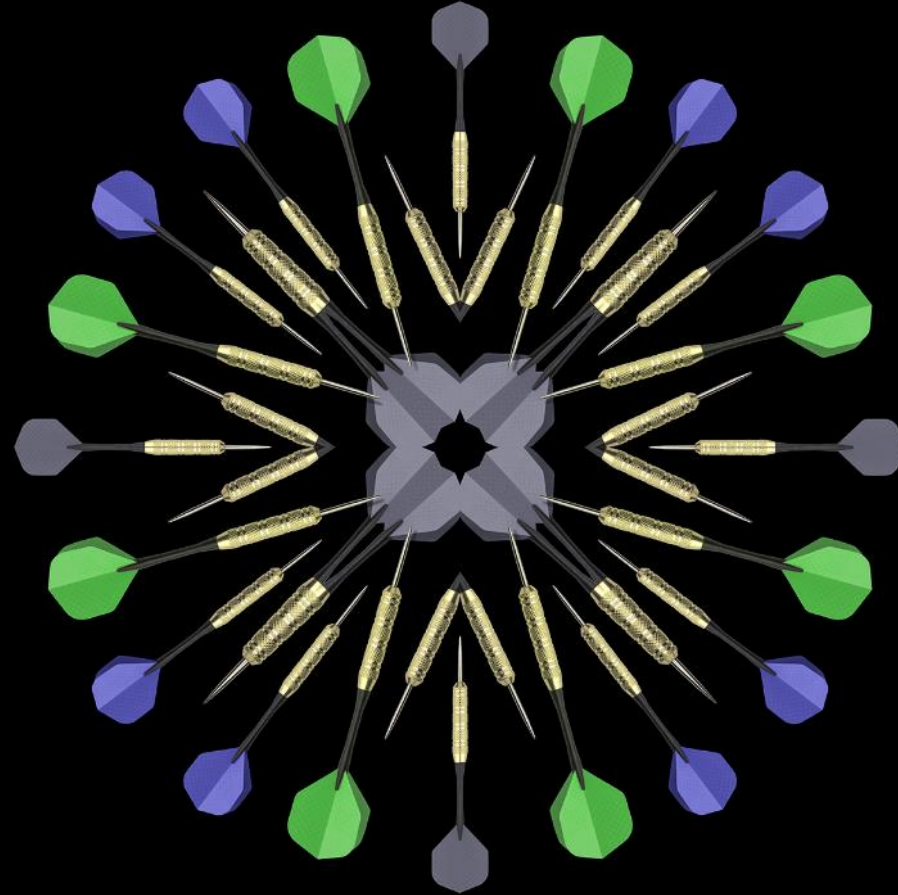


**Deloitte.**



**Asia Pacific Financial Services  
Regulatory Update**  
**Q4 2022**  
January 2023

*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 Q4 2022.

**A year of global uncertainty:** We are entering 2023 with many uncertainties, including inflationary pressures and potentially slower growth on the economic front, the next phase of the COVID-19 pandemic as more countries open up and new variants emerge, geopolitical flashpoints in the region and beyond, and our ability to deal with climate change. While addressing these challenges, financial regulatory agencies across Asia Pacific (AP) continue to take active measures to prepare their financial systems for the future.

**Enhancing digital asset regulation:** In the last quarter, key markets across AP, including Hong Kong SAR and Singapore, continue to reshape digital asset regulation after global crypto failures. Regulatory bodies have seen the proliferation of cryptocurrency trading platforms and offerings that have made trading easily accessible to consumers and have either introduced or are proposing additional consumer protection measures. These include enhanced disclosures, proper safeguarding of customer assets, reserving standards and naming conventions for stablecoins, sound money laundering controls, as well as robust technology and cybersecurity requirements. The aim is to develop responsible digital asset ecosystems that continue to be innovative and that have the potential to transform financial services.

**Digital payments take a leap forward:** New technology, business models and participants are providing more payment options and increased convenience for consumers. Authorities recognise the regulatory architecture governing payments needs to be updated and are pursuing agendas covering services such as digital wallets, buy-now-pay-later arrangements, stablecoins, and crypto-assets. Concurrently, central banks have launched more sandboxes for testing use cases for central bank digital currencies. They are also exploring greater cooperation on payment connectivity to support faster, cheaper, more transparent, and more inclusive cross-border small value payments, with a prime example being the memorandum of understanding entered into amongst five ASEAN central banks in November 2022.

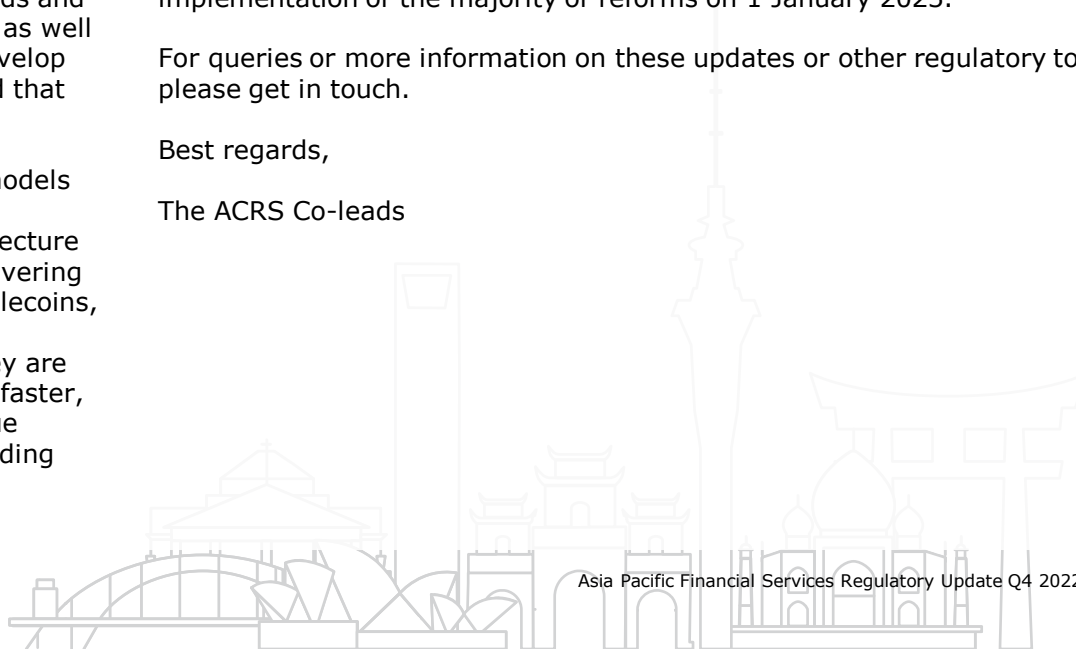
**Focus on climate and sustainability and the transition to green finance continues:** Efforts to combat climate change have accelerated and intensified since the Paris Agreement. 2022 was a landmark year, which saw an unprecedented number of countries and corporates pledging net-zero commitments in the lead up to COP27. Sustainable finance can be a powerful enabler for an effective yet inclusive transition to net-zero. Financial institutions play an influential role in promoting sustainability and combating climate change by directing capital to sustainable projects. Best practices range from setting up robust governance frameworks for green and sustainable products (including proper due diligence) to working with clients to review their climate risks and develop holistic transition plans supported by green finance. Strengthened global co-operations will help by aligning regulatory standards as well as improving data comparability and availability.

**Some delays in implementing Basel III Final Reforms:** Both the Hong Kong Monetary Authority (HKMA) and Monetary Authority of Singapore (MAS) announced that they will delay implementation of the remaining Basel III reforms to no earlier than 1 January 2024 to give institutions more time to prepare. This also better aligns their implementation timelines with those of the Japan, EU, UK and US. In contrast, Australia has pushed ahead with implementation of the majority of reforms on 1 January 2023.

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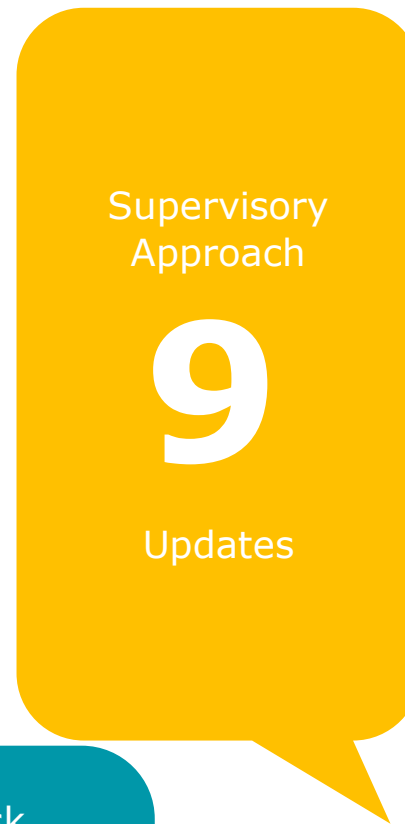
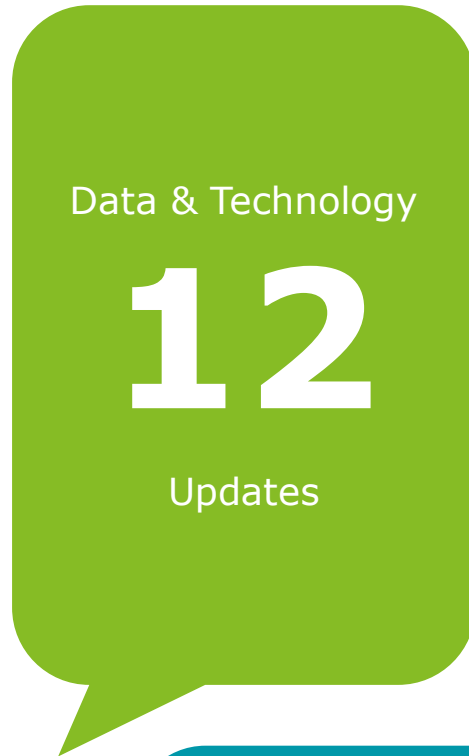
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# Regulatory Hot Topics – Top six most talked about themes this quarter



## 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 Annual Reports

The Australian Prudential Regulation Authority (APRA) and Australian Securities and Investments Commission (ASIC) have released their annual reports for FY 21/22. The annual reports include summaries of key regulatory activities, supervisory themes and statements of performance in the context of their corporate plans for the past year.

Separately, ASIC also released their enforcement priorities for 2023. These priorities will be in addition to their enduring priorities (outlined in their Corporate Plan), and are intended to reflect where the regulator will direct their resources and expertise over the coming year.

[ASIC annual report 2021-22](#) and [ASIC Enforcement Priorities for 2023](#)  
[APRA annual report 2021/22](#)

## 2 APRA Outlines Plans to Modernise the Prudential Architecture

APRA has outlined a multi-year program to uplift the design of the regulatory framework to enhance its clarity, simplicity, and adaptability for its regulated entities. The key initiatives focus on better regulation, a digital first approach, and developing new risks, new rules.

[Information Paper: Modernising the Prudential Architecture](#)

## 3 APRA Publishes First Guide for Bank Board Directors

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 closed on 11 November 2022.

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

## 4 APRA Releases Final Prudential Standard on Recovery and Exit Planning

APRA has released the final Prudential Standard Recovery and Exit planning (CPS 190). The new standard aims to ensure APRA regulated entities are better prepared to manage periods of severe financial stress and forms part of the recent prudential forms that are aimed at strengthening financial resilience. The standard will come into effect from 1 January 2024 for banks and insurers, and from 1 January 2025 for RSE licensees.

[Letter to all APRA-regulated entities: Recovery and exit planning](#)  
[Prudential Standard CPS 190 Recovery and Exit Planning](#)

## 5 ASIC Welcomes Industry Consultation on Market Resilience

The Australian Securities Exchange (ASX) has released its second consultation paper in response to ASIC's report on industry expectations in responding to a market outage ([Report 708](#)). The paper focused highlights the potential future ASX capabilities in enhance market resilience, emphasising the industry's focus on resiliency and the imminent implementation of new Market Integrity Rules in March 2023. Submissions to the paper closed early December 2022.

[ASIC welcomes industry consultation on market resilience](#)  
[ASX Market Management Consultation Paper 2](#)

## 6 Options Paper: Regulating Buy Now, Pay Later in Australia

The Australian Treasury is seeking feedback on the future regulatory framework for buy now, pay later (BNPL) arrangements under the *National Consumer Credit Protection Act 2009* (the Credit Act). BNPL products currently are not subject to responsible lending standards or other requirements of the Credit Act, and BNPL providers are not required to hold an Australian Credit Licence (ACL).

Consultation on the options paper, 'Regulating Buy Now, Pay Later in Australia' seeks views on three broad options for the regulatory foundation of the future growth of BNPL in Australia that will provide the appropriate regulation while encouraging innovation in the financial services industry.

Stakeholder feedback on the options paper will inform government decision on the future regulation of BNPL in Australia. The consultation period closed on 23 December 2022.

[Regulating Buy Now, Pay Later Options Paper](#)

## 7 APRA Releases Findings from Insurance Risk Self-assessment Thematic Review

On 26 October 2022, APRA published findings from the review into the robustness of the general insurance industry's approach to insurance risk management. The review required the ten selected insurers to carry out the following, (i) review of the robustness of their insurance risk management framework; (ii) assessment of the capacity of the risk management framework in mitigating similar issues emerging within other product lines; and (iii) Board-endorsed assurance over the self-assessment. The letter consolidates key insights from the review, and in light of the findings, it is expected that all insurers consider their own operations and practices.

[Insurance risk self-assessment thematic review](#)

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# Australia (2/2)

## 8 APRA Moves to Strengthen Transfer Planning in Superannuation

APRA has begun consultations on a series of measures that are expected to enhance planning by superannuation trustees in the event of member transfers. Proposals outlined in the discussion paper were prompted by a period of heightened transfer activity in the industry and APRA's focus on combating underperformance.

APRA has proposed updates to the prudential framework introducing new requirements and updates to strengthen and simplify transfer planning guidance outlined in the Prudential Practice Guide, SPG 227 *Successor Fund Transfers and Wind-ups*. Submissions to the consultation are open until 10 March 2023.

[Discussion Paper – Superannuation transfer planning: Proposed enhancements](#)

## 9 APRA Releases Discussion Paper on Financial Resources for Risk Events in Superannuation

APRA has proposed changes to how superannuation trustees manage financial resources to better protect fund members from poor operational risk event outcomes. As outlined in the discussion paper, the regulator is looking to replace the existing Prudential Standard SPS 114 *Operational Risk Financial Requirement* with enhanced obligations for trustees. The proposed enhancements are anticipated to promote more efficient use of financial resources, and will prompt trustees in adopting a more sophisticated risk-based approach when determining operational risk amounts. Submissions are open until 17 March 2023.

[Financial Resources for the Risk Events in Superannuation](#)

## 10 Climate-related Financial Disclosure: Consultation Paper

The Australian Treasury has released a consultation paper to support the Government in its commitment to ensure large businesses provide stakeholders with greater transparency towards its climate-related plans and risks. As part of this commitment, the Government will introduce internationally-aligned reporting requirements for businesses to make disclosures regarding governance, strategy, risk management, targets and metrics – including greenhouse gasses. This consultation paper seeks initial views on the design and implementation of these standards. Submissions are open until 17 February 2023.

[Consultation paper: Climate-related financial disclosure](#)

## 11 APRA Releases Results of Inaugural Climate Vulnerability Assessment

In November 2022, APRA released the findings of the first Climate Vulnerability Assessment (CVA) of Australia's five largest banks. The 2021-22 CVA saw the participating banks adopt new techniques, modelling approaches, and data sources to assess the potential impact of climate change on their businesses. The paper provides valuable insights into the potential financial exposure of institutions, the financial system and the broader economy to the physical and transition risks associated with climate change.

[Information Paper: Climate Vulnerability Assessment Results](#)

## 12 Strategic Plan for the Payments System: Consultation Paper

The Australian Treasury has released a consultation paper to help inform the Government's Strategic Plan for the Payments System. The paper promotes the transition to a modern payments infrastructure and strengthening of regulators to meet the challenges of an evolving payments landscape. The government is seeking views on appropriate principles to support the domestic payments system and ideas to support reform initiatives and actions. Submissions are open until 6 February 2023.

[Consultation paper: A Strategic Plan for the Payments System](#)

## 13 Modernising Australia's financial system

On 14 December 2022, the Federal Government released its priorities for financial system reform in the new year. The Government seeks to update and strengthen Australia's payments system through a consultation paper to help finalise its Strategic Plan, improve Australia's financial market infrastructure by acting on recommendations by the Council of Financial Regulators, establish a regulatory framework for BNPL to improve protections for consumers, and organise structures for the licensing and regulation of cryptocurrency service providers.

[Modernising Australia's financial system](#)

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# Mainland China (1/3)

## 1 Law of the People's Republic of China on Banking Regulation and Supervision

On 11 November 2022, the China Banking and Insurance Regulatory Commission (CBIRC) issued the draft revision of *Law of the People's Republic of China on Banking Regulation and Supervision* for consultation. The purpose of the revised draft is to improve the law-based financial regulation and supervision and enhance transparency and rule of law of financial regulation and supervision. The revision aims to:

- Improve prudential regulatory rules, strengthen conduct supervision, and protect consumers' legitimate rights and interests effectively;
- Achieve full coverage of supervision, and strengthen supervisory enforcement to tackle illegal acts of shareholders and actual controllers; and
- Improve risk resolution mechanism and early intervention system, further enrich risk resolution measures and increase resolution efficiency.

The consultation closed on 11 December 2022.

[CBIRC solicits public opinions on the Law of the People's Republic of China on Banking Regulation and Supervision \(Revised Draft for Consultation\)](#)

## 2 Revised Rules on Banks and Insurance Governance Evaluation Methodology

On 30 November 2022, the CBIRC issued the *Revised Rules on Banks and Insurance Governance Evaluation Methodology* to strengthen and improve the corporate governance supervision of financial institutions, as well as enhance corporate governance effectiveness. Key revisions include:

- Expanding the scope of corporate governance assessment targets;
- Optimising assessment mechanisms;
- Establishing more scientific-assessment indicators; and
- Strengthening the application of assessment results.

The revised Rules are now in effect. Following the issuance of the revision, the CBIRC plans to deploy corporate governance supervisory assessment of banking and insurance institutions in 2023.

[CBIRC issued the Revised Rules on Banks and Insurance Governance Evaluation Methodology](#)

## 3 CBIRC Updates Rules for the Insurance Sector

### Rules on the Insurance Security Fund

On 10 November 2022, the CBIRC, the Ministry of Finance and the People's Bank of China (PBC) issued the revised *Rules on the Insurance Security Fund*. The revision intends to foster stable and high-quality insurance industry development, further play Insurance Security Fund's role and to protect policyholders' rights and interests. Key revisions are:

1. Revised the insurance security fund fundraising articles;
2. Clarified insurance security fund relevant financial requirements;
3. Optimised the use and management of insurance security fund;
4. Improve insurance security fund's bailout provisions; and
5. Strengthen the supervision and administration of insurance securities fund.

The revised Rules came into effect on 12 December 2022.

[CBIRC Releases the Rules on the Insurance Security Fund](#)

### Statistical Rules on Green Insurance Business

On 11 November 2022, the CBIRC issued the *Notice on the Statistical Rules on Green Insurance Business*. The Notice intends to leverage the positive role of insurance to build a sound green, low-carbon circular economic development system and transition to a greener economy and society.

The Notice requires insurance companies to collect green insurance liability business statistics from both the product and customer perspectives in a systematic manner. Other key requirements include the following:

- Strengthen green insurance capability building
- Enhance the green insurance business data
- Optimise the construction of information systems
- Build a sound identification and management mechanism for green insurance products, industry customers, and insurance targets.

From December 2022, insurance companies should submit national data of the Statistical Form of Green Insurance Business on a pilot basis. Official submissions commence from July 2023.

[CBIRC Issues the Notice on the Statistical Rules on Green Insurance Business Appendix: Notice of the CBIRC General Office on the Statistical Rules on Green Insurance Business](#)

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# Mainland China (2/3)

## 3 CBIRC Updates Rules for the Insurance Sector (Continued)

### Rules on Information Disclosure of Life Insurance Products

On 17 November 2022, the CBIRC issued the *Rules on Information Disclosure of Life Insurance Products* to protect insurance applicants, the insured and the beneficiaries' rights and interests, as well as to promote healthy and sustainable industry development. Key Rules are:

- Insurance companies are required to fully disclose product information concerning consumers' rights and interests (including terms, rates, and cash value of products);
- Insurance companies are required to enhance their internal product information disclosure management mechanism;
- Clarified the responsibilities of relevant personnel and insurance companies in terms of product information disclosure management, formulation, and use of information disclosure materials; and
- Clarified regulatory measures and penalties against for Rules violations.

[CBIRC Released the Rules on Information Disclosure of Life Insurance Products](#)

### Personal Pension Business of Insurance Companies

To standardise third-pillar pension system development and encourage insurance companies to carry out personal pension business actively, the CBIRC issued the *Notice on Matters Related to Personal Pension Business of Insurance Companies* on 22 November 2022. The Notice aims to:

1. Clarify insurance companies' basic requirements to carry out personal pension business;
2. Clarify that insurance companies are allowed to provide annuities and endowment insurance products to individuals who set up personal pension accounts;
3. Standardise the fund management, contract management, sales management, and customer service of personal pension business;
4. Clarify regulatory requirements for personal pension business operation of insurance companies; and
5. Set requirements for the China Banking and Insurance Information Technology Management Company to establish and maintain the industry information platform.

[CBIRC Issues the Notice on Matters Related to Personal Pension Business of Insurance Companies](#)  
[Appendix: Notice of China Banking and Insurance Regulatory Commission on Matters Related to Personal Pension Business of Insurance Companies](#)

## 4 Rules on Corporate Group Finance Companies

On 14 October 2022, the CBIRC issued the revised *Rules on Corporate Finance Companies* after consultation. The Rules aim to strengthen the supervision of corporate group financial companies and to guide steady operation in compliance with the law and regulations. Key amendments are:

1. Revision to market entry standards and expansion of sector opening-up;
2. Optimised business scope and implementation of classified supervision;
3. Additional regulatory indicators to strengthen risk monitoring and early warning;
4. Strengthened corporate governance and supervision of shareholders' equity; and
5. Improved the risk resolution and exit mechanism.

The revised Rules serve as an important measure to strengthen financial supervision, prevent, and control financial risks, and expand opening up. The Rules came into effect on 13 November 2022.

[CBIRC Releases the Rules on Corporate Group Finance Companies](#)  
[Appendix: Rules on Corporate Group Finance Companies](#)

## 5 Interim Rules on Personal Pension Business of Commercial Banks and Wealth Management Companies

On 4 November 2022, the CBIRC issued the draft *Interim Rules on Personal Pension Business of Commercial Banks and Wealth Management Companies*. The purpose of the revised draft is to facilitate the standardised development of the third-pillar pension system and the personal pension business of commercial banks and wealth management companies. Key updates within the draft Interim Rules include:

1. Clarification of the purpose of the Interim Rules, relevant definitions of the personal pension business, industry platforms functions, and the regulatory bodies;
2. Clarification of the scope of the personal pension business, including specific requirements for personal pension accounts and personal pension products, etc;
3. Details relating to the types of personal pension wealth management products and the requirements to be met by participating institutions;
4. A requirement for commercial banks and wealth management companies to submit information to the industry information platforms on personal pension and related wealth management products and report to regulatory authorities; and
5. Supervision and supplementary provisions.

The consultation period ended on 13 November 2022.

[CBIRC Solicits Public Opinions on the Interim Rules on Personal Pension Business of Commercial Banks and Wealth Management Companies \(for consultation\)](#)

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# Mainland China (3/3)

## 6 Acceptance, Discount and Rediscount of Commercial Bills

To regulate commercial bill of exchange acceptance, discounting and rediscounting business, and promote the healthy development of the bill market, the PBC and CBIRC jointly revised and issued the *Revised Rules on Acceptance, Discount and Rediscount of Commercial Bills* on 18 November 2022.

The PBC and CBRIC have revised and improved the commercial bill of exchange acceptance, discount and rediscount management system based on the development of commercial bill of exchange business in recent years. The revised Rules came into effect on 1 January 2023, and set a one-year transition period for the proportional limit requirements for bankers' acceptances and finance companies' acceptances.

Key revisions include:

1. Clarifying the relevant bills' nature and classification;
2. Emphasising the true transaction relationship;
3. Strengthening information disclosure and credit discipline mechanism; and
4. Strengthening risk control and other related aspects.

[Acceptance, Discount and Rediscount of Commercial Bills](#)

## 7 Rules on Commercial Bank Off-balance Sheet Management

On 2 December 2022, the CBIRC issued the *Risk Management Approach of Off-balance Sheet Business of Commercial Banks*, based on the systematic review of existing systems and rules. The Approach came into effect on 1 January 2023, and aims to enhance risk management and adopt new changes in the development of off-balance sheet business of commercial banks by:

- Expanding the definition of off-balance sheet business, adds new types of off-balance sheet business, and establishes a comprehensive and unified off-balance sheet business management and risk control system; and
- Rationalising the risk-nature, legal relationship, and corresponding management requirements of various types of off-balance sheet business.

The Approach states that commercial banks should establish and enhance off-balance sheet business risk management system in line with the principles of full management coverage, classification management and risk-based management.

[CBIRC Releases the Rules on Commercial Bank off-balance sheet management](#)

## 8 Comprehensive Supervisory Rating of Foreign Bank Branches

On 27 December 2022, the CBIRC issued the *Provisional Measures on Comprehensive Supervisory Rating for Foreign Bank Branches* with immediate effect. The Provisional Measures intend further to improve the supervisory rating system of foreign bank branches, rationally allocate supervisory resources, strengthen classification supervision, and promote the stable operation of foreign bank branches.

The Provisional Measures apply to foreign bank branches legally established within the territory of the PRC, and have been operating for at least a full fiscal year. The Provisional Measures aim to:

- Clarify the basic supervision and rating system for foreign bank branches;
- Standardise rating procedure; and
- Provide guidance on the use of rating results.

The provisional measures are now in effect.

[CBIRC issues the Provisional Measures on Comprehensive Supervisory Rating of Foreign Bank Branches](#)



# Hong Kong SAR (1/2)

## 1 Basel III Final Reform

On 25 November 2022, the Hong Kong Monetary Authority (HKMA) concluded the consultation on final Basel III reform package implementation launched on 30 June 2022. Following conclusion of the consultation, the HKMA revised its policy relating to the implementation of the revised capital standards. Key adjustments include the implementation timetable, the transition of output floor, and calibration of minimum risk-weight for residential real estate exposures.

Revised implementation timetable:

- No earlier than 1 January 2024: Implementation of standards associated with credit risk, operational risk, the output floor and the leverage ratio;
- 1 January 2024: New standards for market risk and CVA risk, and the reporting-only period for the two standards.

[Implementation of Basel III final reform package](#)

## 2 Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill

On 7 December 2022, the Legislative Council passed the *Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill 2022*. The amended bill introduces:

1. Licensing regime for virtual asset service providers; and
2. Two-tier registration regime for dealers in precious metals and stones.

The amended bill has also been drafted to align with the latest standards by the Financial Action Task Force (FATF). Key amendments relating to the banking sector include:

- a. Amendment to the definition of 'politically exposed persons' (PEP);
- b. Facilitation of a risk-based approach to determine the level of customer due diligence (CDD) former PEPs are subject to;
- c. Clarified that a recognised digital identification system can be used for CDD, as well as satisfy the additional requirements where a customer is not physically present for identification; and
- d. Clarified that a beneficial owner in the case of trust, includes a trustee of the trust, a beneficiary and a class of trust beneficiaries entitled to a vested interest in the trust.

The amended bill will be effective on 1 June 2023.

[Circular: Passage of Anti-Money Laundering and Counter-Terrorist Financing \(Amendment\) Bill 2022](#)

[Anti-Money Laundering and Counter-Terrorist Financing \(Amendment\) Bill 2022](#)

## 3 AMLab Series with Cyberport

On 24 November 2022, the HKMA and Cyberport co-hosted the third Anti-Money Laundering (AML) Regtech Lab (AMLab3) supported by Deloitte. The AMLab3 builds on AMLab1 launched on 5 November 2021 on the use of network analytics in combatting fraud risk and reducing losses from scams using mule account networks. The AMLab3 focused on sharing good practices, and provided a collaborative platform for banks as well as data and technology experts to use synthetic data to demonstrate network diagram testing, assisting banks in facilitating implementation at lower costs.

In 2023, the HKMA will continue to host more AMLabs with Cyberport. Research and thematic review results will also be published in the coming year.

[HKMA's AMLab series with Cyberport: A digital response to fraud](#)

## 4 Due Diligence Processes for Green and Sustainable Products

On 9 December 2022, the HKMA shared good practices for the development and management of green and sustainable products offered by authorised institutions (AIs) after conducting a thematic examination. The examination aimed to ensure that AIs have implemented good control systems to guarantee green and sustainable products and that the related funds are managed according to the AIs' climate strategies, reducing exposure to greenwashing hazards. Good practices identified are:

- Establish a robust green and sustainable product governance framework;
- Conduct a comprehensive client "greenness assessments" and green lending transaction due diligence;
- Perform post-offering monitoring and controls to ensure proper green and sustainable products management;
- Enhance the transparency and accountability of green and sustainable products; and
- Develop adequate expertise in product development and thorough due diligence processes.

The HKMA recommends AIs to consider the above practices in building climate risk management capability.

[Due diligence processes for green and sustainable products](#)

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# Hong Kong SAR (2/2)

## 5 Revised Risk-based Supervisory Approach

On 23 December 2022, the HKMA issued the revised *Supervisory Policy Manual module SA-1 on Risk-based Supervisory Approach* after concluding a consultation. As announced on 30 June 2022, the HKMA has established a two-year climate plan to incorporate climate-related risk in its banking supervision. The revised SA-1 module added the illustration of emerging risks, such as climate risk, and how to address them under the HKMA's risk-based supervisory approach.

[Supervisory Policy Manual \(SPM\): Revised Module SA-1 on "Risk based Supervisory Approach"](#)

## 6 Implementation of HKFRS/IFRS 17

On 24 November 2022, the Hong Kong Insurance Authority (IA) issued a circular to provide clarifications on relevant reporting requirements under the Insurance Ordinance (Cap. 41) ("the Ordinance") upon implementation of HKFRS/IFRS 17. The circular clarifies the basis of reporting for long term business, general business and insurers incorporated outside of Hong Kong SAR.

[Regulatory reporting under Insurance Ordinance \(Cap. 41\) \("the Ordinance"\) upon implementation of HKFRS/IFRS 17](#)

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# India

## 1 Issue and Listing of Non-convertible Securities

On 11 November 2022, the Securities and Exchange Board of India (SEBI) issued the *Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2022* with immediate effect.

The amendment introduced a new chapter for online bond platform providers, where no person shall act as an online bond platform provider without obtaining a registration certificate from the Board as a stockbroker under the *Securities and Exchange Board of India (Stock Brokers) Regulations, 1992*.

The SEBI also issued a circular on registration and regulatory framework for Online Bond Platform Providers (OBPPs) on 14 November 2022.

[The Securities and Exchange Board of India \(Issue and Listing of Non-convertible Securities\) \(Second Amendment\) Regulations, 2022](#)  
[Registration and regulatory framework for Online Bond Platform Providers](#)

## 2 Prohibition of Insider Trading

On 24 November 2022, the SEBI issued the amendments to the *Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2022* with immediate effect. The amendment imposed prohibitions on communication concerning and trading by insiders in the units of mutual funds. Provisions of Chapter IIIA and V will apply only to the units of mutual funds. Furthermore, no insider is allowed to communicate, provide or allow access to any unpublished price sensitive information to any person, including other insiders, except price sensitive information to other insiders when it is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

[Securities and Exchange Board of India \(Prohibition of Insider Trading\) \(Amendment\) Regulations, 2022](#)

## 3 Redressal of Investor Grievances through the SCORES Platform

On 18 October 2022, the SEBI issued the master circular on the redressal of investor grievances through the SEBI Complaints Redress System (SCORES) platform. The platform intends to provide an administrative platform for aggrieved investors whose grievances with the securities market have not been addressed by the relevant listed company, registered intermediary or recognised market infrastructure (MII). An investor may file their complaint in SCORES if the designated person who handles issues relating to compliance and redressal of the investor fails to provide any resolution.

[Redressal of investor grievances through the SCORES platform](#)

## 4 Insurance Sector Regulatory Update

### The Insurance Laws (Amendment) Bill, 2022

To address the changing needs of the insurance sector, the Government of India – Ministry of Finance launched a public consultation regarding the proposed amendments to the *Insurance Act, 1938* and *Insurance Regulatory and Development Authority Act, 1999*. The proposed amendments focus on the following:

- Enhancement to policyholders' financial security;
- Promote policyholders' interest;
- Improvement to the policyholders' returns;
- Facilitate entry of more players in the insurance market;
- Enhance operational and financial efficiency of the insurance industry; and
- Enable ease of doing business

The Finance Ministry has proposed issuing a license for all kinds of insurance for new and existing insurance companies. The license will facilitate open access for insurers in any line of business. Furthermore, such insurers will be allowed to enter any segment - life, health, and general.

The consultation closed on 15 December 2022.

[The Insurance Laws \(Amendment\) Bill, 2022](#)

### Mental illness under health insurance policies

On 18 October 2022, the Insurance Regulatory & Development Authority of India (IRDAI) mandated that all insurance products should cover mental illness and comply with the *Mental Health Care Act, 2017* without any deviation. Insurers were required to confirm compliance before 31 October 2022.

[Providing cover for Mental Illness under Health Insurance policies](#)

### Insurance cover for newborns/infants under insurance policies

On 12 October 2022, the IRDAI published an announcement, reiterating that all insurance products that cover newborns/infants must comply with the relevant provisions under the *Master circular on Standardisation in Health insurance Business* (dated 22 June 2022) without any deviation, and provide coverage from day one without imposing any waiting periods/sub-limits or any other restrictive conditions.

[Insurance cover for newborns/infants under health insurance policies](#)

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# Indonesia (1/3)

## 1 Written Order

On 17 October 2022, the Financial Services Authority (OJK) issued the regulation *POJK NOMOR 18 TAHUN 2022* concerning Written Order. The regulation aims to carry out regulatory tasks as disclosed in Article 8 Letter F, and supervisory duties in Article 9 Letter D Law Number 21 of 2011, concerning the OJK regulating the following:

- OJK's authority to issue Written Orders to Financial Services Institution (LJK) and/or certain Parties;
- The obligation of LJK and/or certain other Parties to fulfil Written Orders issued by the OJK;
- Provisions concerning Procedures for Issuing Written Orders, including:
  - Issuance of Written Orders by the OJK may be preceded by written instructions or without prior written instructions with certain considerations;
  - Mechanism of Written Instruction fulfilment by LJK and/or Other Parties (including issues pertained to the timeframe of the implementation of Written Orders, action plans, and reporting); and
  - OJK supervision in fulfilling Written Orders by LJK and/or certain parties including evaluation and/or other supervisory measures.

[POJK Nomor 18 Tahun 2022 - Written Order](#)

## 2 Special Treatment for Financial Institutions

On 28 October 2022, to support economic recovery for financial institutions in certain areas and sectors in Indonesia affected by disaster, the OJK issued *NOMOR 19 TAHUN 2022 – Special Treatment for Financial Institutions in Specific Areas and Sector in Indonesia Impacted by Disaster*.

The regulation aims to address the current condition where Indonesia is impacted by disasters resulting from natural or unnatural causes, resulting in a disturbance of industry player performance in the financial services sector and/or impacting the economic condition of the public.

[NOMOR 19 TAHUN 2022 – Special Treatment for Financial Institutions in Specific Areas and Sector in Indonesia Impacted by Disaster](#)

## 3 Procedures for Organising Annual Work Plans and Budgets for Alternative Dispute Resolution Institution

On 24 October 2022, the OJK issued the policy document *NOMOR 19 /SEOJK.07/2022* to further regulate the procedures for preparing the work plan and annual budget of the Alternative Dispute Resolution Institution (LAPS) of the Financial Services Sector. Key provisions include:

- The form and structure of the Annual Work Plan and Budget (RKAT) that elaborates the contents that must be included in the RKAT, including an explanation of each section;
- Preparation of the RKAT carried out by the Financial Services Sector LAPS Management start from preparation in accordance to the format in SEOJK, discussion in Supervisory meetings, requests for approval from OJK, and ratification of RKAT that has been approved by OJK and submission of RKAT that has been ratified to OJK;
- Cancellation and review of the Annual Work Plan and Budget at the request of OJK;
- Changes to the Annual Work Plan and Budget by LAPS of the Financial Services Sector;
- The RKAT Realisation Report which explains the contents that must be included in the RKAT realisation report, including an explanation of each section;
- Procedure for Submission of Annual Work Plan and Budget and Report on Realisation of Annual Work Plan and Budget, through electronic reporting system provided by OJK and offline submission in case electronic reporting system is not yet available or unable to operate and timeframe for RKAT submission and RKAT realisation report.

[NOMOR 19 /SEOJK.07/2022 - Procedures for Organising Annual Work Plans and Budgets for Alternative Dispute Resolution Institution in the Financial Services Sector](#)

## 4 Continuing Education Programs for Investment Manager Representatives

To increase the effectiveness of supervision over Investment Manager Representative license holders, the OJK states the need to adjust provisions related to the implementation of the *Continuing Education Program for Investment Manager Representatives (WMI)*.

On 6 October 2022, the OJK issued regulation *NOMOR 19 /SEOJK.04/2022* concerning the related amendments. Key amendments are:

- Adding other digital media other than compact disk, i.e. flash disk for submitting Continuing Education Programs (PPL) implementation reports;
- Remove obligation of WMI license holders to submit reports for participating in PPL activities in accordance with OJK Regulation Number 31/POJK.04/2018 and elimination of the continuing education program participation report format for investment manager representatives.

[NOMOR 19 /SEOJK.04/2022 concerning Continuing Education Programs for Investment Manager Representatives](#)

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## 5 Equity Participation Activities by Commercial Banks

In light of the development of commercial banking business activities, information technology, and financial sector ecosystems, the OJK noted that flexibility is needed in several aspects of equity participation activities and issued relevant provision relating to equity participation activities of commercial banks on 2 November 2022. Key elements of this provision include:

- Scope of companies in the financial sector;
- Limitations to the total portfolio of equity participation by Banks, and association obligations where limits and certain conditions are met;
- Obligations relating to having written policies and procedures to manage risks related to equity participation and have an effective internal control system for equity participation activities;
- Prohibition of banks to accept equity participation from Investees or to make Equity Participation in companies that hold Bank shares;
- Provisions regarding divestments made by the bank consist of mandatory divestments and divestments at the initiative of the bank;
- Banks are required to carry out OJK orders to make improvements in cases where, based on OJK's assessment, Investee activities reflect unhealthy financial and non-financial conditions and/or disrupt the Bank's financial and non-financial conditions.

[NOMOR 22 TAHUN 2022 - Equity Participation Activities by Commercial Banks](#)

## 6 Stimulus Policy and Relaxation of Provisions Related to Issuers or Public Companies

To address the continuous impact on Indonesia capital market players (including issuers, public companies and investors) caused by COVID-19, the OJK issued a relaxation policy to maintain stable market conditions on 10 November 2022. Key elements of the relaxation policy are:

- Extended validity period of the appraiser's report to a maximum of 7 months;
- Extended the period of fulfillment of the obligation to transfer back shares resulting from the implementation of a mandatory tender offer, with related provisions;
- Applications by Public Company Controllers can only be submitted for share transfers which cannot be carried out due to the impact of the COVID-19 pandemic, either before or after the enactment of this rule;
  - The request for extension of time as referred to can only be submitted 1 time;
- OJK can provide an extension of the period for the transfer of shares due to the implementation of a mandatory tender offer, no later than 2 years from the end of the period.

[Stimulus Policy and Relaxation of Provisions Related to Issuers or Public Companies in Maintaining Capital Market Performance and Stability Due to the Spread of Corona Virus Disease 2019](#)

## 7 Macroprudential Intermediation Ratios and Macroprudential Liquidity Buffers (Part 1/2)

On 1 November 2022, Bank Indonesia (BI) issued the fourth amendment to regulation number 20/4/PBI/2018 to ensure effectiveness of the implementation of provision concerning *Macroprudential Intermediation Ratios (RIM) and Macroprudential Liquidity Buffers for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units*. The amendment also intends to promote a balanced and quality banking intermediation function and support bank liquidity resilience.

Key amendments are:

- BI to provide relief in the form of adjustment of RIM Targets or Sharia RIM Targets for Banks subject to restrictions on business activities by OJK relating to lending or financing and/or raising funds and/or Banks with certain conditions that may affect compliance to provisions of RIM Targets or Sharia RIM Targets, by considering OJK recommendation;
- Exceptions to the fulfillment of RIM Targets or Sharia RIM Targets and provisions on Macroprudential Liquidity Support (PLM) or Sharia PLM are given to Conventional Commercial Banks (BUK) or Sharia Commercial Banks (BUS) under intensive supervision status or special supervision and/or BUK or BUS that receive short-term liquidity financing or sharia short-term liquidity financing, without the need to apply to BI;
- Data sources in the form of online reports for RIM or Sharia RIM calculations, RIM Current Accounts or Sharia RIM Current Accounts, and PLM or Sharia PLM are sourced from integrated commercial bank reports and in RIM or Sharia RIM calculations, in addition to credit data or Financing and third-party funds (DPK) from domestic branch offices, credit or financing data and deposits from foreign branch offices are also taken into account;
- Refinement of arrangements for fulfillment or termination of fulfillment of RIM or RIM Sharia, RIM Current Account or Sharia RIM Current Account and/or PLM or Sharia PLM for Banks that carry out fundamental strategic steps including BUK that change their business activities to become BUS, BUK or BUS applying for business license revocation, branch offices of banks domiciled abroad that carry out integration or conversion and establishment of new banks.

[Fourth amendment of NOMOR 20/4/PBI/2018 - Macroprudential Intermediation Ratios and Macroprudential Liquidity Buffers for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units](#)

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# Indonesia (3/3)

## 7 Macprudential Intermediation Ratios and Macprudential Liquidity Buffers (Continued, Part 2/2)

On 1 November 2022, BI also issued the fifth amendment of Regulation Number 21/22/PADG/2019 concerning Macprudential Intermediary Ratio and Macprudential Liquidity Buffer for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units.

The regulation implements regulation Number 24/16/PBI/2022 concerning the implementation mechanism and technical matters related to macprudential intermediation ratios and macprudential liquidity buffers (PLM) for conventional commercial banks (BUK), Islamic commercial banks (BUS), and Sharia business units (UUS).

Key provisions are:

- BI to provide relief in the form of changes to RIM Targets or Sharia RIM Targets, for Banks that are subject to restrictions on business activities by OJK in relation to lending or Financing and/or raising funds and/or Banks with certain conditions that may affect compliance with RIM or RIM regulations Sharia, taking into account recommendations from OJK, relief is given for a maximum of 3 (three) years and can be extended if needed;
- Exceptions to the fulfillment of RIM Targets or Sharia RIM Targets and the provisions of PLM or Sharia PLM;
- Data sources for RIM or Sharia RIM calculations, RIM Current Accounts or Sharia RIM Current Accounts, and PLM or Sharia PLM which were previously sourced from online reports were adjusted to be sourced from integrated commercial bank reports (LBUT). In RIM or Sharia RIM calculation, in addition to credit or financing data and third-party funds (DPK) from domestic branch offices, credit or financing data and DPK from overseas branch offices are also taken into account;
- Refinement of regulations regarding the timing of fulfillment and termination of fulfillment of RIM or RIM Sharia and/or PLM or PLM Sharia; Regulations are imposed on Banks that carry out fundamental strategic steps;
- Adjustments to the Appendix include changes to Appendix I - IX and removal of Appendix IV.

[Fifth Amendment of Regulation Number 21/22/PADG/2019 concerning Macprudential Intermediary Ratio and Macprudential Liquidity Buffer for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units.](#)

## 8 Report on the Carrying of Foreign Banknotes into and Outside the Indonesian Customs Area

On 31 October 2022, the BI issued provisions governing the implementation mechanism and reporting procedures for the carrying of foreign banknotes (UKA) into and out of the Indonesian customs area.

Key provisions are:

- Reporters have the obligation to submit a report that is prepared and submitted in a complete, accurate, current, thorough, and timely manner. The reporter is required to appoint an officer and a person in charge of the report marked by having a user ID to submit a report;
- In submitting a report, the reporter must have a reporting code which can be obtained by submitting an application letter to Bank Indonesia accompanied by the requirements that must be met. Furthermore, in submitting the report, the reporter refers to the metadata that has been determined by Bank Indonesia, which consists of guidelines for preparing reports and technical metadata in the form of data structures and validation rules published on the reporting portal of Bank Indonesia;
- The report submitted by the reporter is in the form of the realisation of carrying foreign banknotes including the carrying of foreign banknotes with an amount of less than Rp. 1 billion. Obligation to submit reports on a quarterly basis, no later than 10 Business Days from the last date of the carrying period of foreign banknotes, in the event that the deadline for submitting reports has been exceeded, the reporting party is still obligated to submit the report;
- The report must be submitted online, in the event of technical issues, the report can be submitted offline by fulfilling offline report submission. Additionally, for reporter who does not have a nominal approval or quota for carrying foreign banknotes and does not carry out the realisation of carrying foreign banknotes during the reporting period, the reporter must submit a null report;
- A reporter who violates the reporting provisions as stipulated in the provisions of BI regulation regarding the carrying of foreign banknotes into and out of the Indonesian customs area is subject to administrative sanctions in the form of a written warning, temporary suspension of carrying foreign banknotes and/or revocation of license to carry foreign banknotes.

[NOMOR 24/15/PADG/2022 - Report on the Carrying of Foreign Banknotes into and Outside the Indonesian Customs Area](#)

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# Japan (1/2)

## 1 Cabinet Office Order on Disclosure of Corporate Affairs

On 7 November 2022, the Japan Financial Services Agency (JFSA) launched a consultation on proposed amendments to *Cabinet Office Order on Disclosure of Corporate Affairs*. The proposal aims to amend the narrative information to be filled out in the Annual Securities Report and Securities Registration Statement.

The consultation period ended on 7 December 2022.

[Publication of the draft amendments to the "Cabinet Office Order on Disclosure of Corporate Affairs" and other relevant and applicable cabinet office orders for public consultation](#)

## 2 Leverage Ratio Requirements

On 11 November 2022, the JFSA published the finalised amendments to the relevant and applicable Cabinet Office Orders, Ministerial Orders, and regulatory notices pertaining to leverage ratio requirements after public consultation launched on 25 March 2022.

Excluding outstanding balance of financial institutions' current account at the Bank of Japan (BOJ) from the exposure measures in exceptional macroeconomic circumstances, the required level of leverage ratio was raised from 3% to 3.15% after amendments after April 2024, for the post-COVID-19 response framework.

The final amendments will be effective on 1 April 2024.

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

## 3 Code of Conduct for ESG Evaluation and Data Providers

On 15 September 2022, the JFSA finalised the Code of Conduct for ESG evaluation and Data Providers following public consultation in June 2022. The Code is a voluntary code intended to ensure the appropriate use of ESG evaluation and data. The JFSA now calls for ESG evaluation and data providers to endorse the Code via public announcement.

[Finalisation of "the Code of Conduct for ESG Evaluation and Data Providers"](#)

## 4 Financial Instruments Business

On 31 October 2022, the JFSA issued the finalised *Partial Amendment for Regulatory Notice Specifying the Documents Based on Article 2 (1) of the Cabinet Office Order on Financial Instruments Business, etc* with immediate effect.

The amendment will allow applicants to submit written application for registration and other subsequent documents in English if the following conditions are met by the applicant:

1. Applicant will sell only interests in collective investment scheme managed by group companies by the applicant;
2. Applicant's clients in Japan will be Professional Investors; and
3. Applicant is authorised to conduct businesses similar to Investment Advisory & Agency.

[Finalisation of Partial Amendment for Regulatory Notice Specifying the Documents Based on Article 2 \(1\) of the Cabinet Office Order on Financial Instruments Business, etc.](#)

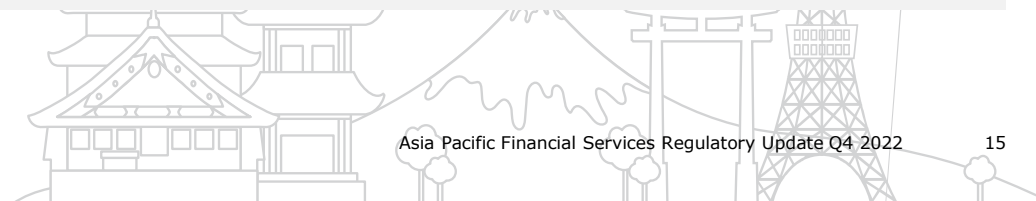
## 5 Cabinet Office Order regarding Trust Business Regulations

After public consultation in June 2022, the JFSA issued the finalised *Cabinet Office Order to Amend the Regulation for Enforcement of the Act on Engagement in Trust Business, etc. by Financial Institutions and other relevant and applicable Cabinet Office Orders*, and the finalised amendments to the *Comprehensive Guidelines for Supervision of Trust Companies, etc.* on 19 October 2022.

Under the finalised Cabinet Office Order, Trust banks will be permitted to provide crypto-assets (virtual currencies) custody services, subject to completion of the approval process for modifications to business operations by submitting the Operational Method Statement anew.

The Cabinet Office Order and the supervisory guidelines became effective on 20 October 2022.

[Publication of the finalised "Cabinet Office Order to Amend the Regulation for Enforcement of the Act on Engagement in Trust Business, etc. by Financial Institutions" and other relevant and applicable Cabinet Office Orders, alongside the finalised amendments to the "Comprehensive Guidelines for Supervision of Trust Companies, etc." after public consultation](#)



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# Japan (2/2)

## 6 Financial System Report

On 21 October 2022, the BOJ published the October 2022 issue of the *Financial System Report*. The report focused on financial institutions' domestic and foreign lending and securities investment and assesses potential vulnerabilities in the Japan financial system.

The analysis was conducted from two perspectives:

- The potential credit risk posed to financial institutions with regard to additional stress; and
- The impact of the rise in foreign interest rates on financial institutions' foreign net interest income and valuation gain/losses on securities holdings.

[Financial System Report \(October 2022\)](#)

## 7 Administrative Action

On 28 September 2022, the JFSA issued a *Business Suspension Order* and a *Business Improvement Order* against two securities companies for stock price manipulation and shortfalls in its trading surveillance system. The administrative actions were taken according to the Securities and Exchange Surveillance Commission (SESC)'s findings and recommendation following its on-site inspection of the company.

The following violations have been identified during the SESC inspection:

- Illegal activities, including purchases of listed stocks with intent to stabilise their market prices;
- Deficiencies in the control environment for trade surveillance;
- Deficiencies in the business operation related to "Block Offer" deals; and
- Inappropriate operation of business conducted in collaboration with a bank within the same financial group.

[Administrative Actions, etc. against multiple securities companies](#)

## 8 Supervision of Small- and Medium-Sized and Regional Financial Institutions

The JFSA published the draft amendments to the *Comprehensive Guidelines for Supervision of Small- and Medium-Sized and Regional Financial Institutions* and other relevant and applicable guidelines for public consultation.

The proposed guidelines intend to respond to the Cabinet's decision to implement measures to achieve economic recovery and overcome high living cost, the JFSA proposed revisions to reflect the Cabinet's economic measure to establish financing practices which does not rely on personal guarantees.

The consultation period ended on 1 December 2022.

[Publication of the draft amendments to the "Comprehensive Guidelines for Supervision of Small- and Medium-Sized and Regional Financial Institutions" and other relevant and applicable guidelines for public consultation](#)



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# Malaysia (1/2)

## 1 Climate-related risk

### Climate Risk Management and Scenario Analysis

On 30 November 2022, the Bank Negara Malaysia (BNM) issued the policy document on *Climate Risk Management and Scenario Analysis*. The policy document sets out the principles and requirements on climate-related risk management and aims to enhance the resilience of the financial industry against climate-related risk.

Financial institutions are expected to have an effective risk management framework in place which accommodates all material risks, including all climate-related risks and their interactions with other risk types. The BNM states that financial institutions also play a pivotal role in driving orderly transition towards a low-carbon economy. Key actions that financial institutions are expected to take include:

- Mitigate risks surrounding economic dislocation;
- Promote transition by customers and counterparties towards more sustainable practices;
- Expand the financing of climate-related opportunities and sustainable economic activities; and
- Better align business strategies and climate-related targets

In addition, the BNM also issued a supplemental guidance to provide non-exhaustive case studies and reference resources to support the financial institutions. The policy documents came into effect on 30 November 2022, with exception to the following:

- Effective on 31 December 2023: Paragraph 7, 8, 9, 10 and 11 regarding governance, strategy, risk appetite and risk management;
- Effective on 31 December 2024: Paragraph 9, 10, 11, 12 and 13 regarding scenario analysis, metrics and targets and disclosure.

[Climate Risk Management and Scenario Analysis](#)

### Climate Data Catalogue

To encourage stakeholders to work together to bridge the data gap and improve data availability and accessibility, the Joint Committee on Climate Change (JC3) published the *Climate Data Catalogue* and its key findings and recommendations on 2 December 2022. The data catalogue is intended as a source of reference for the financial sector, containing critical climate and environmental data (including data that are readily available, partially available, and unavailable) to support pre-identified use cases and data gaps observations.

[Joint Committee on Climate Change \(JC3\) issues Climate Data Catalogue and accompanying Report](#)  
[Key findings and recommendations](#)

## 2 Capital Adequacy Framework

On 30 November 2022, the BNM launched a consultation on the proposed requirements and guidance on capital charge calculation for operational risk under the Basel III capital adequacy framework.

The policy document is expected to come into effect in 2025, superseding Part C of the *Capital Adequacy Framework (Basel II – Risk-Weighted Assets)* and the *Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets)* issued on 3 May 2019.

The consultation period ends on 31 March 2023.

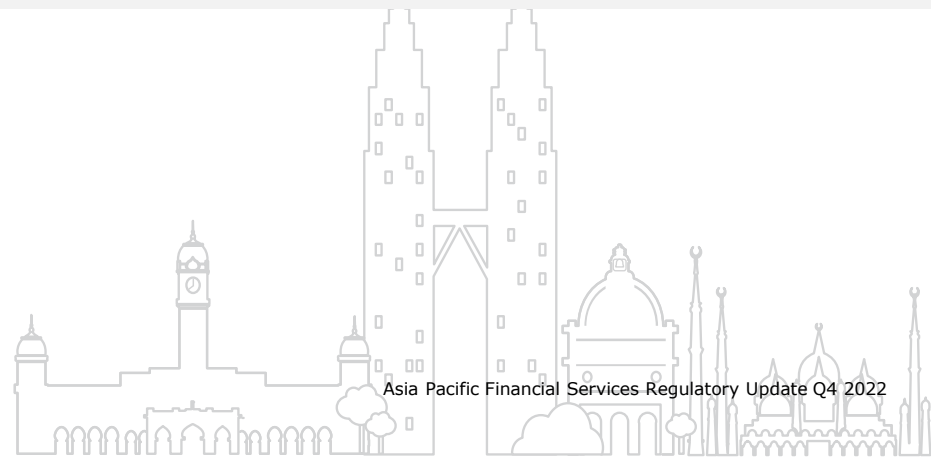
[Capital Adequacy Framework](#)

## 3 Financial Reporting for Development Financial Institutions

On 2 December 2022, the BNM issued the policy document on *Financial Reporting for Development Financial Institutions* with immediate effect. In the policy document, the BNM clarifies and sets out minimum expectations for development financial institutions' (DFI) application of the Malaysian Financing Reporting Standards (MFRS). The policy document also intends to ensure DFIs make adequate disclosures in its financial statement. The policy document sets out the following:

- requirements on the application of the MFRS;
- the information to be disclosed in the financial statements;
- application requirements for dividend payment approval; and
- financial statements submission and publication requirements.

[Financial Reporting for Development Financial Institutions](#)



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# Malaysia (2/2)

## 4 Licensing and Regulatory Framework for Digital Insurers and Takaful Operators

On 25 November 2022, the BNM launched a consultation on the *Exposure Draft on Licensing and Regulatory for Digital Insurers and Takaful Operations (DITOs)* to facilitate DITOs' entry into Malaysia. The exposure draft detailed the drafted licensing and application requirements and requirements for qualified DITOs business models and distribution channels. License applicants will be required to submit a five-year business plan to the BNM, including measures that ensure effective technology and cyber risk management in its product and service delivery. Applicants are expected to demonstrate consumer data and authenticate online transaction protection. Moreover, licensed DITOs will be under observation during the foundation phase of no less than a three-year period, where DITOs should comply with lower minimum paid-up capital requirements.

The BNM aims to finalise the exposure draft in 2023. The consultation period ends on 28 April 2023.

[BNM Invites Written Feedback on Exposure Draft on Licensing and Regulatory Framework for Digital Insurers and Takaful Operators \(DITOs\)](#)  
[Licensing and Regulatory Framework for Digital Insurers and Takaful Operators](#)

## 5 Securities Borrowing and Lending of RENTAS Securities

On 2 December 2022, the BNM issued the revised policy document on *Securities Borrowing and Lending (SBL) of RENTAS Securities* with immediate effect. The BNM sets out regulatory requirements to govern market participants' conduct and obligations engaged in SBL transactions involving RENTAS Securities. The policy document intends to support market participants to understand and comply with the regulatory framework governing the SBL market and specify the terms and conditions, procedures, and practices that SBL market participants must comply with.

[Securities Borrowing and Lending of RENTAS Securities](#)

## 6 Policy Document on Payment System Operator

On 22 December 2022, the BNM finalised the regulation on Payment System Operators with immediate effect after public consultation. The policy document sets out the requirements and guidance for payment system operator (SPO). Operators approved under section 11 of the *Financial Services Act 2013 (FSA)* or section 11 of the *Islamic Financial Services Act 2013 (IFSA)* are required to comply with the document. The policy document intends to ensure a safe, efficient, and reliable payment system, maintain public confidence, and ensure alignment with international standards.

[Policy Document on Payment System Operator](#)



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# New Zealand

## 1 Deposit Takers Bill Including Introduction of Depositor Compensation Scheme

The *Deposit Takers Bill* (the Bill) was introduced to Parliament in September 2022, and is expected to come into force in mid-to-late 2023. The Bill is intended to help protect against damage to New Zealand's financial system that could be caused by unexpected external factors, excessive risk taking by the deposit-taking sector, and the unmanaged failures of individual deposit takers.

The new Bill aims to:

- Establish a Depositor Compensation Scheme that will protect up to NZ\$100,000 per depositor, per deposit taker;
- Introduce a single regulatory regime for banks and non-bank deposit-takers (e.g., credit unions and building societies);
- Strengthen the accountability for directors with penalties for non-compliance;
- Broaden the Reserve Bank of NZ's supervision and enforcement tools, including creating a new power to conduct on-site inspections; and
- Strengthen and clarify the crisis resolution framework.

[Proposed Deposit Takers Act](#)

## 2 Further Changes to the Credit Contracts and Consumer Finance Act

In August 2022, the Government announced further changes to the *Credit Contracts and Consumer Finance Act 2003* (CCCFA) that are expected to come into force in March 2023. The new changes are a result of an investigation into the unintended consequences of the December 2021 amendments to the CCCFA, and seek to improve safe access to credit. Since December 2021, lending activity has dropped and there have been instances of borrowers being declined for loans for reasons such as a streaming service subscription, gym membership, or food and beverage expenditure at certain establishments.

To address the unintended consequences, the Government has decided to:

- Narrow the scope of expenses to be estimated by lenders to explicitly exclude discretionary expenses;
- Reduce 'double counting' of expenses associated with revolving credit contracts such as credit cards and buy-now-pay-later (BNPL) schemes; and
- Expand a current exception to the affordability assessment for lenders refinancing an existing loan so that borrowers will be able to refinance with lenders other than their existing lender – where this is in the best interests of the borrower.

[Initial implementation review of the 2021 CCCFA changes](#)

## 3 New Protections for Consumers Using Buy-Now, Pay-Later

BNPL providers are not currently required to comply with the *Credit Contracts and Consumer Finance Act* (CCCFA) because they do not charge interest, credit fees or take a security interest over goods. However, the Government has agreed to apply the CCCFA to BNPL, so that BNPL consumers will receive similar protections to borrowers in other credit contracts – like personal loans.

Key protections from the CCCFA include:

- General lender responsibilities will apply, including in respect of informed decision making;
- Borrowers will be protected from unreasonable default fees;
- Borrowers facing unforeseen hardship can apply to the lender to have their repayment contract varied;
- BNPL providers will be required to have hardship processes in place and be registered with an external disputes resolution scheme;
- BNPL providers will be required to provide information about financial mentoring services;
- Directors and senior managers will need to be certified fit and proper by the Commerce Commission and be subject to due diligence duties; and
- BNPL providers must disclose repayment schedules and late fees when every purchase is made and not just when the contract is entered into.

[Buy Now Pay Later](#)

## 4 Interim Solvency Standard 2023

The Reserve Bank of New Zealand recently issued its Interim Solvency Standard. The Standard uses a combination of measures to increase the likelihood that insurers will, when faced with financial adversity, be able to meet their obligations to policyholders.

A review of existing solvency standards began in 2020, with part of the intention being to address the new accounting standards for insurance contracts introduced by NZ IFRS 17. The Solvency Standard came into force on 1 January 2023 and applies to:

- Every licensed insurer that undertakes insurance business in New Zealand, and that is required by a condition of licence to maintain a solvency margin (in accordance with the Standard); and
- Each statutory fund of every licensed insurer that undertakes insurance business in New Zealand and that is required by a condition of licence to maintain a solvency margin (in accordance with the Standard).

[Review of the Insurance Solvency Standards](#)

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# Philippines (1/2)

## 1 Environmental and Social Risk Management (ESRM) System

On 29 September 2022, the Bangko Sentral ng Pilipinas (BSP) set out its minimum expectations and guidelines for banks on establishing an environmental and social risk management system (ESRMS) that is due for compliance in 2023. The BSP states that banks should adopt an ESRM system in line with their size, risk profile and operations complexity to be consistent with the principle of proportionality.

Key expectations are:

1. The Board of Directors and Senior Management should institutionalise and oversee the adoption and implementation of sustainability principles in corporate governance and risk management frameworks, as well as the bank's strategic objectives and operations.
2. The level of Environmental & Social (E&S) risk appetite of the bank on E&S risk should be defined. The scope and complexity of ESRMS should align with the level of E&S risk associated with the bank's portfolio.
3. Provide a clear E&S risks assessment guide in the bank's operations, products, services, transactions, activities, and operating environment. Sectors/activities with elevated or emerging E&S risks that are considered harmful to the environment or society should also be identified by the ESRMS.
4. Provide tools for E&S risk monitoring and the compliance of the bank and its counterparties with sustainability-related standards, laws, and regulations. Provide tools for assessing identified E&S risks and considering the same in the aggregate exposures of the bank.
5. Provide the measures that should be taken in case of breaches in limits or thresholds or non-compliance with sustainability-related standards, laws, and regulations.
6. Integrate E&S risks in stress testing exercises covering short-term and long-term horizons following the principles and requirements provided under Sec. 151. The stress testing results should incorporate into the banks' capital and liquidity planning and management exercises and business continuity and disaster recovery plans.
7. Identify the unit or personnel responsible for overseeing the management of E&S risks. The bank may establish a new unit to perform such a function or integrate the same into the functions of existing risk management units. The ESRMS should set out the duties and responsibilities of all personnel in the organisation in managing E&S risks.

[Guidance on the Implementation of the Environmental and Social Risk Management \(ESRM\) System](#)

## 2 Implementing Rules and Regulations of the Mandatory Agriculture, Fisheries and Rural Development Financing

Concerning promoting inclusive and broad-based economic growth, the BSP approved the new rules and regulations on agriculture, fisheries, and rural development financing enhancement on 21 October 2022.

Banks are expected to design and offer financial products and services that fit the rural community beneficiaries' requirements. Cash flows and the gestation and harvest period of the agricultural, fishery, or rural product/activity/project of the beneficiaries being financed should also be considered. Thrift, rural, and cooperative banks should also apply minimum interest rates on loans granted to clients funded by wholesale loans obtained from government banks.

The rules are now in effect.

[Implementing Rules and Regulations of the Mandatory Agriculture, Fisheries and Rural Development Financing under Republic Act \(R.A.\) No. 11901 or "The Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022"](#)

## 3 Implementation of the Rural Bank Strengthening Program

On 23 September 2022, the BSP issued the finalised guidelines for implementing the Rural Bank Strengthening Program (RBSP). The RBSP intends to enhance the rural banks' operations, capacity, and competitiveness, given their vital role in promoting countryside development and inclusive economic growth. The program strengthens the capital position of rural banks with corresponding supervisory actions.

Five tracks under the program are:

1. Merger and Consolidation
2. Acquisition and Third-Party Investment
3. Voluntary Exit and Upgrade of Banking License
4. Capital Build-up Program
5. Supervisory Intervention

The RBSP will be available for three years from August 2022.

[Guidelines on the Implementation of the Rural Bank Strengthening Program](#)

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# Philippines (2/2)

## 4 Adoption of the Standard Business Loan Application Form

To promote broad and convenient access to high-quality financial services and consider the general public's interest, the BSP issued *Resolution No.1384 Guidelines on the Adoption of the Standard Business Loan Application Form (SBLAF)* on 30 September 2022.

The BSP mandates the adoption of SBLAF by banks and FIs following the parameters and guidelines. The template is designed to streamline the loan application process and be borrower-friendly for micro, small, and medium enterprises (MSMEs). The form facilitates transparency and ease of understanding and improves efficiency in loan applications and processing to support the MSMEs' access to financial products and services. Moreover, the adoption enables the covered entities to improve their risk assessment, hasten turnaround time, and facilitate the transition to digital loan application platforms.

The Guidelines are now in effect.

[Guidelines on the Adoption of the Standard Business Loan Application Form \(SBLAF\)](#)

## 5 Peso Real Time Gross Settlement (RTGS) Rules

On 22 November, the BSP issued the rules on the operation of the Peso Real Time Gross Settlement Payment System (RTGS PS or the PhilPaSS). The RTGS PS is a designated payment system under *Monetary Board Resolution No.922*, which ensures the smooth flow of funds between FIs that maintain settlement accounts with the BSP. Accordingly, the Peso RTGS Payment System sections are added to the Manual of Regulations for Payment Systems (MORPS).

[Peso Real Time Gross Settlement \(RTGS\) Rules](#)

## 6 Frequently Asked Questions on the Amendments to the Regulations on Outsourcing and IT Risk Management

On 27 October 2022, the BSP issued an FAQ on implementing the *Regulations on Outsourcing and IT Risk Management*. Key subjects cover: (1) Conduct of materiality assessment and maintenance of outsourcing register; (2) Intra-group and offshore outsourcing and subcontracting arrangements; (3) Cloud outsourcing; (4) Additional outsourcing activity; (5) IT Outsourcing Questionnaire; and (6) Timeline on the submission of documentary requirements.

[Frequently Asked Questions on the Amendments to the Regulations on Outsourcing and IT Risk Management](#)

## 7 Guidelines on Recovery Plan of Banks

On 18 October 2022, the BSP issued the revised *Guidelines On The Recovery Planning of Banks*. All banks are expected to undertake recovery planning and develop a concrete and reasonable recovery plan linked to their risk management framework, internal capital adequacy assessment process (ICAAP), capital planning, liquidity plans, and business contingency plans. Recovery plans should be based on the bank's risk appetite statement and stress testing result. Also, the recovery plan should include governance arrangements, recovery options, and communication strategies in periods of extreme stress scenarios to maintain or restore banks' viability and ensure operations' continuity. The recovery plan must be submitted to the BSP on 30 June yearly.

[Guidelines on Recovery Plan of Banks](#)

## 8 Anti-Money Laundering

On 16 November 2022, the BSP issued a circular regarding the Anti-Money Laundering Council (AMLC) Rules and Regulations Implementing (RRI) Section 9(d) of the *Expanded ATIP of 2022* issued by the Anti-Money Laundering Council. The RRI focuses on (1) Suspicious activities and transactions reporting; and (2) Bank inquiry and access to non-bank financial records. As to the reportorial requirements, the RRI covers the following:

- Suspicious activities reporting to law enforcement agencies;
- Suspicious transaction reporting to the AMLC; and
- Suspicious circumstances and red flag indicators.

The RRIs became effective on 28 October 2022. All BSFIs are required to meet the obligations of covered persons under the RRI within the timeframes specified.

[Rules and Regulations Implementing \(RRI\) Section 9\(d\) of Republic Act No. 9208](#)

## 9 Financial Products and Services Consumer Protection Act

In November 2022, the BSP approved the amendments made to the *Financial Consumer Protection Act* to promote broad and convenient access to high-quality financial services and in consideration of public interest. The key amendment includes the implementation of *Republic Act No.11765 on the Financial Products and Service Protection Act* and relevant amendments to the *Manual of Regulations for Banks* and the *Manual of Regulations for Non-Bank Financial Institutions*.

[Financial Products and Services Consumer Protection Act](#)

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# Singapore (1/3)

## 1 Basel III Reforms

The Monetary Authority of Singapore (MAS) will defer the implementation of the final Basel III reforms in Singapore to between January 2024 and January 2025.

This move is to allow the industry sufficient time for proper implementation of systems needed to adopt the revised framework. MAS will monitor banks' implementation progress, and finalise the implementation timeline for the final Basel III reforms including the transitional arrangement for the output by mid-2023.

[PPD 11/2022: Final Basel III Reforms in Singapore – Reporting Schedules for Submission via MAS' Data Collection Gateway and Implementation Timeline](#)

## 2 Digital Assets

### Industry Pilot for Digital Asset and Decentralised Finance Goes Live

The first industry pilot under MAS' Project Guardian that explores potential decentralised finance (DeFi) applications in wholesale funding markets has completed its first live trade on 2 November 2022. A live cross-currency transaction involving tokenised JPY and SGD deposits was successfully conducted. In addition, a simulated exercise was performed involving the buying and selling of tokenised government bonds. The live transactions executed under the first pilot demonstrated that cross currency transactions of tokenised assets can be traded, cleared and settled instantaneously among direct participants. This frees up costs involved in executing trades through clearing and settlement intermediaries, and the management of bilateral counterparty trading relationships as required in over-the-counter (OTC) markets.

[First Industry Pilot for Digital Asset and Decentralised Finance Goes Live](#)

### Proposed Regulatory Measures for Digital Payment Token Services

In a consultation paper released on 26 October 2022, MAS set out observations, policy considerations, and proposed regulatory measures in the key areas of consumer access, business conduct; and technology. The consultation paper also discusses several good industry practices to address market integrity risks. MAS will adopt a risk-focused approach to regulating the digital asset ecosystem.

The consultation closed 21 December 2022.

[Proposed Regulatory Measures for Digital Payment Token Services](#)

## 3 Digitalisation

### Central Bank Digital Currency: Expanded Initiative to Advance Cross-Border Connectivity in Wholesale CBDCs

On 3 November 2022, the MAS launched Ubin+, an expanded collaboration with international partners on cross-border foreign exchange (FX) settlement using wholesale central bank digital currency (CBDC).

It will focus on the following:

- Study business models and governance structures for cross-border foreign exchange (FX) settlement;
- Develop technical standards and infrastructure to support cross-border connectivity, interoperability and settlement of currency transactions across platforms using distributed ledger technology; and
- Establish policy guidelines for the connectivity of digital currency infrastructure across borders, for better access and participation.

[MAS Launches Expanded Initiative to Advance Cross-Border Connectivity in Wholesale CBDCs](#)

### Potential Enhancements to Cross-Border Payments Using Wholesale CBDCs

The New York Innovation Center of the US Federal Reserve System and the MAS announced Project Cedar Phase II x Ubin+ on 11 November 2022, a joint experiment to investigate how wholesale central bank digital currencies (wCBDCs) could improve the efficiency of cross-border wholesale payments involving multiple currencies. The experiment advances global efforts to evaluate the benefits of wCBDCs and help build capabilities for a future financial infrastructure that is open and interoperable. The project aims to take a practical approach and designs for any future wCBDC to be interoperable across networks whilst maintaining each network's autonomy.

[New York Fed and Monetary Authority of Singapore Collaborate to Explore Potential Enhancements to Cross-Border Payments Using Wholesale CBDCs](#)

### Purpose-Bound Digital Singapore Dollar

On 31 October 2022, the MAS released a report detailing potential uses of a purpose-bound digital Singapore dollar (SGD) and the supporting infrastructure required. The project explored the concept of purpose-bound digital SGD (purpose-bound money, or PBM, for short). PBM enables senders to specify conditions, such as validity period and types of shops, when making transfers in digital SGD. MAS, together with government agencies and industry players, have initiated a few trials to test this concept.

[MAS Report on Potential Uses of a Purpose-Bound Digital Singapore Dollar](#)

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# Singapore (2/3)

## 4 Digital Assets - Proposed Regulatory Approach for Stablecoin Related Activities

In Q4 2022, the MAS sought to develop an innovative and responsible digital asset ecosystem in Singapore. A digital asset ecosystem needs credible and reliable mediums of exchange to facilitate transactions. MAS sees the potential in stablecoins performing the role of a credible digital medium of exchange, provided they are well-regulated and are backed by arrangements that give a high degree of assurance of value stability. The paper sets out MAS' policy thinking regarding the overall regulatory approach on stablecoin-related issuance and intermediation activities, and highlights the key requirements that we seek to impose on such activities.

MAS' regulatory approach to stablecoins is framed by three key guiding objectives:

- Support the development of value-adding payment use cases for stablecoins, and anchor strong stablecoin issuers as utility service providers for the digital asset ecosystem;
- Adopt a progressive regulatory approach that is fit for purpose and provides for stepping up of measures as needed; and
- Maintain an open regime to accommodate different forms of stablecoins, including bank-issued ones.

The consultation closed on 21 December 2022.

[Proposed Regulatory Approach for Stablecoin Related Activities](#)

## 5 Digital Payments

### Central Banks of ASEAN Seal Cooperation in Regional Payment Connectivity

MAS, and the central banks of Indonesia, Malaysia, Philippines and Thailand have agreed to strengthen and enhance cooperation on payment connectivity to support faster, cheaper, more transparent, and more inclusive cross-border payments.

A Memorandum of Understanding (MOU) on Cooperation in Regional Payment Connectivity (RPC) was signed in November 2022. The RPC is expected to be a significant contributor to accelerating regional economic recovery and promoting inclusive growth. The implementation of cross-border payment connectivity serves to support and facilitate cross-border trade, investment, financial deepening, remittance, tourism, and other economic activities, as well as a more inclusive financial ecosystem in the region.

[Central Banks of Indonesia, Malaysia, Philippines, Singapore and Thailand Seal Cooperation in Regional Payment Connectivity](#)

## 6 Insurance Reforms

### Proposed Framework for Systemically Important Insurers in Singapore

On 25 October 2022, the MAS proposed a framework to identify domestic systemically important insurers (D-SIIs) in Singapore and address the risks they pose. The consultation paper sets out proposals for a D-SII framework that adds to MAS' existing efforts to address the negative externalities associated with systemically important financial institutions. The proposed D-SII framework also provides an outline of the methodology to be employed to assess the systemic importance of insurers in Singapore and a range of policy measures that may apply to D-SIIs.

The consultation closed on 30 November 2022.

[Consultation Paper on Proposed Framework for Systemically Important Insurers in Singapore](#)

## 7 Financial Crime

### National Strategy for Countering the Financing of Terrorism

On 7 October 2022 MAS published the *National Strategy for Countering the Financing of Terrorism (CTF)*, which forms the blueprint outlining Singapore's national approach to address terrorism financing risks and serves as the roadmap to guide the development of future action plans to effectively prevent, detect, investigate, and enforce against terrorism financing. It also enhances the coordination of actions across law enforcement agencies, policy makers, regulators and supervisors, and as appropriate, the private sector. The National CFT Strategy is formulated to address the risks highlighted in the National CFT Risk Assessment published in 2020.

[National Strategy for Countering the Financing of Terrorism](#)



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# Singapore (3/3)

## 8 Sustainability

### Strengthened Cooperation in Green Finance

On 1 November 2022, MAS announced initiatives to expand cooperation in green finance and deepen capital market linkages with China.

The initiatives include:

- China – Singapore Green Finance Taskforce, focused on facilitating greater public-private sector exchanges to better mobilise private capital for the region’s sustainable development needs, Exchange Traded Fund Product Links;
- The Singapore Exchange and Shenzhen Stock Exchange will welcome the first three participating ETFs under the ETF Product Link, allowing investors in China and Singapore to access ETF investment opportunities in each other’s markets; and
- The Low Carbon Index Family launch will serve as a benchmark for fund managers to launch new green funds focused on China, ASEAN and other countries in Asia.

[Singapore and China Strengthen Cooperation in Green Finance and Capital Market Linkages](#)

### UK and Singapore deepen collaboration to strengthen financial cooperation

On 25 November 2022, both countries held the UK-Singapore financial dialogue. Mutual priorities include sustainable finance and Fintech and innovation.

**Transition Finance:** The UK and Singapore recognised the importance of transition plans and pathways to achieve the Paris Agreement’s goal of limiting global temperature increase to 1.5°C from pre-industrial levels. Both agreed to work together on transition finance. As a first step, the two countries agreed to explore collaboration opportunities, working with partners such as the UK Transition Plan Taskforce and the Glasgow Financial Alliance for Net Zero’s Asia Pacific office, which is based in Singapore, to drive international consistency in design and disclosure of transition plans

**Disclosure Standards:** The UK and Singapore affirmed their strong commitment to the implementation of International Sustainability Standards Board (ISSB) disclosure standards. Both countries will continue to work with the International Organisation of Securities Commissions, the ISSB and other international organisations to implement a comprehensive global baseline of sustainability-related disclosure standards that is interoperable with jurisdiction-specific requirements.

[UK and Singapore deepen collaboration in FinTech and strengthen financial cooperation](#)

## 8 Sustainability (Continued)

### Launch of ESG Impact Hub to spur growth of ESG ecosystem

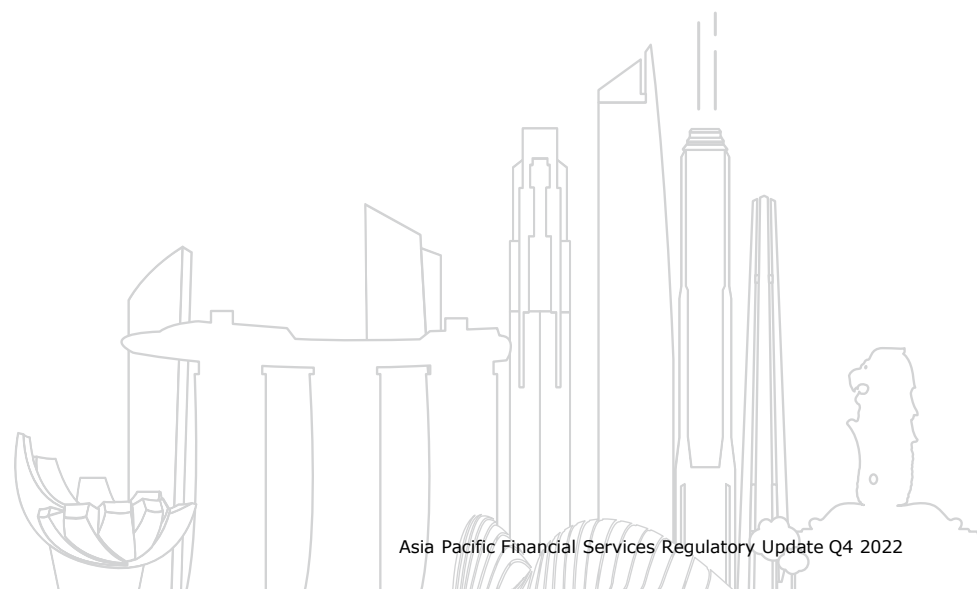
On 5 October 2022, the MAS launched the ESG Impact Hub to spur co-location and collaboration between Environment, Social, Governance (ESG) FinTech start-ups and solution providers, financial institutions and real economy stakeholders. The Hub will also anchor industry-driven sustainability initiatives such as the Point Carbon Zero Programme.

[MAS launches ESG Impact Hub to spur growth of ESG ecosystem](#)

### MAS establishes Sustainable Finance Advisory Panel

On 5 December 2022, the MAS announced the establishment of a Sustainable Finance Advisory Panel (SFAP) to help guide MAS on its strategies and initiatives to build a credible and vibrant sustainable finance ecosystem. The SFAP comprises a diverse group of senior sustainability experts from financial institutions, academia, and other stakeholders from across the world, reflecting the multi-disciplinary nature of the sustainability agenda.

[MAS establishes Sustainable Finance Advisory Panel](#)



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# South Korea (1/2)

## 1 Improving Internal Control of Financial Companies

On 29 November 2022, the taskforce on improving rules regarding internal control of financial companies announced their interim discussion results. The taskforce is operated by the Financial Services Commission (FSC Korea) and the Financial Supervisory Service (FSS Korea), and is intended to encourage financial companies to treat internal control not as an external regulatory requirement, but rather as a management strategy and a crucial component of organisational culture.

Key focuses of the discussion include strengthening the roles and responsibilities of chief executives, boards of directors and executive officers in relation to internal control affairs of their companies as a means of boosting the effectiveness of internal control mechanisms.

[Taskforce on Improving Internal Control of Financial Companies Announces Interim Results](#)

## 2 Regulatory Reforms in the Insurance Sector to Promote Digital Transformation

To improve the effectiveness of the insurance sector's response to emerging demands for new services and to facilitate the entry of specific business models expected by the market, the FSC Korea announced its plan to reform regulation of the insurance sector on 21 November 2022. The plan was reviewed by the financial regulatory innovation committee and included as part of the 21st term of the National Assembly. Key reforms include:

1. Promotion of industrial structure re-organisation in line with digitalisation:
  - a. Ease licensing policies that permit only one life insurer and one non-life insurer to operate within the same insurance business group;
  - b. Improve the current insurance solicitation mechanism.
2. Enhancements to management autonomy of insurance companies:
  - a. Insurance companies are permitted to develop diverse types of products without restrictions;
  - b. Ease asset management regulations to enable more efficient portfolio management.
3. Improvements to supervisory administration practices and the expansion of the private sector infrastructure for consumer support:
  - a. Improve rigid penalising practices that restrict sales activities excessively;
  - b. Establish a legal ground to allow private sector industry groups to handle simple customer services.

In addition, the FSC Korea will review other areas where regulatory reforms are needed in the insurance sector. Further reforms will be announced in early 2023.

[Regulatory Reforms in Insurance Sector to Promote Digital Transformation](#)

## 3 Continue Review of the Financial Market Situation

In Q4 2022, the Korean financial authorities and the financial industry continue to review the current financial market situation:

### Short-term Money Market Stabilisation Measures

On 20 October 2022, the FSC Korea announced short-term money market stabilisation measures. The measures are intended to prevent the spread of concerns across financial markets and strengthen required market response efforts. Key measures include:

- Contribution to the bond market stabilisation fund to restart the purchase of corporate bonds and commercial papers with KRW1.6 trillion of residual with preparatory activities for making additional capital calls immediately;
- Active provision of liquidity support through the Korea Securities Finance Corporation;
- Monitoring of liquidity availability of securities firms and specialised credit finance companies; and
- Easing liquidity regulation by postponing the normalisation of banks' regulatory liquidity coverage ratio.

[Short-term Money Market Stabilisation Measures](#)

### Additional Measures to Stabilise Project Finance Asset-Backed Commercial Papers (ABCP) and Commercial Paper (CP) Markets

On 11 November 2022, the FSS, Bank of Korea, financial industry groups and policy financial institutions reviewed the current trends in financial markets, the progress of the government's market stabilisation measures, and additional measures for stabilising the CP market. Additional measures include:

- Liquidity support for ABCP and CP markets;
- Support for project finance ABCPs; and
- Support for CPs issued by securities firms.

Participants also shared a standard view on the importance of pension funds' role in supporting the stabilisation of financial markets as they have significant market influence as institutional investors.

[Additional Measures to stabilise Project Finance asset-backed commercial papers \(ABCP\) and commercial paper \(CP\) Markets](#)



# South Korea (2/2)

## 4 Revision of Supervisory Regulation on Savings Banks

On 27 October 2022, the FSC Korea proposed revisions to regulations on the supervision of mutual savings banks. The revisions aim to improve the management of financial soundness for savings banks. Key revisions include:

- Savings banks will be required to establish additional loan loss provisions for borrowers with multiple debt accounts;
- Savings banks will be required to calculate credit extension limits for real estate-related businesses based on de facto borrowers;
- Non-operational business branches will be excluded from total credit extension calculation within the operating localities of savings banks.

The revision is expected to come into effect in early 2023.

[FSC Proposes Revision of Supervisory Regulation on Savings Banks to Improve Soundness Management](#)

## 5 Regulatory Reforms to Promote Convergence of Financial and Non-financial Sectors

On 14 November 2022, The Financial Regulatory Innovation Committee held its 4th meeting relating to the separation of industrial and financial capital, and held discussions on plans to improve the regulation of entrustment of services of financial institutions. Key reforms include:

- **Separation of industrial and financial capital:** Expansion of the scope of permissible ancillary services and permissible investment in other companies;
- **Entrustment of financial institutions' services:** Enhancement of the regulatory framework for entrusting financial institutions' services and expansion of the scope of entrusted services.

Based on the discussion, the Financial Regulatory Innovation Committee will develop reform plans and seek opinions from relevant stakeholders. Specific measures will be decided in early 2023.

[Authorities Discuss Regulatory Reforms to Promote Convergence of Financial and Non-financial Sectors](#)

## 6 6-Month Postponement in Rolling Back Regulatory Liquidity Coverage Ratio for Banks

On 21 October 2022, the FSC Korea, FSS Korea and five major banks held a meeting to review the current state of financial markets. As a result, a 6-month postponement of the regulatory rollback of banks' liquidity coverage ratio requirements.

Banks are also encouraged to increase efforts in supporting the stabilisation of corporate bond and commercial paper markets. The financial authorities and participant banks also held a subsequent meeting on 26 October to review the progress of the decision.

[FSC Decides 6-Month Postponement in Rolling Back Regulatory LCR for Banks](#)

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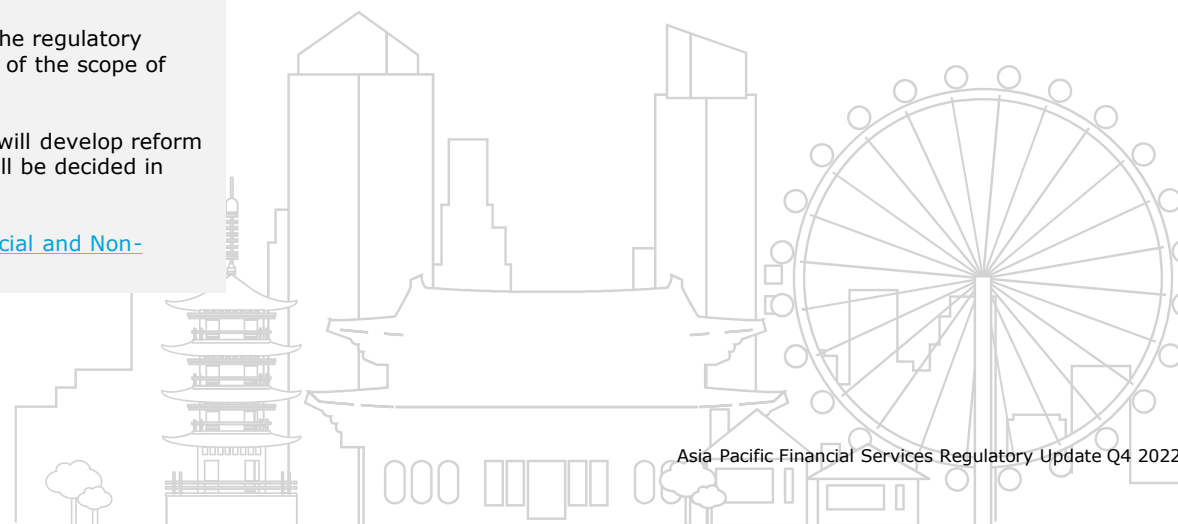
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# Taiwan (China)

## 1 Promotion of the Risk-Based Internal Audit System for Insurance Industry System

On 1 November 2022, the Financial Supervisory Commission (FSC Taiwan) announced the continuous promotion of adopting risk-based internal audit systems in financial institutions, and continues to implement differential supervision principles. Through these actions, the FSC Taiwan is seeking to continue the strengthening of internal audit functions and provide execution flexibility to internal auditors. As of October 2022, the FSC Taiwan has granted permission to 21 domestic banks to implement a risk-based internal audit system.

The adoption of risk-based internal audit systems is now being promoted to domestic insurance enterprises, with this only available to domestic banks previously. The related amendments are reflected in the *Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprise*.

[Press release: Promoting the Risk-Based Internal Audit System for Insurance Industry System](#)

## 2 Regulations Governing Foreign Bank Branches and Representative Offices

On 27 September 2022, the FSC Taiwan launched a public consultation on draft amendments to article 18 of *Regulations Governing Foreign Bank Branches and Representative Offices*. The proposed amendments aim to moderately increase the credit and investment capacity of foreign bank branches, based on the source of funds of their head offices and related branches.

Key amendments are:

- 1. Amendment to article 18 paragraph 2** – Regarding the basis for calculating a foreign bank branch's total deposit, subject to the application of article 72 and 74-1 of the *Banking Act*, the term "actual drawdowns under credit lines from its head office" includes short-term loans of one-year or less received from the head office, and additionally includes short-term loans of one year or less received from head office's overseas branches.
- 2. New requirement added in article 18 paragraph 3** – branches of foreign banks should establish relevant asset and liability maturity and allocation management, as well as liquidity risk management mechanisms.

The consultation period has now ended.

[Notice of the Draft Amendment to the "Regulations Governing Foreign Bank Branches and Representative Offices" for Public Comments](#)

## 3 Draft amendments to Regulations Governing Securities Firms and Futures Commission Merchants

To enhance the management of securities firms and futures commission merchants' operations and the implementation of corporate governance, the FSC Taiwan announced amendments to the *Regulations Governing Responsible Persons and Associated Persons of Securities Firms* and *Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants* on 18 October 2022.

Key amendments aim to:

- Strengthen the professional capabilities of the chairman;
- Enhance securities firms and futures commission merchants' operations and management, as well as the implementation of corporate governance;
- Prevent responsible persons from holding concurrent positions and avoid conflicts of interest;
- Increase the flexibility of on-the-job training for relevant personnel of securities companies and futures merchants to meet business development requirements.

[The Advance Notice Procedure for the Draft Amendments to Some Articles of the "Regulations Governing Responsible Persons and Associated Persons of Securities Firms" and the "Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants" Have Been Completed, and the Amended Regulations Will Be Released Soon](#)



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# Thailand

## 1 ICO Portal and Digital Token Offerings

On 6 December 2022, the Securities and Exchange Commission, Thailand (SECT) launched a public hearing on the draft amendments to the *Regulations Governing Digital Token Portal Service Providers (ICO portals) and Digital Token Offerings*. The regulations relate to handling interest conflicts during digital token issuance processes, allowing outsourcing for certain activities in addition to other related ongoing supervision.

Key amendments are:

- Approved ICO portals are prohibited to provide services to issuers that they may be related to and those that may impact their duty performance and independence when conducting due diligence;
- ICO portals will be allowed to outsource contacting and provision of services to investors and support activities related to digital token offerings and subscription management; and
- Approved ICO portals should notify the SECT office regarding changes in persons with managing authority, or in the case where qualification and operating systems are unable to be maintained.

The public hearing ended on 5 January 2023.

[SEC Thailand's public hearing on the draft regulations of the ICO portal and digital token offering](#)

## 2 Default Interest Calculation and Cut-Off Debt

On 29 November 2022, the Bank of Thailand (BOT) issued the draft *Regulations on Default Interest Calculation and Cut-off Debt* for public consultation. The draft regulation is intended to relieve the burden of debtors who have suffered from financial difficulties related to default interest and to promote debt repayment.

The consultation period closed on 12 December 2022.

[Draft Regulations on Default Interest Calculation and Cut-off Debt](#)

## 3 Calculation of Counterparty Credit Risk-weighted Assets for Derivatives Transactions

On 2 December 2022, the BOT released a public consultation on the draft *Regulation on the Calculation of Counterparty Risk-weighted Assets for Derivatives Transactions*. The draft regulation requires commercial banks and financial business groups to maintain additional capital funds for credit valuation adjustment risk.

The consultation closed on 17 December 2022.

[\(Draft\) Regulations on Calculation of Counterparty Credit Risk-Weighted Assets for Derivatives](#)

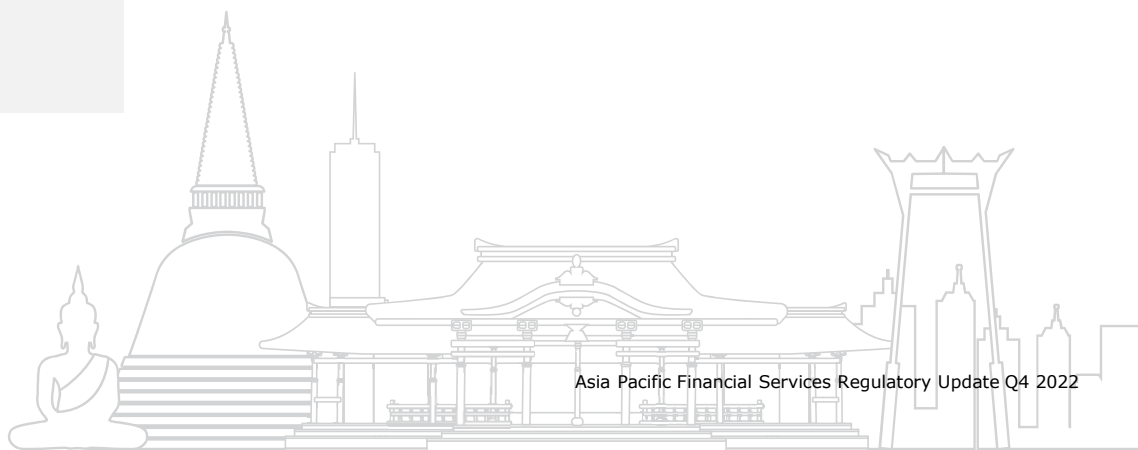
## 4 Supervision of Digital Asset Custodial Wallet Providers

On 27 December 2022, the SECT launched a public consultation on the revised principles for the supervision of digital asset (DA) custodial wallet providers. The proposed revisions are:

1. DA issuers providing DA custodial service on its self-issued DA for its clients to not fall under the definition of 'DA custodial wallet provider';
2. The requirement for investment token issuers that provide custody and deposit service for its self-issued digital assets to establish a system to separate the client's DA from its own assets, and the prohibition to seek benefit from client DA under custody.

The consultation closed on 26 January 2023.

[SEC Thailand's public hearing on revised principles for supervision of digital asset](#)



# Vietnam

## 1 Anti-money Laundering

In Q4 2022, the State Bank of Vietnam issued a proposed amendment to the Law on Anti-Money Laundering. The draft law comprises of four chapters and 65 articles, covering measures to prevent, detect, stop, and handle organisations and individuals involved with money laundering. The amendments also consider the responsibilities of agencies, organisations, individuals and international cooperation in the prevention of money laundering.

[Draft Law on Anti-Money Laundering \(amended\)](#)

## 2 SBV Updates Interest Rate Requirements

### Maximum Short-Term Loan Interest Rate

The SBV has issued the Decision on the *Maximum Short-Term Loan Interest Rate in Vietnam Dong of Credit Institutions and Foreign Bank Branches for Borrowers to Satisfy the Capital Requirements for Certain Economic Fields and Sector According to Circular No. 39.2016/TT-NHNN Dated December 30, 2016*. The maximum short-term interest rate has been adjusted to:

1. Except for People's Credit Funds and microfinance institutions, credit institutions and foreign bank branches shall apply a maximum short-term loan interest rate of 5.5%;
2. People's Credit Funds and Microfinance Institutions shall apply a maximum short-term loan interest rate in Vietnam Dong of 6.5%.

The Decision came into effect on 25 October 2022.

[1813/QD-NHNN](#)

### Spot Rate between Vietnam Dong and Foreign Currencies of Permitted Institutions

On 17 October 2022, the SBV issued the *Decision on Spot Rate between Vietnam Dong and Foreign Currencies of Permitted Institutions* with immediate effect. Financial institutions that are permitted to conduct foreign exchange trade and provide foreign exchange services (permitted credit institutions) are required to impose the following:

- **US Dollar:** Spot exchange rate should not exceed  $\pm 5\%$  than the central rate announced by the SBV for the specific transaction day;
- **Foreign currency:** Spot exchange rate should be determined by permitted credit institutions;
- Buying rate and selling rate difference should be determined by permitted credit institutions

The Decision will replace Decision No.1636/QD-NHNN.

[1747/QD-NHNN](#)

## 2 SBV Updates Interest Rate Requirements (Continued)

### Refinancing Rate, Rediscount Rate, Overnight Rate for Inter-Bank Electronic Payment, and Interest Rate for Loans for Covering the Capital Shortfall

The SBV has issued the No.1809/QD-NHNN Decision on the *Refinancing Rate, Rediscount Rate, Overnight Rate for Inter-Bank Electronic Payment, and Interest Rate for Loans for Covering the Capital Shortfall regarding Clearing of the State Bank of Vietnam for Credit Institutions and Branches of Foreign Banks*. The Decision announced the following:

- Refinancing rate: 6.0%/year;
- Rediscount rate: 4.5%/year; and
- Overnight rate for interbank electronic payments and interest rate for loans to cover capital shortfalls regarding clearing of the SBV for credit institutions and foreign branches: 7.0%/year.

The Decision came into effect on 25 October 2022.

[1809/QD-NHNN](#)

### Maximum Interest Rates

On 24 October 2022, the SBV issued the Decision regarding *Maximum Interest Rates of Deposit in Vietnam Dong of Organisations and Individuals at Credit Institutions and Foreign Bank Branches*. The Decision will replace the Decision No.1607/QD-NHNN dated 22 September 2022. The Decision announced the following:

- Demand deposits and term deposits under 1 month: 1.0%/year;
- Term deposits from 1 month to less than 6 months (except for People's Credit Fund): 6.0%/year; and
- Term deposits from 1 month to less than 6 months for People's Credit Fund: 6.5%/year.

The Decision came into effect on 25 September 2022.

[1812/QD-NHNN](#)

## 3 Foreign Exchange Activities Administration

On 26 October 2022, the SBV announced the Decision on amendments to administrative procedures for foreign exchange activities performed at the Single Window within the SBV's jurisdiction.

The Decision can into effect on 15 November 2022.

[Decision No:1826/QD-NHNN \(Viet\)](#)

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