

# Welcome to our Regulatory Newsletter

November 16th - December 31st 2023

## Executive Summary

This month in Singapore, the Monetary Authority of Singapore (“MAS”) announced the launch of a digital platform for ESG data collection and analysis called “Gprnt”. The platform offers a digital reporting solution to report ESG information and is currently undergoing live testing with a small group of banks and MESs. Meanwhile in Japan, The Financial Services Agency (“FSA”) published Draft Partial amendments to the Comprehensive Supervisory Guidelines for Small and Medium-Sized Regional Financial Institutions.

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





## Australia

On 21 November 2023, the Australian Securities and Investments Commission (“ASIC”) published a report listing its enforcement priorities for 2024. The priorities include increased focus on technological and operational resilience against the backdrop of increasing digitisation and automation. The ASIC also renewed its aim to push for higher penalties, and to take on challenging cases where the legal outcome is not guaranteed. For more information, please [click here](#).

On 15 December 2023, the Australian Securities and Investments Commission (“ASIC”) published its 2022-23 annual dashboard, which provides an overview of regulatory costs categorized by sector and subsector under the industry funding model. The dashboard also presents information on the variance between ASIC’s estimated costs and the actual costs incurred within each subsector. This release aims to enhance transparency and provide stakeholders with insights into ASIC’s regulatory expenditure. For more information, please [click here](#).



## Enforcement

On 16 November 2023, the Australian Securities and Investments Commission (“ASIC”) suspended the license of First City Corporate Advisory Services for failure to submit its annual financial statements and audit reports, the suspension is in place until 27 March 2024. If the ASIC has not received the annual financial statements and audit reports before this date, they will consider cancelling the Company’s AFS license. For more information, please [click here](#).

On 17 November 2023, the Australian Securities and Investments Commission (“ASIC”) suspended the license of Suetonius Wealth Management Pty Limited until 28 February 2024. The Company failed to submit its financial statements and audit reports for financial years ending 30 June 2021 and 30 June 2022. The Company must submit their financial statements and audit reports before 28 February 2024, or the ASIC will consider cancelling their AFS license. For more information, please [click here](#).

On 23 November 2023, the Federal Court found Mercer Financial Advice (Australia) Pty Limited to have failed in fee disclosure obligations, as well as to have been charging fees to customers it was not entitled to charge and were therefore ordered to pay a \$12 million penalty. It was determined that the Company had failed to invite clients to annual review meetings they were entitled to attend, either failed to provide fee disclosures, or provided non-compliant disclosure to a number of clients, and wrongly charged more than \$4.7 million AUD in fees and services clients did not receive. The Company has admitted to the misconduct. For more information, please [click here](#).

On 28 November 2023, the Australian Securities and Investments Commission (“ASIC”) released guidance to financial advisors and Australian financial services licensees about new requirements for financial advisors to be registered. Starting from 1 February 2024 financial advisers who provide personal advice to retail clients on relevant financial products must be registered with the ASIC unless they are provisional relevant providers. For more information, please [click here](#).

On 29 November 2023, the District Court of Western Australia convicted Fong Financial Planners Pty Ltd for three counts of dishonest conduct. It was found that the Company knowingly recorded false information on forms submitted to AMP as a part of client insurance applications, as well as failing to disclose all relevant information regarding client personal information. The Company was fined \$100,000 AUD. For more information, please [click here](#).



On 30 November 2023, a director of Equitable Financial Solutions Pty Ltd, Usman Siddiqui was charged with four counts of dishonestly, including breaches of director duties. These counts include using his position as a director to move over \$1.75 million AUD away from the Company for his own benefit. Mr. Siddiqui was arrested on 2 November 2023 by NSW Police, and he will face trial on 20 February 2024. For more information, please [click here](#).

On 1 December 2023, Morningstar paid \$29,820 to comply with two infringement notices from Australian Securities and Investments Commission (“ASIC”). ASIC alleged that Morningstar’s investor funds were exposed to controversial weapons investments, contrary to Morningstar’s ESG Policy, which stated that such investments would be excluded. The breach was identified in the Product Disclosure Statement for the Morningstar International Shares (Unhedged) Fund, which promised to avoid investments in controversial weapons companies. For more information, please [click here](#).

On 6 December 2023, Instinet Australia Pty Ltd (Instinet) paid a penalty of \$670,500 for a breach of trading rules. Instinet operated a crossing system called BLX Australia (BLX crossing system) from April 2011 until it was suspended in October 2022. The Markets Disciplinary Panel (MDP) found that between January 2021 and October 2022, the BLX crossing system incorrectly referenced the ASX best bid. As a result, 3,093 trades worth \$13.48 million were matched off-market without providing meaningful price improvement over the NBBO for clients. For more information, please [click here](#).

On 6 December 2023, the Administrative Appeals Tribunal (AAT) upheld Australian Securities and Investments Commission (“ASIC”)’s decision to ban Ms. Pamela Anderson, a financial adviser from Victoria, from providing financial services for a period of two years. Ms. Anderson was authorized by The Financiallink Group Pty Ltd (now Nextgen Financial Group Pty Ltd) and provided personal advice to retail clients through her practice, Anderson Lutgens & Co Pty Ltd, trading as Beyond iWealth. ASIC found that Ms. Anderson recommended high-risk investments in the Investport Income Opportunity Fund (IIOF) to some of her clients. The fund was operated by an entity related to Ms. Anderson’s former licensee, Financiallink. The AAT’s affirmation of ASIC’s decision underscores the importance of responsible financial advice and the consequences of misconduct in the industry. For more information, please [click here](#).





On 8 December 2023, the Federal Court issued a penalty against Australia and New Zealand Banking Group Limited (ANZ) for breaching its continuous disclosure obligation during a significant institutional share placement in 2015. ANZ was ordered to pay a penalty of \$900,000 for the violation. The Court found that ANZ had contravened section 674(2) of the Corporations Act by failing to notify the Australian Securities Exchange (ASX) about the acquisition of ANZ shares by its underwriters. The undisclosed shares amounted to approximately \$754 million to \$790 million out of the total \$2.5 billion offered in the Institutional Placement. For more information, please [click here](#).

On 12 December 2023, financial adviser Stephen Rogers was issued a two-year registration prohibition order by the Financial Services and Credit Panel (FSCP) starting from December 7, 2023. The order was made due to Mr. Rogers providing non-compliant advice and engaging in misleading or deceptive conduct towards a client. Mr. Rogers was found to have used a scaled advice model that excluded the suitability of a self-managed superannuation fund (SMSF) or SMSF-related investments from his advice to the client. Additionally, he used an inappropriate rate of return in the benefit comparison outlined in the statement of advice. As a result, Mr. Rogers' registration as a financial adviser has been cancelled, and he is prohibited from being registered with ASIC. For more information, please [click here](#).



On 19 December 2023, Australian Securities and Investments Commission (“ASIC”) imposed a permanent ban on Delan Pagliaccio from participating in any financial services activities, controlling a financial services entity, or carrying out any functions associated with a financial services business. Mr. Pagliaccio was the sole director of Veridian Securities Pty Ltd (now deregistered), Veridian Markets Pty Ltd (currently undergoing external administration), and Synergy Asia Pacific Partners Pty Ltd (formerly known as SKR Private Pty Ltd and Synergy Equities Group Pty Ltd). Additionally, ASIC has revoked the Australian Financial Services License (AFSL) held by Synergy Asia Pacific Partners Pty Ltd. The ban and license cancellation stem from Mr. Pagliaccio’s involvement in dishonest, deceptive, and misleading practices related to a financial product or service during his tenure as the director of Veridian Markets. For more information, please [click here](#).

On 22 December 2023, Australian Securities and Investments Commission (“ASIC”) suspended the Australian financial services (AFS) license of Prospero Markets Pty Ltd (Prospero), an over-the-counter (OTC) derivatives issuer. Prospero had also provided an undertaking to ASIC, agreeing not to handle client funds without ASIC’s approval. During the suspension period from December 20, 2023, to February 28, 2024, Prospero is prohibited from providing financial services. ASIC’s decision came after an administrative hearing where it was found that Prospero had failed to submit its annual financial statement and audit report for the financial year ending on June 30, 2023, within the required timeframe and in compliance with its AFS license conditions. For more information, please [click here](#).



## Hong Kong

On 19 December 2023, The Securities and Futures Commission (“SFC”) announced that amendments to the Securities and Futures (Contracts Limits and Reportable Positions) Rules will be implemented on December 22, 2023. These amendments aim to strengthen the position limit regime by introducing various enhancements. Among the changes are clarifications regarding the application of the Rules to asset managers overseeing funds or sub-funds of umbrella funds, as well as specifying the regulatory expectations for trustees in relation to the Rules’ requirements. For more information, please [click here](#).

### Enforcement

On 22 November 2023, the SFC reprimanded and fined Lion Futures Limited (LFL) \$2.8 million for failures in complying with anti-money laundering and counter-terrorist financing (AML/CFT) and other regulatory requirements between May 2017 and July 2019. The SFC’s investigation found that LFL did not conduct any due diligence on the customer supplied systems (CSSs) used by five clients for placing orders during the material time and LFL’s failure to put in place an effective ongoing monitoring system to detect suspicious trading patterns in client accounts resulted in its failure to detect 1,098 self-matched trades in five client accounts. For more information, please [click here](#).



On 22 November 2023, the SFC commenced legal proceedings under section 214 of the SFO in the Court of First Instance to seek disqualification orders against five former directors and a former de facto director of First Credit Finance Group Limited (First Credit) for allegedly breaching their fiduciary duties. The SFC is also seeking an order for First Credit to publish the court’s findings in the proceedings. For more information, please [click here](#).

On 23 November 2023, the SFC commenced legal proceedings against AMTD Global Markets Limited (AMTD, currently known as orientiert XYZ Securities Limited) and its former executives for non-compliance in IPO-related investigations. The SFC’s investigations related to suspected employment of fraudulent or deceptive schemes and/or disclosure of false or misleading information in the IPOs of certain listed companies where AMTD was involved as bookrunner, lead manager and underwriter. For more information, please [click here](#).

On 4 December 2023, the SFC took disciplinary action against Ruifeng Securities Limited (RSL) by reprimanding and imposing a fine of HK\$5.2 million. This action is a result of RSL’s failures in relation to its fund management activities and account opening procedures. The SFC investigated RSL’s role as an investment manager of a Cayman-incorporated fund during the period of July 1, 2019, to December 10, 2020. The investigation revealed that despite identifying various downside factors through its own analysis, RSL had invested approximately 90% of the fund’s net asset value, amounting to US\$94.5 million, into financial instruments linked to a Mainland property developer as of May 2020. For more information, please [click here](#).

On 8 December 2023, the SFC issued a restriction notice to China International Capital Corporation Hong Kong Securities Limited (CICC), which prevents the company from dealing with or processing specific assets held in a client account that is linked to suspected insider dealing. It is important to note that the SFC's action is not an investigation into CICC itself, and the restriction notice does not impact the company's overall operations or its other clients. The SFC's focus is solely on the client account in question and the suspected insider dealing activity associated with it. For more information, please [click here](#).

On 12 December 2023, the SFC obtained court order to disqualify former independent non-executive director of China Candy Holdings Limited (China Candy), Mr Nicholas Chiu Sai Chuen for three years. The SFC's investigation found that China Candy's financial strength was falsely and misleadingly portrayed in the company's interim and annual reports for 2016. In particular, the company's cash and bank balances were overstated by 87% and 97% as of 30 June 2016 and 31 December 2016 respectively. For more information, please [click here](#).

On 13 December 2023, the SFC banned Ms Amy Chow Bik Sum, a former assistant customer service manager of OCBC Wing Hang Bank Limited (OCBC), for life following her conviction of bribery offence. The SFC considers that Chow is not a fit and proper person to be licensed or registered to carry on regulated activities as a result of her criminal conviction. For more information, please [click here](#).

On 18 December 2023, the SFC reprimanded and fined Central Wealth Securities Investment Limited (Central Wealth) \$1 million for breaching Financial Resources Rules (FRR). The SFC found that Central Wealth made various accounting and calculation errors in the financial returns which resulted in overstating its liquid capital between April 2019 and December 2020 (Relevant Period). After eliminating the errors, it came to light that Central Wealth's required liquid capital was in deficit - ranging from \$1.62 million to \$49.08 million - for eight months during the Relevant Period, contrary to FRR's requirement. For more information, please [click here](#).

On 21 December 2023, The Market Misconduct Tribunal (MMT) imposed sanctions on Mayer Holdings Limited (Mayer) and nine former senior executives, concluding that they had violated the Securities and Futures Ordinance (SFO) by failing to disclose inside information promptly. These sanctions were issued after the Court of Appeal granted appeals by Mayer and its directors against a previous ruling by the MMT. The MMT's decision serves as a reminder of the importance of timely disclosure of inside information in accordance with regulatory requirements. For more information, please [click here](#).

On 27 December 2023, the SFC suspended Mr. Hau Bing Leung, a former account executive of Chee Tak Securities Limited (CTSL), from holding a license for a period of 15 months, starting from December 22, 2023, and ending on March 21, 2025. This disciplinary action by the SFC is a result of previous sanctions imposed on CTSL and its responsible officer due to deficiencies in internal control and violations of regulatory requirements. For more information, please [click here](#).





## Singapore

On 15 November 2023, the Monetary Authority of Singapore (“MAS”) announced that it is working to expand asset tokenisation initiatives alongside financial institutions. The initiative, known as Project Guardian, aims to promote the institutional adoption of digital assets, enhance liquidity, unlock investment opportunities, and increase the efficiency of financial markets. For more information, please [click here](#).

On 15 November 2023, the Monetary Authority of Singapore (“MAS”) announced the successful conclusion of Project MindForge which seeks to develop a risk framework for generative artificial intelligence within the financial sector. Seven risk factors were identified during phase one being accountability and governance, monitoring and stability, transparency and explainability, fairness and bias, legal and regulatory, ethics and impact, and cyber and data Security. For more information, please [click here](#).

On 16 November 2023, the Monetary Authority of Singapore (“MAS”) launched a digital platform for ESG data collection and analysis called “Gprnt”. The platform offers a digital reporting solution to report ESG information and is currently undergoing live testing with a small group of banks and SMEs. Gprnt is planned to be progressively rolled out starting in Q1 2024, and the MAS hopes it will help financial institutions to automate their ESG reporting process and allow end users to access relevant data to support sustainable decision making. For more information, please [click here](#).



On 16 November 2023, the Monetary Authority of Singapore (“MAS”) unveiled three initiatives to promote safe and innovative uses of digital money in Singapore. The main initiatives include a blueprint outlining the infrastructure required for a digital Singapore dollar, expanding digital money trials, and a plan to issue a “live” central bank digital currency for wholesale settlement. For more information, please [click here](#).

On 23 November 2023, the Monetary Authority of Singapore (“MAS”) released the final responses received regarding the proposed regulations for Digital Payment Token service providers. The regulations aim to protect consumers and include measures related to business conduct, consumer access, and technology and cyber risk management. DPT service providers must disclose conflicts of interest, establish complaint-handling procedures, discourage cryptocurrency speculation by retail customers, and maintain robust technology systems. The regulations will be implemented in phases from mid-2024. MAS advises consumers to exercise caution and avoid dealing with unregulated entities. For more information, please [click here](#).

On 3 December 2023, the Monetary Authority of Singapore (“MAS”) unveiled the Singapore-Asia Taxonomy for Sustainable Finance, a comprehensive framework that establishes specific thresholds and criteria for identifying green and transition activities aimed at mitigating climate change. This taxonomy covers eight key sectors and provides detailed guidelines to enhance transparency and consistency in sustainable finance. By implementing this taxonomy, businesses and financial institutions can effectively assess and categorize their activities based on their environmental impact. The launch of the Singapore-Asia Taxonomy is a significant step towards promoting sustainable finance in Singapore and the broader Asian region, aligning with global efforts to combat climate change. For more information, please [click here](#).



On 6 December 2023, the Monetary Authority of Singapore (“MAS”) released its finalized Code of Conduct (CoC) for ESG Rating and Data Product Providers, along with a Checklist for providers to self-attest their compliance with the CoC. The publication of the CoC follows a public consultation held from June to August 2023. MAS encourages providers to disclose their adoption of the CoC and publish their completed Checklist within 12 months from the CoC’s publication. MAS will continue to monitor industry developments and global regulatory trends to assess the need for further enhancements to the regulatory regime governing ESG Rating and Data Product Providers. For more information, please [click here](#).

On 7 December 2023, the Monetary Authority of Singapore (“MAS”) announced new digital finance and capital markets initiatives aimed at strengthening financial cooperation with China. These initiatives were discussed during the 19th Joint Council for Bilateral Cooperation (JCBC) in Tianjin, co-chaired by Singapore’s Deputy Prime Minister and Minister for Finance, Mr. Lawrence Wong, and the Executive Vice Premier of the State Council of the People’s Republic of China, Mr. Ding Xuexiang. The initiatives include a cross-border E-CNY pilot program between China and Singapore, the launch of an Exchange Traded Funds (ETF) product link between the Singapore Exchange (SGX) and the Shanghai Stock Exchange (SSE), and the signing of a Memorandum of Understanding (MOU) between SGX and the Guangzhou Futures Exchange (GFEX). For more information, please [click here](#).

On 21 December 2023, The Singapore Police Force (SPF) and the Monetary Authority of Singapore (“MAS”) issued a warning to the public regarding a variant of the Government Official Impersonation Scam. In this scam, fraudsters falsely represent themselves as MAS officials or individuals acting on behalf of MAS. Since January 2023, there have been at least 41 reported victims of this scam, resulting in total losses of at least \$2.6 million. The public is advised to exercise caution and be vigilant in order to protect themselves from falling victim to such scams. For more information, please [click here](#).

## Enforcement

On 28 December 2023, The Monetary Authority of Singapore (“MAS”) levied a civil penalty of \$3.9 million on Credit Suisse AG (Credit Suisse) for its failure to prevent or identify misconduct by its relationship managers (RMs) at its Singapore branch. The RMs in question provided clients with inaccurate or incomplete post-trade disclosures, leading to clients being charged spreads that exceeded the bilaterally agreed rates for 39 over-the-counter (OTC) bond transactions. For more information, please [click here](#).





## India

On 28 December 2023, The Reserve Bank of India (“RBI”) published the 28th edition of the Financial Stability Report (FSR), representing the comprehensive evaluation of the Financial Stability and Development Council’s (FSDC) Sub-Committee on the Indian financial system’s resilience and risks to financial stability. The report highlights several key points, including the resilience of the Indian economy and domestic financial system. For more information, please [click here](#).

### Enforcement

On 24 November 2023, the Reserve Bank of India (“RBI”) issued an order imposing a monetary penalty of ₹5 crore on ECL Finance Limited. The penalty was due to deficiencies in regulatory compliance identified related to failure to credit the appropriate amount Depositor Education and Awareness Fund within the prescribed time period while paying commission to certain staff members. Further the Company was found to have outsourced the monitoring of Anti-Money Laundering alerts to a Group company in contradiction to regulatory requirements. For more information, please [click here](#).

On 24 November 2023, the Reserve Bank of India (“RBI”) issued an order imposing a monetary penalty of ₹4.34 crore on the Bank of Baroda. The penalty was due to deficiencies in regulatory compliance identified related to inaccuracies in data submitted to RBI, the granting of a term loan without proper due diligence, and not paying the prescribed interest rate on deposits from senior citizens. For more information, please [click here](#).

On 8 December 2023, the Reserve Bank of India (“RBI”) issued an order imposing a monetary penalty of ₹4.90 lakh on ECL Finance Limited. The penalty was imposed due to the company’s non-compliance with certain provisions of the Reserve Bank of India (Know Your Customer (KYC)) Direction, 2016. For more information, please [click here](#).

On 12 December 2023, the Reserve Bank of India (“RBI”) announced that it has imposed a monetary penalty of ₹5.00 lakh on Janakalyan Sahakari Bank Limited, Mumbai. The penalty was imposed due to the bank’s failure to comply with the directions issued by the RBI on ‘Reporting of Large Exposures to Central Repository of Information on Large Credits (CRILC)’. For more information, please [click here](#).

On 18 December 2023, the Reserve Bank of India (“RBI”) took action against The Manmandir Co-operative Bank Limited, Vita, by imposing a monetary penalty of ₹3.00 lakh. The penalty was imposed due to the bank’s non-compliance with the RBI’s directions on ‘Know Your Customer (KYC) Directions, 2016’, and ‘Maintenance of Deposit Accounts - Primary (Urban) Co-operative Banks’. For more information, please [click here](#).





## South Korea

On 16 November 2023, Vice Chairman Kim So-young of the Financial Services Commission attended a meeting on short selling reform measures which brought together authorities from the private sector, the ruling party of the National Assembly and the government. At the meeting, the authorities discussed a direction for making improvements to the short selling system. The reform measures discussed are not finalized measures for implementation but a set of proposals laying out a direction for further discussions and refinement at the National Assembly and with the public. Overall, the proposed measures are aimed at (a) leveling the playing field between institutional and retail investors, (b) preventing naked short sales in advance, (c) strengthening the detection and punishment of illegal short selling activities, and (d) expanding short sale disclosure. For more information, please [click here](#).

On 23 November 2023, the Financial Services Commission (“FSC”) presided over a meeting with officials from the Financial Supervisory Service, Korea Development Bank, Korea Credit Guarantee Fund and other market experts to check condition of the current bond and short-term money markets and discuss plans for various market stabilization programs and eased regulatory measures. In the second half of 2024, the authorities will decide whether to additionally extend or begin to roll back the availability of eased regulatory measures. For more information, please [click here](#). For more information, please [click here](#).

On 7 December 2023, the Financial Services Commission (“FSC”) issued a preliminary notice of rules change regarding the supervisory regulation on credit information businesses with aims to continue to seek innovation in financial MyData services. The revision proposal has been prepared after having taskforce meetings and discussions with MyData service providers and data specializing institutions. For more information, please [click here](#).



On 8 December 2023, the Financial Services Commission (“FSC”) announced that the Corporate Restructuring Promotion Act, which makes available prompt debt restructuring support for distressed enterprises. The newly reenacted version of the Act largely maintains the same legal provisions carried under the previous law regarding the corporate credit risk assessment and workout process, but includes additional measures intended to boost the effectiveness of the corporate debt workout support. For more information, please [click here](#).

On 8 December 2023, the Financial Services Commission (“FSC”) announced the successful passage of a revision bill for the Act on Corporate Governance of Financial Companies by the National Assembly. The revised bill introduces new requirements for financial companies, mandating the creation of a responsibilities map for each executive officer, outlining their specific areas of work and responsibilities. Additionally, the revision aims to enhance the examination process for executive members’ internal control management duties, introducing new mechanisms for evaluating and overseeing their performance in this regard. For more information, please [click here](#).



On 11 December 2023, the Financial Services Commission (“FSC”) proposed detailed rules under the Act on the Protection of Virtual Asset Users, which is scheduled to take effect on July 19, 2024. Aimed at protecting virtual asset users and establishing a sound order in virtual asset transactions, the Act defines the scope of virtual assets subject to the law and requires virtual asset service providers (VASPs) to safely manage and store their customers’ deposits and virtual assets. It also provides statutory grounds for sanctions including criminal penalty and fines to punish unfair trading activities using virtual assets. For more information, please [click here](#).

On 13 December 2023, the Financial Services Commission (“FSC”) announced that a set of measures aimed at enhancing foreign investors’ access to domestic capital markets would take effect from the date of publication. These measures included the abolition of the prior registration requirement for foreign investors, the relaxation of reporting duties for foreign securities firms using omnibus accounts, and the expansion of eligible ex post reporting for foreign investors’ OTC transactions. Additionally, the mandatory English disclosure rule for listed companies would be phased in which started on January 1, 2024. For more information, please [click here](#).

On 14 December 2023, the Financial Services Commission (“FSC”) introduced a new guideline regarding the underlying asset requirement for trust beneficiary certificates. This guideline specifically applies to designated innovative financial service providers operating within the financial regulatory sandbox program who wish to offer fractional investment services through the issuance of trust beneficiary certificates. The guideline was formulated after discussions with the innovative financial service selection committee on November 28 and during the FSC’s regular meeting. For more information, please [click here](#).

## Enforcement

On 26 December 2023, the Securities and Futures Commission, a sub-commission within the Financial Services Commission, announced penalties against two global investment banks (referred to as “Company A” and “Company B”) and an affiliated domestic securities firm (referred to as “Company C”) for violating short selling regulations under the Financial Investment Services and Capital Markets Act (FSCMA). The penalties amount to KRW26.52 billion in total. The authorities determined that these financial companies engaged in naked short selling activities over a prolonged period, ranging from four to nine months, which is considered a serious offense that undermines the trading order of capital markets and erodes investor confidence. For more information, please [click here](#).





## Taiwan

On 21 December 2023, the Financial Supervisory Commission (“FSC”) completed the Advance Notice Procedure for the draft amendment to Articles 2 and 8 of the “Standards Governing Eligibility of Securities for Margin Purchase and Short Sale.” The purpose of these amendments is to enhance the financing environment of the Taiwan Innovation Board (TIB). The FSC has requested the Taiwan Stock Exchange (TWSE) to study and propose various measures, including enabling credit trading of stocks on the TIB. The proposed amendments were expected to take effect on January 1, 2024, and the revised version of the standards will be released soon. For more information, please [click here](#).

On 28 December 2023, the Financial Supervisory Commission (“FSC”) developed a draft document titled “Guidelines for AI Applications in the Financial Industry” to promote responsible innovation and the use of trustworthy artificial intelligence (AI) in financial services. The draft document is based on the “Core Principles and Policies for AI Applications in the Financial Industry” published on October 17, 2023. It draws from AI guidelines issued by major countries’ financial regulators and international organizations. For more information, please [click here](#).

## Enforcement

No enforcement actions for Taiwan from 16 November to 31 December 2023.



## Malaysia

On 14 December 2023, the Securities Commission Malaysia (“SC”) expressed its satisfaction with the results of the 11th biennial corporate governance assessment conducted by the Asian Corporate Governance Association (ACGA). The assessment covered 12 Asia Pacific countries, including Australia. Malaysia maintained its 5th position in the rankings, with improvements noted in six out of seven assessment categories. Malaysia excelled in the quality of auditors and audit regulators, securing the top spot among the 12 markets assessed. This category was identified as the country’s best-performing area. For more information, please [click here](#).

## Enforcement

On 29 November 2023, the Securities Commission Malaysia (“SC”) charged Muhamad Fadzli Jamaludin (Fadzli), a former director of Kyaputen Sdn Bhd, with money laundering offences involving more than RM1.23 million from unlicensed fund management activities. Fadzli was charged with nine offences under section 4(1)(b) of the Anti-Money Laundering, Terrorism Financing and Proceeds of Unlawful Activities 2001 (AMLATFPUAA) for receiving proceeds from unlawful activities. For more information, please [click here](#).



## Japan

On 15 November 2023, the Financial Services Agency (“FSA”) published an article providing information about Japan Fintech Week 2024. The event will take place in person from Monday 4 March until Friday 8 March 2024 in multiple venues within Marunouchi, Tokyo with no option to attend online. The event will include speeches, symposiums, workshops, pitch runs, round tables, and networking opportunities. For more information, please [click here](#).

On 22 November 2023, the Financial Services Agency (“FSA”) published an article titled ‘New NISA x Future Produce - Money, Investments and the Future’. The Law Partially Amending the Income Tax Law (Law No. 3 of 2023) has expanded and made the NISA system permanent, with a scheduled start date in January 2024. The system is aimed to allow for long-term stable asset growth through diversified investments. The FSA will hold three events to introduce the NISA system on 18 December, 17 January and 20 February. For more information, please [click here \(Japanese only\)](#).

On 27 November 2023, the Financial Services Agency (“FSA”) published Draft Partial Amendments to the Comprehensive Supervisory Guidelines for Small and Medium-Sized Regional Financial Institutions. The guidelines intend to move the guidelines away from the cash management support phase of the Coronavirus pandemic to the management improvement and business restructuring phase post-pandemic. For more information, please [click here](#).



On 6 December 2023, the Financial Services Agency (“FSA”) published an article informing of a minor revision to the 2023 Financial Instruments and Exchange Act, the revisions mainly concern the establishment of the Financial and Economic Education Promotion Organisation, as well as improvements to provisions relating to financial statements of investment corporations. For more information, please [click here \(Japanese only\)](#).

On 7 December 2023, the Financial Services Agency (“FSA”) published an article informing of the Accounting Standards Board of Japan (ASBJ) updating some documentation to allow for electronic preparation of consolidated financial statements. For more information, please [click here \(Japanese only\)](#).

On 8 December 2023, the Financial Services Agency (“FSA”) released an article titled “The establishment of dialogue on enhancing sustainability financial products”. The GX Investment Group decided to establish this dialogue in order to share basic awareness regarding GX and sustainability investment products, including how they should be offered in the Japanese market. The meetings will be organised alongside experts from various parties including asset managers, investee companies, individual investors and industry associations. There will be four meetings held between December 2023 and June 2024, after which a message for the enhancement of investment products will be compiled and disseminated. For more information, please [click here \(Japanese only\)](#).



On 8 December 2023, the Financial Services Agency (“FSA”) published draft Cabinet Order and Cabinet Office ordinance amendments to the 2023 Financial Instruments and Exchange Law etc, which are expected to come into force on 1 April 2024, following the public comment period. The amendment contains changes meant to abolish the quarterly reporting system and to establish the regulations necessary to support this, such as for example improving provisions relating to semi-annual reporting. Additionally, the amendment adds new triggers to submit an extraordinary report, being the entering into or amending the corporate/shareholder governance agreement, or the conclusion or amendment of agreements between companies and shareholders on the disposal or purchase of additional shares held by shareholders. For more information, please [click here \(Japanese only\)](#).

On 14 December 2023, the Financial Services Agency (“FSA”) published an article titled “About Asset Management Nation”, the article outlines the initiatives promoted by the Government of Japan to encourage investment into asset management companies for example through the Asset Income Doubling Plan, Corporate Governance, Stewardship and other reforms. Further, the FSA drafted a policy plan for Asset Management Nation on 13 December 2023, the major points include a plan to improve transparency in corporate disclosure, and the encouragement of new entrants to the asset management industry in Japan through lowering barriers to entry. This is planned to be achieved through the establishment of special wards with increased local government support in English-language, such as in tax, financial, business, and administrative services. For more information, please [click here \(Japanese only\)](#).

On 22 December 2023, the Financial Services Agency (“FSA”) published an article introducing Global Money Week 2024. The event intends to promote financial education for children and young people and will take place between Monday 18 March until 24 March 2024. Organisations wishing to participate should submit the prior report form and submit it by 16 February 2024. For more information, please [click here \(Japanese only\)](#).

On 22 December 2023, the Financial Services Agency (“FSA”) shared an article from TIBOR regarding their planned permanent cancellation of the Euroyen TIBOR which is currently planned for December 2024. The FSA recommends that new transactions in products that reference the Euroyen TIBOR be suspended by the end of June 2024 based on the most recent responses received to the consultation. For more information, please [click here \(Japanese only\)](#).





## Enforcement

On 23 November 2023, the Kanto Local Financial Bureau (“KLFB”) announced that it cancelled the damage insurance agency license of Big Motors KK, B.M Holdings KK, and B.M Hanaten KK. The cancellation was due to insufficient management conditions where the Board of Directors of Big Motors also managed and was effectively responsible for decision making on business execution in the subsidiaries of the group. The KLFB found that the roles and authority of directors was not clarified, and that only one board meeting was held in the last seven years, further it found that business decisions were in-effect made through informal discussion between directors and the founder who was the former President of the Company and Vice-President of the Board of Directors. In addition, it was found that the Company and insufficient compliance and legal systems for the Company’s size due to an excessive emphasis on profit making. For more information, please [click here](#).

On 8 December 2023, the Kanto Local Financial Bureau (“KLFB”) renewed the domestic holding order previously issued to FTX Japan K.K in order to prevent assets flowing outside of Japan to its affiliates including FTX Trading Limited which is subject to Chapter 11 bankruptcy proceedings. The KLFB deems the administrative action as necessary for public interest and for the protection of the interests of investors. The new domestic holding order will have effect from 10 December until 9 March 2024, during which the Company must hold assets in Japan equivalent to the amount of liabilities included in the liabilities section of the Company’s balance sheet minus liabilities to Japanese non-residents. For more information, please [click here \(Japanese only\)](#).

On 15 December 2023, the Kanto Local Financial Bureau (“KLFB”) took administrative action against Stock Japan K.K. The Company was found to be inviting investors through internet advertisements, and inducing them to register as members for free, after which they would then solicit these investors through emails and telephone calls from sales staff to enter into investment advisory contracts. The investigation found advertisements from the Company were misleading and found misleading or false statements made to clients. The KLFB determined there was a lack of internal controls and compliance oversight of the sales department, and the KLFB has therefore taken the following administrative measures. The Company must immediately suspend solicitation and conclusion of new investment advisory contracts from 15 December until 14 January 2024, furthermore, the Company was also issued a business improvement order whereby they must immediately stop the publication of inappropriate advertisements, analyse the causes of the breach and formulate measure to prevent reoccurrence, explain the details of this administrative action to all customers, clarify where responsibility for the violation lies within the Company, and report in writing to the KLFB on the progress of these before January 15 2024. For more information, please [click here \(Japanese only\)](#).

On 26 December 2023, the Kanto Local Financial Bureau (“KLFB”) took administrative action against Bixo K.K. The KLFB issued a report collection order in June 2023, however upon reviewing the management report delivered to investors it was found to be in violation of Article 42-7(1) of the Financial Instruments and Exchanges Act. A subsequent report collection order was issued on 30 October 2023 including on the Company’s business operations and on the financial situation of the Fund, however the Company did not submit any reports in response to the reporting order. In response, the KLFB has issued a business suspension order of private placement from 26 December until 25 January 2024, as well as a business improvement order whereby the Company must explain the reasons for the administrative action to investors, submit the relevant reports, and report to the KLFB in writing on the progress of these once they have so before 25 January 2024. For more information, please [click here \(Japanese only\)](#).



## China

On 16 November 2023, the National Administration of Financial Regulation (“NFRA”) issued the Interim Measures (“Measures”) for the supervisory rating and categorized supervision of trust companies to strengthen the differentiated supervision of trust companies and reflect the new regulatory standards and guidance in the regulatory rating. The Measures will be effective as of the date of promulgation. For more information, please [click here \(Chinese only\)](#).

On 15 December 2023, the National Administration of Financial Regulation (“NFRA”) released the List of Documents and Format Requirements for Administrative Licensing of Non-bank Financial Institutions. It is to facilitate the effective implementation of the Implementation Measures for the Administrative Licensing of Non-bank Financial Institutions (NFRA Order [2023] No.3, hereinafter referred to as the Measures), and improve the standardized operation and effectiveness of administrative licensing. For more information, please [click here \(Chinese only\)](#).



## Enforcement

On 13 December 2023, the CPC Central Commission for Discipline Inspection and the State Supervision Commission in the National Administration of Financial Regulation (“NFRA”) and the Anshan Municipal Supervision Commission of Liaoning Province took disciplinary investigation on Enyue Zhuang, former member of the Party Committee and vice president of China Cinda Asset Management Co., Ltd. Mr Zhuang is suspected of serious violations of disciplines and laws. For more information, please [click here \(Chinese only\)](#).





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