



COVID-19: Updates on regulatory and supervisory responses in Asia Pacific

Asia Pacific Centre for Regulatory Strategy

Dear colleagues and clients,

This email provides an overview on the regulatory and supervisory responses to COVID-19 in Asia Pacific from 27 March – 9 April.

Regulators in our region have responded in a number of ways and we have broken these categories up into five main categories, also used by the International Institute of Finance (IIF):

- Capital
- Liquidity
- Provisioning, definition of default and non-performing loans (NPL) related measures
- Consultations / implementation timetables
- Other (reporting, stress testing, conduct, etc.)

As you read through this latest set of updates, you may notice a difference in the contents and tone of messages from regulators. We can see how mindsets are beginning to shift towards more long-term thinking as urgent mitigation measures give way to more detailed guidance on how to operate under the current extreme conditions.

Click to navigate:

[Capital](#)

[Liquidity](#)

[Provisioning,
Definition of
Default and NPL-
related measures](#)

[Consultations/Imp
lementation
Timetables](#)

[Others \(Reporting,
stress testing,
conduct, etc.\)](#)

We would also like to highlight to our readers research from the International Monetary Fund ([link](#)) and the IIF ([link](#)) which we believe to be invaluable resources for tracking developments both in our region and abroad.

As well, our colleagues in our sister centre in EMEA have published a number of insightful deep-dives on the impacts to financial services by COVID-19 [here](#).

For more financial services and non-financial services industry updates, Deloitte's central repository for COVID-19 information can be found [here](#).

The ACRS will be providing updates on a biweekly, best efforts basis. We would like to express our sincere gratitude to all our regular contributors from around the region who lend their expertise and insight to support the creation of this newsletter.

(The lists below are compiled on a best-efforts basis and are not exhaustive.)

Best regards,
The ACRS co-leads – Nai Seng Wong, Jessica Namad,
and Shiro Katsufuji

Capital

ID OJK	Mar 30	Countercyclical policy on the Impact of COVID-19 distribution, for Insurance Companies
Link		The OJK issued a countercyclical policy for non-bank financial services institutions, or LJKNB, to anticipate the impact of the spread of COVID-19.
AU APRA	Apr 7	APRA issues guidance to authorised deposit-taking institutions and insurers on capital management
Link		APRA published guidance on capital management during the period of significant disruption caused by COVID-19. In a letter to Authorised Deposit-taking Institutions (ADIs), general insurers, life companies and private health insurers, APRA outlined its expectations that ADIs and insurers to limit discretionary capital distributions in the months ahead, ensure that they instead use buffers and maintain capacity to continue to lend and underwrite insurance. This includes prudent reductions in dividends, taking into account the uncertain outlook for the operating environment and the need to preserve capacity to prioritise these critical activities.
SG MAS	Apr 7	MAS will allow banks to recognise as capital more of their regulatory loss allowance reserves
Link		MAS announced several adjustments to selected regulatory requirements and supervisory programmes. These include allowing banks to recognise more of their regulatory loss allowance reserves as capital until 30 September, 2021.
SG MAS	Apr 7	Utilisation of capital buffer to support lending activities
Link		

MAS encourages financial institutions to use their capital buffers prudently to continue supplying credit to the economy to support those businesses and individuals that are affected by the COVID-19.

Liquidity

IN RBI	Mar 27	NSFR Deferral
Link	The RBI decided to defer the implementation of the NSFR to 1 October 2020.	
CN PBOC	Mar 29	Press conference on responding to Global COVID-19 outbreak and maintaining financial market stability
Link	The PBOC will perform open market operations and targeted required reserve ratio (RRR) cuts to provide short, medium, and long-term liquidity to the banking system. RMB 300 billion worth of special central bank lending as well as RMB 500 billion quotas of central bank lending and central bank discounts will render support for epidemic containment and the resumption of work and production. The PBOC also collaborated with the CBIRC to roll out policies on loan extension and renewal to heavily hit micro, small and medium enterprises as well as private enterprises in order to help them maintain stable cash flows and pull through the tough times.	
AU APRA	Mar 30	APRA advises regulatory approach to RBA Term Funding Facility
Link	APRA confirmed its regulatory approach to the Term Funding Facility (TFF) announced by the RBA on 19 March 2020. The RBA has established the TFF to reinforce the benefits to the economy of a lower cash rate, and to encourage ADIs to support businesses over the period ahead. The TFF provides ADIs with access to three-year funding at a low interest rate, and provides additional incentives for lending to businesses, with a particular emphasis on lending to small and medium-sized enterprises.	
SG MAS	Mar 31	MAS and financial industry to support individuals and SMEs affected by the COVID-19 Pandemic
Link	To provide cash flow relief to both individuals and corporations impacted by the series of economic downturn caused by the COVID-19 situation, MAS and the financial industry have collaborated on a package of measures to help individuals and SMEs facing temporary cash flow difficulties to ride through the storm.	
SK FSC	Apr 2	FSC's response to the COVID-19 outbreak
Link	The FSC responded with a series of regulatory guidance to align with government stabilisation measures that aim to ensure sufficient liquidity to businesses during this period of economic uncertainty.	
CN PBOC	Apr 3	Reserve Ratio Change
Link	The PBOC will cut the required reserve ratio for small and medium banks by 1% with reductions of 0.5% on both 15 April and 15 May.	
HK HKMA	Apr 3	Liquidity measures
Link	The HKMA announced measures to increase the banking sector's liquidity and encouraged banks to use their liquidity buffers even if their liquidity coverage ratios fall below the requirement. The HKMA said the current level of regulatory reserves will be reduced by half.	
SK FSC	Apr 6	Liquidity measures

[Link](#)

The FSC said it will work to help ease regulatory burdens stemming from liquidity coverage ratio and loan-to-deposit ratio requirements.

SG MAS Apr 7 To utilise liquidity buffers as necessary to meet liquidity demands

[Link](#)

As part of the measures announced by the MAS on 7 April, the net stable funding ratio requirement will be adjusted. The amount of stable funding that banks must maintain for loans to individuals and businesses that are maturing in less than six months will be halved from 50% to 25%. The relief will apply until 30 September 2021, and may be extended if necessary.

Provisioning, Definition of Default and NPL-related measures

SG MAS Apr 7 Guidance on estimating accounting loan loss allowances

[Link](#)

MAS said that financial institutions should consider measures taken by the government to bolster economic resilience in their assessment of the COVID-19's impact on future economic condition when estimating accounting loan loss allowance.

SG MAS Apr 7 Setting Accounting Loan Loss Allowances

[Link](#)

MAS does not expect financial institutions to maintain higher accounting loan loss allowance solely because of COVID-19 measures applied to these loans. MAS expects financial institutions to conduct a holistic assessment on a borrower's default risk, taking into account mitigating effects of the relief measures, borrower's ability to make full loan repayment based on the revised loan terms as well as its creditworthiness in the long term.

Consultations / implementation timetables

HK HKMA Mar 30 Deferral of Basel III implementation and HKMA's supervisory actions in response to COVID-19

[Link](#)

In light of the BCBS decision to defer the implementation of the final Basel III reform package by one year to 1 January 2023, the HKMA has announced deferral of its own implementation to provide additional operational capacity for banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of the COVID-19 outbreak on the global economy.

JP JFSA Mar 30 Basel deferral

[Link](#)

The JFSA announced they had deferred local Basel III implementation in line with the announcement from the BCBS about the deferral of the Basel III implementation. The JFSA also confirmed that NSFR will not be implemented for at least a year.

AU APRA Mar 30 APRA announces deferral of capital reform implementation

[Link](#)

APRA announced it is deferring its scheduled implementation of the Basel III reforms in Australia by one year.		
AU APRA	Mar 31	APRA postpones implementation of reporting standard on private health insurance reforms data collection
Link APRA has postponed the implementation of Reporting Standard HRS 605.0 Private Health Insurance Reforms Data Collection (HRS 605.0) to allow private health insurers (PHIs) to focus their resources on handling the impacts of COVID-19.		
SG MAS	Apr 7	Deferral of Basel
Link MAS will defer the implementation of Basel III by one year in accordance with the BCBS. MAS will defer the implementation of the final two phases of the margin requirements for non-centrally cleared derivatives, in accordance with the BCBS and IOSCO.		
SG MAS	Apr 7	Deferral of certain licensing and conduct requirements
Link As one of the relief measures, MAS will extend the transition period for licensing and conduct requirements introduced under the Securities and Futures (Amendment) Act 2017 by one year to 8 October 2021.		
SG ACRA	Apr 7	Extension of deadline for holding Annual General Meeting and filing annual returns
Link ACRA will grant a 60-days extension for all listed and non-listed companies whose Annual General Meetings (AGMs) are due during the period 16 April 2020 to 31 July 2020. Annual Returns filing due dates for the period 1 May 2020 to 31 August 2020 for all listed and non-listed companies will also be extended for 60 days.		
AU APRA ASIC RBA	Apr 8	Preparation for LIBOR transition 'Dear CEO' letter feedback
Link ASIC has released feedback from selected major Australian financial institutions on responses to its recent 'Dear CEO' letter, detailing their preparation for the end of LIBOR. The feedback highlights the need for all institutions to plan for LIBOR transition, the aspects to consider in transition and the importance of addressing the related issues early. It is recognised that disruptions from the COVID-19 outbreak may affect the timing of some aspects of institutions' transition plans.		
AU APRA	Apr 8	APRA temporarily suspends the issuing of new licences
Link APRA has written to applicants for new banking or insurance and superannuation licences to advise that it is temporarily suspending issuing new licenses for at least six months in response to the economic uncertainty created by COVID-19.		

Others (reporting, stress testing, conduct, etc.)

HK HKIA	Mar 27	Temporary facilitative measures to tackle the outbreak of COVID-19
Link		

The requirements on provisioning, explanation and signing of the fact sheet for Qualifying Deferred Annuity Policies can be met through non-F2F methods as set out in the circular.

HK SFC **Mar 27** **SFC issues guidance to fund industry amidst COVID-19 outbreak**

[Link](#)

In view of the volatility in local and international markets related to the COVID-19 outbreak, the SFC reminded fund industry participants and intermediaries of their obligations to look after the interests of clients. In a circular to managers, trustees and custodians of SFC-authorized funds, the SFC reiterated their obligations to properly manage the liquidity of funds and ensure fair treatment of investors in light of the current market situation. The SFC has stepped up its monitoring of SFC-authorized funds and should be given early warning of any material issues affecting them, the circular emphasized.

HK SFC **Mar 27** **Circular to Intermediaries - reminder of important obligations to ensure suitability and timely dissemination of information to clients**

[Link](#)

Given the potential impact of the COVID-19 outbreak on market volatility and liquidity as well as credit quality, licensed and registered persons are reminded to act in the best interests of their clients and exercise extra care when making a solicitation or recommendation or managing investment portfolios for their clients.

ID OJK **Mar 30** **Countercyclical policy on the impact of COVID-19 Distribution for Pension Funds (deadline extension announcement)**

[Link](#)

The OJK announced a deadline extension for submitting periodic reports on pension funds as well as guidelines on carrying out a fit and proper assessment via video conference among other measures.

ID OJK **Mar 30** **Countercyclical policy on the impact of COVID-19 distribution for finance companies (deadline extension announcement)**

[Link](#)

The OJK announced a deadline extension for submitting periodic reports on pension funds as well as guidelines on carrying out ability and appropriateness via video conference.

JP JFSA **Mar 30** **JFSA notice to financial institutions on BCPs**

[Link](#)

The JFSA released a notice to financial institutions to ensure they have a business continuity plan (BCP) and to see to its implementation in the light of the COVID-19 outbreak. The BCP should ensure management function by executives in a time of crisis, identify critical businesses operations and reduce existing operations, and split workplaces.

JP JFSA **Mar 30** **Filing deadlines in light of COVID-19**

[Link](#)

The JFSA affirmed they would take a flexible approach to banks' filing deadlines in light of COVID-19.

HK SFC **Mar 31** **Extended deadlines for implementation of regulatory expectations and reminder of order recording requirements under COVID-19 pandemic**

[Link](#)

The HK SFC has decided to extend the deadlines of three regulatory expectations namely the (i) Use of external electronic data storage, (ii) New measures to protect client assets and (iii) Data Standards for order life cycle that are due for implementation in 2020 by six months in light of the pandemic and the disruptions it causes.

IN BI	Mar 31	Bank Indonesia relaxes mandatory reporting and late penalties during COVID-19 pandemic
Link Bank Indonesia relaxed mandatory reporting for commercial banks and all other parties effective from 31 March 2020 until a date yet to be determined.		
SG MAS ACRA SGX	Mar 31	ACRA, MAS and SGX RegCo update guidance on general meetings
Link The Accounting and Corporate Regulatory Authority, MAS and Singapore Exchange Regulation have updated the guidance for issuers on safe distancing measures when conducting general meetings.		
AU APRA ASIC	Apr 1	APRA and ASIC release joint letter to superannuation trustees on COVID-19
Link APRA and ASIC have issued a joint letter to superannuation trustees on COVID-19. The letter gives trustees guidance to help them manage the financial and operational challenges associated with COVID-19, while continuing to meet their obligations to look after members' best interests. Along with the letter, APRA and ASIC have both released FAQ documents, containing more detailed information for trustees.		
AU APRA	Apr 1	APRA outlines changes in reporting obligations for ADIs and RFCs in response to COVID-19
Link APRA has outlined temporary changes in reporting obligations for ADIs and registered financial corporations (RFCs) in response to COVID-19. The changes, which have been made in collaboration with the RBA and the Australian Bureau of Statistics, are intended to balance the need for entities to dedicate time and resources to maintaining their operations and supporting customers, against the increased need for timely, accurate data for use in the rapidly changing environment.		
HK SFC HKEX	Apr 1	Joint Statement in relation to General Meetings in light of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation
Link In consultation with the HK SAR government, the SFC and the HK Stock Exchange have issued guidelines on corporate annual general meetings, extraordinary general meetings and special general meetings in light of the social distancing regulation put in place to mitigate the spread of COVID-19.		
SG MAS	Apr 3	Financial Services Remain Open and Available
Link MAS affirmed that financial services will remain open and available to all customers and counterparties in Singapore and globally. All financial markets in Singapore remain open, and payment services are unaffected. Financial services is one of the essential services exempted from the suspension of activities at workplace premises under the elevated safe distancing measures announced by the Ministry of Health (MOH).		
HK HKMA	Apr 7	Coronavirus disease (COVID-19) and Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) measures
Link Link The HKMA issued a letter to all AIs and Stored Value Facilities (SVF) to echo the FATF statement from 1 April which encouraged governments to work with financial institutions and other businesses in support of COVID-19 aid and containment efforts whilst remaining alert to new and emerging risks. In the letter, the HKMA encouraged AIs and SVFs to continue where possible to provide greater convenience to customers during this time of social distancing through remote on-boarding and simplified due diligence.		

They also asked AIs and SVFs to remain vigilant to COVID-19 related financial crime risk and to remain in close communication during this time.

SG MAS Apr 7 Latitude on submission timelines for regulatory reports.

[Link](#)

As part of continued efforts in reducing the regulatory burden on Financial Institutions in the midst of the COVID-19 outbreak, MAS will review submission timelines while taking into account the need for timely information for certain regulatory reporting requirements.

SG MAS Apr 7 Deferral of non-urgent industry projects.

[Link](#)

MAS said that all scheduled industry project launches will be put on hold until further notice.

SG MAS Apr 7 Suspension of on-site inspections and supervisory visits

[Link](#)

In the release on additional measure to assist financial institutions to focus on supporting customers, MAS said that all on-site inspections and supervisory visits will be suspended until further notice. Instead, the focus will be on conducting supervisory review on how FIs are managing the impact of COVID-19 on their business and operations.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Shanghai, Singapore, Sydney, Taipei and Tokyo.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2020 Deloitte Asia Pacific Services Limited