation in 2023, the first new trading days of Hong Kong Stock Connect were April 27 and April 28, and the first new trading day of Shanghai Stock Connect will be May 25. For more information, please click [here](#). (Chinese only)

On 28 April 2023, the CSRC issued the Work Plan for Promoting the High-Quality Development of Science and Technology Innovation Corporate Bonds (hereafter referred to as the “Work Plan”). Currently, the science and technology innovation bonds have supported nearly 190 enterprises in raising more than 210 billion RMB - primarily in cutting-edge fields such as integrated circuits, artificial intelligence, and high-end manufacturing. The Work Plan consists of 18 work initiatives in five major areas. For more information, please click [here](#). (Chinese only)

On 28 April 2023, AMAC issued a notice for soliciting public comments on a draft of the Operational Guidelines for Private Investment Funds (hereafter referred to as the "Operational Guidelines"), and the deadline for feedback was 12 May 2023. The Operational Guidelines contain a total of 32 articles, which set forth standardised requirements for the fundraising, investment, operation, and management of private investment funds. For more information, please click [here](#). (Chinese only)

On 28 April 2023, the People's Bank of China (“PBOC”) promulgated the Interim Measures for the Administration of Mainland and Hong Kong Interest Rate Swap Market Connectivities and Cooperation (hereafter referred to as “the Measures”), which came into effect on 28 April 2023. For more information, please click [here](#). (Chinese only)

## Enforcement

On 14 April 2023, AMAC imposed penalties on Shenzhen Qianhai Kirin Shangshan Fund Management Co., Ltd. by cancelling its membership and revoking the fund manager registration. The violations included: submitting false information when filing products, failing to fulfil the manager's duty of prudence and diligence, failing to file private equity fund products in a timely manner, not having an independent office space, and failing to truthfully fill in and update the manager's registration information. For more information, please click [here](#). (Chinese only)

On 18 April 2023, CSRC ordered Zeda Yisheng (Tianjin) Technology Co., Ltd. and the relevant responsible person to make remediations, and were given warnings and fines. The violations included: fabricating material, concealing important facts, failing to truthfully disclose related party transactions in accordance with regulations, and holding false records of financial data. For more information, please click [here](#). (Chinese only)

On 18 April 2023, CSRC gave fines and warnings to Guangdong Zijing Information Storage Technology Co., Ltd. and related responsible person for corrections. The violations included: fraudulent issuance, inflated operating income and profits, failure to disclose external guarantees in accordance with regulations, etc. For more information, please click [here](#). (Chinese only)

On 21 April 2023, AMAC imposed a penalty on Beijing Zhuyu Asset Management Co., Ltd. for deregistering the manager. The violations included: failure to file with the regulator after the completion of product fundraising,



engaging in business unrelated to private equity funds, failing to submit relevant information to the regulator in a timely manner, and no longer having the conditions for continuous operations. For more information, please click [here](#). (Chinese only)

On 21 April 2023, AMAC publicly condemned Hangzhou Whale Wealth Management Co., Ltd. and suspended the penalty of accepting private equity fund product filings for six months. The violations included: illegal fundraising business, illegal part-time work and non-independent office space. For more information, please click [here](#). (Chinese only)

On 25 April 2023, AMAC issued a warning sanction against Shanghai Tiange Investment Management Co., Ltd. for breaching inadequate internal control systems. For more information, please click [here](#). (Chinese only)



## Hong Kong

On 14 April 2023, the Securities and Futures Commission (“SFC”) issued a statement in support of the public consultation issued by the Stock Exchange of Hong Kong Limited (SEHK) which proposes enhanced climate-related reporting standards for companies listed in Hong Kong. SEHK is seeking to bring climate-relating reporting standards in Hong Kong in line with the standards created by the International Sustainability Standards Board (ISSB). The ISSB issued their first sets of disclosure standards in 2022 and will seek to release further standards later in 2023. The deadline for comments to be submitted is 14 July 2023. For more information, please click [here](#).

On 21 April 2023, the SFC and the Hong Kong Monetary Authority (“HKMA”) announced a [joint consultation](#) on the annual update to the list of Financial Services Providers under the over-the-counter (OTC) derivatives clearing regime. The consultation proposes to remove one entity from the list and a change on name for another entity. For more information, please click [here](#).

On 27 April 2023, the SFC announced its commitment to become a carbon-neutral organisation, something which they hope to achieve before 2050. This comes in response to the Hong Kong government's carbon-neutrality strategy mandated in the ‘Hong Kong’s Climate Action Plan 2050’ report. The SFC will also seek to achieve a 50% reduction by 2030. The SFC is approaching this through numerous avenues, including the decarbonisation of the SFC investment portfolio, improved waste management and electricity use reduction. For more information, please click [here](#).

On 28 April 2023, the SFC held a meeting on enforcement cooperation with the China Securities Regulatory Commission (“CSRC”). The aim of the in-person meeting was to enhance cooperation between the two regulators in facilitating effective enforcement of financial misconduct. The main focus of the meeting was to discuss how cross-boundary enforcement can be improved, measures proposed include the resumption of joint in-person training for enforcement officers and improved coordination between the respective police forces of Mainland China and Hong Kong in relation to investigating financial crimes. For more information, please click [here](#).

## Enforcement

On 4 April 2023, the SFC and the Hong Kong Police announced they had charged 6 further individuals in relation to a large and elaborate ramp-and-dump scheme. On 6 April 2023, another member of the same organisation which had perpetrated the scheme was also charged. The total number of individuals charge in relation to the scheme is now 21. For more information, please click [here](#).

On 12 April 2023, the SFC fined Ninety One Hong Kong Limited (NOHK) HK\$ 1.4 million for dealing in futures contracts without the required type 2 SFC license. NOHK were found to have conducted over 4,800 trades in futures contracts without the requisite license, which is a breach of the Securities and Futures Ordinance. For more information, please click [here](#).

On 17 April 2023, another suspect was charged in relation to the large-scale ramp-and-dump scheme which saw individuals charged on the 4<sup>th</sup> and 6<sup>th</sup> of April 2023. The individual charged was Leung Chung Yi, a former SFC Licensed Representative, who was subsequently granted bail. For more information, please click [here](#).

On 17 April 2023, the SFC announced that it had placed restriction notices to three brokers (Emperor Securities Limited (Emperor), CS Wealth Securities Limited (CS Wealth) and CMB International Securities Limited (CMB)) which prevent them from dealing in specific assets held by three individuals suspected of committing misconduct. The individuals in question are accused of committing misconduct in relation to a HKEX listed company FingerTango Inc. For more information, please click [here](#).



On 20 April 2023, the SFC commenced legal proceedings seeking disqualification orders against seven former directors of China Candy Holdings Limited (China Candy) as well as the former chief financial controller of the company. This move comes in response to fraudulent reporting by the company which overstated their financial strength in order to mislead investors and regulators. For more information, please click [here](#).

On 21 April 2023, two further individuals were charged with money laundering offences in relation to the aforementioned elaborate ramp-and-dump scheme. Both individuals were granted bail. The total number of individuals charged in relation to the scheme is now 24. For more information, please click [here](#).

On 25 April 2023, the SFC issued restriction notices to ten brokers (China Industrial Securities International Brokerage Limited, Quam Securities Limited, FUTU Securities International (Hong Kong) Limited, Imperium International Securities Limited, Lego Securities Limited, Phillip Securities (Hong Kong) Limited, Silverbricks Securities Company Limited, uSmart Securities Limited, Valuable Capital Limited and Webull Securities Limited) preventing them from dealing in certain assets held in trading accounts. This is in relation to the ongoing investigation into an elaborate ramp-and-dump scheme which has seen 24 individuals charged with market misconduct offences. For more information, please click [here](#).

On 25 April 2023, The Stock Exchange of Hong Kong issued multiple disciplinary actions against S&S Intervalue China Limited for offences relating to the unauthorised provision of financial assistance to third parties which resulted in significant losses. Responsible staff failed to conduct the required due diligence upon the transactions which contributed to the losses. The company was censured and director unsuitability statements were made against three former directors. For more information, please click [here](#).

On 26 April 2023, the SFC banded Peter Law Chi Kin, a former licensed representative of Convoy Asset Management Limited (CAML), from the financial industry for ten years and issued a HK\$ 535,500 fine for his participation in a stock manipulation scheme. Mr. Law arranged for ten of his clients to buy and hold shares whilst the manipulators attempted to inflate the share price. For more information, please click [here](#).



## India

On 5 April 2023, the Securities and Exchange Board of India ('SEBI') issued a circular relating to the advertisement code for Investment Advisers (IA) and Research Analysts (RA). This circular is to serve as a code of conduct for both IAs and RAs in terms of the methods that they employ when advertising their products. The circular is split into 4 sections: methods of communication, information provided in the advertisement, prohibitions in the advertisement, and other requirements. This is an important circular as it shows SEBI's commitment to ensuring the quality of advertisement provided to investors. For more information, please click [here](#).

On 6 April 2023, SEBI issued a circular regarding the usage of brand/trade names by Investment Advisers (IA) and Research Analysts (RA). SEBI express concern that certain IAs/RAs are using brand/trade names that are different than the names they have registered with SEBI. This may end up confusing investors. In order to prevent confusion, the information registered with SEBI must be displayed in any publication/communication with clients. This information includes items such as registration number, name registered with SEBI and complete address. IAs/RAs must also include a disclaimer, the contents of which can be found in the circular. This is important as it shows SEBI's commitment to ensuring that the advertisement produced by IAs/RAs cannot be construed as misleading in any way. For more information, please click [here](#).

On 10 April 2023, SEBI issued a circular giving guidance in respect to excusing or excluding an investor from an investment in an Alternative Investment Fund (AIF). SEBI has noticed that there has been a dearth of information made available in respect to certain industry practices disclosed in Private Placement Memorandums (PPMs). As such, it has been decided that an AIF may in certain circumstances prevent an investor from participating in the PPM. Specifics of these circumstances can be found within the circular. This circular is important as it shows SEBI's commitment to making sure that investors are furnished with the relevant information so they can make informed decisions. For more information, please click [here](#).

On 10 April 2023, SEBI issued a circular regarding the direct plan for schemes of Alternative Investment Funds (AIFs) and Trail model for distribution commissions in AIFs. This circular has been released to bring clarity and enable AIFs and combat any misrepresentation that may occur in regards to individuals investing in AIFs. This will be done via two methods: firstly, a Direct plan for schemes of AIFs and secondly, a Trail model for distribution commissions in AIFs. This is important as it shows SEBIs commitment to increasing the investor usability of AIFs. For more information, please click [here](#).

On 11 April 2023, SEBI issued a circular on the formulation of price bands for the first day of trading pursuant to an Initial Public Offering (IPO), re-listing etc. in a normal trading session. Given that Call Auctions are carried out on



several exchanges, the equilibrium price may vary depending on the exchange in question. This could in turn give rise to a situation in which price bands between different exchanges could be largely different, giving an incorrect picture to investors. As such, SEBI, in consultation with stock exchanges and SMAC, has decided to implement countermeasures to limit the damage. This is important as it shows SEBI continually assessing the state of the market and making the relevant updates in order to maintain a fair market. For more information, please click [here](#).

On 13 April 2023, SEBI issued a circular regarding the contribution by eligible Issuers of debt securities to the Settlement Guarantee Fund of the Limited Purpose Clearing Corporation for repo-transactions in debt securities. It is understood that an effective repo market results in the improvement of the debt securities market. This is achieved in numerous ways, such as allowing participants to monetize their debt securities without selling the securities. The circular therefore details the framework being introduced to qualify the upfront collection of amounts at the time at which the debt securities are allotted. This is important as it shows that SEBI is committed to the upkeep of a robust debt securities market. For more information, please click [here](#).

On 17 April 2023, SEBI issued a circular in relation to the Dispute Resolution Mechanism for Limited Purpose Clearing Corporations (LPCC). This circular requires that an LPCC has a procedure in place to resolve any issues that may arise from its operation. The Circular details the parties affected by this such as inter-se clearing members, clearing members or/and their clients, and the vendors/suppliers/service providers and the LPCC. This circular is important as it shows SEBIs acceptance that disputes may arise but ensuring that there is a comprehensive policy in place in order to help resolve these disputes. For more information, please click [here](#).

On 25 April 2023, SEBI issued a circular relating to Bank Guarantees created from clients' funds. As of the moment Stockbrokers and Clearing Members are able to lend client funds to banks, this increases the risk to their client. The Bank would then be able to issue a guarantee that the money borrowed would be repaid. This circular adjusts this rule so that, the Bank must have the liquidity present to repay the Stockbrokers and Clearing members. This is important as it shows that SEBI is committed to protecting clients by making sure that their investments are not subjected to unnecessary risk. For more information, please click [here](#).

On 25 April 2023, SEBI issued a circular modifying the requirements in relation to the filing of Mutual Fund Offer Documents. This Circular modifies the Circular released [10 August 2016](#), by committing further to its go green initiative, along with minor edits to the time periods in relation to the submissions of SID and KIM plus subscription close dates. This is important as it shows that SEBI is committed to protecting the environment. For more information, please click [here](#).

On 26 April 2023, SEBI issued a circular detailing the procedure in implementing Section 12A of the Weapons of Mass Destruction and their Delivery Systems Act 2005. The circular informs stock exchanges and registered intermediaries the ways in which they must implement and follow this directive. This is important as it shows SEBIs commitment in preventing Proliferation Financing happening on the Indian stock markets. For more information please click [here](#).

## Enforcement

On 6 April 2023, the Reserve Bank of India ("RBI") imposed a fine of ₹55.00 Lakh on Indian bank for not following the provisions of the RBI KYC Directions of 2016. This is a result of an investigation carried out by the RBI in July 2020. It found that the Indian Bank had not undertaken the correct due diligence in relation to the opening of an account for a sole proprietary firm. For more information, please click [here](#).

On 6 April 2023, the RBI imposed a fine of ₹10.50 Lakh on Muthoot Money Limited, Ernakulam, Kerala for not following provisions of the 'Monitoring of Frauds in NBFCs (Reserve Bank) Directions.' The inspection revealed that there had been delays in Muthoot Money Limited reporting Fraud to the RBI. For more information, please click [here](#).

On 17 April 2023, the RBI imposed a fine of ₹23.23 Lakh on the Karnataka State Co-Operative Apex Bank Ltd. for non-compliance with the RBI's KYC Directions of 2016 and also Membership of Credit Information Companies (CICs). The inspection revealed that during FY 2019-2020 Karnataka State Co-Operative Bank Ltd did not carry out customer risk categorization, use software to identify and subsequently report suspicious transactions and finally submit the relevant data to all four CICs at regular intervals. For more information, please click [here](#).

On 24 April 2023, the RBI imposed a fine of ₹13.00 Lakh on Janata Sahakari Bank Ltd. for not following the RBI directions in relation to Interest Rates on Deposits. The inspection revealed that the bank had not paid the interest generated in the current accounts of deceased individuals or sole proprietorship concerns at the time of repayment to the claimant. For more information, please click [here](#).

On 24 April 2023, the RBI imposed a fine of ₹13.00 Lakh on Bombay Mercantile Co-operative Bank Ltd for breaking provisions of the Banking Regulation Act 1949, specifically sections 26A and 56. The investigation revealed that the required amount was not transferred to the Depositor and Education and Awareness Fund (DEAF) within the correct period. For more information, please click [here](#).



## Japan

On 5 April 2023, the Financial Services Authority (henceforth referred to as “FSA”) and the State Bank of Vietnam (henceforth referred to as “SBV”) exchanged correspondence regarding a fintech cooperation framework. This proposed framework aims to strengthen cooperation between Japan and Vietnam by improving information sharing related to technological innovations in the financial industry. Japan and Vietnam had previously agreed to mutually assist one another in the supervision of the fintech industry, and with this new proposal it appears likely there may be further cooperation in future. For more information, please click [here.](#) (Japanese only)

On 10 April 2023, the FSA compiled and published the draft changes to standards regarding Standards for Assessment and Audit of Internal Control over Financial Reporting. The drafted changes include an expectation for licensed corporations to detail material deficiencies of past years in their Internal Control over Financial Reporting report, as well as how they have addressed these deficiencies. Additionally, auditors are now expected to write their own comments regarding material deficiencies in the Internal Controls Audit report. For more information, please click [here.](#) (Japanese only)

On 21 April 2023, the FSA released a report on a commissioned research report by Morningstar and Ibbotson Associates Japan regarding the performance of open-ended funds in America and Europe. The report includes the analysis of fund performances, comparisons between fund expenses in Japan and America, and the performance of Japan’s fund wrap market which has been expanding in recent times. For more information, please click [here.](#) (Japanese only)

On 27 April 2023, the FSA released a speech made by Tomoko Amaya, Japan’s Vice Minister for International Affairs, at the “Eurofi High Level Seminar 2023”. She touches on the instant outflows of deposits due to social media, interest rate risks and the effective supervisions of banks. For more information, please click [here.](#)

## Enforcement

On 14 April 2023, the Kanto Local Finance Bureau (henceforth referred to as “KLFB”) issued an order against Yosu LLC to abolish their special business with qualified institutional investors, as well as issuing a business improvement order. Under the business improvement order, Yosu LLC must promptly explain to their institutional investors who have fund interests the reasons and facts surrounding this administrative action, as well as protecting and returning the fund assets to affected investors. This is due to a failure of the company to adhere to the business improvement order issued by the KLFB on January 17, issued for failure to submit the company’s annual business report by the deadline. The contents of the business improvement order specified that the company must submit their annual business report, which they failed to do by the new specified deadline. For more information, please click [here.](#) (Japanese only)



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## Korea

On 26 April 2023, the Financial Services Commission (FSC) approved a revision bill of the regulations on financial investment businesses. The purpose of the revision is to improve the soundness of the initial public offering (IPO) market and enhance the measure to facilitate carbon emissions trading by securities companies along with other regulatory overhaul items. First, the FSC made an imposition of an administrative fine for unfair transaction activity when bookrunners fail to check institutional investors' stock payment capabilities prior to allotting shares, which will be effective from the securities registration reports for IPOs filed after July. Also, the FSC also facilitated carbon emissions trading by assigning 18% risk weight of the energy and environmental-related financial products in order to make the securities companies will be less burdened to handle carbon emission rights. Lastly, the revision requires securities companies to establish relevant internal control standards for protecting the investors, which will be effective in July 2034. For more information, please click [here](#).

On 24 April 2023, the FSC announced that a partial revision bill of the Enforcement Decree of the Act on External Audit of Stock Companies has been approved and it will be effective on 2 May 2023. The revision bill is to overhaul accounting regulations to lower burden on SMEs and encourage individuals to report on accounting frauds. First, the assets of the large unlisted companies that fall under the similar level of accounting regulations applied on listed companies will be increased from the current level of KRW100 billion or more to KRW500 billion or more. Also, the Financial Supervisory Services (FSS) will hold an important role in establishing and managing standards for assessing and reporting internal accounting control system. The revisions encourage the accounting fraud reporting for the individuals by increasing the level of monetary rewards and protection by raising to more than five times regarding the monetary rewards. For more information, please click [here](#).

On 13 April 2023, the FSC introduced a set of measures aimed at improving the process of banks' branch closures. The purpose of the measures is to strengthen the preliminary impact assessment process and expand the scope of information provided to consumers. First, the banks should make sure that the customers can continue to access the financial services without inconvenience after the closures by establishing an alternative services provision channel, which can be a small-scale office, joint office, teller window partnership or a makeshift office. Second, a message regarding the decision to close down the branch office has to be provided by the bank to customers three months before the scheduled close date, which include the information about the closure date, reason and alternative service provision channel. Last but not least, the bank should establish their own procedures for examining effects on the customers after they closed the branch office and they have to develop the response strategies by redesignating an alternative services provision channel. For more information, please click [here](#).

## Enforcement

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



## Malaysia

On 14 April 2023, the Securities Commission Malaysia ("SC") introduced a new framework, allowing dealer's representatives (DRs) to expand their scope of activities beyond dealing in securities. DRs can now apply for additional licenses to engage in various activities, including investment advice, financial planning, and dealing with private retirement schemes. This change in framework provides DRs with greater flexibility to develop their careers and meet the evolving needs of investors. DRs who have held licenses for over five years and who meet competency requirements for relevant activities are eligible for the new framework. For more information, please click [here](#).

## Enforcement

On 10 April 2023, PMB Investment Berhad was penalized RM 1,000 for a one-business-day delay in submitting monthly statistical returns for a wholesale fund to the Securities Commission. The breach was of Section 356(1)(a) of the Capital Markets and Services Act 2007, read with Paragraph 4.17, Section B, Part 1 of the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. For more information, please click [here](#).



On 8 March 2023, Toyo Ventures Holdings Berhad (Toyoven) was publicly reprimanded by Bursa Malaysia Securities (BMS) for withdrawing a proposed final dividend, which contradicted the BMS Main Market Listing Requirements. Although none of Toyoven's directors were found to have caused the breach, they were reminded of their duty to ensure compliance. The breach violated the fundamental obligation for not making any subsequent alteration to the dividend entitlement, and BMS emphasised its importance in maintaining market integrity and shareholder and investor interests. Toyoven explained the proposed dividend as being due to sufficient retained earnings but withdrew it due to insufficient revenues. For more information, please click [here](#).



## Singapore

On 14 April 2023, the Singaporean Private Banking Industry Group ("PBIG") issued a statement dismissing claims by The Financial Times that the Monetary Authority of Singapore ("MAS") had told banks to avoid discussing the origins of capital inflows into Singapore. The PBIG challenged the public focus on inflows from Mainland China by suggesting that capital flows into Singapore are highly diversified. The PBIG maintained that Singapore keeps high standards of AML and CTF regulation and enforcement to safeguard against money laundering and terrorism financing risks. For more information, please click [here](#).

On 20 April 2023, the Deputy Prime Minister and Deputy Chairman of the MAS, Lawrence Wong, announced the launch of the MAS' Finance for Net Zero action plan. The action plan seeks to accelerate and facilitate the regional transition towards carbon net zero by mobilising capital and financing facilities. It is an expansion of the pre-existing MAS Green Finance Action Plan. The action plan centres around four key outcomes: Data, Definitions & Disclosures; A Climate Resilient Financial Sector; Credible Transition Plans; and Green & Transition Solutions & Markets. For more information, please click [here](#).

On 21 April 2023, the MAS and the People's Bank of China ("PBC") announced that they had established the China-Singapore Green Finance Taskforce (GFTF) which seeks to enhance collaboration in promoting green and transition finance in the region. The GFTF met in Chongqing to decide upon the areas of focus going forward. The first sector of focus is a collaboration on taxonomies and definitions which will seek to make the Singaporean and Chinese taxonomies compatible. The second focus will be on products and instruments, Singapore and China will seek to enhance cross-border sustainability bond connectivity. The final focus will be on technology, examples of the technology focus include the establishment of digital green bonds. For more information, please click [here](#).

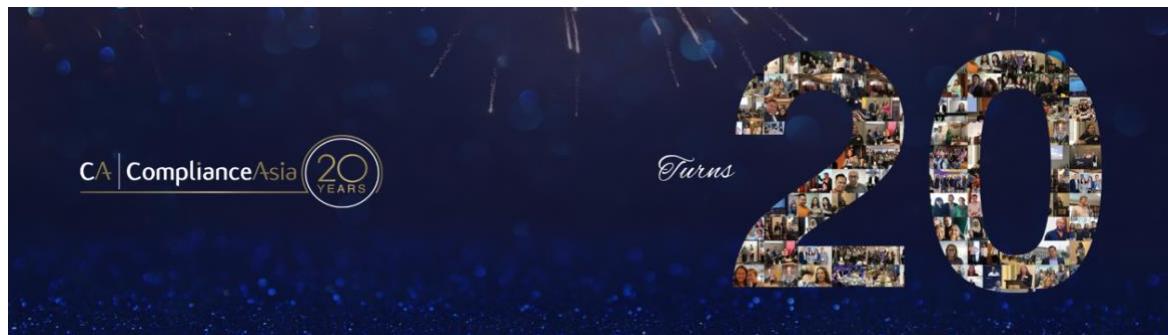
On 25 April 2023, the MAS published two consultation papers which propose enhanced safeguards for prospecting and the marketing of financial products by requiring financial institutions to put additional controls in place when prospecting and marketing to clients. This move comes in response to the post-pandemic resumption of roadshows and the increased use of digital marketing for financial products. The MAS is seeking to adapt the existing safeguards to the new environment. Measures will include the mandatory disclosure of representatives identity when participating in physical prospecting which must take place on commercial premises. For digital marketing, financial institutions will be required to put in place processes to avoid the dissemination of misleading information. For more information, please click [here](#).

## Enforcement

On 14 April 2023, the MAS convicted Tay Yew Khem and Hui Choy Leng and sentenced them to 12 weeks and 4 months imprisonment respectively for offences relating to insider trading. Both individuals received material non-public information from the CFO of Broadway Industrial Group Limited (BIGL) and purchased shares in the company prior to an announcement which inflated the share price, allowing them to profit to the sum of over SG\$ 100,000. For more information, please click [here](#).

On 18 April 2023, the Singaporean Police Force and the MAS announced that Tang Boon Hai had been sentenced to 30 months imprisonment for his role in a conspiracy to falsely trade KTL Global Limited (KTL) shares. Mr. Tang was found to have traded KTL shares using 14 accounts with the intention of imitating high market activity relating to the shares in order to drive up the price from which he could profit. For more information, please click [here](#).

On 25 April 2023, Pan Qi was convicted and sentenced to 5 weeks in prison in addition to a SG\$ 120,000 fine for offences relating to fraud and deceit. Mr. Pan, a former trader at Nech Capital Private Limited (NCPL), was found to have traded in securities using an account belonging to NCPL and his family members in order to buy and sell them at artificially high prices in order to personally profit. For more information, please click [here](#).



## Taiwan

On 6 April 2023, The Financial Supervisory Commission ("FSC") issued revisions to Article 2 and 4 of the "Regulations Governing Issuance of NTD Bank Debentures by Foreign Bank Branches". The revised regulations encourage foreign banks to be engaged in more environmental-friendly activities, such as carbon reduction policies, in Taiwan. This amendment encouraged the use of funds raised from foreign banks debentures to be applied to sectors such as construction of offshore wind power facilities and other green industries. This action will also help the Taiwan government to achieve their carbon reduction target. For more information, please click [here](#).

On 12 April 2023, the FSC and the New York State Department of Financial Services (NYDFS) recently signed a memorandum of understanding (MoU) on information sharing between the Taipei and New York Economic Office. The information includes information sharing and confidentiality that both offices will abide in the fields of enforcement, license, and regulations. The FSC and the MoU will look to enhance the sharing of financial related information. This will strengthen financial cooperation between the two parties by dealing exchanges on the emerging financial issues such as Fintech. For more information, please click [here](#).

On 17 April 2023, the FSC engaged in the Global Financial Innovation Network (GFIN)'s greenwashing event with several other regulators. GFIN is an organization of over 80 international organizations to support financial innovation on the consumer side. Now, the FSC as a participating member is inviting firms from Taiwan to participate in GFIN-led initiatives. During this event, firms will get the opportunity to engage with financial experts, stakeholders, and professionals from around the world. In addition, GFIN will be providing an information pack for attending firms, which will provide specific training on the Digital Sandbox and an overview of the TechSprint process. For more information, please click [here](#).

On 20 April 2023, the FSC approved that Taipei Fubon Commercial Bank (the Bank) may apply to the Australian regulatory authority for the establishment of a new Branch. Considering the importance of Australia's position in the global financial market, the Bank plans to upgrade its branch to develop new sources of income. The FSC stated that currently there are already 10 Taiwanese banks with branch operations in Australia. For more information, please click [here](#).

## Enforcement

On 18 April 2023, the FSC delivered a sanction against the Concord International Securities Co., Ltd. for violating Securities Management Laws and Regulations. The FSC conducted an inspection on the corporation and found that certain materials were not submitted to the regulator. In addition, it was found that the client's transaction amounts exceeded the upper limit; and no credit investigation and verification procedures were conducted accordingly. Hence, the amount of trading consigned by a customer exceeded the maximum amount of trading on one business day; no verification was established on the subscriber. As a result, a fine of NT\$480,000 was imposed on Concord International Securities Co., Ltd. For more information, please click [here](#).

On 19 April 2023, IBF Securities Co., Ltd. Was penalised for violating Securities Management Laws and Regulations. The Taiwan Stock Exchange Corporation (TWSE) conducted an inspection of IBF and found that a former IBF Securities sales representative had a loan with a client and did not verify the process for placing an order. In addition, it did not maintain a record of the same IP address between the insider and the customer and between customers. As a result, IBF Securities was fined NT\$480,000, and the sales representative was suspended by the business implementation for two months. 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)

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

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

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

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



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