

**Asia Pacific Financial Services  
Regulatory Update**

**Q3 2022**

October 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 Q3 2022.

**Continued reform and enhancement of prudential regulation in both the banking and insurance sectors:** Updates to prudential regulation continue. In the last quarter, Australia's prudential regulator published their supervisory plan for 2022-2023. Its key priority remains preserving the resilience of financial institutions and aims to modernise its prudential architecture and strengthen cyber resilience. Australia's prudential regulator also consulted on a new cross-industry prudential standard on operational risk management, which aims to strengthen operational risk management and the overall resilience of financial institutions. Prudential guides on financial contingency planning and resolution planning are also under consultation. The objective of these guides are to ensure that financial institutions are prepared for, and able to resolve disruptions.

A proposed regulatory framework on technology risk management for consultation has been released in Malaysia. The proposed framework covers requirements for governance, technology risk management, technology operations and cybersecurity. The framework is expected to be integrated into current guidelines on cyber and technology risks. In China Mainland, rules on the assessment methodology for systemically important insurance companies are under consultation. The rules aim to improve the regulatory framework for insurance entities in China Mainland and look to establish a framework for the assessment of systemically important insurers domestically.

**Regulators and central banks actively support economic recovery through incentivisation, while controlling risks arising from capital markets:** Supporting economic recovery remains to be a critical agenda item for central banks and regulators. Over the last quarter, regulations were amended in Indonesia to encourage banks to provide funds to priority sectors to promote economic activity. These sectors include those that are resilient to economic pressures, drive economic growth and support economic recovery, expanding the number of priority sub-sectors to 46. Measures were announced in South Korea to ensure the stability of people's livelihood through the provision of financial support to alleviate burdens on vulnerable

groups including lower income households and small merchants. These measures also include a financial support program tailored to the needs of small businesses with the aim of providing liquidity support and increasing competitiveness.

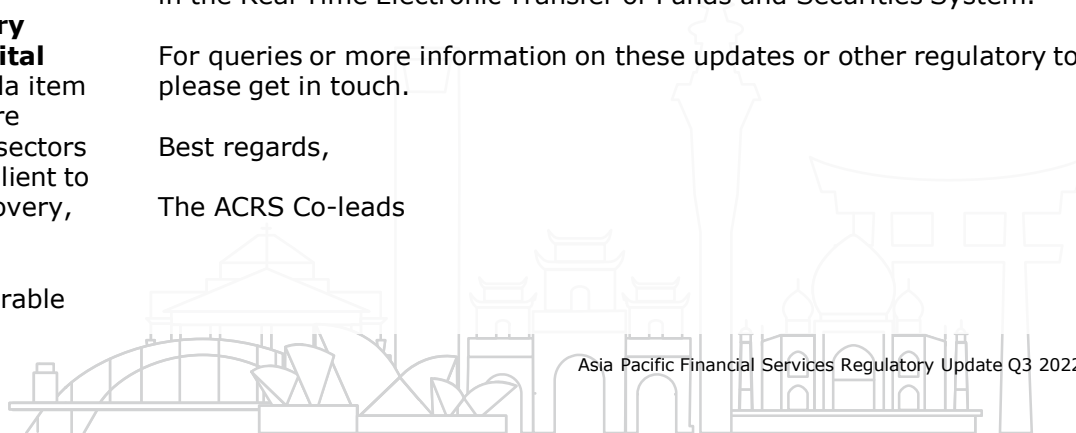
**Enhanced regulation on payment systems, cloud, buy now pay later, and other digital activities:** Ensuring the resilience of payment systems is crucial as incidents have the potential to adversely impact the stability of broader financial systems and/or national economies. Over the last quarter, a letter was released in Hong Kong SAR on sound practices for payment operations of authorised financial institutions to ensure the capacity to implement robust operational resilience measures for payment processes. Based on the prevalence of incidents attributed to IT system malfunctions, these sound practices included a focus on the prevention of operational incidents, monitoring and business continuity planning: (i) to prevent payment-related operational incidents by, e.g., testing the new or enhanced systems before they go live, (ii) to monitor payment operations closely through, e.g., establishing a dedicated team responsible for ongoing monitoring and (iii) to have robust business continuity planning.

New regulation on payment system operations for payment service providers and payment system infrastructure operators have been released in Indonesia. Its objective is to balance efforts to maintain the stability and reliability of payment system. A series of guidelines were issued in Malaysia for payment systems. These guidelines included payments and securities services governance framework participation rules, operational procedure and process requirements for security services and operational procedures for settlement in the Real Time Electronic Transfer of Funds and Securities System.

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

Best regards,

The ACRS Co-leads



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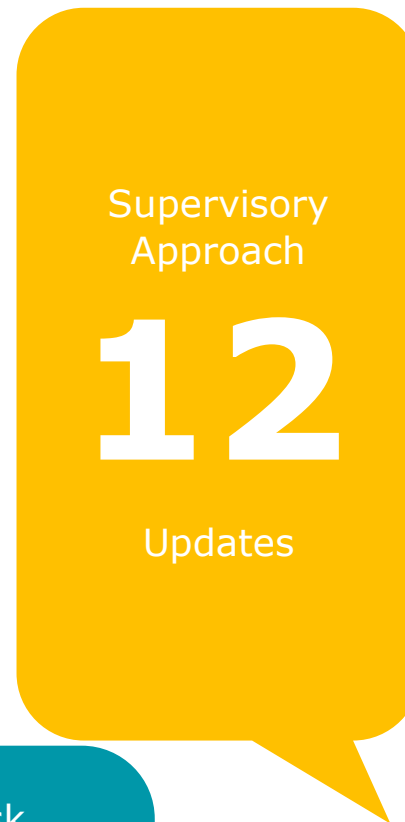
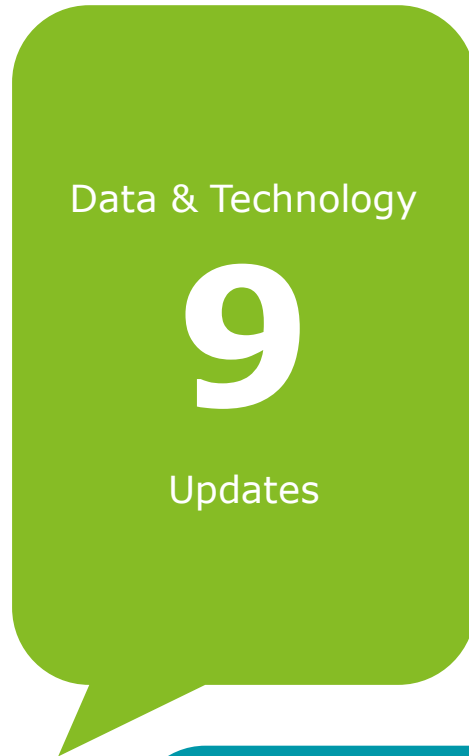
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# Regulatory Hot Topics – Top six most talked about themes this quarter



## 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
11. Enforcement
12. Supervisory Approach
13. Climate & Sustainability

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# Australia (1/2)

## 1 APRA and ASIC release Corporate Plans

On 8 August 2022, the Australian Prudential Regulation Authority (APRA) published its updated Corporate Plan for 2022-23. A key priority remains preserving the resilience of banks, insurers and superannuation funds. Further, APRA will modernise the prudential architecture, strengthen cyber resilience, respond to new financial activities and participants, and adopt the latest regulatory tools, techniques and practices.

On 22 August 2022, the Australian Securities and Investments Commission (ASIC) released its Corporate Plan for the next four years (2022-26). The ASIC Corporate Plan focuses on design and distribution, sustainable finance, retirement decision making, and technology risks, such as cyber risk and digitally enabled misconduct. ASIC also confirmed that it continues to consider litigation as a means of enforcement, if appropriate.

[APRA Corporate Plan \(2022-23\)](#)  
[ASIC Corporate Plan \(2022-26\)](#)

## 2 APRA notifying regulated entities after major data breach

Subsequent to a cyber-attack reported by a major Australian telecommunication entity on 22 September 2022, APRA is advising all APRA-regulated entities to undertake a thorough review and uplift controls on high-risk processes and transactions where possible. This includes areas of digital customer onboarding, and setting up first-time payees. Entities should additionally communicate to their customers and raise awareness on measures that minimise the risk of fraud.

[APRA news - Optus data breach: an update for APRA regulated entities](#)

## 3 Enhancements to strategic planning and member outcomes in Superannuation

On 1 August 2022, APRA proposed a range of changes to the Prudential Standard, SPS 515 Strategic Planning and Member Outcomes, which requires trustees to evaluate their performance in delivering quality outcomes to members. The standard aims to better ensure the capacity of trustees in delivering better outcomes, increasing board oversight of financial projections, and ensuring timely action is taken to address underperformance.

Submissions to the discussion paper are requested by 11 November 2022.

[Discussion paper - Strategic planning and member outcomes: Proposed enhancements](#)

## 4 APRA consults on the draft Prudential Standard, CPS 230 Operational Risk Management

APRA is consulting on a new draft Prudential Standard, CPS 230 Operational Risk Management. The new cross-industry standard consolidates five existing Prudential Standards on outsourcing (CPS 231) and business continuity management (CPS 232), across the banking, insurance, and superannuation industries. The consolidation and streamlining of requirements are intended to be reflective of APRA's shift towards outcomes-focused and principles-based regulation. The update also includes new and enhanced requirements, emphasising the importance of effective operational risk management for financial institutions. The final version of CPS 230 is expected to be released in early 2023, and to come into force from 1 January 2024.

Submissions to the consultation are requested by 21 October 2022.

[Discussion paper - Strengthening operational risk management \(for Prudential Standard CPS 230 Operational Risk Management\)](#)

## 5 APRA consults on guidance for financial contingency and resolution planning

On 6 September 2022, APRA began consultations on Prudential Practice Guides, CPG 190 Financial Contingency Planning and CPG 900 Resolution Planning. The guides will provide clarity on, and assist regulated entities in meeting the requirements of the equivalent prudential standards that have been proposed, i.e. CPS 190 Financial Contingency Planning and CPS 900 Resolution Planning. The core objectives of the guidance and standards will be to ensure better preparedness, and in the unlikely case of failure, the capacity to achieve orderly resolution of situations that may limit the viability of an entity. The standards are expected to come into effect on 1 January 2024.

Submissions to the consultation are requested by 6 December 2022.

[APRA industry letter - Consultation on draft guidance for financial contingency and resolution planning](#)  
[Discussion paper - Strengthening crisis preparedness](#)

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# Australia (2/2)

## 6 APRA to modernise its prudential architecture

On 12 September 2022, APRA outlined its approach to achieving one of its core strategic initiatives outlined in their Corporate Plan – modernising the prudential architecture. APRA's Modernising the Prudential Architecture initiative is a multi-year program focused on making the regulatory framework "clearer, simpler and more adaptable," through a series of initiatives focused on:

- Better regulation – ensuring standards and guidance are easy to understand, easy to navigate, and easy to implement;
- Digital first – exploring how technology can support better regulation; and
- Focus on new risks, new rules – developing new and innovative approaches to tackle new and emerging risks, and new technologies and business/operating models within the regulatory perimeter.

[Media release - APRA outlines plans to modernise the prudential architecture](#)  
[Information paper – Modernising the prudential architecture](#)

## 7 Reserve Bank explores use cases for a central bank digital currency

The Reserve Bank of Australia and the Digital Finance Cooperative Research Centre (DFCRC), a research program funded by industry partners, universities and the Australian Government, are currently assessing use cases for a central digital bank currency (CBDC). The potential emergence of a digital economy has prompted central banks to assess the potential role, benefits, risks and other implications of CBDCs. As outlined in the White Paper, 'Australian CBDC Pilot for Digital Finance Innovation', the Australian CBDC initiative is intended to explore technological, legal and regulatory considerations.

Submissions are requested by 31 October 2022.

[Joint media release – White Paper on CBDC Research Project](#)

## 8 New remediation guidance released

Following a two-year public consultation process, ASIC has published new remediation guidance, *RG 277 Consumer Remediation*, to help financial institutions remediate their customers quickly and effectively. The guide replaces RG 256 for all future remediations initiated on or after 27 September 2022, and applies to Australian financial services licensees (including superannuation trustees), and Australian credit licensees. RG 277 sets up nine core principles of remediation and rules about proactively initiating remediations, determining remediation outcomes, and delivering an appropriate outcome. The 9 principles for conducting a remediation are as follows:

1. Consumers affected should be returned as closely as possible to the position they would have otherwise been in had the misconduct or other failure not occurred;
2. Licensees should understand the nature, extent and impact of misconduct or other failure;
3. Licensees should give consumers the benefit of the doubt, and minimise the risk of under compensation;
4. Licensees should ensure key decisions are justified and documented;
5. Licensees should apply reasonable endeavours when making remediation payments;
6. Remediations should be initiated and conducted in a timely manner to ensure quality consumer outcomes;
7. Remediations should be made easy for consumers by minimising complexity and, where possible, limiting their involvement in the process;
8. Licensees must not profit from misconduct or other failure; and
9. Licensees should ensure the remediation has adequate resourcing, governance and accountability.

[22-260MR ASIC publishes updated and expanded remediation guidance](#)  
[ASIC Regulatory Guide 277 – Consumer Remediation](#)

## 9 Quality of Advice Review: Feedback sought on Proposals Paper

The Australian Treasury is undertaking a review into the quality of financial advice. Following industry feedback on the issues paper, the Treasury is seeking feedback on proposed reforms to financial advice regulation as outlined in the 'Proposals Paper for the Quality of Advice Review'. These reforms are intended to simplify the regulatory framework to better enable the provision of high quality, accessible and affordable financial advice for Australian retail clients.

The consultation period ended on 23 September 2022, and a report will be provided to the Government by 16 December 2022.

[Consultation paper – Quality of Advice Review \(Proposals for Reform\)](#)

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# China Mainland (1/3)

## 1 CBIRC holds the 15th and 16th meeting of the solvency supervisory committee

In Q3 2022, the China Banking and Insurance Regulatory Commission (CBIRC) held the 15th and 16th meeting of the solvency supervisory committee. The meetings examined the insurance industry's solvency and risk conditions, and comprehensive risk rating results of insurance companies in Q1 and Q2 of 2022. The meetings highlighted that the overall performance of the insurance industry is stable, the solvency ratio has remained within a reasonable range, and that risks were generally controllable.

[CBIRC Holds the 15th Meeting of the Solvency Supervisory Committee - 6 July 2022](#)  
[CBIRC Holds the 16th Meeting of the Solvency Supervisory Committee - 31 August 2022](#)

## 2 Insurance asset management companies

On 5 August 2022, the CBIRC issued the *Rules on Insurance Asset Management Companies*. The Rules seek to deepen the financial supply-side structural reform, strengthen regulations of insurance asset management companies, and promote high-quality development of the insurance asset management sector. The new Rules were formulated accordingly to the CBIRC's revision to *Provisional Rules on Insurance Asset Management Companies (CIRC Order [2004] No.2)*, and its consultation with relevant parties and the public. The Rules consist of 85 articles, with key content covering the addition of new special chapters relating to corporate governance and risk management, further optimising equity structure, optimising operating principles and relevant requirements, and adding regulatory measures and constraints on non-compliance.

The Rules came into effect on 1 September 2022.

[CBIRC Releases the Rules on Insurance Asset Management Companies](#)

## 3 Internal control of wealth management companies

On 25 August 2022, the CBIRC issued the *Rules on Internal Control of Wealth Management Companies* after public consultation. The Rules will refine and supplement the principal requirements of corresponding regulations, such as *Guiding Opinions on Regulating Asset Management Business of Financial Institutions*, the *Rules on Wealth Management Business of Commercial Banks* and the *Rules on Wealth Management Subsidiaries of Commercial Banks*. In conjunction with the corresponding regulations, the Rules formulate the fundamentals to establish a comprehensive internal control framework for wealth management companies.

The Rules consists of 46 articles across six chapters, including general provisions, internal control duties, internal control activities, internal control support systems, internal control oversight, and supplementary provisions.

The Rules came into effect on 25 August 2022.

[CBIRC Releases the Rules on Internal Control of Wealth Management Companies](#)

## 4 Healthy development of credit card businesses

On 7 July 2022, the CBIRC and the People's Bank of China (PBC) jointly issued the *Notice on Further Promoting the Standard and Healthy Development of Credit Card Business*. In light of the accelerating growth in credit card businesses of China's banking institutions, authorities have recognised the need to establish requirements to address the current credit card business philosophy and the need to protect consumer interests. The key contents are as follows:

1. Standardisation of credit card interest collection;
2. Strengthening of consumers' rights and interests protection;
3. Transforming the extensive development model;
4. Business conduct management of external cooperative entities standardisation; and
5. Enhancing the convenience of credit card online services.

The Notice became effective from 7 July 2022 with a 2-year transition period.

[CBIRC and PBC Jointly Issue the Notice on Further Promoting the Standard and Healthy Development of Credit Card Business](#)

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# China Mainland (2/3)

## 5 Capital Management of financial asset investment companies

To enhance supervision of financial asset investment companies and to promote sustainable and stable operations, the CBIRC issued the *Provisional Rules on the Capital Management of Financial Asset Investment Companies* on 8 July 2022.

Key topics cover capital regulatory requirements, risk-weighted asset calculation methodology, consolidated capital regulator scope, capital management requirements and the responsibilities of the supervisory department.

The Provisional Rules came into effect on 8 July 2022.

[CBIRC issued the Provisional Rules on the Capital Management of Financial Asset Investment Companies](#)

## 6 Management of online lending of commercial banks

On 15 July 2022, the CBIRC issued the *Notice on Strengthening the Management of Online Lending of Commercial Banks and Improving the Quality and Efficiency of Financial Services* to further regulate commercial banks' online lending businesses and facilitate stable and healthy online lending development. The notice refines and clarifies loan management and independent risk control requirements for commercial banks while encouraging digital transformation. Key requirements for commercial banks are:

1. Improve financial services' quality and efficiency;
2. Fulfil the major responsibility of loan management;
3. Strengthen information and data management;
4. Strengthen loan funds management;
5. Standardise cooperative business management; and
6. Enhance consumer protection.

Consistent with the *Measures for the Administration of Credit Reporting Services*, the transition period for implementation of the Notice is from 15 July 2022 to 30 June 2023. In addition, the implementation transition period for the *Interim Rules on Commercial Banks' Online Lending Business* has been extended.

[CBIRC Issues the Notice on Strengthening the Management of Online Lending of Commercial Banks and Improving the Quality and Efficiency of Financial Services](#)

## 7 Consultations regarding insurance regulations

In Q3 of 2022, the CBIRC consulted on the following topics relating to insurance regulation and supervision:

### 1. Insurance Sales Conduct

On 19 July 2022, the CBIRC launched a public consultation on the *Rules on Insurance Sales Conduct*. The consultation seeks public feedback on the proposed Rules to protect the legitimate rights and interests of the policy holder, the insured and the beneficiary, as well as to regulate insurance sales conduct and unify supervisory requirements. The Rules consists of general provisions, conduct management before, during and after insurance sales, regulation and supervision, and supplementary provisions.

The consultation period ended on 19 August 2022.

[CBIRC Solicits Public Opinions on the Rules on Insurance Sales Conduct \(for Consultation\)](#)

### 2. Information Disclosure of Life Insurance Products

On 2 August 2022, the CBIRC launched a public consultation on the *Rules on Information Disclosure of Life Insurance Products*. The Rules intend to regulate life insurance product information disclosure, to protect the insurance policyholder, the insured and the beneficiary's legitimate rights and interests, and to promote a healthy and sustainable industry development. The proposed Rules cover (i) general provisions, (ii) subject and method of information disclosure; (iii) content and timeframe for information disclosure; (iv) information disclosure management; and (v) legal responsibilities.

The consultation period ended on 31 August 2022.

[CBIRC Solicits Public Opinions on the Rules on Information Disclosure of Life Insurance Products \(for Consultation\)](#)

### 3. Systemically Important Insurance Companies Assessment Methodology

On 8 July 2022, the CBIRC launched a public consultation on the *Rules on Systemically Important Insurance Companies Assessment Methodology*. The Rules aim to improve the regulatory framework of systemically important financial institutions in China, as well as to establish the systemically important insurance companies (D-SII) assessment and identification mechanism. The Rules clarify the assessment scope, methods and threshold standards for D-SIIs in China.

The consultation period ended on 8 August 2022.

[\(Chinese\) CBIRC Solicits Public Opinions on the Rules on Systematically Important Insurance Companies Assessment Methodology \(for Consultation\)](#)

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# China Mainland (3/3)

## 8 2022 Mid-year work conference

In Q3 of 2022, both CBIRC and the PBC held their mid-year work conference. Key updates are as follows:

### 1. CBIRC 2022 mid-year work conference of 2022

The CBIRC held its mid-year work conference on 25 July 2022. At the conference, the CBIRC summarised the work completed in the first half of the year, outlined their assessment of the present overall environment, and set out their priorities for the remainder of the year. The CBIRC has made progress in the following:

- Effective and orderly prevention and mitigation of financial risks;
- Improvements to the quality and efficiency of financial services for the real economy;
- Continued to deepen the reform and opening-up the banking and insurance sectors.

[CBIRC Convenes the Mid-Year Work Conference of 2022](#)

### 2, PBC holds 2022 semi-annual work conference

The PBC 2022 semi-annual work conference was held on 1 August 2022. The PBC outlined the progress made as follows:

- Further intensify implementation of sound monetary policy;
- Provided effective financial support to the key areas for overall economy stability;
- Continued improving macro-prudential policy framework;
- Addressed some prominent financial risks prudently;
- Deepened institutional reforms in the financial sector;
- Advanced international cooperation in the financial sector in a profound way; and
- Elevated the quality and efficiency of financial services and financial management.

Key work priorities are:

- To maintain stable and appropriate money and credit growth;
- To properly deal with risks in key fields;
- To improve the macro-prudential management system;
- To deepen financial market reforms;
- To steadily advance RMB internationalisation;
- To participate deeply in international financial governance; and
- To improve financial services and management.

[PBC Holds 2022 Semiannual Work Conference](#)

## 9 2022 List of Systemically Important Banks

On 9 September 2022, the PBC and CBIRC released the 2022 list of China Mainland's systemically important banks (SIBs) after completing the 2022 assessment of China Mainland's SIBs according to the *Measures for Assessment of Systemically Important Banks*. The assessment aims to strengthen the macroprudential management and regulation of SIBs.

According to the list, 19 banks were designated as SIBs, consisting of six state-owned commercial banks, nine joint-stock commercial banks and four city commercial banks.

[PBC and CBIRC Release List of China's Systemically Important Banks for 2022](#)

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# Hong Kong SAR (1/2)

## 1 Revision of policy module on consumer credit data use

On 8 July 2022, the Hong Kong Monetary Authority (HKMA) published the revised Supervisory Policy Manual (SPM) Module IC-6 on *The Sharing and Use of Consumer Credit Data through Credit Reference Agencies (CRA)*.

The revisions clarify the expectations of HKMA regarding authorised institutions (AIs) engaged in the provision of consumer credit. The HKMA expects relevant AIs to fully participate in personal credit data sharing through CRAs in the Multiple CRAs Models via the Credit Reference Platform (CRP). The CRP will operate by an independent operator and is expected to be launched by the end of 2022.

[Circular: SPM Module IC-6](#)  
[SPM Module IC-6](#)

## 2 Money laundering and terrorist financing risk assessment report

To ensure the effectiveness of Hong Kong's anti-money laundering and counter-terrorist financing (AML/CTF) regime and to address the continuously evolving challenges, the Hong Kong SAR government published the *Hong Kong Money Laundering and Terrorist Financing Risk Assessment Report 2022* (2022 HRA) on 8 July 2022. The 2022 HRA presents an updated view of the money laundering/terrorist financing (ML/TF) risk landscape, identifies the key ML/TF risk changes since the first HRA report in 2018, and sets out relevant actions.

According to the 2022 HRA, the Hong Kong local banking system continues to be exposed to a high level of ML risk. Threats such as fraud, corruption and tax crimes have been continuously rising during the COVID-19 pandemic, as a result of the accelerated development of online commerce and financial services and the application of technology.

Following the report, the HKMA, the Hong Kong Securities and Futures Commission (SFC) and Hong Kong Insurance Authority (IA) issued corresponding circulars and stated that they will continue to work closely with licensed financial institutes to address ML/TF risks. In addition, the HKMA announced that it will introduce further supporting initiatives for innovation and Regtech adoption in the upcoming year, such as the second Anti-Money Laundering Regtech Lab (AMLab), which was held on 21 July 2022, and supported by Deloitte.

[Official Report: Hong Kong Money Laundering and Terrorist Financing Risk Assessment Report](#)  
[HKMA Circular](#) / [SFC Circular](#) / [IA Circular](#)  
[HKMA and Cyberport jointly promote use of regulatory technology \(Regtech\) in Anti-Money Laundering \(AML\)](#)

## 3 Revised module OR-1 on Operational Risk Management

On 25 July 2022, the HKMA released the revised module *OR-1 on Operational Risk Management* after industry consultation. The revised module implements the Basel Committee on Banking Supervision (BCBS)'s *Revised Principles for Sound Management of Operational Risk* issued in March 2021 and reflects operational risk management-related requirements in BCBS' *Principles for Operational Resilience*.

AIs are required to implement the revised module by 25 January 2024 at the latest. The implementation timeline for areas concerning operational resilience in paragraph 1.5.2 will align with SPM OR-2 based on the circular dated 31 May 2022.

[Circular: Revised SPM OR-1](#)  
[SPM OR-1](#)

## 4 Sound practices for payment operations

On 28 July 2022, the HKMA published the *Sound Practices for Payment Operation* to ensure AIs maintain strong operational resilience in the payment processes. Based on past operational incidents, the HKMA has identified multiple payment operation sound practices for AIs to reference. The sound practices identified include:

- Prevention of payment-related operational incidents;
- Close monitoring of payment operations;
- Implementation of robust business continuity planning;
- Timely contingency arrangements;
- Periodic testing to ensure the effectiveness of AIs' Business Continuity Planning; and
- Communication strategy to ensure effective incident reporting and communication with stakeholders.

Due to the increase in payment-related operation incidents, the HKMA will enhance its oversight of AIs' payment operations. The HKMA encourage AIs to conduct gap analyses against the listed sound practices and make improvements where appropriate.

[Sound practices for payment operations](#)

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# Hong Kong SAR (2/2)

## 5 Guidance on cloud computing

As AIs have been increasingly adopting cloud computing through partnership with third-party Cloud Service Providers (CSP), the HKMA issued the *Guidance on Cloud Computing* on 31 August 2022, setting out its supervisory expectations in the area. The guidance was developed based on the results of thematic examinations conducted between 2021 and 2022.

Key principles covered by the guidance include:

1. Governance framework;
2. On-going risk management and controls;
3. Protection of access and other legal rights; and
4. Risk management capabilities

The Guidance also complements other relevant HKMA guidance, including *SPM SA-2 on Outsourcing*, *OR-2 on Operational Resilience*, and *TMG-1 on General Principles for Technology Risk Management*.

[Guidance on Cloud Computing](#)

## 6 Policy stance on e-HKD

On 20 September 2022, as part of the Fintech 2025 strategy, the HKMA published its position paper on e-HKD, titled *e-HKD: Charting the Next Steps*. The paper sets out the HKMA's policy stance and future steps regarding retail Central Bank Digital Currency (CBDC).

According to feedback received from two market consultations, respondents welcomed the e-HKD initiative and believed it could improve payment efficiency while promoting the digital economy. Moreover, respondents also pointed out that issues such as privacy protection, legal considerations and use cases would require further examination. Taking into consideration the responses, the HKMA announced that a three-rail approach would be adopted for the possible e-HKD implementation:

- Rail 1: Establish a technology and legal foundation to support the e-HKD.
- Rail 2: Run parallel with rail 1 – further examination of e-HKD use cases and related applications, implementation, and design issues.
- Rail 3: Outcome consolidation of rail 1 and 2, as well as timeline setting for the launch of e-HKD.

[Press Release: HKMA's policy stance on e-HKD](#)  
[Position paper: e-HKD: Charting the Next Steps](#)

## 7 Consumer protection of Buy Now, Pay Later

Following the increasing popularity of Buy Now, Pay Later (BNPL) products, the HKMA issued a circular on *Enhancing Consumer Protection in Respect of "Buy Now, Pay Later" Products* on 2 September 2022. The Circular covers the HKMA's expectations and enhancement measures to ensure consumer protection in the use of BNPL products. The Circular applies to BNPL products that met the description of criterion, including (i) Product features; and (ii) Naming and/or promotional approaches.

Key measures covered by the circular include:

- Applicability of consumer protection measures;
- Responsible borrowing;
- Disclosure of fees and charges;
- Key facts statement of BNPL products;
- Chargeback mechanisms; and
- Creditworthiness assessment of BNPL product application

AIs should implement all measures in the circular by the end of 2022. The HKMA also advised AIs to enhance staff capacity and training to manage enquiries from clients.

[HKMA Circular: Enhancing Consumer Protection in Respect of "Buy Now, Pay Later" Products](#)

## 8 Extension of phase 2 of the temporary facilitative measures

After evaluating the current COVID-19 situation, the IA announced the extension of phase 2 of the Temporary Facilitative Measures (TFM) on 9 September 2022. The TFM aims to minimise the risk of infection by obviating the need for FTF meetings during the sales process of insurance policies.

Phase 2 of TFM will be extended to 30 April 2023, unless otherwise instructed by the IA.

[HKIA Circular](#)  
[HKMA Circular](#)

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# India (1/2)

## 1 Relaxation in investment limitations by foreign portfolio investors in debt securities

On 7 July 2022, the Reserve Bank of India (RBI) announced the relaxing of foreign portfolio investors (FPIs)' investment in government securities, corporate bonds, commercial papers and non-convertible debentures. The Directions came into effect immediately.

Between 8 July 2022 to 31 October 2022, FPIs are allowed to invest more than 30% of the total investment of that particular FPI into government securities (including treasury bills and state development loans) and corporate bonds. The grace period would last until the maturity or sale of such investments.

FPIs are allowed to invest in commercial papers and non-convertible debentures with an original maturity of up to one year, if invested between 8 July 2022 and 31 October 2022, uplifting the previous requirements on 1-year minimum residual maturity of the corporate bond investment portfolio.

[Investment by Foreign Portfolio Investors \(FPI\) in Debt - Relaxations](#)

## 2 Guidelines for overseas investment by Alternative Investment Funds/Venture Capital Funds

On 17 August 2022, the Securities and Exchange Board of India (SEBI) announced the guideline for Alternative Investment Funds (AIFs) and Venture Capital Funds (VCFs) to invest in securities and companies incorporated outside India with immediate effect. Key requirements for AIFs and VCFs are:

- Apply for overseas investment allocation with SEBI;
- Invest in overseas investee company incorporated in where the securities market regulator is a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding (MoU) or to the bilateral MoU with SEBI;
- Shall not invest in overseas investee company incorporated in where the Financial Action Task Force (FATF) identified as strategically deficient in anti-money laundering or combating terrorism financing;
- The sales proceeds received from investment liquidation should be available to all AIFs or VCFs (including the selling funds) for reinvestment;
- Furnish the sale/divestment details of the overseas investments to SEBI within 3 working days of the sale/divestment; and
- Report to SEBI on all the overseas investment sold/divested hitherto by AIFs and VCFs within 30 days from the date of the circular.

[Guidelines for overseas investment by Alternative Investment Funds \(AIFs\) / Venture Capital Funds \(VCFs\)](#)

## 3 Proposed amendments to the related rules and regulations on securities creation and due diligence

On 4 August 2022, the SEBI issued the *Enhanced Guidelines for Debenture Trustees and Listed Issuer Companies on Security Creation and Initial Due Diligence*. The SEBI revised the requirements relating to 1) creation, modification and encumbrance for existing listed debt securities or proposed to be listed debt securities, and 2) related due diligence requirement by Debenture Trustees.

[Enhanced guidelines for debenture trustees and listed issuer companies on security creation and initial due diligence](#)

## 4 Foreign Exchange Management Regulations

On 22 August 2022, the RBI introduced a new investment overseas regime - *Foreign Exchange Management (Overseas Investment) Regulations, 2022*. The new regime repealed the previous *Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2004* and *Foreign Exchange Management (Acquisition and Transfer of Immovable Property Outside India) Regulations, 2015*.

The new regime aims to 1) simplify the existing framework for overseas investment by persons resident in India; 2) cover wider range of economic activities; 3) reduce the need for seeking certain approvals; and 4) reduce compliance burden and cost.

Key content covers:

- Various new definitions which will bring more clarity;
- Introduction of concept of strategic sector;
- Remove requirement of approval for:
  - a) deferred payment of consideration;
  - b) investment/disinvestment by persons resident in India under investigation by any investigative agency/regulatory body;
  - c) issuance of corporate guarantees to or on behalf of second or subsequent level step down subsidiary; and
  - d) write off on account of disinvestment
- Introduction of late submission fee for reporting delays.

The regulation came into effect on 22 August 2022.

[Foreign Exchange Management \(Overseas Investment\) Regulations, 2022](#)  
[Foreign Exchange Management \(Overseas Investment\) Directions, 2022](#)

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# India (2/2)

## 5 Proposed amendments to the periodicity of Health Insurance Regulatory Returns

On 13 September 2022, the Insurance Regulatory and Development Authority of India (IRDAI) revised the periodicity of Health Insurance Regulatory Returns, from 17 returns to 8 for General and Health Insurers and 3 for Life Insurer following the below submission timeline:

- For yearly review returns : Furnish within 90 days from the close of the reporting financial year; and
- For quarterly returns: Furnish within 5 days from the close of the reporting quarter.

The amendment comes into immediate effect and is applicable to all returns filed for FY22-23 and onwards.

[Revision of Health Insurance Regulatory Returns](#)

## 6 Ease of living to senior citizens

On 13 September 2022, the IRDAI issued a press release stating that national pension scheme (NPS) pensioners do not require to fill out a separate proposal form to choose the annuity after exiting the pension corpus. The Exit Form submitted by the NPS retiree will be considered as the proposal form for offering the immediate annuity product by the insurance companies.

[INDAI Press Release: Ease of living to Senior Citizens](#)

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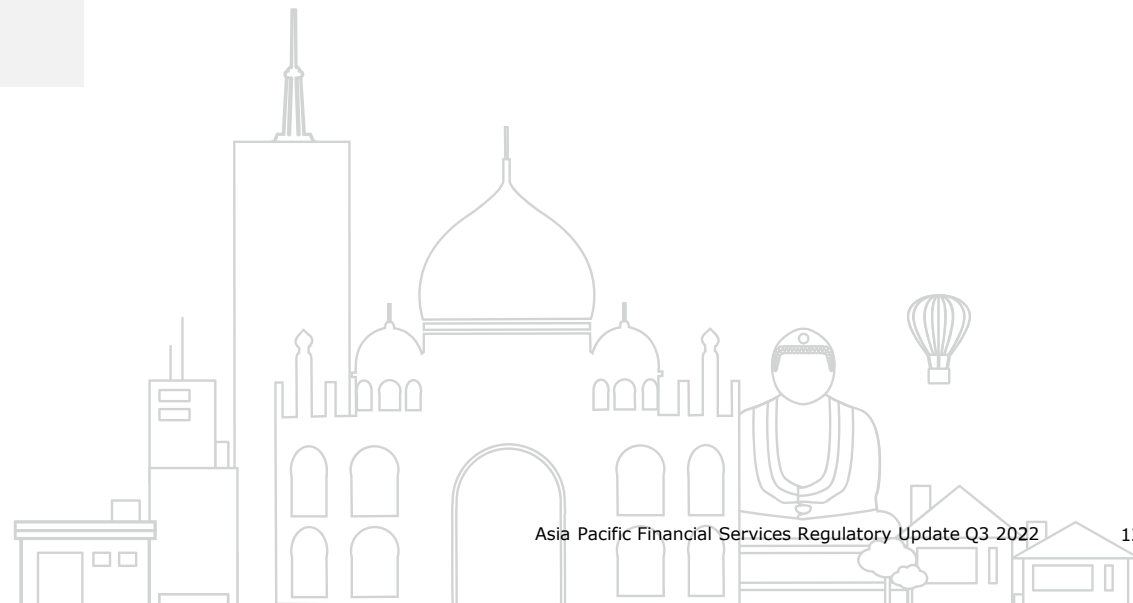
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# Indonesia (1/3)

## 1 Regulations for implementing incentives for banks providing funds for certain and inclusive economic activities

On 20 July 2022, Bank Indonesia (BI) issued the amendments to 24/4/PADG/2022 concerning *Regulations for Implementing Incentives for Banks Providing Funds for Certain and Inclusive Economic Activities*. The amendments aim to support national economic recovery, which requires the BI to strengthen incentive policies to encourage banks to finance priority sectors. Key amendments are:

1. Expansion of priority sub-sectors to 46, grouped into 3 major groups:
  - I. Priority sectors that are resilient to economic pressures;
  - II. Priority sectors that drive economic growth; and
  - III. Priority sectors that support economic recovery.
2. Adjustments to the criteria for banks to qualify for incentives, namely providing credit or financing to priority sectors and achieving an average 1% credit or financing growth to one or more priority sector groups.
3. Increase the incentive amount for banks to a maximum of 2%, specifying a 1.5% incentive amount for providing credit or financing to the highest priority sector and a 0.5% incentive amount for achieving the highest RPIM.
4. Adjustment of incentive amounts originating from the provision of credit or financing to priority sectors to the sum of the amount of incentives obtained by the Bank from all priority sector groups given in stages.

[Read more here](#)

## 2 Transactions in foreign exchange market

On 4 July 2022, BI launched the *Transaction in Foreign Exchange Market* regulatory guidance. The regulatory guidance aims to develop an integrated domestic foreign exchange market and provide flexibility to market players with precautionary approaches considered when needed. Key provisions focus on areas including:

- Provisions regarding the types of transactions, particularly cash transactions (today, tomorrow, spot transactions) and exchange rate derivatives transactions or hedging transactions based on Sharia principles;
- Contracts, both conventional and Sharia;
- Timing and underlying transactions;
- Transactions through third parties;
- Transaction restrictions;
- Regulations regarding transaction participants;
- Regulation of the reference rate used in foreign exchange market transactions;
- The financial market infrastructure used in the foreign exchange market;
- The obligation of the Bank to report data and/or information on transactions conducted in the foreign exchange market to BI; and
- The authority of BI in conducting supervision in the foreign exchange market, including indirect supervision and/or inspection.

[Read more here](#)

## 3 Regulations for the fulfilment of statutory reserves in Rupiah and foreign exchange

On 30 June 2022, BI issued the regulation on the *Fulfilment of Statutory Reserves in Rupiah and Foreign Exchange for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units* to support economic recovery. The regulation aims to accelerate the normalisation of liquidity policy through a gradual increase in the minimum statutory reserve requirement in Rupiah. Key provisions are set out below:

- The minimum statutory reserve requirement in Rupiah for BUK (Conventional Commercial Banks), which currently stands at 6.0%, has increased to 7.5% from 1 July 2022 and 9.0% from **1 September 2022**;
- The minimum statutory reserve requirement in Rupiah for BUS (Sharia Commercial Banks) and UUS (Sharia Business Units), which currently stands at 4.5%, increased by 6.0% from **1 July 2022** and 7.5% from **1 September 2022**; and
- Provision of 1.5% remuneration for complying with statutory reserves obligation after considering incentives for banks in lending/financing to priority sectors and UMKM (Micro, Small and Medium Enterprises), and/or meeting the target of the macroprudential inclusive financing ratio (RPIM).

[Read more here](#)

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# Indonesia (3/3)

## 4 Implementation Regulation in Foreign Exchange Market Transaction

On 4 July 2022, BI published *NOMOR 24/10/PADG/2022 Implementation Regulation in Foreign Exchange Market Transaction*. The implementation regulation aims to develop an integrated domestic foreign exchange market and provide flexibility to market participants while considering precautionary approach to further regulate foreign exchange market transactions. Key elements include:

- Regulations on transactions in the foreign exchange market and their scope; the scope covers foreign exchange transactions against rupiah and foreign currencies against other foreign currencies;
- Types of transactions in the foreign exchange market;
- Provision of cash transactions, exchange rate derivatives and other foreign exchange transactions stipulated by BI;
- The use of contracts in performing exchange rate derivative transactions in the foreign exchange market;
- The timing of foreign exchange transactions against rupiah and foreign currencies against other foreign currencies;
- Underlying transactions arrangements;
- Regulations on transactions through third parties, including economic activities and underlying transactions that can be used;
- Regulations regarding transaction limits;
- Regulation of rupiah transfers to non-residents regarding the obligation to use underlying transactions for rupiah transfers to non-resident accounts;
- Regulations on transaction settlement; and
- Regulation on the reference rate that can be used in transactions in the foreign exchange market.

[Read more here](#)

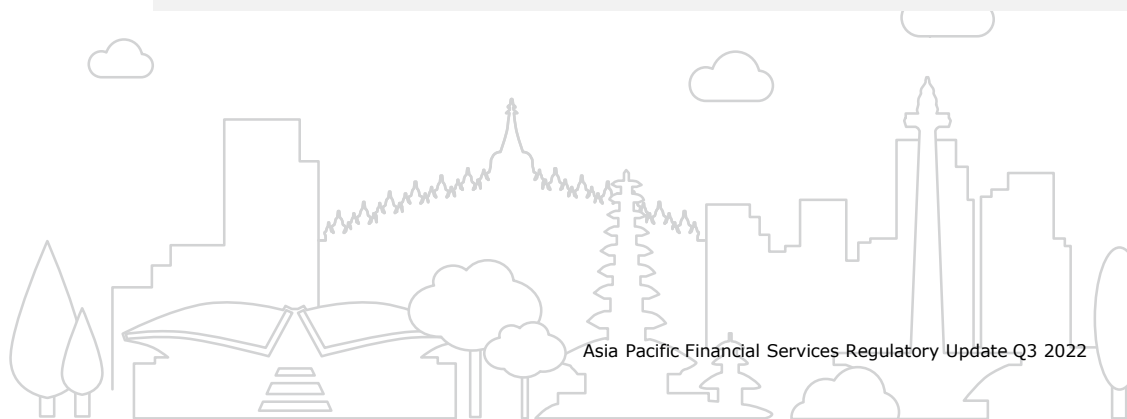
## 5 Implementation of market code of conduct and treasury certification

On 30 June 2022, BI issued regulatory guidance on the *Market Code of Conduct and Treasury Certification* to support BI's goal of achieving Rupiah stability. The goal necessitates a liquid, efficient, transparent and trustworthy money market to support effective monetary operations and national economic activities, which can be achieved through the application of the market code of conduct and implementing treasury certification for market players.

Key provisions are as follow:

- Regulations regarding the understanding and implementation of the market code of ethics;
- The obligation to have internal procedures and submit them to BI;
- The submission a statement of commitment to the market code of ethics;
- The board of directors and employees conducting transactions in the money market are required to be members of treasury professionals associations;
- The implementation of treasury certification is required to be administered by a BI recognised Professional Certification Agency ("LSP");
- Other regulations regarding treasury certificates;
- Obligation to have treasury certificates in accordance with the level based on the form of the transaction actor in the money market and the level of position;
- Grace period of treasury certification possession;
- Postponement of issuance, refusal of extension, suspension, or revocation of treasury certificate;
- The implementation of Competency Maintenance by LSP, authorities, and/or other parties;
- Submission of reports by transaction actors in the Money Market and LSP; and
- Supervision of Bank Indonesia against transaction actors in the Money Market and LSP.

[Read more here](#)





# Indonesia (3/3)

## 6 Domestic Non-Deliverable Forward Transactions

On 4 July 2022, BI issued new regulation on Domestic Non-Deliverable Forward (DNDF) Transactions to increase liquidity in the foreign exchange market. Through this regulation, BI aims to enrich the Rupiah exchange rate risk hedging instrument.

Key provisions set out in the regulation are as follows:

- The provisions for contracts used in DNDF transactions;
- Transaction time;
- Underlying transactions arrangement;
- Underlying liability for transactions made above a certain amount (threshold);
- Banks are prohibited from providing overdraft, credit and/or financing in the context of DNDF transactions;
- The settlement currency of DNDF transactions is Rupiah;
- DNDF transactions can be carried out with transaction extension (rollover) or offsetting transaction (unwind), however transaction settlement cannot be early terminated;
- Underlying transaction documents could be final or estimation;
- Banks are required to use Jakarta Interbank Spot Dollar Rate as the reference rate for DNDF transactions of the US dollar against the Rupiah;
- The non-USD/IDR reference rate in accordance with the currency being traded as the reference rate for DNDF Transactions other than the US dollar against Rupiah;
- Banks are required to submit DNDF transaction reports through the BI reporting system; and
- Regulations regarding procedures for imposing administrative sanctions.

[Read more here](#)

## 7 Payment system operation by payment service providers and payment system infrastructure operators

On 30 June 2022, BI issued the Member of the Board of Governors Regulation number 24/7/PADG/2022 concerning *Payment System Operation by Payment Service Providers and Payment System Infrastructure Operators*. Following the development of digitalisation and payment system innovation, the objective of the regulation is to balance efforts to maintain the stability of creating a fast, easy, affordable, secure, and reliable payment system while considering the expansion of access and consumer. Accordingly, BI issued the updated payment system regulation in response to the evolving payment system industry.

Key reforms are as follows:

- Calculation of shares for ownership and administration of licensing as Payment Service Providers (PJP) and determination of Payment System Infrastructure Operators (PIP) under certain conditions;
- Pricing schemes arrangements;
- PJP and PIP meet Payment System capital requirements through the provision of capital during the operation of business activities (ongoing capital);
- Provisions concerning external independent information technology assessors who will conduct information technology assessments for Systemic Payment System Operators (SPSO), Critical Payment System Operator (CPSO), and General Payment System Operators (GPSO) to fulfil risk management obligations and information system security standards and are external independent information technology assessors registered with the Self-Regulatory Organisation (SRO);
- Activity development, product development, and/or cooperation;
- Cooperation with goods and/or service providers;
- Fulfilment of sole proprietorship policy;
- Corporate Actions in the form of merger, consolidation, separation, and/or takeover;
- Provisions of the source of funds;
- Digital Financial Services implementation;
- Access to funds sources in the form of electronic money, payment instruments using credit cards, payment instruments using automated teller machines and debit cards and payment channels;
- Enhancement of card-based payment instruments security;
- Technology innovation of payment system;
- Procedure for imposing administrative sanctions in the form of fines;
- Supervision self-assessment; and
- Annual report format.

The regulatory document came into effect on 1 July 2022.

[Read more here](#)

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# Japan (1/2)

## 1 Strategic Priorities July 2022 – June 2023

On 31 August 2022, the JFSA issued its *Strategic Priorities July 2022 – June 2023*. The regulatory document formulates the priority issues for the next 12 months.

Three key priorities are as follows:

- Support economic stability and people's lives for future growth;
- Construct a financial system that resolves social issues (including climate change, digitalisation and supporting start-ups) to achieve economic growth; and
- Further evolution of the JFSA's financial administration.

[The JFSA Strategic Priorities July 2022-June 2023](#)

## 2 Leverage ratio requirements

### Draft amendments of the relevant and applicable cabinet office orders, ministerial orders, and regulatory notices relating leverage ratio requirements

On 15 July 2022, the Japan Financial Services Agency (JFSA) issued the draft amendments to leverage ratio requirements for public consultation. The draft amendments proposed to increase the required leverage ratio level from 3% to 3.15% while the outstanding current account balance of financial institutions with the Bank of Japan (BOJ) will be excluded from exposure measures in exceptional macroeconomic circumstances after April 2024.

The consultation period ended on 15 August 2022.

[\(Japanese\) Publication of the draft amendments to the relevant and applicable Cabinet Office Orders, Ministerial Orders, and regulatory notices pertaining to leverage ratio requirements for public consultation](#)

### Finalised amendments to the regulatory notices pertaining to the leverage ratio requirements

To implement the Basel III framework, the JFSA published the finalised amendments to the leverage ratio requirements on 15 July 2022, after concluding a public consultation. Key amendments are:

The leverage ratio buffer will be implemented across G-SIBs starting from 31 March 2023. Changes to the leverage ratio calculation will be implemented concurrently with the approved Basel III capital adequacy rules, effective from March 2024.

[\(Japanese\) Publication of the finalised amendments to the regulatory notices pertaining to leverage ratio requirements after public consultation](#)

## 3 Economic value-based solvency framework

On 30 June 2022, the JFSA published the outline of the new *Economic Value-Based Solvency Framework*. The framework aims to encourage insurance companies to improve their corporate structure and be prepared for the official publication of the framework in 2025.

[\(Japanese\) Publication of the Outline of an Economic Value-Based Solvency Framework, etc.](#)

## 4 Climate and sustainability

Throughout Q3 of 2022, the JFSA released multiple updates relating to climate and sustainability.

### 1. Climate-related Risk Management and Client Engagement

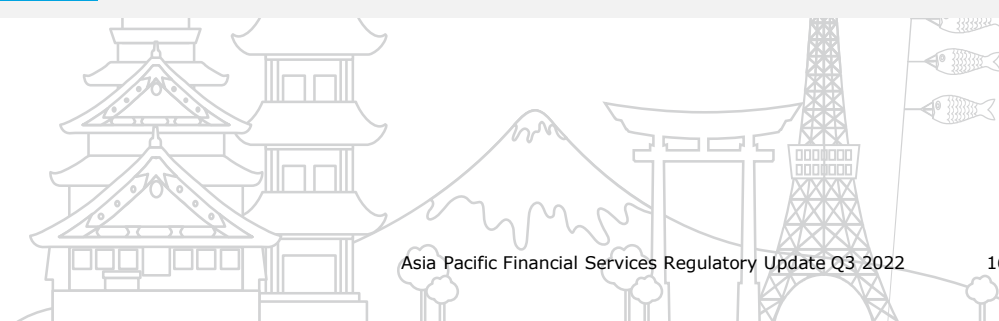
On 12 July 2022, the JFSA published the finalised *Supervisory Guidance on Climate-related Risk Management and Client Engagement* after a public consultation in April 2022. The guidance outlines supervisory viewpoints on the climate-related risk management of financial institutions. The guidance also includes viewpoints on financial institutions' engagement with clients in addressing climate-related opportunities and risks, including possible approaches and client engagement case examples.

[Publication of "Supervisory Guidance on Climate-related Risk Management and Client Engagement"](#)

### 2. Code of Conduct for ESG Evaluation and Data Providers

The JFSA published the draft *Code of Conduct for ESG Evaluation and Data Providers* on 12 July 2022 for public consultation. The JFSA drafted the Code of Conduct based on the Technical Committee for ESG Evaluation and Data Providers' report published on the same date. The consultation period ended on 5 September 2022.

[Invitation for Public Comments regarding "the Code of Conduct for ESG Evaluation and Data Providers"](#)



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# Japan (2/2)

## 4 Climate and sustainability (continued)

### 3. Report of the Technical Committee for ESG Evaluation and Data Providers

On 12 July 2022, the Technical Committee for ESG Evaluation and Data Providers published the *Report of the Technical Committee for ESG Evaluation and Data Providers*.

Key recommendations for ESG evaluation and data providers are (draft Code of Conduct):

- Ensure transparency through ESG evaluation disclosure;
- Ensure necessary professional human resources;
- Avoid/manage the risk of potential conflicts of interest; and
- Ensure clear communication with companies.

Key recommendations for institutional investors and companies:

- Clarify the fundamental approach of utilising ESG evaluation and data in investment decisions; and
- Disclose ESG information in response to ESG evaluation and data providers.

[Report of the Technical Committee for ESG Evaluation and Data Providers](#)

### 4. Pilot Scenario Analysis Exercise on Climate-Related Risks Based on Common Scenarios

On 26 August 2022, the JFSA and BOJ published the report on *Pilot Scenario Analysis Exercise on Climate-Related Risks Based on Common Scenarios*. The report outlines the key results and takeaways of the pilot scenario analysis conducted by the JFSA, BOJ, in collaboration with three major banks and three major non-life insurance groups. The exercise was designed to help participants to understand data constraints, evaluate the validity of analytical assumptions and methodologies, and identify improvement areas.

[Release of "Pilot Scenario Analysis Exercise on Climate-Related Risks Based on Common Scenarios"](#)

### 5. Report on Sustainable Finance

On 13 July 2022, the JFSA published the second report by the expert panel on *Sustainable Finance: Building A Financial System that Supports a Sustainable Society*. The report outlines the current status and developments in sustainable finance since the publication of the previous report in June 2021, as well as the direction of policy measures.

["The Second Report by the Expert Panel on Sustainable Finance" Announced](#)

## 5 Examples of indicators for social benefits of social projects

On 15 July 2022, the JFSA published the finalised *Examples of Indicators for Social Benefits of Social Projects* subsequent to public consultation. The examples are compiled based on discussions at the *Sub-Working Group on Impact Indicators for Social Projects* and *Working Group on Social Bonds*.

The examples came into effect on 15 July 2022.

[Publication of the finalized "Examples of Indicators for Social Benefits of Social Projects" after public consultation](#)



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# Malaysia (1/2)

## 1 Regulatory updates relating to payment systems

On 1 August 2022, the Bank Negara Malaysia (BNM) launched multiple regulatory guidelines regarding payment systems in Malaysia. Key guidelines are as follows:

### 1. Participation Rules for Payments and Securities Services

The BNM sets out the Participation Rules to governance framework for the Malaysia's payment and securities systems, including the Real Time Electronic Transfer of Funds and Securities System (RENTAS) and the Fully Automated System for Issuing / Tendering (FAST). The rules apply to all participants of RENTAS and FAST.

[Participation Rules for Payments and Securities Services](#)

### 2. Operational Procedures for Securities Services

The regulatory document seeks to prepare the payment system participants with an effective operational understanding of the entire process, from debt securities origination to final maturity. Key areas covered include new issuances, allotment, reopening, coupon / interest / dividend / profit payment, redemption and settlement of debt securities via FAST, eSSDS (part of RENTAS) and RENTAS.

The operational procedures will become effective on 4 January 2022.

[Operational Procedures for Securities Services](#)

### 3. Operational Procedures for settlement in the Real Time Electronic Transfer of Funds and Securities System (RENTAS)

The operational procedures provide payment system participants with the applicable information and procedure for **Malaysian Ringgit (MYR) settlement** and **foreign currency exchange settlement** for interbank fund transfers, clearing houses' transactions and securities trades and corporate actions via RENTAS. In addition, the procedures aim to serve as the foundation for participants to develop comprehensive internal procedures.

Both operational procedures came into effect on 1 August 2022.

[Operational Procedures for Malaysian Ringgit \(MYR\) Settlement in the Real Time Electronic Transfer of Funds and Securities System \(RENTAS\)](#)  
[Operational Procedures for Foreign Currency Settlement in the Real Time Electronic Transfer of Funds and Securities System \(RENTAS\)](#)

## 2 Payment cards framework

Following the evolving payment card landscape, the BNM issued the policy document on the *Payment Card Framework* on 19 August 2022 to enhance existing measures. Key enhancements include revising interchange fee ceiling requirements, strengthening the merchant's ability to manage payment card acceptance cost, improving merchant's practices addressing surcharges and minimum transaction amounts, addressing other distortions and frictions, and setting reporting and data retention requirements.

The policy document applies to all issuers of credit cards, debit cards and international brand prepaid cards, acquirers and payment systems operators. The document became effective on 19 August 2022 except for paragraph 8 – interchange fee ceilings, paragraph 10.9 and 10.10 – acceptance of payment cards by merchants, and paragraph 11 – addressing surcharging and minimum transaction amount practices. The excluded requirements will be effective on 1 January 2023.

[Payment Cards Framework](#)

## 3 Technology risk management

On 1 August 2022, the Securities Commission Malaysia (SCM) issued a public consultation paper on the *Proposed Regulatory Framework on Technology Risk Management*. The consultation paper seeks to collect feedback regarding the proposed regulatory framework on technology risk management for capital market entities listed in Part A 3.1 of the paper. The proposed framework covers requirements for governance, technology risk management, technology operations, technology outsourcing, cybersecurity and data management. In addition, the principles relating to artificial intelligence and machine learning adoption are also included.

The proposed framework is expected to integrate current requirements in the Cyber Risk Guidelines and other technology risk guidelines already issued by the SCM.

The consultation period ended on 19 September 2022.

[Public Consultation Paper No. 1/2022 Proposed Regulatory Framework on Technology Risk Management](#)



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# Malaysia (2/2)

## 4 Regulatory updates relating to Money Services Business

On 30 June 2022, the BNM published two policy documents relating to money services business (MSB), including:

### Governance, Risk Management, and Operations

The policy document establishes the minimum requirements that MSB must adhere to, to ensure sound governance, appropriate risk management and robust internal control systems. In line with other MSB-related regulations, the objective is to enhance consumer protection and to safeguard the MSB industry from being exploited as a conduit for illegal activities, such as money laundering and terrorism financing.

[Governance, Risk Management, and Operations for Money Services Business \(MSB\)](#)

### Agent Oversight Framework

The policy document aims to further strengthen the framework for agent oversight. To ensure effective principal-agent oversight, the BNM has stipulated that the MSB licensees permitted to appoint money services business agents must comply with the minimum requirements under sections 42 and 43 of the *Money Services Business Act 2011 (MSBA)*.

The policy document came into effect on 30 June 2022.

[Agent Oversight Framework for Money Services Business \(MSB\)](#)

## Key Market Events

### Additional measures to be undertaken by the banking industry to strengthen efforts in combating financial crimes

To combat financial crimes, the Governor of BNM announced 5 additional measures that will be undertaken by the banking industry to combat financial scams. Key measures include:

- (i) migrating from SMS One Time Passwords (OTP) to a more secure form of authentication;
- (ii) further tightening detection rules and triggers to scams-related transactions blocking;
- (iii) subjecting first-time enrolments of online banking services and secure devices to a cooling-off period;
- (iv) restricting customers to one mobile device or secure device for the online banking transactions authentication; and
- (v) requiring banks to set up dedicated scam hotlines.

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# New Zealand (1/2)

## 1 The Financial Markets Authority annual corporate plan 2022/23

On 25 August 2022, The Financial Markets Authority (FMA) released its *Annual Corporate Plan 2022/23* (ACP) signalling a period of change towards a fairer financial system, for both the financial services industry and the regulator itself.

The ACP sets out the FMA's key priorities for the financial year, with three key deliveries:

- Focus on building conduct maturity in the sectors the FMA already licenses and oversees,
- License, monitor, and respond to egregious misconduct, particularly in consumer harm and related fields, and
- Build capability to implement new legislation and take on newly stipulated responsibilities under the regulator's expanding mandate.

The ACP details the FMA's key regulatory priorities across multiple sectors for the next 12 months. These include:

- A thematic review of the wholesale investor classification,
- A cross-sector thematic review of regulated entities' governance with the Reserve Bank of New Zealand,
- Managed Investment Scheme and Discretionary Investment Management Service sector risk assessments,
- Supervisor relicensing, and
- Cyber security and operational resilience

FMA Chief Executive Samantha Barrass reiterated the regulator's goal to remain as a transparent, accessible and engaged regulator that collaborate with industry in implementing regulatory changes.

[FMA Annual Corporate Plan 2022/23](#)

## 2 The Financial Markets (Conduct of Institutions) Amendment Act

On 29 June 2022, the FMA passed The *Financial Markets (Conduct of Institutions) Amendment Act 2022* into law. The new regime regulating the conduct of financial institutions (FIs) that will come into force in early 2025.

The legislation requires registered banks, licenced insurers and licenced non-bank deposit takers to:

- Be licensed and monitored by the FMA for their consumer conduct,
- Comply with a "fair conduct principle" to treat consumers fairly, requiring FIs to establish and implement a "fair conduct programme" and take all reasonable steps to comply with the programme; and
- Comply with regulations that abolish target-based sales incentives and regulate other types of incentives.

The "fair conduct principle" will apply whenever a FI:

- Designs consumer services and products;
- Offers to provide those services and products;
- Provides those services and products; or
- Has any interactions with a consumer in relation to its services or products.

[Conduct of Financial Institutions \(CoFI\) legislation](#)



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# New Zealand (2/2)

## 3 Review of policy for branches of overseas banks

On 24 August 2022, the Reserve Bank of New Zealand (RBNZ) invited feedback on the final consultation on the review of their policy for branches of overseas banks (branches), with a simple and transparent policy framework for branches that protects and promotes financial stability as the gist of the review.

The consultation paper outlined the following key proposals:

- Restrict all branches in New Zealand to engage only in wholesale business (that is with corporates, institutions and other wholesale investors),
- Bar all branches in taking retail deposits or offer products or services to retail customers,
- Limit the maximum size of a branch to NZD 15 billion in total assets, and
- RBNZ to continue allowing dual registration of branches, provided:
  - The relevant subsidiary and branch are sufficiently separate, and any identified risks are mitigated by specific conditions of registration, and
  - Dual-registered branches only conduct business with large wholesale customers with consolidated turnover greater than NZD 50 million.

The consultation ends on 16 November 2022.

[Review of Policy for Branches of Overseas Banks](#)

## 4 Liquidity policy review

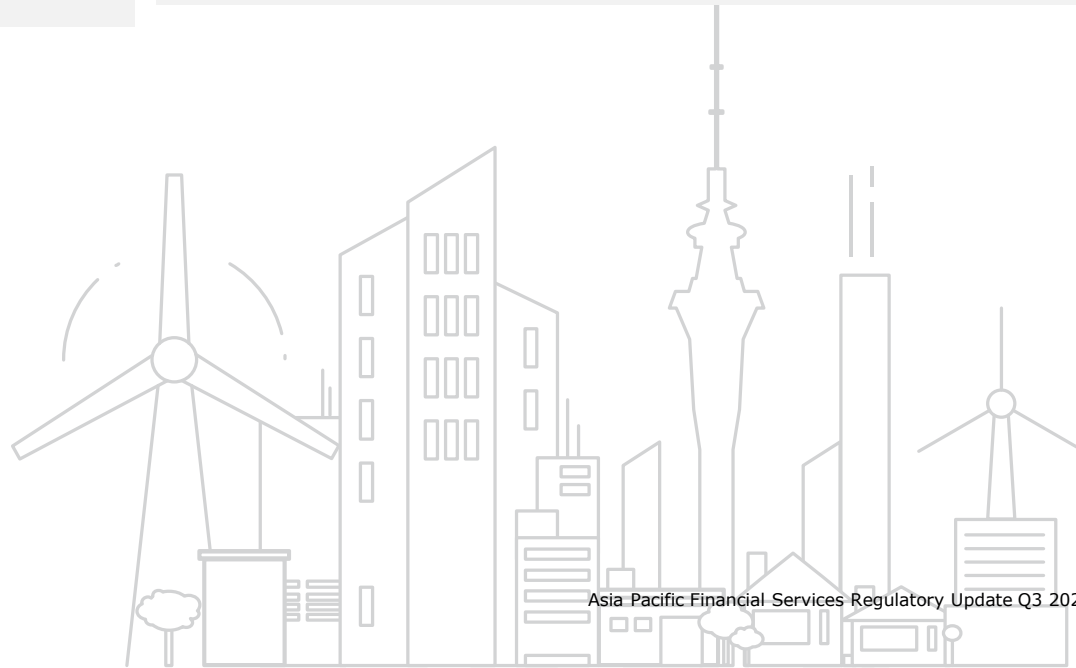
To facilitate a holistic review of the RBNZ liquidity policy Banking Standard 13 (BS13), the bank initiated a consultation campaign in February 2022. The first consultation paper set out the proposed issues and scope for the review. Respondents to the consultation supported reviewing BS13 now, given the developments in international practice since the introduction of BS13 and RBNZ's recent Liquidity Thematic Review.

As a continuum of the first review paper, The RBNZ intends to issue three more consultation papers as part of the review, with the review spanning approximately three years. The second and third consultation papers will seek feedback on a number of fundamental issues related to BS13.

The fourth consultation paper is expected to contain the proposed final liquidity policy text.

The RBNZ will also consider whether BS13 should also capture banks that are operating in New Zealand as branches, and, later, how it should apply to a broader set of deposit takers under the upcoming Deposit Takers Act.

[Review of Liquidity Policy \(BS13\)](#)



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# Philippines (1/2)

## 1 Sustainability principles in banks' investment activities

On 11 August 2022, Bangko Sentral ng Pilipinas (BSP) approved *Circular No. 1149 - Guidelines on Integration of Sustainability Principles in Investment Activities of Banks*.

The BSP noted 4 key investment activities areas under the banks' risk management framework:

- Board and senior management oversight;
- Policies, procedures, and limits (P&P);
- Risk measurement, monitoring and management information systems; and
- Internal control and audit

Particularly for investment strategies P&P, BSP highlighted its 3 proposed approaches to disengage with greenwashing behaviours:

- Integration
- Screening (exclusionary or best-in-class)
- Thematic approach

[Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks](#)

## 2 Amendments to the minimum capitalisation of rural banks

To enhance the operations, capacity and competitiveness of rural banks, the BSP approved the amendments to the minimum capitalisation of rural banks on 4 August 2022, effective 15 calendar days after publication. The amended capital requirements for rural banks (RBs) are:

- PHP 50 million for the head office and up to five branches;
- PHP 120 million for six to ten branches; and
- PHP 200 million for more than ten branches.

A 5-year transition period is given for RBs to meet the minimum capital level. RBs that already comply with the new capital level are required to submit a signed certification by the president or equivalent rank officer to BSP within 10 banking days from the effective date of the circular. Non-compliant RBs should refer to the tracks within the BSP Rural Bank Strengthening Program (RBSP). RBs participated in the RBSP capital build-up track should submit a capital build-up program within 6 months of the circular effective date to BSP.

[Amendments to the Minimum Capitalisation of Rural Banks](#)

## 3 Prudential requirements applicable to digital banks

To clarify the extent of prudential requirements applicability to digital banks (DBs), and to amend the documentary and licensing requirements on the establishment of digital banks, the BSP approved the *Circular No. 1154 Prudential Requirements Applicable to Digital Banks, and Amendments to Relevant Provisions of the Manual of Regulations for Banks and Non-Bank Financial Institutions and Manual of Regulations on Foreign Exchange Transactions* on 8 September 2022.

The amendment encompasses major areas including establishment; minimum required capital and Basel III risk-based capital; risk governance framework; required reserves; restrictions on equity investments; and annual assessment fees.

For establishment, DBs should abide by all prudential requirements set out by BSP, particularly on information technology (IT) risks and cyber security; outsourcing; consumer protection; and anti-money laundering, counter-terrorist financing and proliferation financing.

DBs will be required to hold PHP 1 billion as the required minimum capitalisation. Transaction banks (TBs), retail banks (RBs) and corporate banks (CBs) that operate under an Advanced Electronic Payments and Financial Services license are also required to meet the new minimum capital requirement before 2027 and submit an acceptable capital build-up program to BSP within 6 months of the circular effective date.

For Basel III risk-based capital, DBs should measure and apply capital charges for market risk and capital risk, and submit the Basel III Capital Adequacy Summary Report to BSP.

With respect to the risk governance framework, BSP explicated that DBs should:

- Appoint a Chief Risk Officer;
- Implement credit risk, liquidity, operational and IT risk management;
- Strengthen internal audit function; and
- For liquidity risk management, DBs are required to apply liquidity coverage ratio framework for short-term resilience, and net stable funding ratio framework for long-term resilience, and to report intra-day liquidity position.

The minimum required reserve is also stipulated, where the DBs must hold 8% for demand, saving and time deposits, NOW accounts, deposit substitute and Peso deposits; and 3% for bonds.

DBs are restricted to allocate no more than 25% of the bank's net worth into equities, and are required to pay 0.36 bps of the total assessable assets.

[Amendments to digital banks' regulatory requirements](#)

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# Philippines (2/2)

## 4 Prudential framework for large exposures monitoring threshold

On 11 August 2022, in light of market stability reinforcement, the BSP approved the amended framework for large exposure monitoring threshold. The framework aims to safeguard banks/quasi-banks (covered banks/QBs) from the risk of large exposure to a single counterparty or group of economically connected counterparties, as well as to protect its solvency from maximum possible loss in the event of a sudden counterparty failure.

Large exposure refers to exposure to a single counterparty or a group of connected counterparties equal to or greater than 10% of the bank's Tier 1 Capital.

In determining the exposure, the banks should measure the exposure value according to:

- On-balance-sheet exposure in banking book (e.g., loans and receivables)
- Traditional off-balance-sheet assets (e.g., direct credit substitutes)
- Over-the-counter derivatives
- Repo transactions and securities financing transaction
- Trading book exposures (e.g., plain vanilla equities and derivatives)

The banks should report its large exposure report, in both solo and consolidated basis, to BSP on a semi-annual basis or on every 30 June and 31 December each year.

Banks will be required to submit report on large exposures, on both solo and consolidated basis, starting with the reporting period ending 31 December 2023. The framework is now in effect, with full implementation of the framework commencing from 1 January 2024.

[Prudential Framework for large Exposures Monitoring Threshold](#)

## 5 Amendments to the regulation on Unit Investment Trust Funds

On 18 August 2022, the BSP approved the new regulation on unit investment trust funds (UITFs)-related matter. The new regulation aims to strengthen regulation on the operation of trust and other fiduciary business and investment management activities, and comes into effect 15 calendar days after publication. Key amendments include:

- Licensing framework on the creation of UITFs and amendments to their features;
- Fund classifications definition;
- Distributing funds' income distribution;
- Enforcement actions; and
- Other provisions on UITFs' administration

[Amendments to the Regulations on Unit Investment Trust Funds](#)

## 6 Regulatory sandbox framework

In line with the 'test-and-learn' approach to promote the development of emerging financial solutions, the BSP approved the *Regulatory Sandbox Framework* on 18 August 2022. The framework applies to all BSP-Supervised Financial Institutions (BSFIs), third-party service providers of BSFIs, other BSP-registered institutions, and new emerging-or-new fintech service providers.

The supervisory and monitoring oversight framework defined a four-stage approach: (i) application; (ii) evaluation; (iii) testing; and (iv) exit.

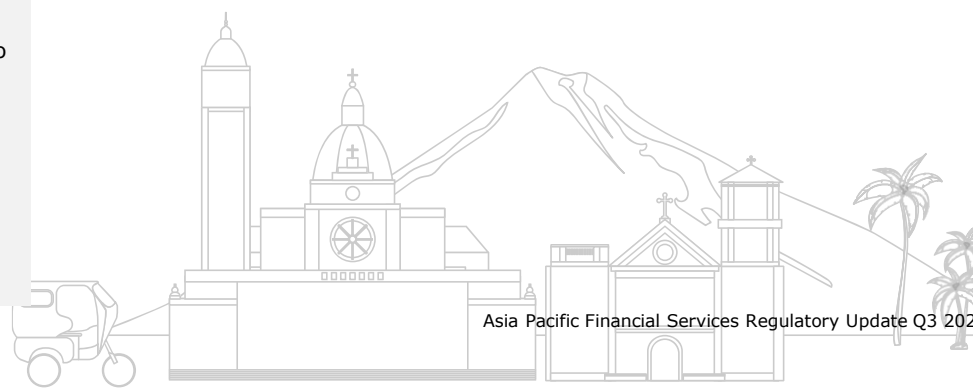
In addition, BSFIs may apply for regulatory sandbox lite, which is a simplified regulatory sandbox process that runs on a shorter timeline. The approach is limited to BSFIs involving financial products and services that are already regulated.

[Regulatory Sandbox Framework](#)

### Key Market Events

#### BSP Recalibrates Approach in Licensing Virtual Asset Service Providers

On 12 August 2022, the Monetary Board approved a modified approach for Virtual Asset Service Provider (VASP) licensing. The modified approach aim to maintain financial system's integrity and stability and strengthen consumer confidence in the digital ecosystem. From 1 September 2022, the BSP will no longer accept new applications. Regular application window for new VSAP license will be closed for 3 years, new license will only be grant to existing BSFIs.



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# Singapore

## 1 Medium-term development plan for financial services

In September, Singapore launched the *Financial Services Industry Transformation Map 2025* to deepen Singapore's capabilities and grow the financial services sector.

The *Financial Services Industry Transformation Map* comprises of 5 key strategies:

- Enhance Asset Class Strengths;
- Digitalise Financial Infrastructure;
- Catalyse Asia's Net-Zero Transition;
- Shape the Future of Financial Networks; and
- Foster a Skilled and Adaptable Workforce

Efforts of digitalising financial infrastructure enables a new and more innovative financial services portfolio. In bond markets, there is an opportunity to develop infrastructure to facilitate more seamless end-to-end issuance, listing and settlement for Asian securities transactions. In the funds industry, the Monetary Authority of Singapore (MAS) is working with industry participants to pilot digital utilities to reduce settlement time, enhance the efficiency and transparency of post-trade funds settlement. The future of financial networks will be shaped by digitalisation through innovations such as tokenisation and distributed ledgers. Hence the future will involve flexible cross-border digital financial networks and decentralised liquidity pools, enabling faster and more secure payments and transactions.

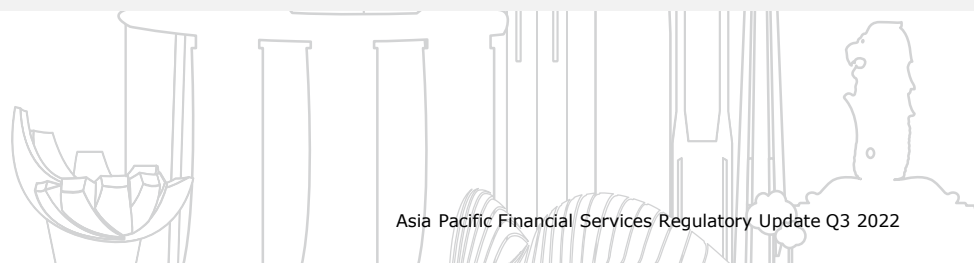
[Financial Services Industry Transformation Map 2025](#)

## 2 Digitalisation

- **Increasing Payment Connectivity:** Bank Indonesia and MAS will collaborate on a cross-border QR Payment linkage between Indonesia and Singapore in an effort to increase ASEAN wide payments connectivity effort. The payment connectivity effort is hoped to empower micro, small and medium enterprises (MSMEs) to conduct cross-border trade. [Click here](#) to read more
- **Forging ahead with Digital Asset Innovation whilst minimising cryptocurrency speculation:** There are varying components of a digital asset ecosystem and MAS has clarified what it is actively promoting and risks it is seeking to actively manage. The innovative combination of tokenisation and distributed ledgers offers transformative economic potential which MAS is actively promoting. Cryptocurrencies in contrast are heavily speculated upon with prices that often have little to do with any underlying economic activity. MAS aims to restrict retail speculation in such products. [Click here](#) to read more.

## 3 Sustainability

- **Promoting Climate Fintech Solutions:** MAS and Google Cloud have launched the Point Carbon Zero Programme to drive incubation and scaling of climate FinTech solutions in Asia. The Programme seeks to use climate FinTech solutions to bolster financial sector access to accurate climate-related data, for more efficient deployment of capital towards green and sustainable projects. To support the Programme, Google Cloud will launch a world's first open-source cloud platform dedicated to climate finance, which will facilitate the deployment of these climate FinTech solutions and their adoption by the financial sector. Key features of the programme are mentorship and funding, access to data, managing carbon footprint and facilitate data sharing. [Click here](#) to read more.
- **Enhancing investor access to ESG Data:** MAS and the Singapore Exchange Group (SGX) jointly launched ESGenome, a common disclosure utility to facilitate sustainability reporting by SGX-listed companies. The portal will enable investors to access ESG data in a consistent and comparable format. ESGenome is a Software-as-a-Service (SaaS) solution operated by World Wide Generation. It helps SGX-listed companies simplify the disclosure process using a core set of metrics that is mapped across global standards and frameworks. [Click here](#) to read more.
- **Increased opportunities for Green Financing through AI Utility NovA:** It is aimed at helping financial institutions harness AI to generate insights on financial risk. At the initial phase, the programme will focus on enhancing financial institutions' ability to assess companies' environmental impact and identify emerging environmental risks. Organisations will be able to tap on NovA! for their Environmental, Social, Governance (ESG) risk assessment for originating, underwriting and servicing of sustainability linked loans. [Click here](#) to read more.
- **New reporting guidelines for retail ESG funds:** The scope of the circular extends to recognised ESG fund schemes and will be implemented in early 2023. The scope of the circular lists out MAS expectations on how existing requirements under the *Code on Collective Investment Schemes and the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations* apply to retail ESG funds, and the disclosure and reporting guidelines applicable to these funds. [Click here](#) to read more



# South Korea (1/3)

## 1 Financial support measures

On 14 July 2022, the Financial Services Commission Korea (FSC Korea) announced new administrative measures to help ensure the stability of people's living conditions. The administrative measures aim to provide financial support to alleviate the burden on vulnerable groups (including small merchants, households, young adults and lower income earners who face hardship during rate hikes). The measures aim to:

- Provide relief of financial burdens of self-employed individuals and small businesses;
- Alleviate housing-related financing burdens by providing sufficient funds;
- Strengthen debt adjustment for young people; and
- Strengthen financial support for low-income and low-credit holders, and protect vulnerable groups from financial crime.

Excluding measures that require amendments to the law, all implementation of the measures will complete in Q3.

[FSC Unveils New Administration's Financial Sector Measures to Ensure Stability in People's Livelihoods](#)

### Additional financial support measures introduced by the FSC Korea over the quarter:

On 22 July 2022, the FSC Korea, Financial Supervisory Service Korea (FSS Korea), worked with major banks, financial industry associations and other relevant institutions to form a consultative body for **soft landing of business loan forbearance**. The consultative body aims to support the government's financial sector measures on ensuring the stability of people's livelihood announced on 14 July 2022, and supporting the soft landing of business loan forbearance. ([Read more here](#))

On 25 July 2022, FSC Korea introduced a **financial support program tailored to the needs of small businesses**. The program is worth KRW41.2 trillion and aims to provide liquidity support to self-employed and small merchants in recovery and increase competitiveness in two years. ([Read more here](#))

On 11 August 2022, the FSC Korea announced the plan to introduce a KRW8.5 trillion small business **loan refinancing program** to help minimise the burden of self-employed business owners and small merchants on interest payments. ([Read more here](#))

On 29 August 2022, the FSC Korea announced to launch of the debt adjustment program - **New Start Fund**. The program intends to support small merchants and self-employed business owners impacted by COVID-19 by easing their debt payment burden. The program will be launched in October 2022. ([Read more here](#))

## 2 Short selling system, oversight and punishment for illegal activities

On 28 July 2022, the FSC Korea held a joint meeting with relevant institutions to discuss improvements to the short-selling system and strengthening oversight and punishment for illegal activities. All participants at the meeting agreed on the need to improve and enhance supervision. The authorities have reassessed the short-selling system, and plan to introducing measures to:

- Strengthen oversight and punishment of illegal short selling activities;
- Strengthen stock lending transaction monitoring;
- Expand the application of overheated short selling designation; and
- Provide fair short-selling opportunities for retail investors.

[Improving Short Selling System and Strengthening Oversight and Punishment for Illegal Activities](#)

## 3 Protections for general shareholders in IPO of split-off subsidiary

On 5 September 2022, FSC Korea introduced measures to improve the general shareholders' rights and interest in IPOs of split-off subsidiaries, restore fairness and trust in the capital markets, and enhance investor protections. Key elements of the measures include:

- Strengthening disclosure requirements,
- Introducing the right for shareholders of listed companies to request stock purchase, and
- Supporting the listing review process.

The FSC Korea also announced its expectation for businesses, general shareholders and post-split off IPO process while pursuing a split-off of a subsidiary.

The financial authorities will take immediate action to implement the follow-up measures. Moreover, the authorities will work on revising the corporate disclosure form and Korea Exchange (KRX) listing standards until October 2022.

[Measures to Improve Protections for General Shareholders in IPO of Split off Subsidiary](#)



# South Korea (2/3)

## 4 Financial policy agenda of the new administration

On 8 August 2022, the FSC Korea introduced the financial policy agenda of the new administration to the president. Key elements of the policy agenda include:

1. Financial measures to maintain stability of people's livelihoods in vulnerable sectors;
2. Managing risk of financial sector; and
3. Supporting the revitalisation of financial industry and economy beyond crisis.

[FSC Unveils Financial Policy Agenda of the New Administration](#)

## 5 Interest rate disclosure system

To protect consumer rights and interest, on 6 July 2022, the FSC Korea unveiled measures to improve the interest rate disclosure system in the banking sector. Key measures include:

- Improve net interest spread (NIS) disclosure and lending and deposit rates disclosure;
- Transparently overhaul the interest rate calculation system and strengthen self-inspection and internal control in the banking industry; and
- Pilot the intermediary business of online deposit products, and strengthen the requirement on explaining personal credit assessment to consumers. In addition, banks require to disclose their performance in meeting consumer demand for interest rate reduction.

[Interest Rate Disclosure System to be Improved for Protection of Consumer Rights and Interests](#)

## 6 Addressing market volatility

### 1. Ex-ante Disclosure Rule to be introduced for Insider Transactions

On 13 September 2022, the FSC Korea announced its plan to impose ex-ante disclosure for stock transactions involving company insiders (i.e. board members or principal shareholders), who were previously subject only to the ex-post disclosure rule. The objective of the disclosure rule is to help ease market volatility through increasing information transparency and market predictability regarding insider trading. The proposed rule requires listed company insiders who intend to sell/purchase their own company's shares to disclose the purpose, price and volume of trading and the expected trading period at least 30 days before the expected trading date within a given year.

The proposed rule requires a revision to the current *Capital Markets Act*, and the authorities aim to submit the revision proposal of the Act to the National Assembly within 2022. In addition, the authorities will be announcing the following:

- Expected in September – October 2022: Measures to diversify sanctions mechanisms on unfair transaction activities in capital markets; and
- Expected in October – November 2022: Measures to protect retail investors when management changes occur following mergers and acquisitions through stock acquisition.

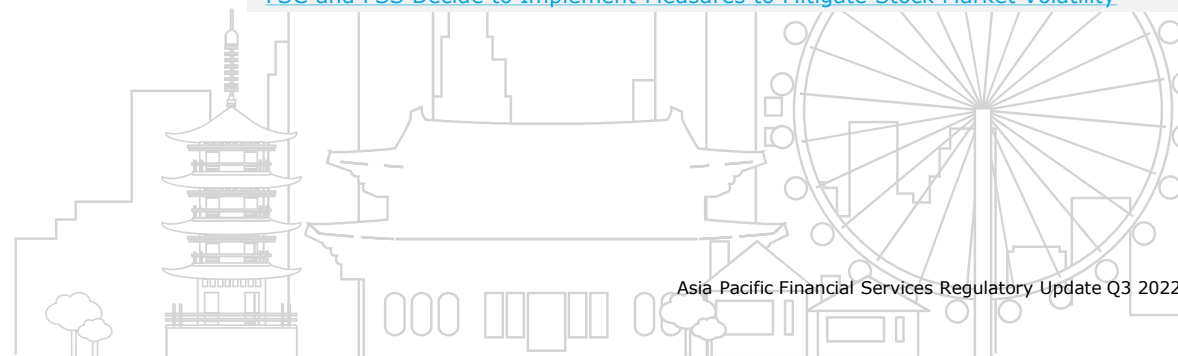
[Ex-ante Disclosure Rule to be Introduced for Insider Transactions](#)

### 2. Measures to Mitigate Stock Market Volatility

On 4 July 2022, the FSC Korea and FSS Korea announced measures to mitigate stock market volatility. Key requirements include:

- Securities firms are exempt from the requirement of maintaining a certain level of collateral ratio on credit loans from 4 July 2022 – 30 September 2022;
- Caps on the daily amount of buy orders for the acquisition of treasury stocks by listed companies are relaxed from 7 July 2022 – 6 October 2022; and
- A special inspection will be conducted by the FSS and KRX on short-selling practices.

[FSC and FSS Decide to Implement Measures to Mitigate Stock Market Volatility](#)



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# South Korea (3/3)

## 7 Revised rules on credit information business

The FSC Korea approved the revised proposal for the supervisory regulation of credit information business during its regular meeting on 6 July 2022. The revision aims to facilitate data convergence and utilisation between different industries. Key revisions are as follows:

1. Data utilising institutions (non-data holders) will be allowed to request data convergence. It enables businesses and institutions that are “non-data holders” to converge and utilise data held by other businesses and institutions that are “data holders” easily;
2. Introducing a data convergence procedure for sample data. Which it can be used more efficiently and safely as it extracts and uses a subset of data from a large data set;
3. Easing rules on data specialising institutions for self-convergence of data to facilitate data convergence and utilisation by data specialising institutions; and
4. Introduce a qualification verification system. Qualification test on data specialising institutions will conduct by the FSS every three years and report to the FSC Korea.

The revised rules came into effect on 7 July 2022.

[Revised Rules on Credit Information Business to Enhance Convenience and Efficiency in Data Use](#)

## 8 Insolvency Resolution Mechanism for Financial Institutions

On 26 July 2022, the FSC Korea revealed its plan to introduce an insolvency resolution mechanism for financial institutions (tentatively named “financial stability account”). The proposed mechanism aims to prevent insolvency of financial institutions via liquidity provision and capital expansion.

After consultation with key ministries and organisations and receiving opinions from experts, the FSC Korea will draw up a detailed plan and propose amendment to the *Depositor Protection Act* accordingly.

[FSC Announces Plan to Introduce Insolvency Resolution Mechanism for Financial Institutions](#)

## 9 Promotion of artificial intelligence use in financial services

On 4 August 2022, FSC Korea announced its plan to promote the use of artificial intelligence (AI) in the financial sectors. Some key measures include:

1. Establishing an AI data library that allows reuse of pseudonymised data;
2. Issuing detailed AI development and usage guidelines in five specific areas;
3. Granting network separation rule exemption on the development and test servers using pseudonymized data;
4. Building an AI testbed to support data and computing resources for testing; and
5. Establishing an AI-based credit evaluation model and an AI-based services security verification process.

[FSC Plans to Promote the Use of Artificial Intelligence in Financial Services](#)

## 10 Joint taskforce on digital asset

The FSC Korea announced the launching of a private-public joint taskforce on digital asset on 17 August 2022 in responding to digital asset related issues, as well as to develop a framework law on digital assets. The joint taskforce aims to facilitate discussion and information sharing among the two sectors in pursuit of government-wide legislative cooperation. Proposed review items of the taskforce are:

1. Digital assets’ legal characteristics and the rights relationship and ways to address digital asset related crimes;
2. Digital assets and financial stability, CBDC and taxation issues;
3. Regulatory framework for digital asset issuance and distribution markets; and
4. Ways to promote the blockchain industry.

[Private-Public Joint Taskforce on Digital Asset Holds Kickoff Meeting](#)

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# Taiwan (China) (1/2)

## 1 Advance notices of draft regulations

In Q3 2022, the Financial Supervisory Commission (FSC) issued the advance notices on draft amendments to regulations governing the following:

### 1. Offering and Issuance of Securities by Securities Issuers

On 2 August 2022, the FSC issued the completion notice regarding the *Advance Notice on Draft Amendments to Some Articles of Regulations including Regulations Governing the Offering and Issuance of Securities by Securities Issuers*. To attract and retain talents, the FSC announced to relax the issuance period of enterprise employee reward instruments to increase flexibility and ensure their issuance promptly. Moreover, to implement corporate governance, the FSC plans to amend the following regulations:

- *Regulations Governing the Offering and Issuance of Securities by Securities Issuers*
- *Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies*
- *Regulations Governing Information to be Published in Annual Reports of Public Companies*
- *Regulations Governing Information to be Published in Public Offering and Issuance Prospectuses*

Key proposed amendments to the above regulation include:

- Relaxing of the employee reward instruments issuance period after being approved by FSC;
- Standardising consideration factors and review methodologies for employee reward instruments issuance; and
- Strengthening information disclosure on employee reward instruments.

[Advance Notice on Draft Amendments to Some Articles of Regulations Including "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" Completed, Amendments to be Released](#)

### 2. Securities and Exchange Act

On 16 August 2022, the FSC issued the *Advance Notice on Draft Amendments to Articles 14-4, 14-5 and 178 of Securities and Exchange Act*. The proposed amendments to clearly define the litigation against a director, the ability to convene a shareholders' meeting, and a director's right to represent the company while dealing on behalf of the company or oneself shall be exercised in a collegial manner by the audit committee. Furthermore, the operating procedures for when the audit committee cannot convene due to justifiable reasons shall be specified to be market-compliant.

[Advance Notice on Draft Amendments to Articles 14-4, 14-5 and 178 of "Securities and Exchange Act"](#)

## 1 Advance notices of draft regulations (continued)

### Conduct of Discretionary Investment Business

On 25 August 2022, the FSC issued the *Advance Notice on Draft Amendments to Article 2 of the Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises*. The FSC plans to raise the threshold for the compulsory concurrent discretionary investment business of trust enterprises from NT\$10 million to NT\$15 million. The plan aims to expand the room for trust enterprises' entrusted management and the general public's application of assets in a reasonable manner.

[Advance Notice on the Draft Amendment to Article 2 of the "Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises"](#)

### Procedure for Board of Directors Meetings of Public Companies

The FSC announced to amend articles 3, 7 and 19 of the *Regulations Governing Procedure for Board of Directors Meetings of Public Companies* on 18 July 2022. The amendments aim to standardise the removal procedures for the chairman of the board of directors and improve the spirit of corporate governance.

[Advance Notice on the Draft Amendments to Articles 3, 7 and 19 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" Completed, Amendments to be Released Soon](#)

### Regulations governing Information to Be Published in Annual Reports of Public Companies and Information to Be Published in Public Offering and Issuance Prospectuses

On 4 August 2022, the FSC announced amendments to *Article 10 of the Regulations Governing Information to Be Published in Annual Reports of Public Companies and Articles 32 and 39 of the Regulations Governing Information to Be Published in Public Offering and Issuance Prospectuses* relating to climate-related information disclosure. Due to the increasing global concern about climate-related information, the FSC plans to set requirements for companies that meet certain conditions on climate disclosure. The proposed amendments relate to:

- Article amendments and adding schedules;
- Applicable objects; and
- Buffer period

[The FSC Plans to Amend Article 10 of the "Regulations Governing Information to Be Published in Annual Reports of Public Companies" and Articles 32 and 39 of the "Regulations Governing Information to Be Published in Public Offering and Issuance Prospectuses"](#)

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# Taiwan (China) (2/2)

## 2 2021 and 2022 financial inclusion indicators

On 7 July 2022, the FSC released the results of the *2021 Financial Inclusion Indicators*. The results aim to increase people's understanding of the state and policy performance of financial inclusion in the jurisdiction. Meanwhile, indicators for 2022 will be adjusted, and three indicators with local features will be added, including the "ratio of multilingual ATMs", "encouraging banks to set up bilingual branches", and "holding financial literacy activities for new immigrant and female groups".

[FSC releases 2021 and 2022 Financial Inclusion Indicators for Taiwan](#)

## 3 Fintech investments of financial institutions in 2021

On 18 August 2022, FSC released the survey results on financial institutions' fintech investments. The results indicate that in 2021, domestic financial institutions invested NT\$15.859 billion in fintech R&D, down by NT\$2.351 billion from 2020 due to the increase in investments in internet-only banks that occurred in the based period. However, the FSC estimates that as financial institutions recognise the importance of technology, there will be a further increase in fintech investment in 2022.

The FSC will continue to facilitate fintech development through related measures.

[FinTech Investments of Financial Institutions in 2021](#)

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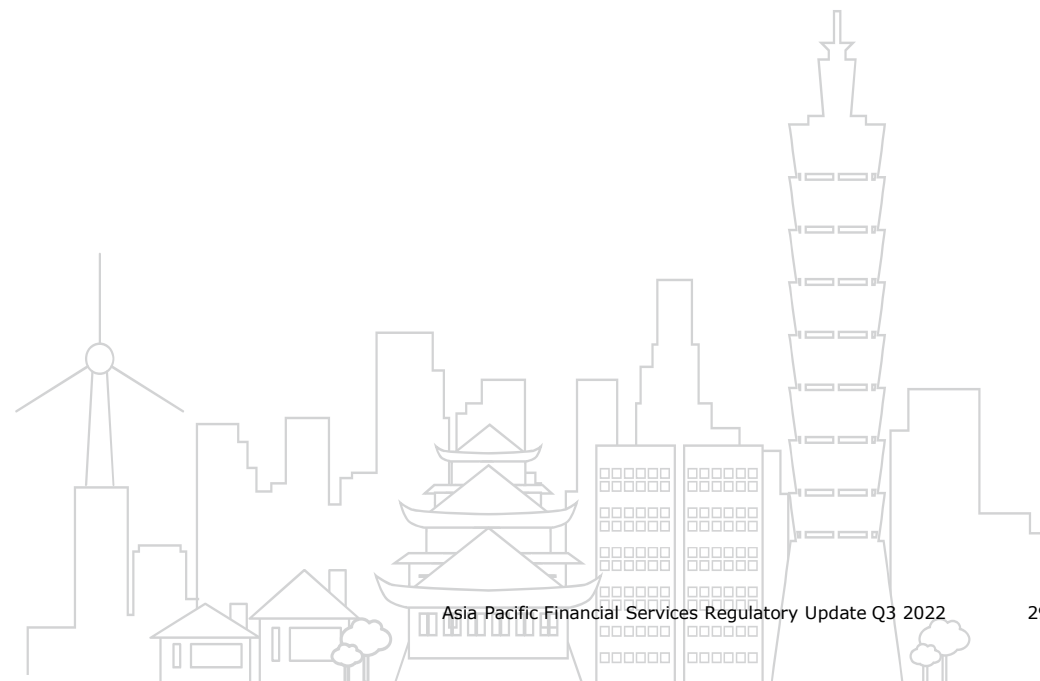
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# Thailand (1/2)

## 1 Proposed extension of submission period for PE Trust's Investment Report

On 9 September 2022, the Securities and Exchange Commission, Thailand (SECT) issued a public consultation on the extension of submission period for PE Trust's investment report (PE Trust-1). To enhance reporting flexibility, the SECT proposed to extend the submission period for PE Trust-1 report to within 5 months as from the end of the accounting period, from within 15 days as from the end of the financial period.

The consultation period ended on 21 September 2022.

[SEC public hearing on proposed principles and draft regulations on extension of submission period for PE Trust's Investment Report \(PE Trust-1\)](#)

## 2 Support business operations in the capital market on the digital infrastructure under the sandbox project

On 2 September 2022, the SECT issued a public consultation to seek public comments on the notification on data arrangement regulations for underwriters, central securities depository, and security registrar participate in digital infrastructure development project to test under sandbox project with efficient and standardise business operations. Capital market participants are invited to participate in SECT's initiative, which commenced in September 2019, to test digital infrastructure services under the sandbox project. The initiative aims to connect all related parties with the same standards and enhance the procedures to become fully digital (including reducing manual working processes and increasing transparency). The SECT invited infrastructure providers and business operators to participate in the Sandbox projects.

[Regulatory and draft notification to support business operations in the capital market on the Digital Infrastructure under the Sandbox project](#)

## 3 Business operations of financial institutions regarding to Environmental dimensions and climate change policy

On 2 September 2022, the Bank of Thailand (BOT) released the consultative version of the policy guideline on climate and environmental related-risk. The guideline aims to provide guidance to FIs in assessing the opportunities and risks pertaining to environment dimensions, and to ensure the sustainable development of the financial services industry and the economy. The guideline outlines the key operational frameworks and principles (including governance, strategy, risk management, and disclosure) for FIs to incorporate.

[Business operations of financial institutions regarding to Environmental dimensions and climate change policy](#)

## 4 Proposed obligations for digital asset business operators

On 15 September 2022, the SECT issued a public consultation on the proposed obligations for digital asset business operators' to provide risk information to users and set minimum purchase value (MPVT) per transaction. Proposed obligation for digital asset business operators are:

1. To disclose cryptocurrency investment and basic asset allocation related risk information to users before admission to platform; and
2. To set MPVT at THB 5000 except for purchasing digital tokens approved for public offering by the SECT.

The consultation period ended on 17 October 2022.

[SEC Thailand's public hearing on the proposed rules to obligate the digital asset business operators to provide risk information to users and set minimum purchase value per transaction](#)

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# Thailand (2/2)

## 5 Collection, disposal, and allocation of Real Estate Investment Trust assets

On 21 September 2022, the SECT issued a public consultation on specifying the responsible person and the process of collection, disposal and allocation of real estate investment trusts (REIT) to enhance the clarity in the space and such rules, conditions and procedures.

For the collection, disposal, and allocation processes, trustee requires to:

- Inform SECT of the termination of trust;
- Gather the accounting records, audited financial statement and other evidenced documents from REIT manager;
- Collect and dispose REIT's assets, and pay debts and expenses;
- Allocate the net assets to the unit holders, deposit the unpaid liabilities and outstanding check with deposit office;
- Send the document showing the net assets to be allocated to the unit holders; and
- Send audited financial statement to the unit holders or publish the financial statement on trustee company's website within 45 days since distributed the net asset to the unit holders.

The above actions should be completed within 90 days following the termination date. After the completion of the above processes, trustees are required to notify the SECT and file a *collection, disposal, and allocation report* within 30 days and retain evidence for at least 10 years post-notification to the SECT of the completion.

The consultation period ends on 21 October 2022.

[SEC public hearing on draft regulation for the collection, disposal, and allocation of Real Estate Investment Trust assets](#)

## 6 Proposed rules to prohibit digital asset business operators to provide or involve with crypto deposit taking and lending services

On 15 September 2022, the SECT issued the consultation on the proposed prohibitions of digital asset business operators from providing or involving in crypto saving/deposit taking and lending services.

Digital asset operators will be forbidden to:

- accept digital asset deposit from customers, or to lend, invest, stake or employ the deposit from customers;
- accept customers' digital asset deposit and to pay the customers regular interest or other types of benefits from operators' own source of fund, and
- provide support to third-party providers of crypto saving and lending services.

Nonetheless, the proposed amendments would not limit digital asset business operators to:

- transfer digital assets with customers' instruction;
- stake to support blockchain consensus mechanism;
- distribute digital assets received from hard fork, soft fork or airdrop from token issuers;
- disseminate general knowledge on decentralised finance; and
- conduct activities as parts of the regular business.

The public hearing ended on 17 October 2022.

[SEC Thailand's public hearing on the proposed rules to prohibit the digital asset business operators to provide or involve with crypto deposit taking and lending services](#)



# Vietnam

## 1 Updates on the insurance sector

In Q3 of 2022, the Vietnam Ministry of Finance issued multiple updates on the insurance sector as follows:

### 1. Consultation on insurance market strategy

On 27 July 2022, the Vietnam Ministry of Finance issued the draft *Strategy for the Development of the Insurance Market to 2030* for consultation. The draft strategy evaluates the implementation of the insurance market development strategy from 2011 - 2020, and thereby proposing solutions to the following:

- Improve legal system on insurance business;
- Strengthen financial capacity, risk management and governance of insurance enterprises;
- Diversify insurance products and distribution channels; and
- Promote the application of information technology, etc.

The consultation period ended on 10 August 2022.

[\(Vietnamese\) Strategy for the Development of the Insurance Market to 2030](#)

### 2. Law on Insurance Business

On 16 June 2022, the National Assembly of Vietnam issued the updated *Law on Insurance Business No. 08/2022/QH15*. The updated law will be effective from 1 January 2023, excluding certain risk-based capital and intervention measures which will be effective from 1 January 2028.

[The Law - Insurance Business](#)

### 3. Decree on Detailed Law on Insurance Business

On 20 September 2022, the Vietnam Ministry of Finance issued the draft *Decree on Detailed Law on Insurance Business* for consultation. Following the updated *Law on Insurance Business* passed on 16 June 2022 by the National Assembly of Vietnam, the draft Decree outlines the implementation details of the *Law on Insurance Business*. The draft Decree applies to insurance companies, reinsurers, insurance brokers, ancillary services providers and mutual micro-insurance firms.

The consultation period ended on 7 October 2022.

[\(Vietnamese\) Decree on Detailed Law of Insurance Business](#)

## 2 Management of foreign exchange for enterprises' issuance of bonds

On 27 July 2022, the State Bank of Vietnam (SBV) issued a circular on *Providing Guidelines for Management of Foreign Exchange for Enterprises' Issuance of Bonds without Government Guarantee in International Market*. The scope of the circular covers:

1. Guidance on registration procedures and registration of changes in international market bond issuance by enterprises without government guarantee; and
2. Other contents pertaining foreign exchange management for foreign loans received through international market bond issuance, which shall be carried out following the regulations on foreign exchange management for enterprises' foreign borrowing and debt repayment.

The circular came into effect on 15 September 2022 (excluding regulations in Clause 2).

[Providing Guidelines for Management of Foreign Exchange for Enterprises' Issuance of Bonds without Government Guarantee in International Market](#)

## 3 Electronic Identification and Authentication

On 5 September 2022, the Vietnam Ministry of Public Sector issued the *Decree 59/2022/ND-CP on Electronic Identification and Authentication*. The Decree comes into effect on 20 October 2022, covering (i) Electronic identities; (ii) Electronic identification; (iii) Electronic authentication; (iv) Electronic authentication services; (v) The rights and obligations of electronic authentication services users; and (vi) The responsibilities of agencies, individuals and non-person entities.

[Decree on Electronic Identification and Authentication](#)

## 4 Climate-related update

On 25 July 2022, the Prime Minister of Vietnam approved the *Decision No. 888/QĐ-TTg* for tasks and solution setting for the implementation of the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) outcomes. The scheme will serve as the country's national climate strategy to 2050. According to the Decision, the scheme aim to increase Vietnam's participation in global low-carbon development trends, mobilise resources, innovate technology to facilitate the adoption of new growth models and economic reformation, and contribute to international efforts to attain net-zero emissions by 2050.

[Decision No. 888/QĐ-TTg](#)

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