



# CA | ComplianceAsia

## Welcome to our Regulatory Newsletter for December 2019

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### 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 2 December 2019, APRA launched an intervention into the life insurance market in response to ongoing heavy losses in respect of individual disability income insurance (DII). In a letter to industry, APRA announced a series of measures, including capital charges, that will require life insurers and friendly societies to address flaws in product design and pricing that are contributing to unsustainable practices. For further detail, please click [here](#)

On 3 December 2019, APRA commenced a consultation aimed at updating and strengthening the capital framework for private health insurance (PHI). APRA's capital standards play an essential role in ensuring that private health insurers have the financial resources available to meet their commitments to policyholders, even in the event of unexpected stress or losses. For further detail, please click [here](#)

On 3 December 2019, ASIC released Report 639 Financial advice by superannuation funds. This report examines the ways in which superannuation funds help members obtain financial advice and the quality of personal advice obtained through the funds. For further detail, please click [here](#)

On 4 December 2019, CFR published its quarterly statement which include topics such as financing conditions and housing market, responsible lending, cyber risk initiatives, resolution planning, non - ADI lending and policy and other developments. For further detail, please click [here](#)

On 5 December 2019, APRA proposed to substantially increase the volume and breadth of data it makes publicly available on ADIs, including banks, credit unions and building societies. The move towards greater transparency and scrutiny of the banking sector is aimed at increasing accountability, supporting competition and lifting overall industry standards. For further detail, please click [here](#)

On 6 December 2019, ASIC released a report which details insights into the risks of harm at each stage of a consumer's journey with time-sharing schemes (timeshare). Report 642 *Timeshare: Consumers' experiences* (REP 642) presents key findings from qualitative research commissioned by ASIC to explore consumers' experiences with timeshare from the initial approach and sale through to membership use and the exit process. For further detail, please click [here](#)

On 6 December 2019, ASIC announced its focus areas for 31 December 2019 financial reports of listed entities and other entities. ASIC has called on companies to focus on new requirements that can materially affect reported assets, liabilities and profits. For further detail, please click [here](#)

On 9 December 2019, ASIC published updated guidance on the responsible lending obligations that are contained in the National Consumer Credit Protection Act 2009. For further detail, please click [here](#)

On 10 December 2019, APRA published its first heat-map providing assessments of the performance of every MySuper superannuation product. The MySuper Product Heat-map provides additional transparency on the outcomes being delivered by all trustees providing MySuper products. It is designed to lift industry practices and enhance member outcomes by publicly identifying which MySuper products are underperforming and the areas they need to improve. For further detail, please click [here](#)

On 11 December 2019, ASIC concluded a review of internal market making practices of non-transparent actively managed funds that are traded on exchange markets. The review identified market integrity risks under certain internal market-making models—particularly those models where a market maker uses non-public information as part of its pricing methodology. For further detail, please click [here](#)

On 11 December 2019, APRA decided to keep the countercyclical capital buffer (CCyB) for ADIs on hold at zero per cent, but has flagged the likelihood of a non-zero default level in the future. For further detail, please click [here](#)

On 12 December 2019, APRA released an updated prudential standard on credit risk management requirements for ADIs. For further detail, please click [here](#)

On 12 December 2019, ASIC issued a report on the results from its audit firm inspections for the 12 months to 30 June 2019, and a supplementary report of audit quality measures, indicators and other information. For further detail, please click [here](#)

On 13 December 2019, ASIC released a report on the superannuation industry's progress in improving consumer outcomes in relation to life insurance provided through superannuation. For further detail, please click [here](#)

On 16 December 2019, ASIC reminded AFS licensees, who have not yet updated the Financial Advisers Register, that they need to add new details about their financial advisers by 1 January 2020. For further detail, please click [here](#)

On 16 December 2019, ASIC released an Independent Expert Summary Report prepared by KPMG summarising its work on the compliance and risk management practices of NULIS Nominees (Australia) Limited (NULIS), the superannuation trustee of the National Australian Bank (NAB) group. For further detail, please click [here](#)

On 16 December 2019, ASIC released its latest report on its assessment of licensing and professional registration applications as part of efforts to increase transparency and provide guidance to prospective applicants. For further detail, please click [here](#)

On 17 December 2019, ASIC considered and approved an updated version of the Australian Banking Association's (ABA's) Banking Code of Practice, which will commence on 1 March 2020. For further detail, please click [here](#)

On 18 December 2019, ASIC released its report on *Cyber resilience of firms in Australia's financial markets: 2018-19* (REP 651). The report provides an update on organisations' cyber resilience capabilities in two years since the publication of its previous report in November 2017. For further detail, please click [here](#)

On 18 December 2019, ASIC released Report 652 Wholesale FX practices in Australia, summarising ASIC's work in wholesale FX markets during 2018-19. The report highlights ASIC's observations of better practices and some poor practices used by participants operating in the market. For further detail, please click [here](#)

On 19 December 2019, ASIC updated its internal governance framework and implemented a new accountability regime. Strengthening governance and accountability measures are part of ASIC's strategic change program and follow on from the recommendations of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. For further detail, please click [here](#)

On 19 December 2019, ASIC initiated the consultation on draft guidance for new financial product design and distribution obligations. The new obligations will come into effect in April 2021 and require financial product firms to develop products that meet the needs of the consumers in their intended target market. For further detail, please click [here](#)

On 20 December 2019, ASIC published findings that RegTech will be a 'must have' for large firms in Australia's financial services industry, in its RegTech Initiatives 2018-19 report. For further detail, please click [here](#)

On 20 December 2019, ASIC reminded public companies, large proprietary companies, and corporate trustees of superannuation entities regulated by APRA that they are required to have a whistleblower policy and make it available to their officers and employees by 1 January 2020. For further detail, please click [here](#)

On 23 December 2019, ASIC applied to Court for orders to protect customers while an investigation is underway. For further detail, please click [here](#)

## Enforcement

On 3 December 2019, following an ASIC investigation, former director and CEO of Bananacoast Community Credit Union Limited, Mr Lyndon Allen Kingston, appeared in Court on criminal charges for dishonest use of his position, providing false documentation and providing false information. For further detail, please click [here](#)

On 4 December 2019, ASIC announced the implementation of a ban on unsolicited 'cold call' telephone sales of direct life insurance and consumer credit insurance. The ban will address poor sales practices that have led to unfair consumer outcomes. It will take effect from 13 January 2020. For further detail, please click [here](#)

On 4 December 2019, ASIC commenced civil proceedings in the Court against Mustafa Mohammed, Mahek Mustafa, Mubashir Mohammed, MyWealth Manager Financial Services Pty Ltd (trading as MyWealth Manager), MyWealth Protection Pty Ltd, 3M Financial Planning Pty Ltd (trading as MCube Planners) and Secure Investments Pty Ltd (together the defendants). The defendants were alleged to have operated an unregistered managed investment scheme called 'MyWealth Manager'. For further detail, please click [here](#)

On 10 December 2019, ASIC suspended the AFS licence of financial services provider Australian Golden Securities Ltd (formerly, AFS Capital Securities Ltd) until 21 May 2020. The licence was suspended due to ASIC's concern that Australian Golden Securities is not meeting its obligations as an AFS licensee. For further detail, please click [here](#)

On 10 December 2019, Pershing Securities Australia Pty Ltd (PSAL), was charged with two counts of failing to pay client money into an account and one count of failing to comply with requirements relating to a client money account. The matter was listed for first mention in the Court. For further detail, please click [here](#)

On 11 December 2019, APRA imposed additional license conditions on Avanteos Investments Ltd after it charged fees to thousands of deceased superannuation members. Avanteos, which is an RSE licensee, charged Advisor Service Fees to the accounts of 2234 deceased members between 2003 and 2018. For further detail, please click [here](#)

On 11 December 2019, Mr. Guodong Liu, a mortgage broker and director of Wealth Investment Milestone Pty Ltd, was charged with two counts of knowingly making a false statement in credit licence compliance certificates lodged with ASIC. For further detail, please click [here](#)

On 11 December 2019, ASIC permanently banned Mr Travis Truter, a former finance broker for Aussie Home Loans, from engaging in credit activities and providing financial services. ASIC found Mr Truter, between June 2016 and July 2017, acted in a misleading or deceptive manner when he knowingly provided false documents to two banks in support of seven home loan applications totalling approximately AU\$2.5 million. For further detail, please click [here](#)

On 11 December 2019, ASIC commenced action in the Court against Theta Asset Management Ltd, an AFS licensee and responsible entity of Sterling Income Trust, and Robert Patrick Marie, a director of Theta. According to ASIC's allegation, Theta and Mr Marie were responsible for authorising the issue of five Product Disclosure Statements for the Sterling Income Trust, which were defective and contained misleading statements. For further detail, please click [here](#)

On 12 December 2019, ASIC filed an application seeking leave to apply for further orders in the Court to wind up an alleged unregistered managed investment scheme, and a related company, operated by Mr Marco. ASIC is also seeking declarations that Mr Marco failed to hold an AFSL whilst carrying on a financial services business. For further detail, please click [here](#)

On 17 December 2019, ASIC commenced proceedings in the Federal Court against TAL Life Limited (TAL) for alleged breaches of the ASIC Act, the Corporations Act and the Insurance Contracts Act, regarding a claim made under an income protection policy. ASIC's investigation arose out of a referral made by the Financial Services Royal Commission. For further detail, please click [here](#)

On 17 December 2019, ASIC commenced civil penalty proceedings in the Court against National Australia Bank Limited (NAB) and sought findings of several thousand contraventions of the ASIC Act and the Corporations Act. For further detail, please click [here](#)

On 17 December 2019, APRA formally commenced an investigation into possible breaches of the Banking Act by Westpac Banking Corporation. The investigation will examine whether Westpac, its directors and/or its senior managers breached the Banking Act – including the Banking Executive Accountability Regime (BEAR) – or contravened APRA's prudential standards. For further detail, please click [here](#)

On 19 December 2019, ASIC cancelled the AFS licence of financial services provider KP International Group Australia Pty Ltd, effective 22 November 2019. The AFS licence was previously suspended by ASIC until 23 September 2020 for failing to adequately address systemic issues identified by the Financial Ombudsman Service and meet minimum adequacy requirements by its professional indemnity insurance. For further detail, please click [here](#)

On 19 December 2019, the Court ordered Westpac Banking Corporation to pay a penalty of AU\$9.15 million in respect of 22 contraventions of section 961K of the Corporations Act and to pay ASIC's costs of the proceeding. The court case relates to poor financial advice provided by a former Westpac financial planner, Mr Sudhir Sinha, in breach of the best interests duty and related obligations. For further detail, please click [here](#)

## Cambodia



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

### Enforcement

A media search did not find any enforcements for Cambodia during December.

## China



On 2 December 2019, CBIRC issued the 'Administrative Measures for Net Capital of Wealth Management Subsidiaries of Commercial Banks' which will take effect on 1 March 2020. The net capital of commercial banks' wealth management subsidiaries should not be less than RMB500 million and 40% of the net assets. Additionally, the board of directors of a wealth management subsidiary must assume ultimate responsibility for the net capital management of the company, and senior management should be responsible for organising and implementing net capital management. For further detail, please click [here](#) (Chinese only)

On 6 December 2019, CBIRC issued the 'Detailed Rules for the Administration of Foreign-invested Insurance Companies' to relax the equity ratio for foreign life insurance companies. The foreign capital in a Sino-foreign life insurance joint-venture may account for up to 51% of the company's total capital. A foreign-invested insurance company must have at least one major shareholder that is a going-concern insurance company, but it is not necessary for the company to establish a representative office in China for two years. For further detail, please click [here](#) & [here](#) (Chinese only)

On 6 December 2019, CSRC issued the 'Guidelines on MoM products for Securities and Futures Business Institutions' which determine the requirements to operate Manager of Managers (MoM) products. MoM products under these Guidelines refer to products that a securities and fund business institution entrusts part of or all of the assets to two or more than two qualified third-party asset management institutions to provide investment advisory services. The Guidelines stipulate the duties and qualifications of manager of managers, investment advisors and fund custodians and specify 10 prohibited activities in offering MoM products. For further detail, please click [here](#) (Chinese only)

On 6 December 2019, CBIRC issued a Notice to scrap the restriction on foreign ownership in life insurance joint-venture. Foreign companies can own 100% equity in life insurance joint-ventures starting from 1 January 2020. CBIRC will revise the provision of 'the ceiling of equity capital for foreign owners of life insurance joint-ventures' as stipulated in the 'Detailed Rules for the Administration of Foreign Funded Insurance Companies' at a later date. For further detail, please click [here](#) & [here](#) (Chinese only)

On 13 December 2019, PBOC and SAFE jointly issued a consultation on 'Administrative Provisions on Funds for Domestic Securities Investment by Foreign Institutional Investors' to solicit public opinions and unify the management requirements of QFII and RQFII in light of the decision made by SAFE on removing the quota limits on QFII and RQFII. QFII and RQFII must mandate a local custodian to undertake all registration procedures. Further, the restriction on number of custodians will be removed. For further detail, please click [here](#) (Chinese only)

On 13 December 2019, CSRC issued the 'Provisions on the Pilot Program of Domestic Listings of Subsidiaries derived from the spin-off of Listed Companies'. For a listed company planning a spin-off, the parent company must have been listed for at least 3 years with profits over the last consecutive three fiscal years. The cumulative net profit for the parent company must not be less than RMB 600,000,000 excluding the spin-off unit and the net profit of the spin-off unit must not be more than 50% of the parent company's net profit. For further detail, please click [here](#) (Chinese only)

On 20 December 2019, CSRC issued the revised 'Measures for Supervision and Administration of Non-listed Public Companies' and 'Administrative Measures for Information Disclosures of Non-listed Public Companies' to better orient the NEEQ reform and optimise the targeted issuance regime and public issuance regime among non-specific qualified investors. NEEQ-admitted companies are allowed to issue shares to non-specific qualified investors on NEEQ. The rules also remove the restriction that the number of subscribers does not exceed 35 and outline basic requirements on information disclosures by NEEQ-admitted companies. For further detail, please click [here](#) (Chinese only)

On 20 December 2019, SSE and SZSE revised the 'Measures of the Shanghai Stock Exchange and Shenzhen Stock Exchange for Implementing Shanghai-Hong Kong Stock Connect Business' respectively. SSE, SZSE and Hong Kong exchanges are now making technical preparations. According to the Rules, the southbound investor model is planning for implementation on 13 Jan 2020. For further detail, please click [here](#) & [here](#) (Chinese only)

On 23 December 2019, AMAC updated the 'Registration Notes of Private Investment Fund' to further clarify the requirements on qualified investors, scope of private fund and registration requirements for different types of funds. A Private investment fund cannot conduct lending activities and must be managed by one manager only. From 1 April 2020, AMAC will not deal with new applications that fail to meet the requirements stipulated in these Registration Notes. For further detail, please click [here](#) (Chinese only)

On 25 December 2019, PBOC, CBIRC, CSRC and SAFE jointly issued the 'Notice on Further Tightening the Regulation on Financial Marketing and Publicity Activities'. Banking, securities and insurance practitioners must obtain a corresponding qualification for conducting financial business before carrying out financial marketing and advertising on their own or by entrusting others. The Notice outlines a Code of Conduct with 10 requirements on financial marketing, one of which is that financial products or financial services providers must set out internal rules and management mechanism. For further detail, please click [here](#) (Chinese only)

On 25 December 2019, CBIRC revised the 'Implementing Rules of Regulation on the Administration of Foreign-invested Banks'. The implementing rules removed the total assets thresholds for foreign banks on setting up units in China and allowed the branch of a foreign-invested bank to solicit fixed-term deposits of not less than RMB500,000 from Chinese residents, previously the amount was RMB1,000,000. A foreign bank may collaborate with its parent banking group in conducting business inside and outside China. For further detail, please click [here](#) (Chinese only)

On 25 December 2019, CBIRC issued the 'Guiding Opinions on Withdrawal from Performing Duties for Employees of Banks and Insurance Institutions' to specify general requirements, applicable scope, forms and procedures for withdrawal from duty performance. The Guiding Opinions further distinguish between key officers and general staff to avoid conflict of interests between key officers and their relatives. It also determines internal and external disciplinary actions against employees who evade the management of withdrawal from performing duties with improper means. For further detail, please click [here](#) (Chinese only)

On 26 December 2019, CBIRC, MOFCOM and SAFE jointly issued the 'Guiding Opinions on Improving Financial Services for Foreign Trade' to specify regulatory requirements on strengthening background checks and internal management, diversifying product types and raising regulatory standard. CBIRC also encourages banking and financial institutions to boost lending to small and micro enterprises and develop risk-hedging products. For further detail, please click [here](#) (Chinese only)

On 26 December 2019, CBIRC issues the 'Measures for On-site Inspections' to reiterate the importance of on-site inspection during the supervisory process. The Measures cover aspects of division of labour, project initiation and inspection procedures and methods. The Measures also focus on information sharing and joint-action mechanism between relevant departments and regulators. For further detail, please click [here](#) (Chinese only)

On 27 December 2019, PBOC, NDRC and CSRC jointly issued a consultation on 'Notice on Corporate Bond Default Disposal', in a bid to alleviate credit risk in China. The consultation suggests principles to fend off systemic financial risks and strengthen market-based and legal-based default disposal methods, including higher punishment for repayment failures and obligations and procedures for disclosing default disposal. For further detail, please click [here](#) (Chinese only)

On 27 December 2019, CSRC issued the 'Administrative Provisions on Implementation of Liquidity Support for Securities Investor Protection Fund'. The Provisions allow securities companies facing "major liquidity risks" to apply for support from investor protection funds to receive liquidity assistance, as long as the securities companies are capable of continuous operation and servicing debt obligations. Before applying for assistance, securities companies must show that the liquidity risks cannot be mitigated through self-rescue or other market-oriented method. For further detail, please click [here](#) (Chinese only)

On 28 December 2019, the Standing Committee of National People's Congress has passed the revised Securities Law of PRC which will take effect on 1 March 2020. The revisions cover provisions on stricter information disclosure requirements, expanding registration-based IPO system across whole Chinese market, higher penalties for violations or illegalities in securities sector and include a new chapter on investor protection. It allows an investor protection agency to act as a representative if 50 or more investors so request, and to participate in proceedings. Moreover, the revised Law streamlined requirements on securities issuance by changing the requirement of issuing new shares from "capable of continuous profitability" to "capable of continuous operation". For further detail, please click [here](#) and [here](#) (Chinese only)

On 31 Dec 2019, the State Council of PRC published the 'Implementing Rules of Foreign Investment Law' to take effect on 1 Jan 2020, along with the new Foreign Investment Law. The Implementing Rules highlight the investment promotion, investment protection and registration system of foreign investment. The Rules emphasise treating foreign and domestic investments equally with respect to the application of business development policies, formulation of standards, application of compulsory standards and government procurement. For further detail, please click [here](#) (Chinese only)

## Enforcement

On 13 December 2019, AMAC revoked the registration of 30 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 detail, please click [here](#) (Chinese only)

On 20 December 2019, AMAC revoked the registration of 28 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 detail, please click [here](#) (Chinese only)

On 27 December 2019, AMAC officially revoked the license of 49 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 detail, please click [here](#) (Chinese only)

On 30 December 2019, AMAC officially revoked the licence of 62 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 detail, please click [here](#) (Chinese only)

## Hong Kong



On 4 December 2019, SFC announced that it has waived the annual licensing fees for the financial year of 2020/21 to relieve the regulatory cost burden on the securities and futures industry having taken into account the current challenging market environment and will cost approximately HK\$117.5 million in forgone revenue for the financial year 2020/21 in addition to the 50% waiver already announced earlier this year. For further detail, please click [here](#)

On 5 December 2019, SFC issued its quarterly report which summarises key developments from July to September 2019. The report highlights the launch of a public consultation on proposals to introduce a new type of regulated activity for trustees and custodians of collective investment schemes. In addition, to address corporate misconduct, the SFC published a statement to remind directors and their advisers of their legal obligations when considering corporate acquisitions and disposals. For further detail, please click [here](#)

On 16 December 2019, SFC issued a circular stating the streamlined requirements for eligible ETFs adopting a master-feeder structure. SFC decided to consider authorising an index tracking feeder ETF that invests in an overseas-listed master ETF without SFC authorisation on a case-by-case basis. For further detail, please click [here](#)

On 18 December 2019, SFC released consultation conclusions on proposals to impose margin requirements for non-centrally cleared OTC derivatives, the SFC decided to adopt the proposal with some amendments and clarifications. The purpose of imposing margin requirements for these transactions is to reduce systemic risk in the market which means a licensed corporation or another defined entity would be required to exchange margin with the counter-party if the notional amount of their outstanding non-centrally cleared OTC derivatives exceeds specified thresholds. For further detail, please click [here](#)

On 19 December 2019, HKEX published its 2019 year in review. The year in review analyses HKEX's focuses, regulatory developments and business activities in 2019. For further detail, please click [here](#)

On 20 December 2019, SFC launched a consultation on enhancements to the open-ended fund companies (OFC) regime that would allow licensed or registered securities brokers to act as custodians for private OFCs and expand the investment scope for private OFCs to include loans, shares and debentures of Hong Kong private companies. SFC requires OFCs to keep a register of beneficial shareholders to enhance AML/CFT measures. For further detail, please click [here](#)

On 20 December 2019, SFC launched investor identification for southbound trading under Stock Connect. The southbound trading investor identification regime is scheduled for implementation on 13 January 2020 and the Mainland and Hong Kong exchanges and clearing houses have been making technical preparations. For further detail, please click [here](#)

On 23 December 2019, the HKMA published a report titled "Reshaping Banking with Artificial Intelligence" as part of a series of publications on the study of the opportunities and challenges of applying AI technology in the banking industry. This report shares the result of an industry-wide survey on banks, industry organisations and FinTech firms conducted in Q3 2019, with one of the key findings showing almost 90% of the surveyed retail banks have adopted or plan to adopt AI applications, the report also covers the latest development trends, potential use cases, status of AI development in finance industry. For further detail, please click [here](#)

## Enforcement

On 17 December 2019, SFC banned Mr Ang Wing Fung, the former chairman of W. Falcon Asset Management (Asia) Limited, and its former chief financial officer and company secretary Mr Chan Kam Wah, from re-entering the industry for life and three years, respectively, in connection with their roles in window-dressing the liquid capital of Falcon. The disciplinary action against Ang and Chan follows the SFC's revocation of the licence of Falcon in February 2019 for window-dressing its liquid capital and other failures. For further detail, please click [here](#)

On 23 December 2019, SFC reprimanded and fined Adamas Asset Management (HK) Limited HK\$2.5 million for inadequate measures to ensure accurate and timely disclosure of notifiable interests in eight Hong Kong-listed company shares. Adamas failed to disclose to the SEHK on relevant notifiable interests in the shares of these Hong Kong-listed companies. For further detail, please click [here](#)

On 30 December 2019, SFC reprimanded and fined FIL Investment Management (Hong Kong) Limited (FIMHK) HK\$3.5 million for regulatory breaches including unlicensed dealing in futures contracts, delay in reporting the breach to the SFC and submitting incorrect information during an application. The internal investigation conducted by FIMHK and the reviews performed by an independent reviewer engaged by FIMHK identified certain deficiencies and weaknesses in FIMHK's internal controls and systems, which suggest that FIMHK did not put in place satisfactory and effective systems and controls to ensure the accuracy of information submitted to the SFC. For further detail, please click [here](#)

On 30 December 2019, SFC publicly censured 9 entities for buy-back transactions in the shares of Beijing Enterprises Holdings Limited conducted in 2016 in breach of the Code on Share Buy-backs, the entities and their licensed persons fell short of the standards expected of them under the Codes on Takeovers and Mergers and Share Buy-backs, and shareholders of Beijing Enterprises were deprived of the opportunity to vote on an important corporate action. For further detail, please click [here](#)

## India



On 16 December 2019, SEBI issued a circular stipulating the types of FPIs that AMCs can provide management and advisory services, which includes government and government related investors such as central banks, sovereign wealth funds, international or multilateral organisations or agencies. If any AMCs had already agreed to provide management and advisory services to other types of FPIs that are falling out of the above categories, they can continue to provide the services, for the period mentioned in the agreement or one year from the date of the circular, whichever is earlier. For further detail, please click [here](#)

On 23 December 2019, SEBI and the Astana Financial Services Authority, Kazakhstan signed an MoU for mutual co-operation and technical assistance. For further detail, please click [here](#)

On 24 December 2019, SEBI announced amendments made to SEBI (Prohibition of Insider Trading) Regulations, 2015, which inserted a new chapter (IIIA) dealing with informant policy in relation to insider trading laws, will come into force on 26 December 2019. Due to the amendments, SEBI established an independent office, namely Office of Informant Protection (OIP), for receiving and processing Voluntarily Information Disclosure Form(s) (VID Form). An informant can voluntarily submit original information relating to any violation of insider trading laws to the OIP, through a VID Form. VID Forms will be available for downloading on SEBI's website from 26 December 2019 under the 'Office of Informant Protection' link. For further detail, please click [here](#)

On 24 December 2019, SEBI issued guidelines on filing placement memorandum for InvITs that are proposed to be listed. As such, the InvITs which are issuing units on private placement basis that are proposed to be listed must file a draft placement memorandum with SEBI and stock exchange(s) through a merchant banker registered with SEBI not less than 30 days prior to opening of the issue. The guidelines will come into force from 15 January 2020 onwards. For further detail, please click [here](#)

On 24 December 2019, SEBI announced that all Mutual Funds and all categories of AIFs must mandatorily follow the Stewardship Code, which will come into effect from 1 April 2020. For further detail, please click [here](#)

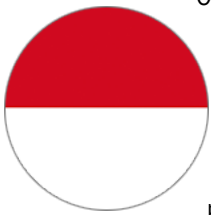
On 27 December 2019, SEBI issued measures to strengthen the conduct of Investment Advisers (IAs). The measures include restriction on free trial which means, IAs cannot provide free trial for any products/services to prospective clients. Besides, IAs must obtain the consent of the clients and a completed risk profile either through registered email or physical document. To bring transparency in dealing with the clients, IAs must receive fees through banking channel only and must display complaints status on its website using font size of 12 or above on a monthly basis. For further detail, please click [here](#)

On 31 December 2019, RBI released a report on 'Pilot Survey on Indian Startup Sector' for public comments. The survey was conducted during November 2018 and April 2019 to ascertain the broad profile of the startup sector in India. For further detail, please click [here](#)

## Enforcement

On 5 December 2019, RBI imposed a monetary penalty of INR 2.5 million on Andhra Bank for failing to comply with RBI's KYC directions and AML Standards and Opening of Current Accounts. For further detail, please click [here](#)

## Indonesia



On 10 December 2019, the FSA and the Government decided to improve access to financial services for the community by increasing the role of the Regional Financial Access Acceleration Team and the development of the Micro Waqf Bank. For further details, please click [here](#) (Only in Bahasa)

## Enforcement

On 3 December 2019, the Investment Alert Task Force uncovered 125 FinTech entities that conduct peer-to-peer lending without proper authorisation from OJK. The public is warned to be careful before making any loans online. 182 entities were also suspected of carrying out business activities without the permission. For further details, please click [here](#) (Only in Bahasa)

## Japan



On 20 December 2019, FSA announced the publication of the draft of "Japan's Stewardship Code" by the Council of Experts on the Stewardship Code, for public comments. The consultation seeks views on the improvement of disclosures of the reasons for voting decisions, stewardship activities with companies, its results and self-evaluation of stewardship activities by asset managers, among other things. For further detail, please click [here](#)

## Enforcement

On 6 December 2019, SESC recommended administrative monetary penalty payment order against an officer of a party in negotiation to conclude a contract with Innotech Corporation, for violating the insider trading rules. The enforcement followed SESC's finding that the officer of CVP Holdings Limited used material nonpublic information, which he derived from Innotech to buy its 991,600 shares. For further detail, please click [here](#)

## Korea



On 4 December 2019, FSC announced measures to promote FinTech scale-ups, which includes 24 key tasks in 8 different policy areas. Improving the current regulatory sandbox system, performing regulatory reforms to facilitate FinTech development, lowering entry barriers to financial industry etc are some such measures. For further detail, please click [here](#)

On 12 December 2019, FSC finalised measures to strengthen investor protection with high-risk investment products. Financial companies must determine 'Highly complex' investment products by criteria such as the complexity of structure in investment products, the amount of possible loss and whether investment products are listed or not. If they are unable to determine whether an investment product qualifies as 'highly complex,' they can request the help of the Korea Financial Investment Association and the FSC. For further detail, please

click [here](#)

On 16 December 2019, FSC revealed the revised guidelines for financial consumer protection, which will come into effect on 1 January 2020. Financial companies managing large amounts of assets and have a high frequency of consumer complaints reported must appoint an independent chief consumer officer (CCO) among its board members. CCOs must be provided with sufficient authority to oversee issues concerning consumer protection. For further detail, please click [here](#)

On 23 December 2019, in order to promote online financial transactions by corporations and foreigners, FSC revised the guideline for non-face-to-face customer identification. Corporations, opening a new corporate bank account by legal representatives, such as an employee or a board member, through non-face-to-face customer identification will be permitted. Legal representatives must present a power of attorney to financial companies for verification purposes. Foreigners can use the alien registration card to verify identity when opening a new bank account through non-face-to-face customer identification. For further detail, please click [here](#)

## Enforcement

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

## Malaysia



On 13 December 2019, BNM published the details of a conference on financial education and financial consumer protection, that it was co-hosted with the OECD on 11 and 12 December 2019. For further details, please click [here](#)

On 18 December 2019, Bursa Malaysia amended the Main and ACE Market Listing requirements to encapsulate anti-corruption measures. The Anti-Corruption Amendments will require listed issuers to establish and implement policies and procedures to prevent corrupt practices and will take effect on 1 June 2020. For further details, please click [here](#)

On 27 December 2019, BNM issued the Exposure Draft on Licensing Framework for Digital Banks that outlines the proposed framework to offer banking products and services to address market gaps in the underserved and unserved segments. Up to five licenses may be issued to qualified applicants to establish digital banks to conduct either conventional or Islamic banking business in Malaysia. For further details, please click [here](#)

## Enforcement

On 13 December 2019, Bursa Malaysia Derivatives reprimanded, fined and suspended Annie Tan Lee Phang for misconducts and violation of rules. A fine of RM41,700 and a suspension of six months from being a local participant of Bursa Malaysia Derivatives was imposed on Annie. For further details, please click [here](#)

On 23 December 2019, SC sought public assistance to provide information on the whereabouts of three individuals who are required to assist the SC in its investigations into cases involving securities and money laundering offences. For further details, please click [here](#)

## Mauritius



On 6 December 2019, FSC released a consultation on the revamp of the existing Special Purpose Fund regime (SPFs). The FSC intends to set out new criteria and use those in order to establish a regulatory framework for SPFs. For more details please click [here](#)

## Enforcement

A media search did not find any enforcements for Mauritius during December.

## Myanmar



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

## Enforcement

A media search did not find any enforcements for Myanmar during December.



## New Zealand



On 5 December 2019, FMA published its third statistical report on peer-to-peer lending (P2P) and crowdfunding services in New Zealand. The annual snapshot for the year to 30 June 2019 shows increasing participation in P2P lending services and decreasing participation in crowdfunding services. For further detail, please click [here](#)

On 13 December 2019, FMA published an information sheet outlining when issuers of securities described as “green bonds” can apply the “same class exclusion” to disclosure requirements. For further detail, please click [here](#)

On 13 December 2019, FMA published a summary report on a review of custody arrangements in managed investment schemes in response to questions raised by the IMF. For further detail, please click [here](#)

## Enforcement

On 17 December 2019, FMA filed two sets of civil proceedings in the Court against CBL Corporation Limited (In liquidation), its six directors and the chief financial officer alleging multiple breaches of the Financial Markets Conduct Act 2013. The FMA is seeking declarations of contravention and civil pecuniary penalties in both proceedings. For further detail, please click [here](#)

## Philippines



A media search did not find any relevant articles for Philippines during December.

## Enforcement

On 19 December 2019, the SEC revoked Robocash Finance Corp.’s license as a financing company for running several branches without proper authorisation. For further detail, please click [here](#)

## Russia



On 13 December 2019, CBR introduced new sales schemes for banks under resolution. The amendments will provide CBR with more flexibility on a preferred sales scheme based on demand from potential investors. CBR will be entitled to sell its shares in banks, in part or in full, through trading (by means of a tender or sale auction) or immediately to a sole non-bid investor or in the case bids were called off. Furthermore, CBR will be entitled to sell its shares, through exchange trading, to a wide range of investors, via public offer. For further detail, please click [here](#)

On 23 December 2019, CBR enhanced the investor protection in brokerage sector and from next year onwards, brokers will be obliged to execute client orders on best terms. The law established that where there are no special instructions from a client regarding transaction parameters, a broker should act in the client’s interests and opt for parameters that are most beneficial for the client such as the best asset price, lowest transaction costs and reliable counter-parties. For further detail, please click [here](#)

On 23 December 2019, CBR clarified the requirements for management companies’ equity. The amendments approved are aimed at enhancing the financial stability of management companies (MC) of investment funds, unit investment funds, non-governmental pension funds and of applicants for management company licences. The Bank of Russia Ordinance will come into force on 3 January 2020. For further detail, please click [here](#)

On 26 December 2019, CBR issued an Ordinance comprising an exhaustive list of cases in which credit institutions are required to submit business plans to the regulator. The document also stipulates the deadlines for preparing a business plan, the requirements for its content and form and the criteria for its assessment by the Bank of Russia. For further detail, please click [here](#)

On 27 December 2019, CBR announced that it will cease registering the rules for trust management of unit investment funds (UIF) for qualified investors and approve reports on the termination of UIFs. The regulator will transfer these functions to special depositories. The relevant amendments to the law on investment funds will become effective on 23 January 2020. For further detail, please click [here](#)

On 30 December 2019, CBR selected 9 new initiatives suggested by financial market participants to include them into the main portfolio for the implementation in 2020. These suggestions are the most relevant and address such topics as the delivery, issue and listing of investment units, corporate governance, commodity market, FinTech and information security. For further detail, please click [here](#)

## Enforcement

On 13 December 2019, CBR revoked the banking license of Saint Petersburg-based Public Joint-stock Company Nevsky Narodny Bank (PJSC Nevsky Bank) for a loss in capital as a result of the theft of a major part of its assets; and violating federal banking laws and Bank of Russia regulations. For further detail, please click [here](#)

## Singapore



On 3 December 2019, MAS warned the public of a fraudulent website used to solicit investments in Bitcoins by using fabricated comments attributed to the Senior Minister and Coordinating Minister for Social Policies, and Chairman of MAS. Information and statements on the websites were false and misleading. The website also attempted to impersonate a news page from a local media organisation. For further detail, please click [here](#)

On 5 December 2019, MAS published its response to the consultation paper on proposed Payment Services Notices and Guidelines applicable to entities regulated under the Payment Services Act 2019. For further detail, please click [here](#)

On 5 December 2019, MAS issued Guidelines for E-payment User Protection to set out the expectations of any responsible financial institution that issues or operates a protected account and the duties of account holders and account users of protected accounts. It also provides guidance on the liability for losses arising from authorised and erroneous transactions. For further detail, please click [here](#)

On 5 December 2019, MAS issued several notices under the Payment Services Act setting out the requirements that payment service providers need to adhere to. This include PSN01 and PSN02 on Prevention of Money Laundering and Countering the Financing of Terrorism, PSN03 on Reporting of Suspicious Activities and Incidents of Fraud, PSN04 on Submission of Regulatory Returns, PSN05 on Technology Risk Management, PSN06 on Cyber Hygiene, PSN07 on Conduct, PSN08 on Disclosures and Communications, PSN09 on Specified Matters and Forms, PSN10 on Prevention of Money Laundering and Countering the Financing of Terrorism for exempt payment service providers. For further detail, please click [here](#)

On 12 December 2019, MAS, General Insurance Association of Singapore, Life Insurance Association and the Singapore Reinsurers' Association announced the establishment of the Insurance Culture and Conduct Steering Committee (ICCSC) to elevate culture and conduct standards for the insurance industry. The focus will be to promote ethical business practices and prudent risk-taking and robust risk management. The ICCSC will monitor trends and identify emerging issues in the industry. For further detail, please click [here](#)

On 18 December 2019, MAS issued the Guidelines on Licensing for Payment Service Providers which sets out the eligibility criteria and application procedures for payment service providers under the Payment Services Act. For further detail, please click [here](#)

On 23 December 2019, MAS issued the Guide to Digital Token Offerings to provide general guidance on the application of securities law administered by MAS in relation to offers or issues of digital tokens in Singapore. For further detail, please click [here](#)

## Enforcement

On 12 December 2019, MAS revoked the CMS licence of CT Bright Investment Pte. Ltd. for numerous breaches of MAS' rules and licence conditions. Despite repeated attempts in reaching out to CTBI, they failed to respond to or comply with the written directions issued by MAS. For further detail, please click [here](#)

## Sri Lanka



On 3 December 2019, SEC revised the Value Added Tax on application and periodic fees applicable to licensed entities from 15% to 8%. For further detail, please click [here](#)

On 6 December 2019, the CBSL released a circular notifying and reminding the public to exercise extreme care when investing their savings into instruments offered by various institutions and to be aware of the risks of investing. For further detail, please click [here](#)

On 18 December 2019, SEC revised the qualification framework for capital market professionals with the intent of strengthening professional standards in the securities industry. For further detail, please click [here](#)

## Enforcement

A media search did not find any enforcements for Sri Lanka during December.

## Taiwan



On 5 December 2019, FSC published a consultation paper regarding amendments to Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. The amendments intend to promote transparency and reasonable determination of directors, supervisors and senior managers' remuneration package in insurance industry. For further detail, please click [here](#) (Chinese only)

On 12 December 2019, FSC published amended Regulations Governing CPA Continuing Professional Education to improve the professional service and quality of accountants as well as their knowledge regarding AML and CFT in Taiwan. For further detail, please click [here](#) (Chinese only)

On 19 December 2019, in response to the "Framework to domestic systemically important banks(D-SIBs)" released by the BCBS, FSC amended and will announce the updated Regulations Governing the Capital Adequacy and Capital Category of Banks. For the D-SIBs, there will be extra requirements to meet such as additional capital requirements according to the amendments. For further detail, please click [here](#) (Chinese only)

On 24 December 2019, FSC completed amendments made to Article 16 of Financial Holding Company Act and Article 25 of the Banking Act of the Republic of China. The amendments will come into effect on 1 July 2020. The amendments are according to the "Regulations Governing Anti-Money Laundering of Financial Institutions" and intend to incorporate the concept of substantial beneficiaries into the equity management of financial institutions to implement transparency in equity. For further detail, please click [here](#) (Chinese only)

On 26 December, FSC published a consultation regarding amendments to the Regulations Governing Information to be Published in Order Tickets, Trade Reports, and Reconciliation Statements Prepared by Securities Brokers Upon Receiving Orders to Buy or Sell Securities. The amendments are in response to the updated transaction system which will be implemented on 23 March in securities market. For further detail, please click [here](#) (Chinese only)

On 31 December 2019, FSC amended the "Regulations Governing Securities Firms", "Regulations Governing Responsible Persons and Associated Persons of Securities Firms" and "Regulations Governing Centralised Securities Depository Enterprises". The amendments were made to face the new FinTech investments and trades and include the securities-like virtual currency with a fundraising amount of less than NT\$ 30 million into government management. For further detail, please click [here](#) (Chinese only)

## Enforcement

On 11 December 2019, MasterLink Futures Co., Ltd. was fined NT\$ 120 thousand for breaking the Regulations Governing Futures Commission Merchants when it failed to follow its internal control system during trade operations. For further detail, please click [here](#) (Chinese only)

## Thailand



On 11 December 2019, SEC issued a consultation on the proposed amendments to digital asset business rules to increase flexibility and investor protection. The amendments intend to facilitate better industry ecosystem and international standards on digital asset business to promote efficiency of supervising and operation. For further detail, please click [here](#)

On 12 December 2019, SEC approved the granting of securities depository center regulatory sandbox license to ThaiBMA to test the use of distributed ledger technology (DLT) to facilitate faster issuance of bonds and increase efficiency of the bond market. For further detail, please click [here](#)

## Enforcement

A media search did not find any enforcements for Thailand during December.

## Vietnam

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



## Enforcement

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

## 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.