



# CA | ComplianceAsia

## Welcome to our Regulatory Newsletter for January 2020

### Contents

Australia	1
Cambodia	3
China	3
Hong Kong	5
India	6
Indonesia	7
Japan	7
Korea	8
Malaysia	8
Mauritius	8
Myanmar	8
New Zealand	9
Philippines	9
Russia	9
Singapore	11
Sri Lanka	11
Taiwan	12
Thailand	12
Vietnam	13
Suggestions	13

### Contact Details

Philippa Allen  
Group CEO  
philippa.allen@complianceasia.com

Singapore  
Tel: +65 6533 8834  
Fax: +65 6221 2413

Hong Kong  
Tel: +852 2868 9070  
Fax: +852 2868 9327

Alex Duperouzel  
Managing Director  
alex.duperouzel@complianceasia.com

Tel: +852 2868 9070  
Fax: +852 2868 9327

### Australia



On 9 January 2020, ASIC is in support of the Australians affected by the bushfires to help rebuild their lives. ASIC announced that it is working with insurers and other key stakeholders to ensure claims are handled efficiently and fairly. ASIC expects those involved in handling these insurance claims to act with the utmost good faith. For further detail, please click [here](#)

On 16 January 2020, ASIC released a consultation paper on a proposal to formalise its policy on share transfers made under s444GA of the Corporations Act. ASIC will seek public input on the proposal until Tuesday 28 February 2020. For further detail, please click [here](#)

On 30 January 2020, APRA set out its policy and supervision priorities for the next 12 to 18 months with an emphasis on fulfilling the four strategic goals of its Corporate Plan: maintaining financial system resilience; improving outcomes for superannuation members; improving cyber-resilience in the financial sector; and transforming governance, culture, remuneration and accountability (GCRA) across all APRA-regulated institutions. For further detail, please click [here](#)

On 31 January 2020, APRA announced that it will expand its quarterly property data publication to include new and more detailed statistics on residential mortgage lending. For further detail, please click [here](#)

### Enforcement

On 6 January 2020, ASIC banned Perth-based adviser Wayne Blazejczyk from providing financial services for five years for failure to meet best interests' obligations when providing advice on self-managed super funds (SMSFs). For further detail, please click [here](#)

On 6 January 2020, following an ASIC investigation, Mr Anthony Keith Silver (also known as Tony Silver) of Tasmania, appeared

before the Southport Magistrates Court charged with five counts of fraud to the value of \$1.815 million. ASIC alleges that Mr. Silver dishonestly caused a detriment to investors by using investment funds for purposes other than had been anticipated by investors. For further detail, please click [here](#)

On 7 January 2020, ASIC extended the suspension of the Australian financial services (AFS) licence held by Halifax Investment Services Pty Ltd (Halifax) to ensure that clients of Halifax continue to have access to an external dispute resolution scheme, ensure the continuity of compensation arrangements for retail clients such as the holding of professional indemnity insurance cover; and to allow for the termination of existing arrangements with clients of Halifax. For further detail, please click [here](#)

On 7 January 2020, ASIC disqualified Larry James Matthews, Richard James Matthews and Rowena Ylaya Matthews, of Broadbeach, Queensland, from managing corporations, following the appointment of liquidators to eight companies they managed between them. For further detail, please click [here](#)

On 8 January 2020, ASIC banned Northern NSW-based financial adviser David O'Brien from providing financial services for four years following an ASIC surveillance. ASIC's review of a sample of Mr. O'Brien's advice files found that he failed to make sufficient inquiries into his clients' circumstances, conduct reasonable investigations into their existing financial products; and provide advice based on his clients' personal circumstances. For further detail, please click [here](#)

On 10 January 2020, former director and founder of the Kleenmaid group of companies, Andrew Eric Young, was found guilty of fraud and insolvent trading in the District Court of Queensland on 19 charges arising from the collapse of the national white goods distributor. For further detail, please click [here](#)

On 14 January 2020, ASIC disqualified Mr. Darren Russel Herft, of Sanctuary Cove, Queensland, from managing corporations for a period of two years following the failure of four companies within the Guvera Group. For further detail, please click [here](#)

On 23 January 2020, ASIC suspended the Australian financial services (AFS) licences of Sydney-based financial services providers Theta Asset Management Ltd and Valuestream Investment Management Ltd until 21 July 2020 for the purpose of the two entities being under external administration. For further detail, please click [here](#)

On 23 January 2020, ASIC suspended the Australian financial services (AFS) licence of Global Merces Funds Management Ltd (Global Merces) for a period of six months, effective from 21 January 2020 to 20 July 2020. The suspension follows the appointment of Jarvis Lee Archer of Revive Financial Pty Ltd as administrator to Global Merces on 13 January 2020. For further detail, please click [here](#)

On 24 January 2020, Former Queensland director Jonathan William Parker, of New Beith, was convicted and jailed after pleading guilty to fraud. ASIC's investigation found that Mr. Parker dishonestly created false invoices to conceal taking \$809,208.30 belonging to Freenet Pty Ltd ACN 149 861 254 (Freenet). Mr. Parker pleaded to guilty to two counts of fraud under the Criminal Code (Queensland). For further detail, please click [here](#)

On 24 January 2020, ASIC permanently banned former financial advisor Nicholas Ellis, of Valentine, NSW, from providing financial services and engaging in credit activities. In October 2019, Mr. Ellis was sentenced to 3 years of imprisonment for fraud offences and he pleaded guilty to making false or misleading statements to obtain money from clients and fraudulent misappropriation of client funds. For further detail, please click [here](#)

On 29 January 2020, ASIC cancelled the Australian financial services (AFS) licence of Melbourne-based responsible entity Australian Cricket Bat Willow Plantation Management Services Limited (ACB). This was due to failures to comply with financial services laws, to comply with the Scheme's compliance plan, to maintain adequate financial resources and to lodge compliance plan audit reports. For further detail, please click [here](#)

On 29 January 2020, ASIC banned Adelaide financial adviser Adrian John Cassidy from providing financial services for six years for acting dishonestly by concealing from his license and demonstrating failure to act in his clients' best interest. For further detail, please click [here](#)

On 30 January 2020, ASIC imposed additional conditions on the Australian financial services (AFS) licence of BGC Securities (Australia) (BGC) to ensure that BGC had adequate arrangements in place to comply with obligations related to its fixed income solutions business (the Business). For further detail, please click [here](#)

## Cambodia



A media search did not find any relevant articles for Cambodia during January.

### Enforcement

A media search did not find any relevant articles for Cambodia during January.

## China



On 3 January 2020, CBIRC revised the 'Implementing Measures of the CBIRC for Administrative Licensing for Foreign Banks' to further open up the China banking industry. Foreign banks are now allowed to open branches and wholly foreign-owned banks in China and can enjoy a wider range of choice of Chinese major shareholders for Sino-foreign joint ventures. To strengthen the prudential regulation, requirements on equity management and AML/CFT review were included in these Measures. For further details, please click [here](#) & [here](#) (Chinese only)

On 3 January 2020, CBIRC issued a 'Notice on Further Strengthening Work on Anti-money Laundering and Counter Financing of Terrorism in Banking and Insurance Sectors'. Banking and insurance institutions must submit interim reports to the CBIRC or to the local offices of CBIRC when there are revisions on major AML/CFT internal control, changes to the AML/CFT bodies or officers and their contact details, or any of the other circumstances as stipulate in the Notice. They must also, within 20 working days after the end of each year, prepare an annual report on AML/CFT for the preceding year and submit the report to CBIRC or the local offices of CBIRC. For further details, please click [here](#) (Chinese only)

On 8 January 2020, CBIRC issued a consultation on 'Interim Measures on Supervision and Administration of Financial Leasing Companies' to set out general business scope, prohibited businesses or activities of financial leasing companies and prudential supervision framework. Financial leasing companies would not be able to invest more than 20% of net assets in fixed income securities and should keep their total sum of risk assets not more than eight times of their net assets. CBIRC will grant a transitional period of two years starting from the date of promulgation of these Measures. For further details, please click [here](#) & [here](#) (Chinese only)

On 13 January 2020, SAFE issued a 'Notice on Further Improving the Management of Foreign Exchange Risks of Foreign Institutional Investors in the Interbank Bond Market'. Foreign institutional investors may manage the foreign exchange risk exposure arising from investment in the interbank bond market with RMB-foreign exchange derivative products. Foreign banking investors and non-banking investors may trade foreign exchange derivative products by acting as a client to trade with local banks directly. For further details, please click [here](#) (Chinese only)

On 14 January 2020, CBIRC issued a consultation of 'Implementing Measures of the CBIRC for Administrative Licensing for Non-bank Institutions'. 'Non-bank institutions' under the consultation refers to asset management companies approved by CBIRC, financial companies of enterprise groups, financing leasing companies, auto finance companies, currency brokers, consumer finance companies and representative offices of overseas non-bank financial institutions. The consultation intends to further regulate the equity management of non-bank institutions and simplify the approval procedures. For further details, please click [here](#) & [here](#) (Chinese only)

On 14 January 2020, CBIRC issued the 'Measures on Handling of Whistleblowing of Illegal Activities in Banking and Insurance Sectors'. The Measures distinguish between real-name whistleblowing and anonymous whistleblowing and explain their corresponding mechanisms. After accepting whistleblowing by individuals or organizations, CBIRC will issue a written investigation report within 60 days. For further details, please click [here](#) & [here](#) (Chinese only)

On 17 January 2020, CBIRC issued the 'Measures of the CBIRC for Petition Handling' to set out general rules for citizens and organizations to lodge complaints, make comments or suggestions via letters, telephone or in person. The Measures also provide procedures for CBIRC to accept and deal with such petitions by category, and distinguish between complaints, whistleblowing and petitions in a bid to resolve the disputes at source. CBIRC will reply to the complainant in writing within 60 days from the date of accepting petition. For further details, please click [here](#) (Chinese only)

On 17 January 2020, CBIRC issued the 'Measures on Handling Consumer Complaints in Banking and Insurance Sectors'. Banking and insurance institutions are responsible for consumer complaints about disputes between consumer and banking and insurance institutions on purchasing banking and insurance products or services. They must establish rules on evaluation and examination of handling consumer complaints and improve its existing information disclosure system. They should reply to the complainant on general complaints within 15 days and in case of complicated issues, such period may be extended to 30 days. For further details, please click [here](#) (Chinese only)

On 22 January 2020, SAC revised the 'Guidelines on Due Diligence in Corporate Bond Underwriting' to regulate the duties and standards of practice of due diligence for bond underwriting institutions. The Guidelines further clarify the general requirements of due diligence institutions and requirements on accessing credit investigation of the issuers. It also distinguishes due diligence requirements of issuers between initial financing and ongoing financing. For further detail, please click [here](#) (Chinese only)

## Enforcement

On 3 January 2020, AMAC revoked the registration of 35 Chinese private fund institutions which it has lost contact with. The fund managers of these institutions are required to contact AMAC with valid supporting documents within 3 months of revocation to retain their registration. For further details, please click [here](#) (Chinese only)

On 3 January 2020, CSRC warned GF Securities Co Ltd for its poor compliance management. CSRC found that GF Securities had fewer experienced compliance officers than required, and its compliance function was not adequately independent from other departments. Additionally, some of the major decisions, new products or new businesses had not been inspected by the compliance director of GF Securities. For further details, please click [here](#) (Chinese only)

On 3 January 2020, CSRC decided to ban Zhu Yidong and Zhao Zhuoquan, the former chairman and the former president of Fuxing Group, from entering the securities market for life as they were suspected of misappropriating and embezzling RMB 36.5 billion when raising funds for 160 private fund products which Fuxing Group manages. Additionally, it was found that Fuxing Group marketed or promoted private funds to unspecified investors and made guarantees to investors that they will not suffer loss in investment principal. For further details, please click [here](#) (Chinese only)

On 6 January 2020, National Supervisory Commission of the PRC announced that Sang Ziguo, the then assistant to the president of China Great Wall Asset Management Co Ltd, was expelled from the CCP and dismissed from public position due to serious violation of discipline and law. After investigation, Sang was found to have falsified, concealed and transferred evidence during the organisational review and used his position to seek benefits for his relatives. All of his illegal proceeds were also confiscated. For further details, please click [here](#) (Chinese only)

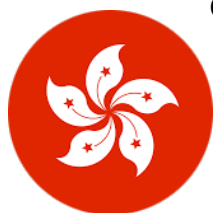
On 10 January 2020, AMAC officially revoked the licence of 53 Chinese private fund institutions as the fund managers of these institutions failed to contact AMAC with valid supporting documents within 3 months after notice of revocation was issued. Those institutions are not allowed to carry out private fund business without licence. For further details, please click [here](#) (Chinese only)

On 10 January 2020, AMAC revoked the registration of 35 Chinese private fund institutions which it has lost contact with. The fund managers of these institutions are required to contact AMAC with valid supporting documents within 3 months of revocation to retain their registration. For further details, please click [here](#) (Chinese only)



On 10 January 2020, CSRC warned ChinaLin Securities Co Ltd for its failure to comply with regulations on internal control and corporate governance as CSRC found that the compliance director of ChinaLin Securities did not present written compliance opinions for senior management or their subordinate units when conducting compliance inspections. Some key positions of ChinaLin Securities's board of directors and management team were held by one individual at the same time. ChinaLin Securities is restricted from expanding the size of its operations for three months. For further details, please click [here](#) (Chinese only)

## Hong Kong



On 7 January 2020, the SFC issued circulars outlining the licensing obligations of private equity (PE) firms and family offices conducting business in Hong Kong. The circulars provide more information about the licensing requirements for PE firms' general partners, investment committee members and fund marketing activities. In addition, the SFC discussed how its licensing regime applies to family offices intending to carry out asset management or other services in Hong Kong and explains the potential implications for both single and multi-family offices. For further details, please click [here](#)

On 8 January 2020, the HKEX announced that its central counterparty subsidiary, OTC Clearing Hong Kong Limited (OTC Clear), received approval to offer client clearing services to banks in Japan, opening up a new region of opportunity for the provider of over-the-counter derivatives clearing and settlement services. OTC Clear received a license from the Financial Services Agency of Japan to become a Foreign Financial Instruments Clearing Organisation, allowing it to offer clearing services to Japanese banks. For further details, please click [here](#)

On 20 January 2020, the SFC published the latest SFC Compliance Bulletin: Intermediaries which emphasizes the importance of sound risk management for brokers and fund managers during times of market volatility. Liquidity and credit risks associated with exposures to illiquid assets are highlighted along with precautionary responses and good risk management practices. The bulletin also includes case studies illustrating risks that may arise in transactions with related parties and stresses the need for licensed firms' holding companies and controllers to prudently manage risks at group level. For further details, please click [here](#)

On 22 January 2020, the HKMA launched a two-month public consultation on proposals for making rules relating to contractual stays on termination rights in financial contracts for authorized institutions under the Financial Institutions (Resolution) Ordinance (Cap. 628). The consultation sets out is to avoid disorderly termination of contracts and a detailed proposal for the 'stay' rules the Monetary Authority intends to make, which will require the entities subject to the rules to adopt appropriate provisions in certain financial contracts to the effect that the parties to the contracts agree to be bound by a temporary stay that may be imposed by the Monetary Authority under the Ordinance. For further details, please click [here](#)

On 31 January 2020, the HKMA announced that to counter the spread of the novel coronavirus and better protect staff and customers, the banking sector has introduced a series of measures, including split-team arrangements and allowing staff to work from home where practicable. Bank customers are advised to use online or phone banking, ATMs and other electronic banking services as far as possible, and to check banks' latest announcements on service arrangements via their websites or customer service hotlines before visiting branches. For further details, please click [here](#)

## Enforcement

On 2 January 2020, the SFC reprimanded and fined RHB Securities Hong Kong Limited (RHBSHK) \$6.4 million for its failures to comply with regulatory requirements on conflicts of interest and supervision of account executives which found that RHBSHK did not have adequate controls to supervise its account executives. The frequency and extent of its sample checking procedures for ensuring that client orders received by account executives through telephone are tape-recorded are not commensurate with the size of RHBSHK's business and the discretionary trading activities without written authorization of an account executive went undetected for 23 months. For further details, please click [here](#)

On 6 January 2020, the Eastern Magistrates' Court today convicted Mr Yau Ka Fai for holding himself out as carrying on a business in asset management without a licence from the SFC. The Court heard that between September 2011 and November 2015, Yau, who was not licensed by the SFC at the time, represented to investors that he was the manager of a fund known as Tai Chi Hedge Fund and received commission for his service. The fund invested in, amongst other things, stocks and futures contracts. For further details, please click [here](#)

On 14 January 2020, the SFC lifted the 1 year suspension of UBS Securities Hong Kong Limited to act as a sponsor for listing applications on the Stock Exchange of Hong Kong Limited, this is part of the disciplinary action against UBS AG and UBS Securities Hong Kong Limited when they were sanctioned on 14 March 2019 for their failures to discharge their obligations as one of the joint sponsors of three listing applications. The SFC would like to make clear that the standards assessed in the case of UBS are equivalent to those that are expected to be adopted by all licensed sponsors. For further details, please click [here](#)

On 21 January 2020, the SFC has issued a restriction notice to China Fund Securities Limited (CFSL), prohibiting it from dealing with or processing \$170 million worth of assets held in six client accounts, which are related to suspected market manipulation in the shares of Hon Corporation Limited between November 2019 and early December 2019. The restriction notice prohibits CFSL, without the SFC's prior written consent, from disposing of or dealing with, assisting, counselling or procuring another person to dispose of or deal with any assets in any way in the client accounts. For further details, please click [here](#)

On 22 January 2020, the SFC commenced proceedings against a number of individuals including one or more officers of China Ding Yi Feng Holdings Limited (China Deng Yi Feng) for suspected market manipulation in the shares of China Deng Yi Feng. The SFC issued restriction notices to nine brokers on 20 March 2019 and on 25 June 2019 to freeze certain client securities accounts which are believed to be related to the suspected market manipulation in the shares of China Ding Yi Feng. The restriction notices will remain in place following the resumption of trading. These restriction notices cover 32.37% of the issued share capital of China Ding Yi Feng. For further details, please click [here](#)

On 29 January 2020, the SFC has suspended Mr Shiu Yau Wah, an account executive at RHB Securities Hong Kong Limited (RHBSHK), for five months from 24 January 2020 to 23 June 2020. The disciplinary action follows an SFC investigation which found that Shiu conducted trades involving over \$1.62 billion worth of shares for a client account on a discretionary basis for almost two years between 2014 and 2016 without obtaining the client's written authorization. He also failed to comply with the policies and procedures of RHBSHK in relation to discretionary accounts. For further details, please click [here](#)

## India



On 9 January 2020, RBI amended the Master Direction (MD) on KYC in furtherance of amendment to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 (PML Rules) in November 2019. As such, there are new definitions to 'Digital KYC' and 'Equivalent e-document' in the MD and regulated entities can do Video based Customer Identification Process (V-CIP) as a consent based alternate method for establishing the customer's identity, on customer onboarding. For further details, please click [here](#)

On 9 January 2020, SEBI issued operating guidelines for Investment Advisers in International Financial Services Centre (IFSC Guidelines). The Guidelines explain the registration, compliance, qualification and certification requirements that are applicable to the investment Advisers operating in the securities market in an IFSC. For further details, please click [here](#)

On 16 January 2020, SEBI published the SEBI (Portfolio Managers) Regulations, 2020. The Regulations increased the minimum investment amount per client from 2.5 million to 5 million and the minimum net worth requirement from 20 million to 50 million. Portfolio managers offering non-discretionary or advisory services to clients may invest or provide advice for investment up to 25% of the assets under management of such clients in unlisted securities, in addition to the securities permitted for discretionary portfolio management. The manager can only charge an agreed fee from the client without guaranteeing any

return, but charging an upfront fee is not permissible. For further details, please click [here](#)

## Enforcement

On 29 January 2020, RBI issued a monetary penalty of INR 10 million on HDFC Bank Limited for failing to comply with the RBI Master Direction on KYC. RBI's onsite inspection on the bank found that the bank had failed to conduct on-going due diligence on the 39 current accounts opened by its customers for bidding in an IPO. For further details, please click [here](#)

On 31 January 2020, RBI issued a monetary penalty of INR 200,000 on Fortune Integrated Assets Finance Ltd for failing to comply with the RBI directions on 'Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016. RBI found out the non-compliance in its statutory inspection on the company. For further details, please click [here](#)

## Indonesia



On 2 January 2020, OJK announced that it will continue to build collaborations to create a capital market industry that is resilient, efficient, transparent and credible through strategic capital market development policies. For further details, please click [here](#) (Only in Bahasa)

On 16 January 2020, OJK announced that it has prepared five strategic policies expected to create a competitive financial services ecosystem and better economic growth. The policies include increasing the economies of scale, narrowing the regulatory and supervisory gap between the financial services sectors, digitalization of financial products/services and use of technology to support regulatory compliance, accelerating the provision of public financial access and better application of market conduct and consumer protection and the development of Islamic economic and financial ecosystems. For further details, please click [here](#) (Only in Bahasa)

## Enforcement

On 27 January 2020, OJK revoked the business license of PT Bank Perkreditan Rakyat Tebas Lokarizki ("PT BPR Tebas Lokarizki") for failing to maintain the minimum capital adequacy ratio. OJK urges customers to remain calm as public funds are guaranteed according to the applicable regulations. For further details, please click [here](#) (Only in Bahasa)

On 30 January 2020, the Investment Alert Task Force uncovered that there are still many illegal peer to peer lending fintech activities circulating in the community. 120 of such entities are not registered with the OJK. For further details, please click [here](#) (Only in Bahasa)

## Japan



On 10 January 2020, The FSA announced the release of its guidebook for registration of investment management business and other financial instruments businesses. The purpose of the guidebook is to provide information concerning the procedures for registration for investment management and other financial instruments businesses in Japan. For more details, please click [here](#)

On 28 January 2020, The FSA released videos of the recent G20 seminar on financial innovation and G20/OECD seminar on corporate governance. For more details, please click [here](#)

On 30 January 2020, The FSA released a circular updating its statistics regarding the money lending business. For more details, please click [here](#) (In Japanese)

## Enforcement

A media search did not find any relevant articles for Japan during January.

## Korea



On 21 January 2020, FSC notified that the amended 5% rule will take effect from 1 February 2020 onwards. The amendments intend to better support the exercise of shareholder rights by institutional investors. The revised rules clarify the scope of shareholder activities to “exercise influence over the management” and apply differential reporting requirements according to shareholding purpose. For further details, please click [here](#)

On 28 January 2020, FSC issued a consultation on the draft ‘Enforcement Decree of the Act on Online-linked Financing’ which is scheduled to take effect on 27 August 2020. The enforcement decree stipulates details about entry requirements and regulations on business operation and investor protection. The consultation period will be from 28 January to 9 March 2020. For further details, please click [here](#)

## Enforcement

A media search did not find any relevant articles for Korea during January.

## Malaysia



On 15 January 2020, SC published its Guidelines on Digital Assets which outlines the framework for fundraising through digital token offering in Malaysia. The guidelines sets out the requirements for all offerings of digital tokens to be carried out through an initial exchange offering (“IEO”) platform operator that is registered with the SC, the requirements for IEO platform operators and the process to seek authorization from the SC. For further details, please click [here](#)

## Enforcement

On 6 January 2020, Bursa Malaysia Securities publicly reprimanded Sunzen Biotech Berhad and two of its executive directors, Datuk Hong Choon Hau and Lim Eng Chai for breaches of the Bursa Malaysia Securities ACE Market Listing Requirements. The two executive directors were imposed a fine of RM50,000 respectively. For further details, please click [here](#)

On 14 January 2020, SC and the Public Prosecutor successfully secured an order to freeze the bank accounts of a director of a company over an ongoing investigation. For further details, please click [here](#)

## Mauritius



A media search did not find any relevant articles for Mauritius during January.

## Enforcement

A media search did not find any relevant articles for Mauritius during January.

## Myanmar



A media search did not find any relevant articles for Myanmar during January.

## Enforcement

A media search did not find any relevant articles for Myanmar during January



## New Zealand



A media search did not find any relevant articles for New Zealand during January.

### Enforcement

A media search did not find any relevant articles for New Zealand during January.

## Philippines



On 2 January 2020, the Securities and Exchange Commission (SEC) has cleared Capital Markets Integrity Corporation's (CMIC) Implementing Guidelines on Securities Borrowing and Lending (SBL) and Short Selling. The Commission implementing guidelines address concerns over the effect of SBL and short selling transactions on trading participants' books and records, error transactions, and the possible impact on trading participants' risk-based capital adequacy (RBCA) ratio. Moreover, the guidelines reiterate that short sale transactions shall be limited to "eligible securities" which shall refer to securities of companies comprising the PSE index and to exchange traded funds. For further details, please click [here](#)

On 24 January 2020, the SEC issued the Code of Corporate Governance for Public Companies and Registered Issuers as part of its efforts to promote good corporate governance in the Philippines with the Code applying to public companies, or those with assets of at least P50 million and having 200 or more shareholders holding at least 100 shares each of equity securities. There will be covering companies that issue proprietary and/or non-proprietary shares/certificates. For further details, please click [here](#)

### Enforcement

On 3 January 2020, the Regional Trial Court of Iloilo City convicted three officers of the closed Rural Bank of Badiangan (Iloilo) Inc. (RBBI) on 20 counts of violation of the General Banking Law of 2000 due to fraudulent transactions. The Court sentenced three officers to imprisonment of two to four years for each count, the convictions are a result of a criminal complaint filed by the Bangko Sentral ng Pilipinas (BSP) against the three RBBI officers in 2016 for defrauding clients by soliciting deposits but willfully omitting said transactions in the books of the bank. For further details, please click [here](#)

On 9 January 2020, the Department of Justice (DOJ) of Philippines accused the officers and promoters of Kapa-Community Ministry International (KAPA) of "willfully, unlawfully and criminally" engaging in the selling or offering for sale or distribution of securities to the general public without a registration statement duly filed with and approved by the SEC. Accordingly, the DOJ charged KAPA Founder and President Joel A. Apolinario, Trustee Margie A. Danao and Corporate Secretary Reyna L. Apolinario of violating Sections 8(8.1), 26.1 and 28 of Republic Act No. 8799, or the Securities Regulation Code (SRC) for promoting the investment scam. For further details, please click [here](#)

## Russia



On 14 January 2020, Bank of Russia made recommendations to executives of financial institutions' on how to improve corporate governance practice. The regulator has drawn up its information letter On Recommendations to Financial Institutions' Executive Bodies as part of the series of recommendations on enhancing corporate governance practice. This series was launched by the issue of the document dated 28 February 2019. The recommendations highlight key aspects of the work of financial institutions' executive bodies. They cover issues for the management of financial institutions to focus on in order to scrutinise the requirements of laws and regulations and financial institutions' internal documents and to analyse them in greater detail. For further details, please click [here](#)

On 23 January 2020, Bank of Russia approves new procedure for transferring property as payment for UIFs' units. It will be possible to transfer any property as payment for the units of exchange-traded and closed-end unit investment funds (UIFs) as stipulated by their investment declaration, if this is allowed by UIF trust management rules (TMR). The relevant BoR Ordinance, registered by the Ministry of Justice, will take effect on 3 February 2020. For further details, please click [here](#)

On 23 January 2020, Bank of Russia commenced discussions on the approach to how systemically important banks should be determined and regulated. Systemically important credit institutions (SICI) largely impact trends in the entire banking sector, and a potential loss of their financial sustainability could involve material systemic risks. In this regard, the regulator should adequately assess the systemic importance of SICIs and the extent to which the regulatory requirements for SICIs should be tightened, so as to reduce potential risks to the financial system and the social cost of risk mitigation. In view of the above, the Bank of Russia presents its consultation paper 'On determining systemically important credit institutions and approaches to their regulation' for public discussion. For further details, please click [here](#)

On 23 January 2020, Bank of Russia approved regulations on requirements for insurers' financial sustainability and solvency. The document implements new approaches to assessing insurers' financial sustainability and solvency and to calculating their equity (capital) and takes into account the risk of changes in asset and liability values when the capital adequacy ratio is determined. For further details, please click [here](#)

On 17 January 2020, Bank of Russia refines arrangements for publishing information on credit institution reorganization. The section 'Information on Credit Institutions' of the Bank of Russia website has been complemented with a new page titled 'Reorganisation of Credit Institutions' (currently in Russian only). The subsection is intended to provide online access to all interested parties to information on the reorganisation of credit institutions, to enable a compact overview of this data and to streamline searches. For further details, please click [here](#)

## Enforcement

On 10 January 2020, CBR announced that the banking licence of CB Necklace-Bank, Ltd was revoked. This was based on the facts that CB Necklace Bank, Ltd lost all of its equity due to additional provisioning for a range of assets, conducted operations that suggest the intention to siphon off funds, violated federal banking laws and Bank of Russia regulations, due to which the regulator repeatedly applied supervisory measures against it over the last 12 months, which include restrictions on retail deposit-taking. For further details, please click [here](#)

On 17 January 2020, CBR announced that the banking licence of CB PFC-BANK PJSC was revoked. This was based on the facts that CB PFC-BANK PJSC failed to comply with the anti-money laundering and counter-terrorist financing laws. The credit institution failed to keep records of operations subject to obligatory control and submit to the authorised body information thereon in a timely manner, was engaged in dubious cash operations and dubious transit operations, violated federal banking laws and Bank of Russia regulations, making the regulator repeatedly apply supervisory measures over the last 12 months. For further details, please click [here](#)

On 24 January 2020, CBR announced that the banking licence of JSC NVKbank was revoked. This was based on the facts that JSC NVKbank understated the amount of loan loss provisions on a regular basis, thereby concealing its actual financial standing. Credit risks assumed by the credit institution and reflected in its financial statements at the Bank of Russia's request revealed a substantial (over 80%) decrease in the credit institution's capital, which is a real threat to the creditors' and depositors' interests, violated federal banking laws and Bank of Russia regulations, due to which the regulator repeatedly applied measures against it over the past 12 months, which included restrictions on household deposit-taking. For further details, please click [here](#)

On 31 January 2020, CBR announced that the banking licence of JSCB APABANK was revoked. This was based on the facts that JSCB APABANK understated the amount of provisions to be set up and overstated the value of assets in order to improve its financial indicators and conceal its actual financial standing. Credit risks assumed by the credit institution and the real value of immovable property recorded in the balance sheet at the Bank of Russia's request revealed a decrease (over 40%) in the credit institution's capital, which is a real threat to its creditors' interests, violated federal banking laws and Bank of Russia regulations, making the regulator repeatedly apply supervisory measures over the last 12 months. For

further details, please click [here](#)

## Singapore



On 3 January 2020, MAS and China Securities Regulatory Commission (“CSRC”) held the 4<sup>th</sup> Supervisory Roundtable where both regulators agreed to foster greater cross-border capital market activities between Singapore and China. Other topics discussed include recent regulatory developments, use of data analytics in supervising the capital market and the application of blockchain technology. For further details, please click [here](#)

On 7 January 2020, MAS announced that it has received 21 applications for the digital bank licences from a diverse group of applicants including e-commerce firms, technology and telecommunications companies, FinTechs and financial institutions. There were 7 applications for the digital full bank licences and 14 applications for the digital wholesale bank licences. Successful applicants will be informed in June 2020. For further details, please click [here](#)

On 15 January 2020, MAS and the Accounting and Corporate Regulatory Authority (“ACRA”) launched the Variable Capital Companies (“VCC”) framework. The new VCC structure will provide the fund managers with greater operational flexibility and cost savings as well as encourage more funds to be domiciled in Singapore. For further details, please click [here](#)

On 17 January 2020, MAS issued an advisory to alert financial institutions in Singapore of critical vulnerabilities in the Microsoft Windows Operating System that can potentially allow malicious files or applications to bypass detection from security applications and gain control of the computer systems. For further details, please click [here](#)

On 23 January 2020, MAS and Autoriti Monetari Brunei Darussalam (“AMBD”) signed an enhanced Memorandum of Understanding (“MoU”) to expand cooperation between both countries in new areas such as the financial sector development, cross-border supervision, crisis management, AML/CFT, currency management and operations. For further details, please click [here](#)

On 28 January 2020, MAS announced the commencement of the Payment Services Act (“PS Act”). The PS Act adopts an activity-based licensing framework and has a risk-focused regulatory structure that allows rules to be applied proportionately and be robust to changing business models. With the commencement of the PS Act, the Money-changing and Remittance Businesses Act and the Payment Systems (Oversight) Act will be repealed. For further details, please click [here](#)

## Enforcement

On 17 January 2020, MAS imposed a civil penalty of \$200,000 on Mr Lim Soon Fang for failure to disclose changes in and providing false information regarding his shareholding interest in Asia-Pacific Strategic Investments Limited (“ASIL”). Any changes in the control of a company should be timely and accurately disclosed for investors to make informed decisions when trading the company’s shares. For further details, please click [here](#)

## Sri Lanka



A media search did not find any relevant articles for Sri Lanka during January.

## Enforcement

A media search did not find any relevant articles for Sri Lanka during January.

## Taiwan



On 14 January 2020, the FSC published a consultation paper regarding the amendments made to Article 5 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies. The intended amendments are made to encourage shareholders to take part in corporate governance regardless of the large equity gap among shareholders. For further details, please click [here](#) (Chinese only)

On 16 January 2020, the FSC published a consultation paper regarding amendments made to Article 3 and 4 of the Regulations Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties. The intended amendments are made to define the beneficiary person in aforementioned articles includes both legal and natural persons. For further details, please click [here](#) (Chinese only)

On 16 January 2020, the FSC published amendments made to Regulations Governing Information to be Published in Annual Reports of Public Companies and Regulations Governing Information to be Published in Public Offering and Issuance Prospectuses. The amendments are made to strengthen the disclosure of information on corporate governance operations, promote transparency and reasonable setting of remuneration information for directors, supervisors and senior managers, and improve the quality of disclosure of non-financial information. For further details, please click [here](#) (Chinese only)

On 16 January 2020, the FSC completed the amendments made to the Article 19 and 31 of Regulations Governing Securities Firms. The FSC stated that the purpose of the amendments was to improve the flexibility of securities dealers' business operations. Some transaction restrictions have been deleted or set to lower level with certain requirements. For further details, please click [here](#) (Chinese only)

## Enforcement

On 7 January 2020, Taichung Commercial Bank Co., Ltd. was fined NT\$ 6 million for breaking the Article 61-1 of The Banking Act of The Republic of China when it failed to follow its internal control system during trade operations and not managed to complete the verification of the background and purpose of transactions for AML operations. For further details, please click [here](#) (Chinese only)

## Thailand



On 3 January 2020, SEC appointed Ms. Saovane Suwannarong as Assistant Secretary-General – Stakeholders Relations Division, in charge of the Capital Market Education and Provincial Network Department, the Environmental Social and Governance Department, and the Corporate Communication and Investor Service Department, effective since 1 January 2020. For further detail, please click [here](#)

On 9 January 2020, SEC advised MACO shareholders to exercise voting right on the acquisition of Hello LED, which is viewed inappropriate by independent financial advisor. For further detail, please click [here](#)

On 14 January 2020, SEC and SFC made progresses on capital market cooperation in line with governmental policy, which included regulatory mapping for mutual recognition of funds, gap analysis on REITs, and ESG policy sharing. For further details, please click [here](#)

On 21 January 2020, SEC expected the regulations on Super Saving Fund (“SSF”), a new tax-saving fund will support the government sector’s policy on promotion of the public’s financial well-being through long-term savings and investment, to be published in the Government Gazette by mid February 2020. After that, SEC would be able to approve SSF within the same month. For further details, please click [here](#)

On 27 January 2020, SEC participated in the “Central Bank and Sovereign Wealth Fund (SWF) Forum 2020” and the “Global Funding and Financing (GFF) Summit 2020” to promote Thailand’s sustainable finance roadmap and exchange views on the mutual fund industry between Thailand and Luxembourg. For further details, please click [here](#)

On 31 January 2020, SEC proposed to extend the scope of businesses under regulatory sandbox to support more efficient provision of capital market services, namely (1) securities brokerage, securities dealing, securities underwriting, mutual fund management and securities borrowing and lending (SBL) (currently only investment advisory and private fund management businesses are eligible for the program), (2) derivatives clearing house business, and (3) the securities trading center and derivatives trading center businesses. For further details, please click [here](#)

## Enforcement

On 3 January 2020, SEC revoked the approval of investment consultant for Ms. Vanatsavadee Phothong, and prohibited her from being capital market business personnel for 10 years, on account of misappropriating clients' money for investment unit subscription and making false evidence. For further detail, please click [here](#)

On 3 January 2020, SEC suspended the approval of securities investment consultant for Mr. Pongsak Prapahtkamon for two months on account of failure to perform duties with responsibility and deliberation as a professional for affixing signatures on subscription orders, redemption orders and switch orders of investment units. For further detail, please click [here](#)

On 15 January 2020, SEC imposed an administrative sanction on Ms. Niparporn Suepetch as a securities investment consultant from re-entering the industry for four years and nine months for committing wrongful act against clients' assets and prohibited characteristics of personnel in capital market business. For further detail, please click [here](#)

## Vietnam

A media search did not find any relevant articles for Vietnam during January.



## Enforcement

A media search did not find any relevant articles for Vietnam during January.

## Suggestions

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