

# Asia Pacific Financial Services Regulatory Update

**Q1 2022**

April 2022

CENTRE *for*  
**REGULATORY  
STRATEGY**  
**ASIA PACIFIC**

# Introduction

Dear clients and colleagues,

The Deloitte Asia Pacific Centre for Regulatory Strategy is pleased to share with you the key regulatory updates from our region for Q1 2022.

**A year of uncertainty:** As the world begins to recover from 2 years of COVID-19 disruptions, new uncertainties are emerging. The US Fed has started raising interest rates and winding down its crisis-induced balance sheet, while signaling its openness to more rapid tightening if necessary. This may well be needed as the conflict in Ukraine is contributing to higher fuel and food prices, driving the US inflation rate to a four-decade high of 8.5% in March 2022. Meanwhile, the global chip shortage remains and could deepen with the crisis in Ukraine, which accounts for an estimated 40-50% of the global production of neon gas needed for semiconductor manufacturing. Supply-side shortages of everything from computers to cars are expected to persist at least for the next year and could add to inflationary pressures.

These uncertainties pose several challenges for AP regulators. First, they could spark volatility in asset prices and exchange rates, thereby impacting financial institutions' balance sheets. Second, higher interest rates could hurt loan repayments, particularly for borrowers who have leveraged up significantly in recent years. Third, and perhaps most importantly, authorities may need to rebalance their priorities (at least in the short term) between the transition to a greener future on the one hand and price stability and energy security on the other.

**Climate and sustainability:** AP regulators have been paying closer attention to climate risk over the last two years. Several regulators have issued climate risk management guidelines for financial institutions and adopted enhanced disclosure standards on climate exposures. Some jurisdictions have commenced climate risk stress tests and scenario analyses too. There are also industry-level initiatives to address issues such as data challenges. In addition, authorities are exploring the development of carbon credit markets to facilitate carbon trading and risk management. While these efforts are likely to continue, regulators may review the pace of their policy measures, taking into account considerations around inflation and energy security.

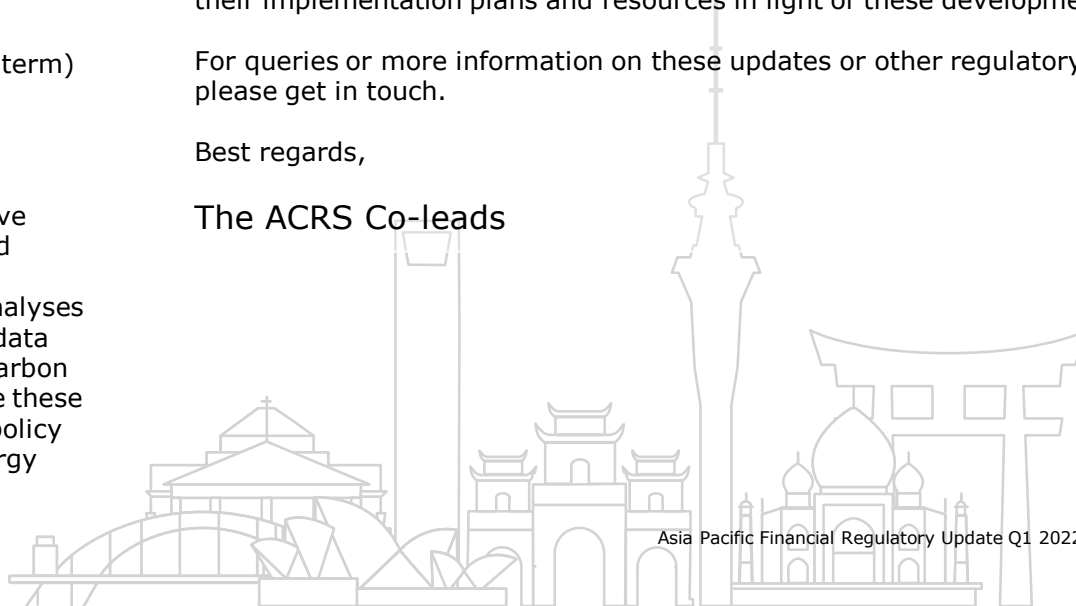
**Digital assets:** Even before they were touted as a possible avenue for Russia to evade sanctions imposed in the wake of the Ukraine conflict, AP regulators have been paying close attention to the risks that digital assets could pose. Some AP regulators are reviewing their approach to regulating digital assets and related service providers, including the associated money laundering and terrorist financing (ML/TF) risks, their use in day-to-day payments, and the sale of such products to retail investors. At the same time, AP regulators continue to be active in experimenting with different technologies and use cases for central bank digital currencies (CBDCs). These developments can potentially have significant impact on the shape of the financial system in years to come.

**Basel III implementation:** While some global regulators have dithered on implementing the final Basel III reforms (some extending implementation to as late as 2025 from the original 2022), a number of AP regulators are pushing ahead in their implementation plans, some with implementation dates as early as 2023. This, together with the uneven rollback of COVID-19 support measures across the region, would contribute to further regulatory fragmentation for banks operating in AP. Institutions would do well to review their implementation plans and resources in light of these developments.

For queries or more information on these updates or other regulatory topics, please get in touch.

Best regards,

The ACRS Co-leads



# Regulatory Hot Topics – Top six most talked about themes this quarter

Financial Products,  
Instruments & Services

**26**

Updates

Data & Technology

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Updates

## Taxonomy

1. COVID-19 Measures
2. Governance & Strategic / Reputational Risk
3. Financial Risk
4. Operational & Conduct Risk
5. Financial Crime
6. Consumer Protection
7. Data & Technology
8. Financial Products, Instruments & Services
9. Financial Market Infrastructure
10. Systemic / Currency Stability
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# Australia (1/3)

## 1 Australian regulators embark on their journey to ensure better regulation of digital assets in Australia

Australian regulators have commenced the update of different regulatory instruments relating to key areas affecting the competitiveness of Australia's technology, finance and digital asset industries and the need for better regulation of digital assets.

- On 7 March 2022, ASIC released '[Report 718: Response to submissions on CP 341 Review of the ePayments Code: Further consultation \(REP 718\)](#)'. ASIC expects to release an updated code later in 2022, which aims to provide more clarity and take significant developments in the technological innovation into account.
- On 21 March 2022, Treasury released a consultation paper on [Crypto asset secondary service providers: Licensing and custody requirements](#), which seeks to establish the potential scope and obligations of crypto asset secondary service providers, and requests feedback on their proposed licensing regime. Submissions may be provided until 27 May 2022.
- Lastly, on 22 March 2022, the BIS Innovation HUB and Central Banks of Australia, Malaysia, Singapore and South Africa [announced](#) the completion 'Project Dunbar', which developed two prototypes for a common platform that could enable international settlements using multiple central bank digital currencies. The platform was among other things designed to "*facilitate direct cross-border transactions between financial institutions in different currencies, with the potential to cut costs and increase speed*", with the overall project providing valuable insights to Central Bank participants into the opportunities and challenges associated with developing a shared platform for multiple CBDCs to enhance cross-border payments.

## 2 Update on APRA's Superannuation Data Transformation Program

On 18 February 2022, APRA announced plans to expand the breadth and granularity of superannuation data published. The proposed expansion of the existing superannuation data transformation program (**SDTP**) is set to increase transparency for members as well as regulators, aiming to improve industry performance and outcomes for members.

To help inform the future direction of the SDTP, APRA issued a discussion paper outlining proposals to publish the enhanced data collection, including what will – and will not – be treated as confidential. Submissions are open until 15 April 2022.

Further information relating to the expansion of the SDTP, including details of APRA's plans to introduce new types of datasets for users of its published statistics can be found in the links below.

[APRA proposes major increase in superannuation data transparency Consultation Paper – APRA's Superannuation Data Transformation](#)

## 3 APRA publishes MySuper and Choice Heatmaps

On 16 December 2021, APRA announced the publication of the inaugural Choice Heatmap alongside the annual MySuper Heatmap. Collectively the two heatmaps are reflective of how the prudential regulator intends to utilise its Superannuation Data Transformation initiative to lift transparency around member outcomes and enrich insights into the sector.

The Choice Heatmap captures products and options members have actively invested in and will be the first time this area of the industry is exposed to public scrutiny. Key insights from the Choice Heatmap showed:

- 60 per cent of investment options in the Choice Heatmap delivered returns below APRA's heatmap benchmarks over seven years, with over 25 per cent of options delivering significantly poor returns;
- performance of choice products varies considerably more than MySuper products; and
- fees and costs of choice products are considerably higher than MySuper products, without obvious benefit in financial outcomes for members.

It is anticipated that the new heatmap will have similar impacts to the MySuper Heatmap which saw to fee reductions and product merges or exits since its initial publication.

[APRA publishes MySuper and Choice Heatmaps Superannuation Heatmaps](#)

## 4 APRA and ASIC release joint letter on the implementation of the retirement income covenant

On 7 March 2022, APRA and ASIC released a joint letter to all registerable superannuation entity (RSE) licensees on the implementation of the retirement income covenant (the covenant) to the Superannuation Industry Supervision Act 1992 (SIS Act).

The covenant takes effect from 1 July 2022 and requires RSE licensees to formulate and publish a retirement income strategy on their website. An indicative implementation pathway and key areas for consideration have been outlined in the letter.

The reform is significant to the superannuation industry broadening its focus from the accumulation phase to the retirement phase; and is reflective of how regulators are looking to prompt RSE licensees to consider how member outcomes can be improved in the latter phase.

[APRA & ASIC Media Release: Implementing the retirement income covenant Letter to Industry: Implementation of the Retirement Income Covenant](#)

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# Australia (2/3)

## 5 APRA releases its regulatory priorities for 2022

On 1 February 2022, APRA released its policy and supervisory priorities for 2022. In line with its 2021-2025 Corporate Plan, key priorities are underpinned by the strategic themes of 'protected today, prepared for tomorrow'.

Maintaining momentum from the preceding year (see [APRA's 2021 Year in Review](#)), APRA will commence the new year with a continued focus on financial stability. Latest priorities have also re-emphasised new and emerging financial risks, practices and business models that challenge traditional regulatory boundaries and supervisory practices.

APRA's 2022 key policy priorities include:

- Crisis preparedness, with two new prudential standards on contingency and resolution planning to be finalised;
- Implementation of bank capital reforms and the embedding of 'unquestionably strong' capital ratios and Basel III reforms;
- Strengthening core requirements for strategic planning and member outcomes in superannuation;
- Insurance capital standard reform and alignment with AASB17; and
- Implementation of the proposed Financial Accountability Regime (FAR).

APRA's 2022 key supervisory priorities include:

- Increased scrutiny of sub-standard superannuation practices;
- Cyber risk preparedness and response across all regulated sectors;
- Risk culture, with the roll out of a benchmarking survey on perceived risk behaviours and risk structure effectiveness;
- Uplifts in contingency and continuity frameworks (particularly in the banking sector); and
- The application of sound insurance principals, with a focus on availability and sustainability.

Separately, APRA has also published a letter to the FS industry, highlighting the significance of compliance risk, noting better practice of compliance risk will be a continued focus area and key consideration for both industry participants and regulators alike.

[APRA releases its policy and supervision priorities for 2022](#)

[APRA's Policy Priorities – February 2022](#)

[APRA's Supervision Priorities – February 2022](#)

[APRA letter to industry – How to manage compliance risk and stay out of the headlines](#)

## 6 ASIC announces its priorities for 2022

On 3 March 2022, ASIC announced its corporate governance priorities for the upcoming year. These priorities also consider strategic priorities part of [ASIC's 2021-25 Corporate Plan](#), released annually in August.

ASIC's priorities for 2022 include:

- Collaboration with other regulators, industry and social media platforms to combat and disrupt financial scams;
- Addressing deceptive promotion of high risk asset classes;
- Disrupting investment 'gamification' on digital platforms;
- Protecting financially vulnerable consumers impacted by predatory lending practices or high-cost credit;
- Addressing misleading and deceptive conduct relating to investment products, including advertising through digital means that obscures the risk; and
- Ensuring that consumers receive the benefits of the new design and distribution obligations.

ASIC's corporate governance priorities include:

- Governance failures relating to non-financial risk that result in significant harm to consumers and investors
- Cyber governance and resilience failures. This is in line with the [alert released by the Australian Cyber Security Centre \(ACSC\)](#) on 23 February 2022, where organisations were encouraged to urgently adopt an enhanced cyber security position due to heightened threat environments.
- Egregious governance failures or misconduct resulting in corporate collapse.

[ASIC's corporate governance priorities and the year ahead](#)

# Australia (3/3)

## 7 ASIC guidance and commentary on the rapidly evolving retail investment market

In March 2022, ASIC issued several guidance notes and commentary to address misconduct and misleading marketing of managed funds and use of social media to discuss financial products and services. The updates were issued to address ASIC concerns around the fast-evolving market, and the increasing impact of social media on retail investors trading decisions, activist retail activity and gamification.

**Information for social media influencers and licensees** - ASIC has published information sheet 'INFO 269' which outlines how the law applies to social media influencers, and the licensees who use them when discussing financial products and services online. Australian Financial Services should be aware of the obligations that lie upon them when using social media influencers as they may become liable for any misconduct by the influencer.

**Marketing of managed fund and performance risks** - ASIC has scrutinised the marketing of managed funds to identify the use of misleading performance and risk representations in promotional material as '*retail and unsophisticated investors continue to grapple with historically low yields alongside the outlook of even greater global risks and uncertainties*'. ASIC is concerned that consumers such as retirees with ambiguous or misleading performance and risk representations are targeted.

**Worldwide regulators consult on rapidly evolving retail trading markets** - ASIC has co-led a retail market task force for IOSCO and identified several emerging concerns with the increase in trading by retail investors. The review examined some of the driving forces regarding conduct such as gamification, widespread self-directed trading, and the influence of social media on investor behaviour. The findings of the task force were released in a report in December 2020, and in response, IOSCO have published a consultation paper, which is open for submissions until 23 May 2022. The consultation paper identifies some of the traditional tools and innovative and proactive approaches used by IOSCO members to prevent misconduct during market stress.

[Media Release: Securities regulators worldwide to consult on concerns over rapidly evolving retail trading markets](#)

[Media Release: ASIC Issues information for social media influencers and licensees](#)

[Media Release: ASIC scrutinises marketing of managed fund performance and risks](#)

## 8 APRA releases discussion paper on Basel III liquidity reforms

On 3 March 2022, APRA released a discussion paper to authorised deposit-taking institutions (ADIs) advising on APRA's post-implementation review of the Basel III liquidity reforms. The review aims to determine how efficiently and effectively the Liquidity Coverage Ratio and Net Stable Funding Ratio are accomplishing their objectives.

The discussion paper is open for submissions until 14 April 2022, and covers:

- Benefits to financial safety and system stability;
- Compliance costs;
- Commercial costs; and
- The impacts on competition.

[Post-implementation review of Basel III liquidity reforms](#)

## 9 ASIC amends market integrity rules and other ASIC-made rule books

On 10 March 2022, ASIC introduced new market integrity rules for the purposes of promoting technological and operational resilience in the securities and futures market. New and amended market integrity and other ASIC-made rules include:

- New technological and operational resilience rules in effect from 10 March 2023;
- Extension of the prohibition on payment for order flow from 10 June 2022;
- Various deregulatory, minor and administrative changes across 10 ASIC-made rule books.

[Media Release: ASIC amends market integrity rules and other ASIC-made rule books](#)



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# China Mainland (1/3)

## 1 Joint development plan for financial standardisation

On 8 February 2022, the People's Bank of China (PBC), the State Administration for Market Regulation (SAMR), the China Banking and Insurance Regulatory Commission (CBIRC) and the China Securities Regulatory Commission (CSRC) issued *the Joint Development Plan for Financial Standardisation* during the 14th Five-Year Plan Period. The Development Plan provides clarification on the basic principles, the main objectives, key tasks and supporting measures to promote financial standardisation. The Development Plan indicated China's goal to establish a standardised system that is suitable for a modern finance sector in 2025.

### Key tasks outlined:

- Assisting modern financial management through standardisation;
- Improving the financial market system with standardisation;
- Supporting financial product and service innovation with standardisation;
- Leveraging standardisation for the development of the ecosystem for digital finance;
- Engaging in high-quality opening up of financial standardisation;
- Promoting the reform and innovation in financial standardisation; and
- Consolidating the foundation for the development of financial standardisation.

[Read more here](#)

## 2 Updates on insurance regulation

### Solvency Regulatory Rules II for the Insurance Sector

The CRIRC's *Solvency Regulatory Rules II for Insurance Companies*, published on 30 December 2021, marked the successful completion of the second phase of the China Risk Oriented Solvency System (C-ROSS). The Regulatory Rules are built around these key themes:

- Guide the insurance industry to stay focused on its core business;
- Facilitate the quality and efficiency enhancement of the insurance industry in serving the real economy;
- Effectively prevent and mitigate risks in the insurance sector;
- Implement policy measures supporting the expansion of opening-up;
- Strengthen risk management and control capabilities of insurance companies; and
- Guide and cultivate market constraint mechanisms by enhancing disclosure requirements on insurance companies.

[Read more here](#)

## 2 Updates on insurance regulation (continued)

### Solicits Public Opinions on the Administrative Measures for Insurance Protection Funds

On 28 January 2022, the CBIRC issued a consultation paper on the Administrative Measures for Insurance Protection Funds. The draft Measures aims to promote stable operations and high-quality development of the insurance industry, and to enhance the positive role of insurance protection funds in safeguarding policyholders' legitimate rights and interests. Key revisions include: (i) Adjusting the current fixed rate to base rate plus risk differential; (ii) Establishing financial mechanism between property insurance and life insurance; and (iii) Emphasising legal consequences of violating the measures.

The consultation period ended on 26 February 2022.

[Read more here](#)

## 3 Rules on related-party transactions

On 10 January 2022, CBIRC published the *Rules on Related-Party Transactions of Banking and Insurance Institutions*. The Rules aim to strengthen related-party transaction regulations and prevent tunnelling. Key rules include:

- **Harmonising and standardising related-party transaction supervision:** Utilise institutional advantages of banking and insurance industries, to achieve the convergence of related-party transaction management rules, with specificities of different financial institutions taken into account.
- **Clarifying the general principles:** Banks and insurers should maintain operational independence, enhance market competitiveness and control the size and the number of related-party transactions, as well as preventing tunnelling and avoiding complex arrangements such as multi-layer nesting.
- **Adhering to the problem-oriented approach:** Prohibiting illegal acts such as circumventing supervision, transferring benefits to related parties through complex transaction structures or channel businesses. In order to strengthen the management of related-party transactions, institutions are required to optimise the identification of related parties and transactions.
- **Clarifying management responsibilities:** Institutions are required to provide clarification of managements' responsibility of the related-party transaction management.
- **Utilising multiple regulatory measures:** Banks and insurers should have clear measures in place to address violations made by members of the board of directors, the board of supervisors, and senior management.

[Read more here](#)

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# China Mainland (2/3)

## 4 Rules on IT outsourcing risks of banking and insurance institutions

To strengthen IT outsourcing risk management supervision and to facilitate the digital transformation of banks and insurance institutions, the CBIRC published the *Measures on IT Outsourcing of Banking and Insurance Institutions* on 21 January 2022, which came into effect immediately. The measures are built on the risk-based principle, focus on enhanced supervision, and incorporate international best practices. Key measures include:

1. Clarifying the general requirements for IT outsourcing risk management, requiring banks and insurers to incorporate IT outsourcing risk into the institution's overall risk management framework.
2. Setting clear requirements on the responsibilities and organisation of banking and insurance institutions, outsourcing strategies, outsourcing prohibitions, service provider management strategies, outsourcing classification, outsourcing hierarchical management, and exit strategies in IT outsourcing governance of banks and insurers;
3. Setting requirements on IT outsourcing access and due diligence;
4. Setting requirements on IT outsourcing supervision and evaluation;
5. Standardising the management of IT outsourcing; and
6. Setting requirements for regulators on IT outsourcing supervision and management.

[Read more here](#)

## 5 Guidance on digital transformation of banking and insurance industries

On 26 January 2022, the CBIRC published the *Guidance on Digital Transformation for Banks and Insurers*. The CBIRC states in the Guidance that the financial sector still faces challenges during the process of digital transformation. The Guidance aims to provide more clarity on digital transformation, as well as to provide specification and guidance on the mechanism, methods, and actions for banks and insurers during digital transformation.

Main guidelines include:

1. Strengthening top-level design and overall planning, and developing a strategic plan for digital transformation;
2. Strengthening and promoting digitalisation of business operations and management;
3. Strengthening data capacity building, building a sound data governance system;
4. Strengthening technological capacity building; and
5. Strengthening risk management, cyber security, and preventing model and algorithm risks.

[Read more here](#)

## 6 Financial technology development 2022 - 2025

On 4 January 2022, the PBC published the fifth *Fintech development plan (2022 - 2025)*, based on the *14th Five Year Plan (2021 - 2025)*. The PBC established guidelines for a new era of fintech development, and established the overall plan, development goals, key tasks, and means of implementation for the digital transformation of the financial sector.

The development plan outlined eight key tasks, including (1) Improving fintech governance; (2) Enhancing data capacity building, and promoting orderly data sharing; (3) Building a green and high-availability data centre; (4) Deepening the financial sector's application of digital technology, and improving systems for the application of scientific and technological achievements; (5) Improving fintech innovation systems, building a platform to connect business, technology and data as well as an intelligent risk control mechanisms; (6) Deepening the intelligent reengineering of financial services to provide consumers with greener, more inclusive, and "humanised" digital financial services; (7) Speeding up the application of regulatory technology, and enhancing the capacity building for fintech regulation; and (8) Cultivating fintech talents, and refining regulations on fintech development in accordance with the law.

The PBC requires all related parties to enhance coordination and elevate efforts in monitoring, evaluating, and implementation of the plan to ensure work is effectively implemented.

[Read more here](#)

## 7 Joint forced anti-money laundering action plan

On 26 January 2022, the PBC, the Ministry of Public Security, the National Supervisory Commission, the Supreme People's Court, the Supreme People's Procuratorate, the Ministry of State Security, the General Administration of Customs, the State Administration of Taxation, the CBIRC, the CSRC and the State Administration of Foreign Exchange have jointly launched a nationwide *Three-year Anti-Money Laundering (AML) Action Plan* (January 2022 to December 2024).

The objective of the Action Plan is to combat all kinds of money laundering activities. The three-year plan also aims to improve AML risk prevention and control mechanism, safeguarding national security, social stability, and the interest of the people.

[Read more here](#)

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# China Mainland (3/3)

## 8 PBC, CSRC, CBIRC release their 2022 work priorities

In Q1 2022, the PBC, CBIRC and CSRC held their 2022 work conferences. During the conference, regulators reflected on progress made in 2021, and set out work priorities following the *14<sup>th</sup> Five-year plan (2021-2025)*.

### **PBC:**

The 2022 PBC work conference was held on 27 December 2021. The PBC's 2022 work priorities are:

1. Pursue a sound monetary policy that is flexible and appropriate;
2. Increase financial support for key areas in a targeted manner;
3. Further improve macroprudential management policy framework and governance mechanism;
4. Continue to forestall and defuse financial risks;
5. Deepen international financial cooperation;
6. Deepen financial reform;
7. Further improve foreign exchange management and services; and
8. Improve financial services and management comprehensively.

[Read more here](#)

### **CSRC:**

The CSRC held its annual work conference on 17 January 2022. Key focus areas for 2022 include:

1. Prioritising the stability and the robustness of the capital market;
2. Deepen capital market reform with a focus on the full implementation of the registration-based IPO system;
3. Empower the capital market to facilitate high-quality economic development;
4. Press ahead with institutional opening-up while maintaining security;
5. Foster sound norms for capital formation and keep a steady hand on risk resolution in principal sectors;
6. Accelerate regulatory transformation and maintain appropriate boundaries for the use of regulatory power; and
7. Enhance the legal framework of the capital market and strengthen investor protection.

[Read more here](#)

## 8 PBC, CSRC, CBIRC release their 2022 work priorities (continued)

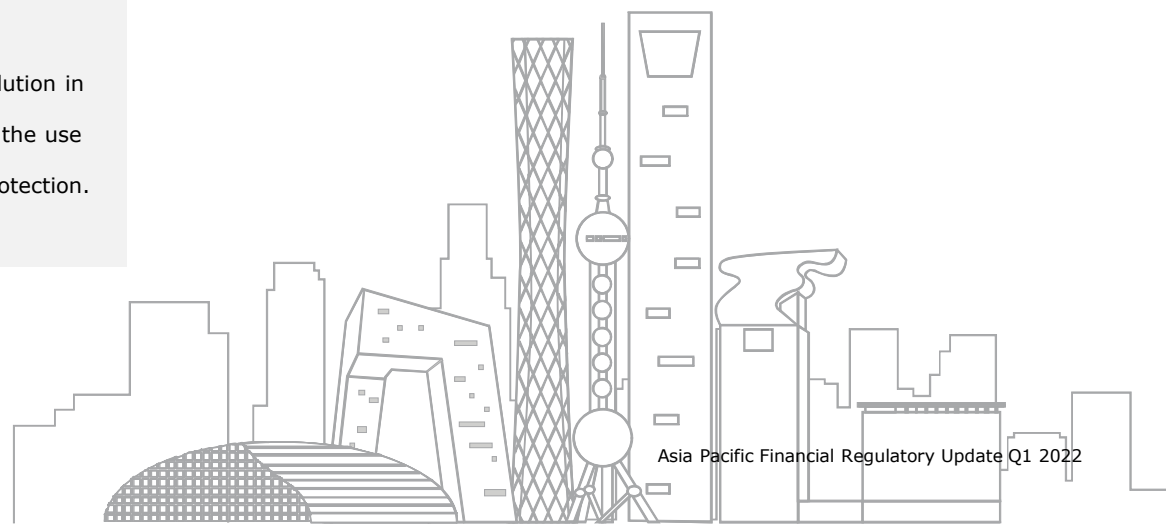
### **CBIRC:**

The CBIRC held its 2022 work conference on 24 January 2022. The conference stressed the significance of ensuring adequate financial supervision in 2022, and ensuring economic and financial stability in 2022. Some key priorities also emphasised during the conference include preventing and resolving financial risks, deepening the reform and opening-up of China's banking and insurance sectors, preventing disorderly capital expansion, and enhancing law-based supervision.

[Read more here](#)

## Key Market Events

The CSRC and the Monetary Authority of Singapore (MAS) held the 6th Supervisory Roundtable on 26 January 2022, exchanging views on the latest regulatory policies, derivatives market regulation, and green finance development. The regulators have reached an important consensus on strengthening pragmatic cooperation in securities and futures markets and to support exchanges to launch ETF connect products.



# Hong Kong SAR (1/3)

## 1 Climate risk management

### Result of Pilot Climate Risk Stress Test (CRST)

On 30 December 2021, the Hong Kong Monetary Authority (HKMA) issued the results of the pilot risk stress test (CRST) that was launched in January 2021. The principal objectives of the assessment were (i) to assess climate resilience of the banking sector; and (ii) to facilitate building banks' climate risk measurement capability. 27 banks in total participated in this exercise, accounting for 80% of the sector's total lending.

The CRST concluded that climate risks can significantly impact banks in Hong Kong SAR. However, the Hong Kong banking sector appears to be resilient to climate-related shocks with the strong capital positions built up over the years.

HKMA plans to conduct another round of CRST in 2 years. In the meantime, the HKMA will continue to support the industry and enhance the CRST framework on the basis of this round of testing.

[Climate Risk Stress Test](#)

### SPM GS-1 Climate Risk Management

On 30 December 2021, the HKMA issued the *Supervisory Policy Manual (SPM) GS-1 – Climate Risk Management*. The policy manual provides guidance to authorised institutions (AIs) on building climate resilience and key elements of climate-related risk management. The manual also sets out HKMA's approach and expectations on reviewing AIs' climate-related risk management.

A 12-month implementation period will be allowed. All AIs are expected to implement relevant measures by the end of 2022.

[Circular: Supervisory Policy Manual \(SPM\): GS-1 "climate risk management"](#)  
[Supervisory Policy Manual \(SPM\): GS-1 "Climate Risk Management"](#)

## 2 HKMA release work priorities for 2022

On 26 January 2022, the HKMA published its 2021 year-end review and set out its work priorities for 2022. Key priorities include:

- Staying vigilant to the evolving credit landscape;
- Enhancing operational and cyber resilience amid growing digitalisation;
- Promoting technology adoption, including Suptech (i.e. supervisory technology) adoption and tech baseline assessment;
- Strengthening the AML/CFT regime;
- Enhancing consumer protection on innovative products, new insurance product offerings, and credit reference platforms;
- Continuing to develop green and sustainable banking;
- Upskilling practitioners and building a sustainable future talent pool; and
- Implementing Basel standards.

[Hong Kong Banking Sector: 2021 Year-end Review and Priorities for 2022](#)

## 3 Development of virtual assets regulatory framework

### Discussion on Crypto-assets and Stablecoins

On 20 January 2022, the HKMA published a discussion paper on crypto-assets and stablecoins. The paper includes HKMA's perspectives, priorities, and proposal on expanding Hong Kong's regulatory approach for crypto-assets, with a particular focus on regulating payment-related stablecoins. The discussion paper considers the adequacy of the existing regulatory framework in response to the rapidly growing adoption and evolution of crypto-assets. The HKMA indicates that risk-based approach will be most suitable going forward.

The consultation period ended on 31 March 2022, with the HKMA intending to introduce regulations by 2023/2024.

[Discussion Paper on Crypto-assets and Stablecoins](#)



# Hong Kong SAR (2/3)

## 3 Development of virtual assets regulatory framework (continued)

### HKMA, SFC, and HKIA issues guidance on virtual assets (VAs) related activities in Hong Kong

#### (i) Joint circular on intermediaries virtual asset-related activities

The Hong Kong Securities and Futures Commission (SFC) and the HKMA issued joint circular on intermediaries/AIs' virtual asset-related activities. Key areas of focus cover (i) distribution of VA-related products; (ii) provision of virtual asset dealing services (VA dealing services); (iii) provision of virtual asset advisory services; and (iv) implementation.

For intermediaries currently serving existing clients of its VA-related activities, there will be six months transition period for implementation. For those are not currently engaged in any VA-related activities, intermediaries should ensure to comply with all requirements before introducing VA services.

Intermediaries are required to notify SFC in advance if intend to engage in VA-related activities (and HKMA where applicable).

[Joint circular on intermediaries virtual asset-related activities](#)

#### (ii) Regulatory Approaches in Relations to Virtual Assets (VAs) and Virtual Asset Service Providers (VASPs)

On 28 January 2022, the HKMA and the Hong Kong Insurance Authority (HKIA) released circulars on virtual asset service providers applicable to AIs and authorise insurers respectively. The circulars sets out guiding principles for AIs regarding dealing with VAs and VASPs' matters that banks and insurers should take into account.

[HKMA Circular: Regulatory approaches to Authorized Institutions' interface with Virtual Assets and Virtual Asset Service Providers](#)

[HKIA Circular: Regulatory Approaches of the Insurance Authority in Relation to Virtual Asset and Asset Service Providers](#)

## 4 Foreign exchange risk management

On 18 January 2022, the HKMA issued the revised *SPM module TA-1 Foreign Exchange Risk Management*. Major revisions of the SPM module aim at aligning with the BCBS' supervisory guidance on managing risks associated with the settlement of foreign exchange transactions. Full compliance should be commensurate with AIs' exposures to foreign exchange -related risks but no later than 18 January 2023.

[Revised SPM Module TA-2: Foreign Exchange Risk Management](#)

## 5 COVID-19 measures

On 4 March 2022, the HKIA issued a circular on further facilitative measures in response to the latest COVID-19 situation in Hong Kong. The measures aims to ensure to meet the needs of potential policy holders and minimise COVID-19 infection risk during long term insurance policies sale process. Key areas are:

1. Extension of phase II of the temporary facilitative measures (TFM) to 30 September 2022;
2. Extension of the virtual on-boarding sandbox to all long term insurance products;
3. Distribution of in-scope TFM products via VO Sandbox; and
4. Launch of fast track for VO sandbox application for insurers currently without VO sandbox and but intend to distribute long term insurance products via video conferencing tools.

Also on the same date, the HKMA issued a circular in addition to the HKIA circular, stating HKMA's expectation for AIs regarding adopting further facilitative measures.

[HKIA Circular: Further Facilitative Measures under the COVID-19 Pandemic](#)

[HKMA Circular: Circular Issued by the Insurance Authority \("IA"\) on Further Facilitative Measures under the COVID-19 Pandemic](#)

## 6 Launch of the green and sustainable finance (GSF) data source repository

On 1 April 2022, the Centre for Green and Sustainable Finance (GSF) under the Green and Sustainable Finance Cross-Agency Steering Group (CASG) announced the launch of GSF Data Source Repository to support green and sustainable finance. The repository contains data sources covering 6 areas including: climate-related risks; climate scenarios; climate-related targets, actions and assessment; carbon exposure; other ESG-related risks; and macroeconomics. The data sources aim to assist the financial services industry in climate risk management and setting climate related goals and strategies. The repository will be reviewed and updated on an ongoing basis by the GSF Centre.

[Circular: Launch of the Green and Sustainable Finance \("GSF"\) Data Source Repository](#)  
[GSF Data Source Repository](#)

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# Hong Kong SAR (3/3)

## 7 Assessment of carbon market opportunities

On 30 March 2022, the CASG published its Preliminary Feasibility Assessment of Carbon Market Opportunities for Hong Kong prepared by the Carbon Market Workstream, co-chaired by the SFC and the Hong Kong Exchange (HKEX). The paper discusses the potential carbon market development in Hong Kong. The paper also addressed the importance for Hong Kong to develop a market structure and a regulatory model that connect international investors with the carbon market of China Mainland. Moreover, the Workstream outlined the proposed next steps to the Steering Group on the way forward, which were endorsed by the CASG.

The proposed next steps are:

- Develop Hong Kong into a global, and high-quality voluntary carbon market;
- Work towards the establishment of the Guangdong-Hong Kong- Macao Greater Bay Area (GBA) Unified Carbon Market;
- Explore opportunities to connect international investors with the GBA Unified Carbon Market and potentially with the national emissions trading system; and
- Strengthen cooperation with the Guangdong Futures Exchange on carbon market development.

The Carbon Market Workstream will release a detailed roadmap, implementation plan, and the indicative timeline after consideration and consultation.

[Carbon Market Opportunities for Hong Kong: Preliminary Feasibility Assessment Press release: Cross-Agency Steering Group releases assessment of carbon market opportunities for Hong Kong and next steps](#)

## 8 Own risk and solvency assessment

On 28 March 2022, the HKIA published key observations from the 120 Own Risk and Solvency Assessment (ORSA) reports prepared under the Guideline on Enterprise Risk Management (GL21).

In addition to details of key observations from the ORSA reports, the IA provided its perspective on enhancing risk management quality and ORSA processes. Overall, the IA states that insurers are progressing well in implementing risk management governance and ORSA processes, and should continue to embed and integrate enterprise risk management and the ORSA framework into their corporate risk culture.

[Circular: Key Observations from the First ORSA Reports Annex: Key Observations from the First ORSA Reports](#)

## 9 Supervisory standards and key requirements on the use of premium financing to take out long term insurance policies

On 1 April 2022, to enhance customer protection on the use of premium financing, the HKMA and IA each issued a circular on supervisory standards and key requirements on the use of premium financing to take out long-term insurance policies. In the IA circular, the IA intends to clarify the current code of conduct and guidelines for supervisory standards and key requirements associated with carrying out premium financing related insurance operations and regulated activities.

The circular also introduces the 'Important Facts Statement – Premium Financing' (IFS-PF) guideline to enhance premium financing client disclosures. The IFS-PF sets out factors for consideration on premium financing-related risks and requirements for insurance intermediaries and customers. Insurance intermediaries will be required to immediately inform the IFS-PS of instances where customers express interest and/or enquire about the use of premium financing.

The circulars cover affordability assessments for premium financing, additional measures for customers with risk of over-leveraging, disclosures, sales practices and training considerations, and are applicable to long-term authorised insurers and licensed insurance intermediaries. For authorised institutions and subsidiaries that may participate in premium financing activities, additional guidance on cooling-off rights and protection against over-leveraging risk is covered in the HKMA circular. All supervisory standards and requirements will come into effect on 1 January 2023.

[Press Release: Insurance Authority and Hong Kong Monetary Authority introduce measures to enhance protection of policy holders in the use of premium financing when taking out life insurance policies](#)

[HKIA: Circular on the supervisory standards and key requirements on the use of premium financing<sup>1</sup> to take out long term insurance policies](#)

[HKMA: Use of Premium Financing to take out Long Term Insurance Policies](#)



# India (1/2)

## 1 Basel III framework on liquidity standards

As per the Banking Regulation Act, 1949, banks in India are required to hold liquid assets to maintain Statutory Liquidity Ratio (SLR). To align with Basel III LCR standards, on 6 January 2022, the RBI increased the threshold limit of deposits and other extensions of funds from non-financial Small Business Customers from ₹ 5 crore to ₹ 7.5 crore.

[Circular: Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio \(LCR\), Liquidity Risk Monitoring Tools and LCR Disclosure Standards and Net Stable Funding ratio – Small Business Customers](#)

## 2 RBI finalises regulatory framework for microfinance loans

On 14 March 2022, the Reserve Bank of India (RBI) concluded its consultation on microfinance loans regulation, with the final master direction issued by RBI based on consultation feedback.

The master direction covers: (i) Applicability of the master direction; (ii) Detailed definition of microfinance loan; (iii) Household income assessment; (iv) Household loan repayment obligations limit; (v) Loan pricing; (vi) Guidelines on conduct towards microfinance borrowers; (vii) Responsibilities for outsourced activities; (viii) Guidelines related to recovery of loans; (ix) Engagement of recovery agents; (x) Qualifying assets criteria; (xi) Exemption for 'not for profit' companies engaged in microfinance activities; and (xii) Net owned fund (NOF) requirements.

[Master Direction – Reserve Bank of India \(Regulatory Framework for Microfinance Loans\) Directions, 2022](#)

## 3 Implementation of 'core financial services solution' by non-banking financial companies (NBFCs)

On 23 December 2022, the RBI released the Implementation of 'Core Financial Services Solution' (CFSS) by Non-Banking Financial Companies (NBFCs). According to this circular, CFSS will be mandatory for NBFCs – Middle Layer (NBFL-ML) and NBFCs - Upper Layer (NBFL-UL) with 10 and more 'Fixed point service delivery units' as on 1 October 2022.

NBFCs are required to submit the quarterly progress report on implementation of CFSS to the Senior Supervisory Manager (SSM) Office of Reserve Bank starting from quarter ending 31 March 2023.

[Circular: Implementation of 'Core Financial Services Solution' by Non-Banking Financial Companies \(NBFCs\)](#)

## 4 Bank finance to non-banking financial companies (NBFCs)

On 5 January 2022, the RBI released the Master Circular on 5 January 2022, setting out their regulatory policy regarding NBFCs financing by banks, and consolidating prior instructions to industry into the.

The circular covers: (i) Bank finance to NBFCs registered with RBI; (ii) Bank finance to NBFCs not requiring registration; (iii) Activities not eligible for bank credit; (iv) Bank finance to factoring companies; (v) Other Prohibition on Bank Finance to NBFCs including: Bridge loans/interim finance; Advances against collateral security of shares to NBFCs; Restriction on guarantees for placement of funds with NBFCs; (vi) Prudential ceilings for exposure of banks to NBFCs; and (vii) Restrictions regarding investments made by banks in securities/instruments issued by NBFCs.

[Master Circular: Bank Finance to Non-Banking Financial Companies \(NBFCs\)](#)

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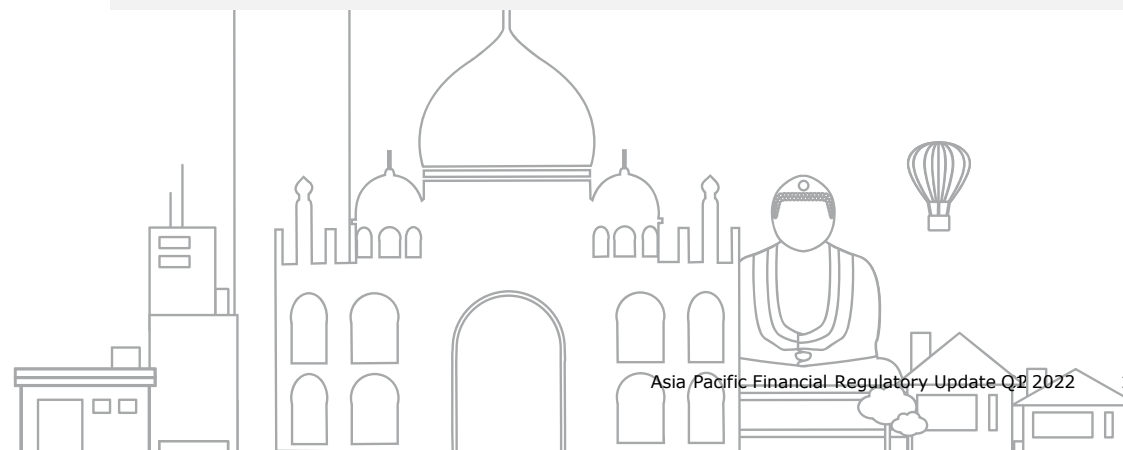
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# India (2/2)

## 5 Prudential norms on income recognition, asset classification and provisioning pertaining to advances

On 15 February 2022, the RBI issued the circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. The circular covers clarifications of the following:

1. The applicability of the definition of 'out of order';
2. The calculation of the term 'previous 90 days period' for determination of 'out of order' status;
3. Action to be taken where the borrowers have more than one credit facility from a lending institution.

Loan accounts classified as NPAs can be upgraded as 'standard' assets only if entire arrears of interest and principal are paid by the borrower. NBFCs are required to put in place the necessary systems to implement this provision by 30 September 2022.

[Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications](#)

## 6 Facilitating small value digital payments in offline mode

On 3 January 2022, the RBI released the Framework for Facilitating Small Value Digital Payments in Offline Mode. The *Authorised Payment System Operators and Payment System Participants – Acquirers and Issuers (banks and non-banks)* outlines ten requirements that must be complied with by both banks and non-banks that facilitate small value digital payments.

[Framework for Facilitating Small Value Digital Payments in Offline Mode](#)

## 7 Prevention of money-laundering

On 4 January 2022, the Ministry of Finance announced the exemption of Foreign Portfolio Investors from the provisions of Rule 9(1A) of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005.

As per Rule 9 (1A) of PMLA Rules, 2005, all banks, financial institution and intermediary are required to determine whether a client is acting on behalf of a beneficial owner, identify the beneficial owner and take all reasonable steps to verify the client's identity.

[Prevention of Money-laundering \(Maintenance of Records\) Rules, 2005](#)

## 8 Master circular on housing finance

The RBI issued a Master Circular on Housing Finance on 18 February 2022. The purpose of this Circular is to consolidate instructions, guidelines and clarifications issued on housing finance, up to 17 February 2022.

Key matters addressed include (i) Loan quantum; (ii) Innovative housing loan products – upfront disbursement of housing loans; (iii) Interest rate; (iv) Statutory/regulatory authorities approval; (v) Disclosure requirements; (vi) Exposure to real estate; (vii) Housing loans under priority sector; (viii) Financing of affordable housing- issue of long-term bonds by banks; and (viii) Additional guidelines.

[Master Circular on Housing Finance](#)

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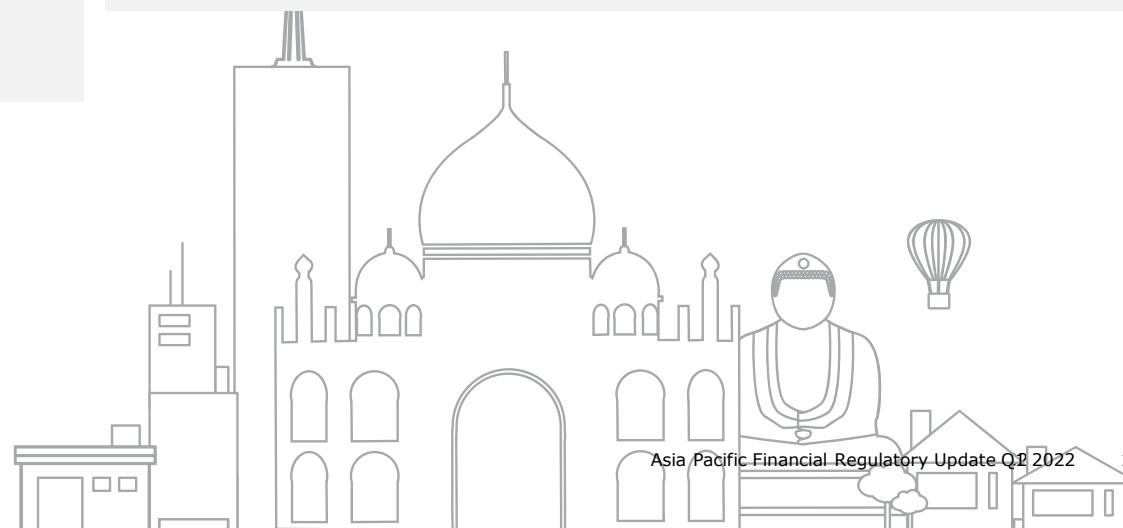
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# Indonesia (1/2)

## 1 Valuation and presentation of property appraisal report in the capital market

On 28 December 2021, the Financial Service Authority of Indonesia (OJK) issued a new regulatory guidance, *Valuation and Presentation of Property Appraisal Report in the Capital Market*. The purpose of the guidance document is to increase the objectivity and quality of property appraisal results in the capital market. Additionally, the guidelines consider harmonisation of the property appraisal valuation and presentation standards/guidelines with laws, regulations, and appraiser professional standard development.

### Provisions for Property Appraisers include:

- The obligation to comply with guidelines, as well as the code of ethics and Indonesian Appraisal Standards set by the professional association of Appraisers;
- The validity period of the property appraisal report is 6 months from the date of appraisal;
- Requirements for property appraiser replacement;
- Implementation and requirements for the review or re-assessment of property appraisal reports;
- The Property Appraiser who conducts a review/reassessment of the property appraisal report should submit a report of the review/reassessment result to the OJK no later than 7 days after the report date;
- The responsibilities of Property Appraisers before and after receiving professional assignments;
- Prohibition in professional assignments;
- The obligations to create and maintain property appraisal working papers, and matters to be stated in appraisal working papers;
- The obligation to comply with the inspection procedure for the property appraisal object and to disclose important events after the appraisal date in the property appraisal report;
- Provisions on valuation approach, valuation methods and procedures, in addition to valuation guidelines using the revenue approach, cost approach, and market approach;
- The obligation of the Property Appraiser who performs professional appraisal assignments to make a property appraisal report that is complete and concise.

[Valuation and Presentation of Property Appraisal Report in the Capital Market](#)

## 2 Officeless financial services for financial inclusion purposes

On 31 December 2021, the OJK issued regulatory guidelines on the improvement of the effectiveness and efficiency of 'officeless' financial services provisions.

### Key provisions are:

- Products that the Bank may offer through Laku Pandai operations include basic savings accounts (BSA), credit- or micro-financing and/or other Bank products issued with an OJK licence;
- For banks that will organise Laku Pandai, they are required to have a risk profile rating, operational risk level, and compliance risk level with a rating of 1-3 from the last assessment period, and have the supporting infrastructure to provide e-banking services;
- Banks can work with Laku Pandai Agents to organise Laku Pandai;
- Banks may be assisted by Laku Pandai Agents to implement customer due diligence procedures in accordance with the relevant Financial Services Authority Regulations for prospective BSA customers;
- Banks can use third parties to carry out certain work for Laku Pandai implementation;
- Banks are required to implement control principles of customer data security and transactions on the electronic system used; and
- Banks are required to impose the principle of consumer protection in the implementation of Laku Pandai, and to submit a report on the realisation of Laku Pandai implementation no later than 10 working days after the implementation date.

[Officeless Financial Services for Financial Inclusion Purposes](#)



# Indonesia (2/2)

## 3 Amendment to circular concerning revaluation for principals of banks

On 27 December 2021, the OJK published amendments to the Financial Services Authority circular number 9/SEOJK.03/2019 regarding *Revaluation for Principals of Banks*. Key amendments include:

- 1. Expanding the scope of issue indication:** hindering or interfering with the efforts and implementation of one or more of the following: authority of OJK, efforts of the Bank's Main Parties, other parties in handling solvency and/or liquidity problems of the Bank. Additionally, other issues that violate the provisions of laws and regulations are included.
- 2. Determining the final results of the reassessment** without performing all four stages of the reassessment, and **establishing the time period** for the main party submit a response to be less than 10 working days (with certain considerations).
- 3. Additional consequences of the final reassessment result** treatment as a related party for the Main Party determined as "Does Not Pass" referring to regulations below:
  - Maximum limit for granting credit and the provision of large funds;
  - Maximum limit for disbursing funds and large funds;
  - Maximum limit for granting credit; and
  - Maximum limit for disbursing funds along with the imposition of a prohibition period.

[SEOJK.03/2021: Amendment of Financial Services Authority circular number 9/SEOJK.03/2019 concerning Revaluation for principals of banks](#)





# Japan

## 1 Working Group on Payment Services

The Japan Financial Services Agency (JFSA) published a report from the Working Group on Payment Services on 11 January 2022. The Working Group was formed following the government's request to establish a safe and efficient anti-money laundering (AML) regime. Key suggestions of the report are: 1) Reconstructing stablecoins regulation; 2) Introducing a collaborative AML operation regime; and 3) Enhancing AML regulations regarding prepaid payment instruments.

[Publication of the report from the "Working Group on Payment Services"](#)

## 2 Delays to Basel III Framework Implementation

On 24 December 2021, the JFSA [proposed to delay the implementation of the finalised Basel III framework](#). The proposal states that non-internationally active banks that only use the standardised approach, may defer their implementation until the end of March 2025. Further, on 25 March 2022, the JFSA announced the [delay of Basel III capital requirements implementation for large banks](#). The announcement states that the implementation timeline will be postponed to the end of March 2026.

## 3 Amendments to the regulatory notices pertaining to leverage ratio requirements

On 24 December 2021, the JFSA published the draft amendments to regulatory notices pertaining to leverage ratio requirements. The proposal intends to extend the temporal measure until the end of March 2024, in order to exclude the outstanding balance of financial institutions' current accounts at the Bank of Japan (BOJ) from the calculation of leverage ratio exposures.

[Draft amendments to the regulatory notices pertaining to leverage ratio requirements](#)

## 4 Technical Committee for ESG Rating and Data Providers, etc

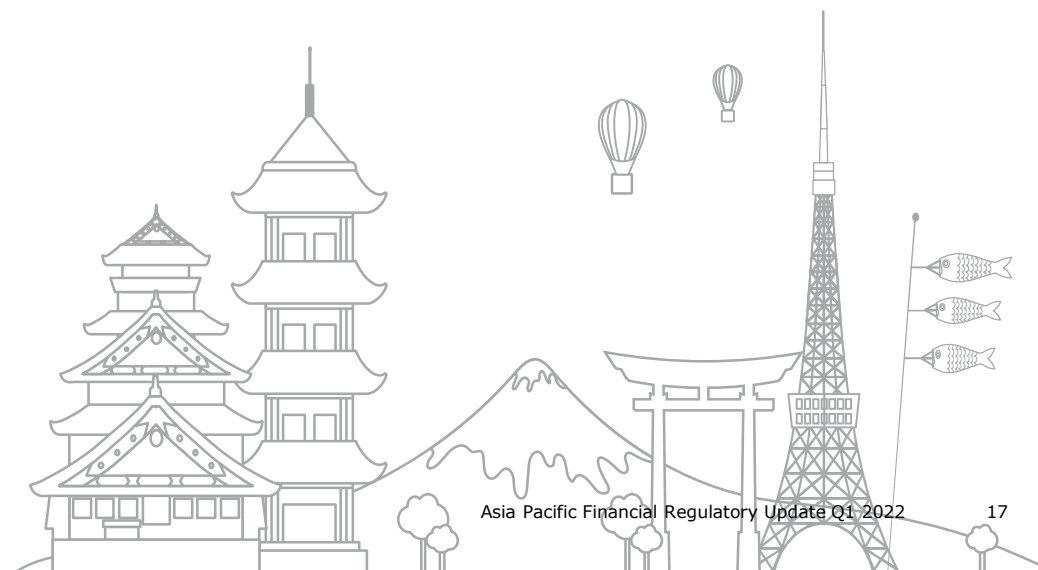
The JFSA announced its decision on 2 March 2022, to establish the "Technical Committee for ESG Rating and Data Providers, etc." under the Expert Panel on Sustainable Finance. The Committee will be discussing issues related to ESG rating and data providers. Issues raised by companies and investors, which play essential roles in ESG assessment, data provision, and financing, will also be discussed.

[Establishment of "Technical Committee for ESG Rating and Data Providers, etc."](#)

## 5 Common Key Performance Indicators (KPIs)

The newly defined common KPIs were published by the JFSA on the 18 January 2022. The KPIs are comparable across foreign currency denominated insurance distributors. The newly defined indicators aim to provide guidance to customers on how to choose financial services providers that offer high-quality, customer-oriented financial products and services. It will also make comparison of products across certain types of businesses easier.

[Publication of the newly defined common KPIs \(Key Performance Indicators\) comparable across foreign currency denominated insurance distributors](#)



# Japan

## 6 Policy approaches for enhancing cybersecurity

In order to address the issues and challenges of new cyber threats and ensure cybersecurity, the JFSA published *Policy Approaches for Enhancing Cybersecurity in the Financial Sector (Version 3.0)* on 18 February 2022. The focuses of this version of policy approach are:

- Enhancing on-site inspection, activities monitoring and cybersecurity exercise;
- To be prepared for emerging risks related to new financial services types and third party/supply chain risk;
- To strengthen cybersecurity with organisational/corporate wide efforts;
- Strengthening collaborations between relevant organisations; and
- Economic security

[Publication of "Policy Approaches for Enhancing Cybersecurity in the Financial Sector \(Version 3.0\)"](#)

## 7 Comprehensive guidelines for supervision for insurance companies

On 28 December 2021, the JFSA published the finalised amendments of the *Comprehensive Guidelines for Supervision for Insurance Companies* with immediate effect.

The amendments includes clarification of the supervisory viewpoint that private insurance is a supplementary means of public insurance, and that insurance contracts should be concluded on the basis of: (i) solicitors have appropriate understanding of the public insurance system; and (ii) solicitors provide customer the necessary information regarding the public insurance system, customers should choose insurance products with their own understanding of the risks and necessary coverage of the products.

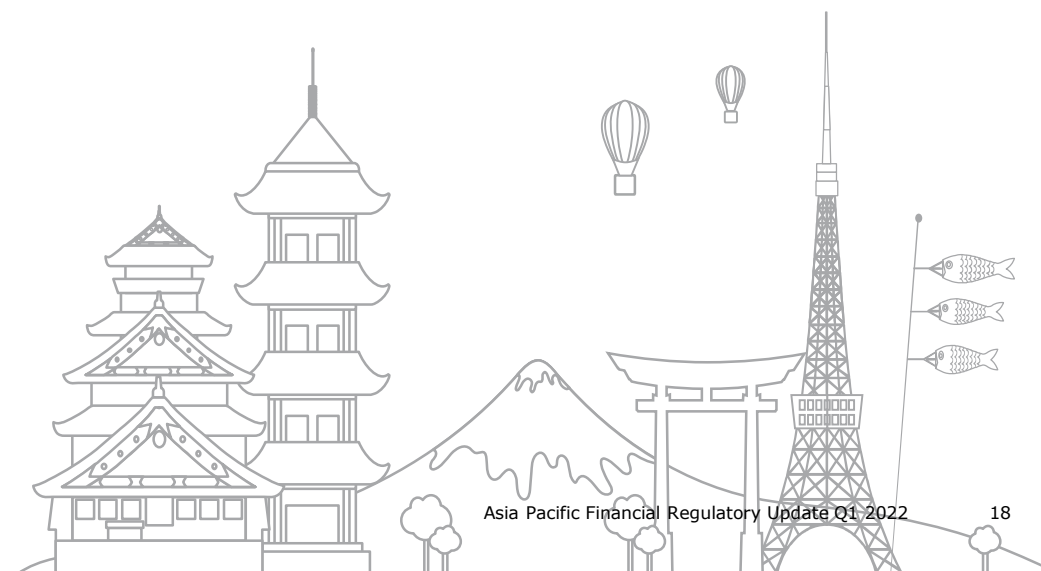
[Publication of the finalised amendments to the "Comprehensive Guidelines for Supervision for Insurance Companies"](#)

## 8 Personal information protection

On 24 March 2022, the JFSA and the Personal Information Protection Commission Japan (PPC) published the finalised amendments to the Guidelines for Personal Information Protection in the Financial Sector and the Practical Guidelines for Security Policies Regarding the Personal Information Protection in the Financial Sector. The amendments cover the areas including security, confidentiality, and/or integrity of personal data provided to overseas third parties, mandatory reporting of information leakage, etc.

The amendments came into effect on 1 April 2022.

[Guidelines for Personal Information Protection and Practice Guidelines for Security Policies Regarding the Personal Information Protection](#)



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# Malaysia (1/2)

## 1 Payment card reform framework

On 24 December 2021, the Bank Negara Malaysia (BNM) issued a consultation paper on the *Payment Card Reform Framework*. The key objective of the framework is to promote a safer, more efficient and transparent payment card industry, that will ensure fair and reasonable costs of accepting payment cards. The framework applies to all credit card, debit card and international pre-paid card issuers, acquirers and payment system operators.

The framework includes principles for the management of interchange fees and various ceilings, and measures to address other distortions in the payment card market such as surcharging and minimum transaction amount and reporting and data retention.

[Exposure Draft: Payment Card Reform Framework](#)

## 2 Climate risk management and scenario analysis

On 27 December 2021, the BNM published the Climate Risk Management and Scenario Analysis exposure draft. The paper sets out BNM's proposed climate risk management and scenario analysis expectations, requirements and guidelines. The objective of the draft is to strengthen the management of financial risks derived from climate change to support the resiliency of the industry and facilitate an order transition to a low-carbon economy.

The exposure draft also complements the Climate Change and Principle-based Taxonomy (CCPT), the Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) and the VBIAF Sectoral Guides.

[Exposure Draft: Climate Risk Management and Scenario Analysis](#)

## 3 Code of conduct for Malaysia wholesale financial markets

On 31 December 2021 the BNM published the Code of Conduct for Malaysia Wholesale Financial Markets. The code of conduct sets out the principles and standards wholesale financial market participants are required to adhere to, and is effective from 31 January 2022 (expect for paragraphs 8.1 to 8.3 and 28.2 to 28.4 which will be effective from 31 July 2022).

[Code of Conduct for Malaysia Wholesale Financial Markets](#)

## 4 Management of participating life business

On 31 December 2021, the BNM published the Management of Participating Life Business exposure draft, which outlines proposed enhancements to requirements on life insurance fund management, applicable to all licensed insurers with participating life businesses. The proposed requirements aim to maintain the safety and soundness of participating life funds and adhere to the principle of protecting the interests of policyholders.

Key amendments include the clarification of estate use requirements, small and shrinking participating life funds management, the submission of bonus revisions, and independent reviews of participating life businesses.

[Exposure Draft: Management of Participating Life Business](#)

## 5 Management of insurance funds

On 31 December 2021, the BNM published the Management of Insurance Funds exposure draft for consultation, which looks to promote sound asset and liability management by licensed insurers. The requirements aim to protect policy owners' interests through appropriate insurance fund segregation, effective control over insurance fund withdrawals, and the maintenance of proper policy and claims records at all times. The draft also includes the removal of surplus withdrawal time limits and proposed adjustments to deficit rectification time; and revisions to incorporate the proposed use of estate as specified in the Management of Practicing Life Business exposure draft. The consultation period for this exposure draft ended on 31 March 2022.

[Exposure Draft: Management of Insurance Funds](#)



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# Malaysia (2/2)

## 6 Licensing framework for digital insurers and Takaful operators

On 4 January 2022, the BNM published a discussion paper on *Licensing Framework for Digital Insurers and Takaful Operators*. Against the backdrop of rapid digital transformation and its associated potential benefits to clients, the proposed framework will:

- allow new digital players to offer insurance and Takaful products and services,
- address protection gaps by serving unserved and underserved markets;
- enhance customer experiences through digital insurers and Takaful operators (DITOs) and
- sets out the proposed framework for DITO licensing.

Prudential and business conduct requirements will be addressed separately later this year.

[Discussion Paper: Licensing Framework for Digital Insurers and Takaful Operators](#)

## 7 Real Time Electronic Transfer of Funds and Securities System (RENTAS)

The BNM has issued multiple regulatory guidelines relating to the Real Time Electronic Transfer of Funds and Securities System (RENTAS). All rules and procedures came into effect from 4 January 2022.

[Operational Procedures for Malaysian Ringgit \(MYR\) Settlement in the Real Time Electronic Transfer of Funds and Securities System \(RENTAS\)](#): The operational procedures details information and procedures for the use of RENTAS in MYR settlement as part of interbank fund transfers, clearing house transactions; and securities trades and corporate actions.

[Central Securities Depository and Paying Agency Rules](#): A unified set of rules and procedures to govern BNM's depository and paying agency services in relation to securities deposited in RENTAS.

[Operational Procedures for Foreign Currency Settlement in The Real Time Electronic Transfer of Funds and Securities System \(RENTAS\)](#): Operational procedures to provide RENTAS users with information and procedures for foreign currency settlement of interbank fund transfers, clearing house and securities transactions, and corporate actions.

[Operational Procedures for Securities Services](#): Operational procedures applicable to all eligible RENTAS Debt Securities. These procedures cover New Issuances, Allotment, Reopening, Coupon / Interest / Dividend / Profit Payment, Redemption and Settlement of Debt Securities via FAST, eSSDS and RENTAS.

## 8 Broader application of Ta`awun in Takaful

On 11 March 2022, the BNM published a discussion paper on the Broader Application of Ta`awun in Takaful. The discussion paper sets out the BNM's policy perspective on licensed Takaful and professional retakaful operators' broader application of mutual assistance (ta`awun) in the provisioning of takaful businesses.

[Discussion Paper: Broader Application of Ta`awun in Takaful](#)

## 9 Malaysia Islamic Overnight Rate

On 25 March 2022, to align with developments in the Islamic financial market, the Malaysian Financial Markets Committee recommended the replacement of the Kuala Lumpur Islamic Reference Rate with the Malaysia Islamic Overnight Rate (MYOR-i).

To ensure the integrity and credibility of MYOR-i, the BNM sets out the benchmark design, methodology and governance framework in the policy document. The implementation of the MYOR-i will apply to all interbank institutions as defined within the policy document.

[Malaysia Islamic Overnight Rate \(MYOR-i\)](#)

## Key Market Events

The Monetary Policy Committee (MPC) of BNM decided to maintain the Overnight Policy Rate (OPR) at 1.75 percent.

On 24 January 2022, the BNM launched Malaysia's Financial Sector Blueprint 2022-2026 at the 2022 MyFintech Week. The blueprint outlines the vision and strategies for the Malaysian financial sector. Building upon three broad outcomes - finance for all, finance for transformation and finance for sustainability, five strategic priorities were identified:

- Fund the economic transformation of Malaysia;
- Elevate households and businesses' financial well-being;
- Advance digitalisation of the financial sector;
- Position the financial system to facilitate an orderly transition to greener economy; and
- Advance value-based finance through Islamic finance leadership.



# New Zealand

## 1 FMI regulatory framework

Following industry consultation, on 26 July 2021, the Financial Markets Authority (FMA) introduced a framework for assessing the "systematic importance of Financial Market Infrastructures (FMIs)."

The Reserve Bank is a joint regulator of FMI's with the FMA, and both entities have identified FMIs as a set of critical systems that "are sometimes referred to as the plumbing of the financial system." FMIs allow electronic payments and transactions within the financial market to occur.

The introduction of this framework is important because it will provide additional guidance on the approach to identifying which FMIs are of systematic importance. As explained by the Deputy Governor and General Manager of Financial Stability, Christian Hawkesby, the "finalised framework balances the need for flexibility in accounting for the specific circumstances of individual FMIs; and the importance of ensuring transparency in regulatory decision-making."

[Reserve Bank and FMA finalise FMI regulatory framework](#)

## 2 Business to government eInvoicing

New Zealand is a part of an increasing number of countries looking to introduce eInvoicing mandates and services. According to the Ministry of Business Innovation and Employment (MBIE), the expected benefits of eInvoicing in New Zealand include reduced risk of cyber hacking threats, reduction of administrative burden and cost to businesses, and improvements in cash flow.

The MBIE has stated its commitment to implementing eInvoicing across all central government agencies in New Zealand. It is expected that half of these agencies will be ready by the end of March 2022, with others to follow shortly after.

This initiative forms one of the first major steps towards compulsory business-to-government (B2G) eInvoices.

[Businesses to benefit from new electronic invoicing](#)

## 3 Consumer data right framework

'An open mind to open banking' is how the Reserve Bank of New Zealand (RBNZ) described their approach, despite slow progress towards the relevant guidance and technology development.

As the banking and tech space have powered on with the Open Banking initiative, RBNZ has begun discussions on regulating this space as part of a framework called the Consumer Data Right (CDR). The CDR describes a new framework set out by the RBNZ which intends to help customers share their data with trusted third parties. It will also work "in conjunction with the Digital Identity Services Trust Framework" which is currently in development.

[Consumer data right](#)

## 4 Review into the unintended consequences of the CCCFA

The Credit Contract and Consumer Finance Act (CCCFA) amendments came into effect on 1 December 2020, and since coming into effect, has caused a lot of controversy across the FS industry. After significant public backlash focused on the complexity of the new rules and the difficulty it has caused for borrowers to obtain credit, the government has announced a review into the unintended consequences of the new amendments. Future updates will include details on the outcome of that review.

[Review of consumer credit law](#)

## 5 RBNZ appoints new director of economics and chief economist

The Reserve Bank of New Zealand (RBNZ) have appointed a new Director of Economics and Chief Economist, Paul Conway. In a statement the Governor of the Reserve Bank, Adrian Orr, explained "I'm delighted to have Paul join the Reserve Bank. He brings a wealth of leadership and experience to the Economics team... He has a deep knowledge of the New Zealand economy and has international experience through his time as an economist with the OECD."

Paul Conway is currently the Chief Economist at BNZ (Bank of New Zealand) and was previously the Economics and Research Director at the Productivity Commission. He will succeed Young Ha, who will leave the Chief Economist role after 25 years at RBNZ.

[Press Release: RBNZ appoints new Director of Economics and Chief Economist](#)

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# Philippines (1/2)

## 1 BSP publishes multiple exposure drafts

In Q1 2022, the Bangko Sentral Ng Philipinas (BSP) released a number of exposure drafts (ED) for consultation , including:

### [Mandatory Credit Allocation for Innovation Development:](#)

The ED sets out the BSP's regulation on mandatory credit allocation for innovation development. Banks should set aside at least 4% of their total loanable funds for innovation department credit.

The consultation period of the ED ended on 25 March 2022.

### [Amendments to the Regulations on Electronic Money \(e-money\) and the operations of Electronic Money Issuers \(EMI\) in the Philippines:](#)

The BSP has amended regulations of electronic money operations and issuers, allowing banks to adopt suitable risk management systems according to their size, operations complexity, and systemic importance. The amendments will enable banks to provide financial services that adapt to emerging consumer needs and behaviours, and are backed by safeguards and controls against the wide range of existing and emerging risks.

The consultation period of the ED ended on 18 March 2022.

### [Regulatory Sandbox Framework:](#)

The exposure draft aims to formalise *the Test and Learn Framework or Regulatory Sandbox* of the BSP to encourage a more active, evidence based, and results-driven assessment of emerging financial solutions.

The consultation period of the ED ended on 28 February 2022.

### [Guidelines on Digital Financial Marketplace Model:](#)

The exposure draft aims to institutionalise the governance of activities by universal banks, commercial banks, digital banks, and electronic money issuers in the digital financial marketplace model.

The consultation period of the ED ended on 16 February 2022.

## 2 Amendments to regulations on outsourcing and IT risk management

On 18 February 2022, the BSP published amendments to its outsourcing and IT risk management regulations, effective after 15 calendar days after the publication of the circular. Key amendments cover the following:

- Prohibition against outsourcing of inherent banking functions
- Authority to outsource
- Outsourcing risks governance and management
- IT Risk Management Standards on IT Outsourcing/Vendor Management on (i) selecting service provider; (ii) security and privacy; (iii) data ownership and data location and retrieval; and (iv) business continuity planning consideration

[Read more here](#)

## 3 Guidelines on the settlement of electronic payments under the National Retail Payment System (NRPS) Framework

On 21 January 2022, the BSP published guidelines regarding the settlement of electronic payments under the national retail payment (NRPS) framework. The guidelines include minimum requirements for the operation of electronic payments settlement mechanisms, risk management, and demand deposit for electronic payments as eligible reserves.

[Read more here](#)

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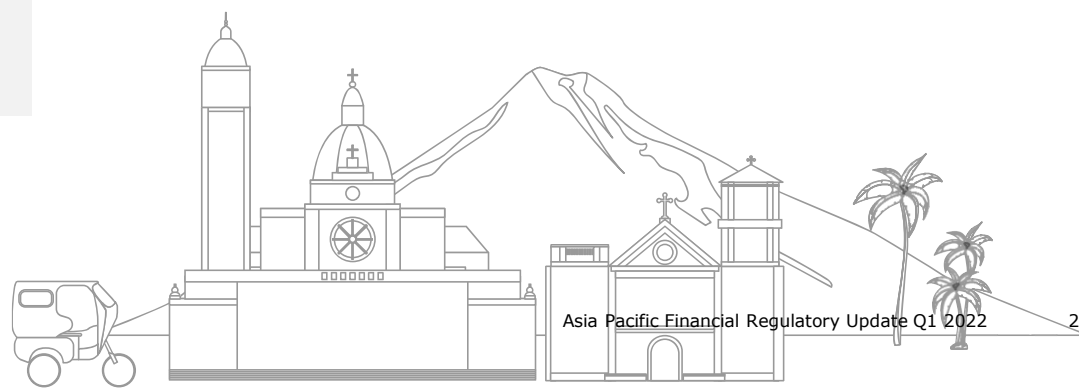
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# Philippines (2/2)

## 4 Implementing Guidelines (IG) and its Annexes for Mergers, Consolidations, and Acquisitions (MCA) of Banks

On 15 February 2022, the Philippine Deposit Insurance Corporation (PDIC), BSP, Securities and Exchange Commission (SEC), Cooperative Development Authority (CDA), and the Philippine Competition Commission (PCC) published the consultation paper on the implementation guidelines for the streamlined procedures for Bank's mergers, consolidations, and acquisitions application. The implementation guideline aims to provide guidance for banks to follow the Memorandum of Agreement on the Procedures for Applications for Mergers, Consolidations and Acquisitions (MCA) of Banks, executed in October 2021.

The consultation period ended on 11 March 2022, with final guidance to be published by the end of 2022.

[Read more here](#)

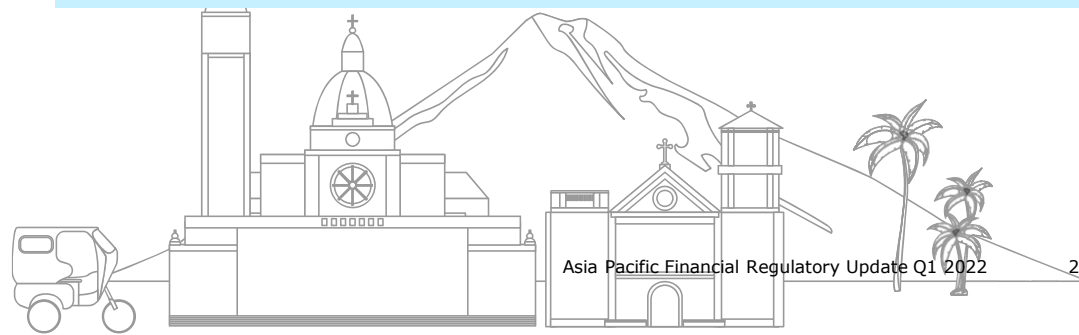
## 5 Revised Agri Agra Law

In Q1 2022, the Philippine Government published the proposed amendments to the *Agri-Agra Bill* to improve creditworthiness of agricultural workers and their enterprises. The amendments aim to enhance and modernise agricultural workers' business operation and the integration into profitable domestic and export-oriented value chains. The House of Representatives (House Bill No. 6134) and the Senate (Senate Bill No. 2494) have both already approved their respective versions. The next step in the legislative process is the bicameral proceedings.

[Read more here](#)

## Key Market Events

1. In January 2022, the BSP adopted the three-year Open Finance Roadmap for 2021-2024. The priority actions outlined in the roadmap includes policy framework adoption, capacity-building for regulation, and co-operative oversight. Both businesses and individuals can be offered better financial products and services, provide transaction cost opportunities for financial institutions. Businesses specifically are to consider enhancing their ability to tailor financial products around the evolving needs of customers.
2. In January 2022, the Philippines Financial Inclusion Steering Committee (FISC) launched the national financial inclusion blueprint, *The National Strategy for Financial Inclusion (NSFI) 2022-2028*. The blueprint focuses on delivering four outcomes, including: (1) reduced disparities in financial inclusion; (2) improved health and resilience; (3) more financially capable and empowered consumers; and (4) increased access to finance by micro, small and medium enterprises or MSMEs.
3. In order to shape and improve financial services and promote financial inclusivity, the BSP has urged the FS industry to explore alternative data use. The BSP states that by utilising alternative data such as social media, mobile data etc, service providers can create a more complete picture of their clients for creditworthiness assessment purposes, as many adults and MSMEs in the country do not have, or have little credit history.
4. As digital transactions accelerate, the BSP announced plans to intensify its efforts on cybersecurity within the BSP and its supervised entities in March 2022. Several cyber-related risks and technology-related regulations have been issued since 2013, and the BSP is currently developing a financial services cyber resilience plan that will be the primary strategic framework to enhance cyber resilience. Additionally, there is the planned acquisition of a Suptech engine for Risk-Based Compliance, referred to as 'ASTERisC'. The engine aims to streamline and automate regulatory supervision, reporting, and compliance assessments for cybersecurity risk management in supervised entities.



# Singapore

## 1 Greater focus on banking security and integrity

- The Monetary Authority of Singapore (MAS) have expanded the scope of AML rules to include digital value transfers. (Read more [here](#))
- MAS is looking to publish a framework for equitable sharing of losses arising from scams for consultation by April. (Read more [here](#))
- MAS and the Association of Banks in Singapore (ABS) introduced additional measures to bolster the security of digital banking; these measures have been substantially implemented by banks in Singapore. (Read more [here](#))

## 2 Technology advancing the financial industry

- MAS in collaboration with the Bank for International Settlements (BIS) Innovation Hub, the Reserve Bank of Australia, Bank Negara Malaysia and the South African Reserve Bank announced that Project Dunbar has completed two prototypes for a common platform enabling international settlements using multiple central bank digital currencies. (Read more [here](#) and [here](#))
- Veritas, the MAS-led industry consortium comprising of 27 industry players, has published five supplementary white papers on the Fairness, Ethics, Accountability and Transparency (FEAT) principles to help financial institutions with the responsible use of Artificial Intelligence (AI). They also released an open-source toolkit to help FIs adopt the Fairness Assessment Methodology. (Read more [here](#))
- MAS has issued new guidelines clarifying that DPT service providers should not engage in marketing or advertising of DPT services to the general public in Singapore. (Read more [here](#))

## 3 Leading the way in sustainable finance

- MAS and CDP, an international non-profit organisation operating one of the world's leading environmental disclosure systems for companies and sub-national governments, have signed an MOU to promote sustainability disclosures and access to quality ESG data across the financial sector and real economy. (Read more [here](#))
- MAS and the Institute of Banking and Finance Singapore (IBF) have outlined 12 'Sustainable Finance Technical Skills and Competencies' (SF TSC) needed for individuals to perform various roles in sustainable finance. The SF TSCs are part of the IBF Skills Framework for Financial Services. (Read more [here](#))
- The Network for Greening the Financial System (NGFS) announced the appointment of Mr. Ravi Menon, Managing Director of the MAS, as their new Chair for a two-year term. (Read more [here](#))

## 4 Development of payments landscape

On 14 February 2022, Minister of State, Ministry of Culture, Community and Youth and Ministry of Trade and Industry, Mr Alvin Tan, moved the Financial Services and Markets Bill 2022 ("FSM Bill") for First Reading in Parliament. The FSM Bill aims to enhance MAS' agility and effectiveness in addressing financial sector-wide risks in a rapidly changing and increasingly integrated environment. (Read more [here](#))

## Key Market Events

Singapore is prudently preparing its financial industry for a future that is digital, technology-driven and green. The financial industry is currently focused on enhancing digital banking security in Singapore, following a serious phishing scam in which OCBC's customers lost a combined S\$13.7 million. On technological developments related to the financial industry, MAS has made significant progress on its cross-border effort with the release of its findings on the viability of international settlements using CBDCs: Project Dunbar. Singapore is also taking centre-stage with sustainable finance as MAS' Managing Director, Ravi Menon, has been appointed as the new Chair of the Network for Greening the Financial System. In parallel, MAS has provided guidelines to improve the financial industry's talent pipeline in sustainable finance alongside working with the industry to promote sustainability disclosures and access to quality ESG data across the financial sector.

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# South Korea (1/2)

## 1 API-based Financial MyData service fully launched

From 5 January 2022, MyData services using standardised API will be available from 33 MyData service providers including banks, financial investment businesses, card companies, savings banks, and fintechs.

In order to ensure the stability of operations and services using the MyData service, a special response team will be set up by the authorities. The response team will conduct real-time monitoring and take other appropriate actions to safeguard consumer data privacy and security. The Korean Financial Service Commission (FSC Korea) also announced the further expansion of the special response team in order to promote efficient use of big data in FSI.

[API-based Financial MyData Service Fully Launched](#)

## 2 LIBOR transition and KOFR market

On 27 December 2021, the FSC Korea issued a circular regarding the transition from LIBOR and to promote the Korea Overnight Financing Repo Rate (KOFR) market. To ensure a seamless transition to alternative rates, the FSC Korea announced that appropriate steps have been taken by the authorities and the financial industry. A taskforce has been set up by the FSC Korea, the Financial Supervisory Service, and the Korean Federation of Banks to monitor and supervise the transition of financial institutions.

[Authorities to Ensure Seamless Transition from LIBOR and Promote KOFR Market](#)

## 3 Improvements to IPO lockup rules

On 22 February 2022, improvements to the IPO lockup rules were announced by the FSC Korea. The improvements of the IPO lockup rules under the listing regulation of the Korea Exchange aim to protect investors from price volatility, and prohibit the sale of new listed companies' stocks owned by company insiders, for a certain period of time (minimum 6-months).

The improvements will be enforced through revisions to the Korean Exchange's listing regulation and disclosure form. All IPO lockup rules revisions took immediately effect after the Korea Securities and Futures Commission and FSC Korea approval in March 2022.

[Improvements to IPO Lockup Rules to be Introduced](#)

## 4 Improve accessibility and efficiency for data convergence

On 6 January 2022, the FSC Korea published a proposal to revise the *Enforcement Decree of the Credit Information Use and Protection Act* and its subordinate regulation for consultation. The revisions aim to improve data convergence's accessibility and efficiency across financial and non-financial industry. The FSC Korea also published the updated guideline for data anonymisation and pseudonymization in the financial sector. Some key revisions include:

1. Entities (including start-ups, SMEs, other smaller sized entities) without big data of their own will be allowed to use data convergence service.
2. Convergence of different sets of sample data will be treated equally as data convergence, no prior approval from data owner is required.
3. Data specialising institutions will be allowed to use their own data more freely, for the purpose of data convergence with third parties.
4. Data specialising institutions will be designated for a three-year term, subject to reassessments every three years.
5. Government institutions can be designated as data specialising institutions.

[FSC Proposes Rule Changes to Improve Accessibility and Efficiency of Data Convergence](#)

## 5 Overseas business expansion

On 2 March 2022, the FSC Korea approved regulatory revisions to facilitate financial services firm's overseas business operation and investment activities. The revised measures aims to promote financial institutions' overseas business expansion. In this revision, some of the reporting and filing duties while investing overseas through FDI or a branch office has been eased. The revised measures came into effect on 3 March 2022.

[FSC Changes Rules to Promote Overseas Business Expansion of Financial Institutions](#)

## 6 New lending caps and liquidity rules on mutual finance firms

On 12 January 2022, the FSC Korea published the revised *Enforcement Decree of the Credit Unions Act* which was approved on 28 December 2021. Key revisions are:

1. **Lending limits:** The real estate and construction sectors' credit extension will be limited to 30% each of the total lending. The total amounts of credit extension to both sectors are capped at 50% of the total lending.
2. **Liquidity rules:** Requirements for Mutual finance businesses to maintain a 100 percent liquidity ratio in principle. Smaller entities will be subject to lower liquidity requirements.

[FSC Introduces New Lending Caps and Liquidity Rules on Mutual Finance Firms](#)

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# South Korea (2/2)

## 7 Updates on virtual assets

### 1. Comprehensive Survey Result on Domestic Virtual Asset Market

The Korea Financial Intelligence Unit (KoFIU) released the result of its first comprehensive survey on 29 virtual asset service providers (VASPs) on 2 March 2022. The objective of the survey aims was to better understand the domestic virtual asset market through statistical data provided by the individual business operators.

The survey report provides a comprehensive overview of the domestic virtual asset market, including business operation status of VASPs, user characteristics etc. The survey report indicates the necessity to continue improving statistical data as many business entities are still at an early stage of development. The authorities will conduct biannual surveys to stay updated on this topic.

[KoFIU Unveils 1st Comprehensive Survey Result on Domestic Virtual Asset Market](#)

### 2. Travel rule on Virtual Asset Service Providers (VASPs)

On 24 March 2022, the FSC Korea published the *Travel Rule on Virtual Asset Service Providers*, which came into effect on 25 March 2022. The Rule is under the revised *Act on Reporting and Using Specific Financial Transaction Information*, and aims to prevent money laundering activities via virtual assets. The Rule only applies to virtual assets transactions between VASPs, which are required to provide relevant information on the senders and receivers in virtual asset transfers. Key requirements are:

- **Travel rule application:** The rule applies to users conducting virtual asset transactions worth over 1 million KRW or more to another VASP;
- **Information types & period:** The originating VASP is required to provide senders and receivers' name and virtual asset addresses to the receiving end. The resident registration number of the sender is also required to be provided by the originating VASP upon request of either the KoFIU commissioner, or the receiver within 3 business days of the transaction request;
- **Information storage:** VASPs are obligated to document relevant user information for 5 years from the transaction termination time. Failure to do so may face a fine up to 30 million KRW;
- **Inspection & Supervision:** Depending on the outcome of inspection and supervision, VASPs may receive a caution, warning or corrective order, and disciplinary measures on employees issued by authorities.

[Enforcement of Travel Rule on VASPs to Take Effect from March 25](#)

## 8 Normalisation of temporary deregulatory measures

On 31 March 2022, the FSC Korea issued a press release on the outcome of the FSC Korea regular meeting held on 30 March 2022. During the meeting, the FSC Korea discussed the current status of the 25 temporary easing of financial regulations introduced back in April 2020 and future plans. Considering that the availability of the loan maturity extension and payment deferment program for SMEs and small merchants were extended recently, the FSC has granted a three-month grace period for 7 deregulatory measures scheduled to be expired in March until June 2022. Moreover, a two-pronged approach to normalisation will also be taken with the extension, including:

1. Gradually normalise the total LCR in the banking sector; and
2. Immediate rollback of the other 6 measures that do not impose a significant compliance burden after the grace period, including foreign currency LCR and loan to deposit (LTD) ratio in the banking sector and the liquidity ratio in the non-bank sector.

[FSC to Seek Gradual Normalization of Temporary Deregulatory Measures in Financial Sectors](#)

## 9 Measures to revitalise Korea New Exchange (KONEX)

On 10 January 2022, the FSC Korea announced new measures to revitalise the Korea New Exchange (KONEX), aiming to promote the KONEX market. The measures aim to help revitalise the market and facilitate the functioning of KONEX. New measures include:

1. Providing more incentives for companies to list on KONEX
2. Lowering entry barriers and easing requirements for investors and creating a scale-up fund worth up to KRW100 billion to be invested in the KONEX-listed firms.

[FSC Introduces Measures to Revitalize KONEX](#)

## 10 Corporate governance disclosure

On 2 March 2022, the FSC Korea published the revised guidelines on corporate governance disclosure for listed companies. The revision aims to strengthen shareholder protection starting from the end of May regulatory filing in 2022. Key revisions include:

1. Establishing rules relating to shareholder protection in business split off;
2. Strengthening of the duty to explain for internal transactions with affiliated firms; and
3. Revising CEO succession policy and audit committee guidelines.

[Revised Guidelines on Corporate Governance Disclosure](#)

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# Taiwan (China) (1/2)

## 1 Relax regulations on security token offering (STO)

On 20 January 2022, the Financial Supervisory Commission (FSC) announced its decision to further relax regulations on security token offering (STO). Key amendments are:

1. Cases with fundraising amount below NT\$30 million are exempt from the reporting-and-entry-into-force provisions of the Securities and Exchange Act, and shall be handled in accordance with the Taipei Exchanges' STO rules. For fundraising cases with the amount over NT\$30 million, the case will enter the financial supervision sandbox for the experiment.
2. Adopt the following adjustments proposed by the Taipei Exchange: (i) Two or more STO transaction on single platform will be accepted 6 months after the first STO transaction, fundraising limited increased to NT\$200 million; and (ii) Investors residing outside of Taiwan are allowed to invest in STOs with a funding threshold of NT\$30 million.
3. The FSC will continue to monitor financial stability while supporting financial innovation, and take an iterative approach in the process.

[FSC to Further Relax Relevant Regulations on Security Token Offering \(STO\)](#)

## 2 Digital supervision and banking industry API reporting mechanism

On 17 March 2022, the FSC announced that all Taiwan banks has fully adopted financial statements reporting automation via the Financial Examination Bureau's *Financial Supervisory Report System for Banks and Bills Finance Companies* (the single reporting system) API as of January 2022. According to the FSC, the efficiency and security of reporting has been improved by the single reporting system. The FSC also states that Banks are encouraged to actively integrate their internal automation into the API reporting mechanism, to maximise the synergy generated by automated reporting, realise smart regulatory reporting, and move towards the new era of supervisory technology.

[FSC upgrades its digital supervision, and banking industry API reporting mechanism](#)

## 3 Updates on sustainability development

### 1. Sustainable development guidemap

On 13 January 2022, the FSC announced the *Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies*. The Guidemap officially launched on 3 March 2022, aims to assist enterprises to set carbon reduction targets on schedule, and sets out the disclosure timeline of greenhouse gas (GHG) emissions for TWSE- and TPEX-listed companies. All listed companies will be required to complete GHG emission inventory by 2027, and complete inventory verification by 2029. In addition, the Environmental Protection Agency announced that the name *Greenhous Gas Reduction and Management Act* had been changed to *Climate Change Response Act*.

[The "Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies" will be promulgated shortly](#)

### 2. Transition strategies of sustainable development

On 8 March 2022, the FSC announced their Transition Strategies of Sustainable Development for Securities and Futures Sectors. In the next three years, the FSC aims to achieve the goals of this strategy through collaboration with related financial and supervisory institutions. The goals put forward are:

- i. To perfect the sustainable ecological system;
- ii. To uphold the order and stability of the capital market's trading;
- iii. To strengthen the sector's self-discipline mechanism and resources integration;
- iv. To transition securities and futures management and sectors; and
- v. To protect investors/traders rights, and to institute fair and friendly services.

The goals will be attained via three implementation structures: (i) sustainability governance; (ii) intermediary facilitation on corporate sustainability; and (iii) sustainability information disclosure.

[Sustainable Development for Securities and Futures Sectors](#)



# Taiwan (China) (2/2)

## 4 Regulations governing the acquisition and disposal of assets by public companies

On 25 January 2022, the FSC announced forthcoming amendments to the *Regulations Governing the Acquisition and Disposal of Assets by Public Companies*. The amendments have been drafted to align with the practical operation of acquiring and disposing of assets, and to strengthen related-party transaction management. The amendments have taken into account suggestions from external parties and norms of major international securities markets. Key amendments are as follows:

1. Strengthening related-party transaction management;
2. Improving the external experts' opinions quality; and
3. Relaxing Information disclosure requirements for certain transactions.

The FSC will soon release the amendments for implementation.

[The Advance Notice Procedure of the Draft Amendment to Some of the Articles of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" has been Completed and the Amendment will be Published Soon](#)

## 5 Electronic voting for shareholders' meeting

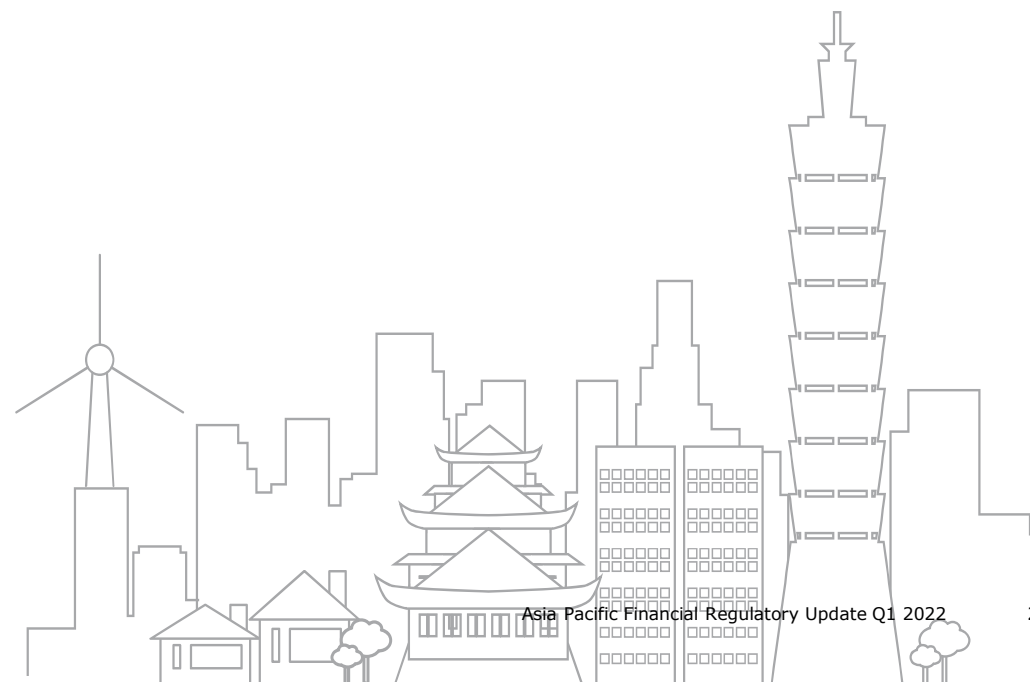
On 4 January 2022, the FSC announced to expand the mandatory provision application scope of e-voting options under Paragraph 1, Article 177-1 of the Company Act. Under the expanded scope, emerging stock companies will be required to adopt electronic voting for shareholders' meetings starting in 2023.

[Press Release: Starting 2023, Emerging Stock Companies Are Required to Include e-Voting for Shareholders' Meetings](#)

## 6 Draft amendments to company act related sub-regulations

On 3 March 2022, the FSC announced that the preannouncement procedure of the draft amendments to the Regulations Governing the Administration of Shareholder Services of Public Companies and Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies has been completed, and will shortly be promulgated and implemented. The amendments aim to allow public companies to hold virtual shareholders' meetings in compliance with the Company Act, and to implement better shareholder activism.

[Press Release: The Preannouncement Procedure of the Draft Amendments to Some Clauses of Regulations Governing the Administration of Shareholder Services of Public Companies and Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies has been completed and the Amendment will be Published shortly](#)



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# Thailand

## 1 Usage for digital asset business

### IT Usage for Digital Asset Business

On 22 February 2022, the Securities and Exchange Commission, Thailand (SECT) published a discussion paper on IT usage for Digital Asset Business. In the discussion paper, business operators are required to disclose information on the service quality provided to traders, noting that business operators must:

1. Protect trader's interests, and help them to make an informed decision as to whether to use the service provided by the business operator (or another); and
2. Provide a standard and sufficient work system that is responsibly fair and in compliance with professional standards in terms of IT.

### [IT Usage Capacity](#)

### Guideline on the Usage of Digital Asset as a means of Payment for Goods

On 25 January 2022, the Thailand financial regulators – The Bank of Thailand (BOT), SECT, and the Ministry of Finance (MOF) have conducted a joint review of digital assets' benefits, and will jointly set guidelines on the usage of digital assets as a means of payment for goods and services.

As digital asset businesses continue to expand in Thailand, regulators have recognised the risk and implication of the growing business and addressed the importance of regulating such business to avoid potential impact on financial stability and economic system. Regulators are considering limiting the adoption of digital assets as a means of payment for goods and services through relevant legal frameworks. For certain digital assets that do not pose systemic risks, further regulation will also be issued.

[Joint Press Release: BOT, SEC, and MOF to jointly set guidelines on the usage of digital assets as a means of payment for goods and services](#)

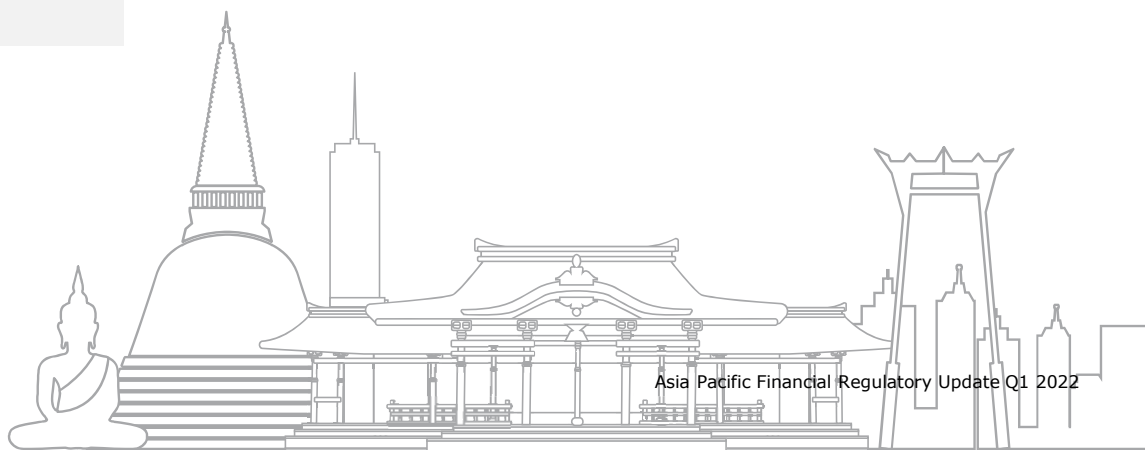
## 2 Sustainable digital economy

On 1 February 2022, the BOT published a consultation paper on repositioning Thailand's financial sector for a sustainable digital economy. The BOT emphasised the impact of technological advancement and environmental changes on the financial services sector. Against the backdrop of these changes, the consultation sets out the BOT's underlying principles and policy directions for the new financial landscape, which include:

- Driving innovation and better financial services by leveraging technology and data through "Three Opens", (i) Open Competition; (ii) Open Infrastructure; and (iii) Open Data;
- Managing the transition towards sustainability; and
- Guiding the financial sector to shift from stability to resiliency.

The consultation period ended on 28 February 2022.

[Repositioning Thailand's Financial Sector for a Sustainable Digital Economy](#)  
[BOT Press Release No. 6/2022: The BOT Issues a Public Consultation on Repositioning Thailand's Financial Sector for a Sustainable Digital Economy](#)



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