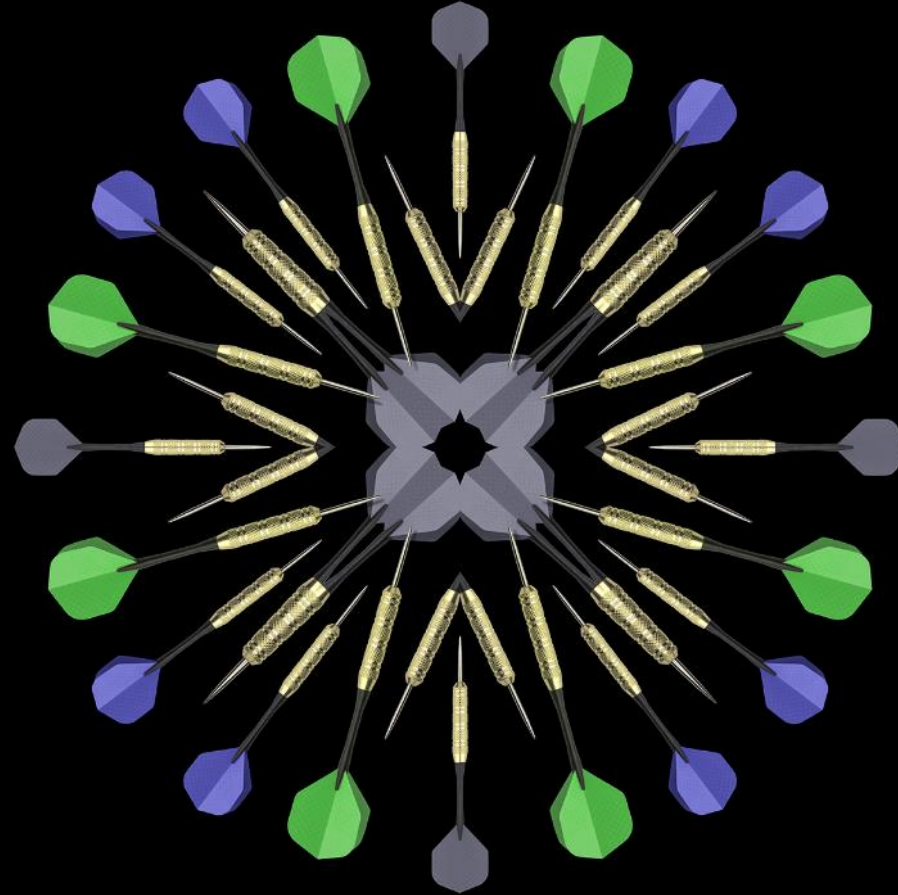


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**Asia Pacific Financial Services
Regulatory Update**
Q1 2023
April 2023

CENTRE for
**REGULATORY
STRATEGY**
ASIA PACIFIC

Introduction

Dear clients and colleagues,

The Deloitte Asia Pacific Centre for Regulatory Strategy (ACRS) is pleased to share with you the key regulatory updates from our region for Q1 2023.

This quarter, we would like to welcome Sean Moore (Partner, Australia) to the ACRS. Sean joins as the new Australia co-lead, taking over the position from Mike Ritchie. We'd like to thank Mike for his leadership in the ACRS, and for his contribution to the financial services industry throughout an exemplary career spanning over 35 years.

Reflecting on the past, focusing on the future: The first quarter of 2023 saw continued uncertainty, with inflationary pressures, ongoing supply chain issues, natural disasters, and geopolitical flashpoints in the region and beyond. Reflecting on these issues and the challenges they bring when setting their priorities for 2023 and beyond, governments and regulatory agencies across the Asia Pacific (AP) region continue to take active measures to strengthen the overall resilience of the financial ecosystem, whilst looking to the future.

For example, in its priorities for 2023, the HKMA noted managing climate risk and assisting banks to transition towards a low-carbon economy were key development priorities in 2023. In Australia, the prudential regulator, APRA, noted strengthening the overall financial and operational resilience of regulated entities was a key policy and supervision focus for 2023.

Responding to recent market events and maintaining focus on managing financial risk: Events such as the recent collapse of banks in the US and EU have prompted the BCBS and regulators across the AP region to sharpen their focus on assessing the risks to the financial stability of the global banking system, due to deteriorating economic conditions, higher interest rates, and market instability.

In response to recent events, the BCBS reaffirmed their expectation that banks continue with implementation of Basel III requirements as soon as possible, noting that several jurisdictions in the AP region (e.g. Australia, Singapore, Japan, Malaysia, Philippines, China Mainland and Hong Kong SAR) have recently released revised capital rules, in line with the Basel III reform package, and aim to be compliant between 2023 and 2025, in alignment with the US, EU and UK.

Elsewhere, regulators across the AP region have directly responded to recent market events. For example, Australia's APRA has increased the frequency of, and existing approach to stress testing, by incorporating scenarios that capture rapid deposit withdrawals, and channels for contagion.

Strengthening operational resilience: Strengthening operational resilience continues to be a key area of focus by regulators and FS firms alike in the post-COVID era, particularly amidst ongoing supply chain disruption, and the occurrence of high-profile incidents impacting both FS providers, and their third-party vendors.

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These issues have prompted regulators and FS firms alike to rethink how they balance efficiency and resilience, with several regulators across the region (e.g. Japan, Australia, Thailand) publishing consultation papers aimed at increasing operational resilience by strengthening operational risk management and business continuity practices. Elsewhere, regulators such as Indonesia's OJK and Malaysia's BNM released updated regulations during Q1 with a focus on managing cybersecurity and resilience, and supporting the development of robust business continuity management frameworks.

Climate risk, sustainability and green finance: The first quarter of 2023 also saw a renewed focus on managing climate change and transitioning to a greener, more sustainable future. Recognising the important role financial institutions have in supporting the transition towards a more sustainable, low-carbon future, regulators across the region (such as Singapore, Taiwan and Thailand) have released a range of public consultations on their proposed green taxonomy.

Key themes observed within the proposed taxonomies include a focus on the promotion of sustainable financing, and measures to support industries to reduce greenhouse gas emissions and transition towards a lower-carbon economy, in order to meet many of the net-zero commitments pledged by companies and jurisdictions globally in the lead up to last year's COP27. As noted in our Q4 2022 update, strengthened cooperation across the region and global (for example, through the alignment of regulatory standards), as well as improving data comparability and availability will help to support efforts to combat climate change and build a more sustainable, and inclusive future.

Progressing regulation in response to new technology and business models:

The digital revolution continues, and the rapid pace of technological change has prompted regulators across the AP region to release a number of consultation papers and guidelines in response. For example, the Bank of Thailand launched a consultation into the proposed Virtual Bank Licensing Framework, which aims to support Thailand's transition towards a sustainable digital economy.

On the digital assets front, regulators in the Philippines released a guidance note on risk management measures relating to safekeeping, liquidity and third-party requirements for virtual (digital) assets, highlighting their expectation that FS firms dealing with digital assets should ensure appropriate measures are in place to effectively manage risks that may jeopardise the safety and security of client monies. Elsewhere in the region, regulators such as the Reserve Bank of Australia continue to explore the potential use cases and benefits of a Central Bank Digital Currency (CBDC), which providers invited to participate in a live pilot over the next few months that will help to inform the potential role of a CBDC in the Australian economy.

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

Best regards,

The ACRS Co-leads

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Australia (1/2)

1 APRA Releases Policy and Supervision Priorities for 2023

On 2 February 2023, Australian Prudential Regulation Authority (APRA) released a publication detailing its policy and supervision priorities for 2023. At a time of global economic uncertainty, APRA's key focuses include the strengthening of the financial and operation resilience for APRA-regulated entities, the progression of APRA's plan to modernise the prudential architecture, and the review of core standards of conglomerate groups. APRA has also outlined supervision priority areas it wishes to lean into, which include a focus on cyber resilience, oversight of trustees to ensure the best outcomes for superannuation members and addressing challenges of affordability and sustainability in insurance.

[APRA releases policy and supervision priorities for 2023 | APRA](#)

2 APRA Publishes Assessment of Macroprudential Settings

On 27 February 2023, APRA published an update on its macroprudential policy settings. APRA confirmed that existing policy settings remain suitable in promoting stability, including:

- a neutral level of countercyclical capital buffer of 1 percent of risk weighted assets; and
- a 3 per cent serviceability buffer.

APRA acknowledged its conservative approach to these settings, noting the continued risk for domestic and global economic conditions to deteriorate. APRA Chair John Lonsdale emphasised these policy settings are subject to future change, given the fast-changing nature of current macroeconomic conditions.

[APRA publishes assessment of macroprudential settings | APRA](#)

3 ASIC Publishes Report on Good Practices for Handling Whistleblower Disclosures

On 2 March 2023, Australian Securities and Investments Commission (ASIC) published a report outlining good practices observed from a review of whistleblower programs across a variety of industries. The aim of the report is to assist entities in improving their handling of whistleblower disclosures, and to ensure stakeholders feel encouraged to report workplace concerns and issues. In its report, ASIC noted that programs with considered and well-communicated whistleblowing procedures received useful reports and tip offs. ASIC therefore encourages firms to consider how their current whistleblowing arrangements may be uplifted, and will continue to review entities' whistleblower policies and systems, and take remediation action where required.

[23-046MR ASIC publishes report on good practices for handling whistleblower disclosures | ASIC](#)

4 ASIC to Expand Enforcement Focus Areas in the Coming Year

On 15 February 2023, ASIC issued a warning to businesses that greenwashing will be a key target area in 2023 as the regulator continues its focus on customer protection. The regulator has commenced significant enforcement actions to address misconduct, culminating in its first court action against an entity for allegedly making false and misleading statements on the sustainable nature and characteristics of its investment options.

This follows a recent ASIC review into sustainability-related disclosure practices, conducted in December 2022, which found that disclosures broadly continued to improve, but inconsistencies and lack of comparability between entities remained a challenge.

[23-026MR ASIC to expand enforcement focus areas in the coming year | ASIC](#)
[23-043MR ASIC launches first Court proceedings alleging greenwashing | ASIC](#)
[ASIC's current focus: What are the regulator's expectations on sustainability-related disclosures? | ASIC](#)

5 ASIC Calls for Improved Material Business Risk Disclosure in Annual Reports

On 10 February 2023, ASIC issued a reminder for company directors to ensure adequate disclosure of material business risks in annual reports. This comes after financial report inquiries and an ongoing surveillance program led to a further four listed entities disclosing material business risks. ASIC encourages investors of these companies and other relevant stakeholders to review the disclosure of the new materials, and advocates for other entities to review the additional disclosures to strengthen their own disclosures. ASIC will continue using a risk-based approach to actively monitor annual reports for correct disclosure of material business risks.

[23-018MR ASIC calls for improved material business risk disclosure in annual reports | ASIC](#)

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Australia (2/2)

6 Research Project Exploring Use Cases for CBDC

After previously announcing its intention to explore a central bank digital currency (CBDC), the Reserve Bank of Australia (RBA) on 2 March 2023 released the use case proposals and providers invited to participate in a live pilot. This pilot will take place over the coming months and will involve partners across a variety of industries. The variety of potential use cases for a CBDC ranges from Offline Payments and Corporate Bond Settlement to Goods and Services Tax (GST) automation and Tokenised Bills, and this research according to Program Director, Dilip Rao, will inform next steps in determining the role of a CBDC in the Australian economy.

A report on this project is expected to be published later in 2023.

[Research Project Exploring Use Cases for CBDC | Media Releases | RBA Digital Finance CRC | Australian Central Bank Digital Currency Pilot Project](#)

7 APRA Releases Amendments to the Insurance Capital Framework

On 30 March 2023, APRA released a letter to the insurance industry responding to the consultation on amendments to the capital and reporting framework, finalised last year in response to the introduction of the Australian Accounting Standards Board's new standard, AASB 17 Insurance Contracts.

As outlined in the letter, the targeted consultation received eight responses, the majority of which were opposed to the changes. Key issues raised included a potential for APRA to influence accounting decisions, and a preference for APRA to incorporate the requirements as part of its supervisory approach rather than in the prudential standards.

APRA maintains that these additional requirements are necessary to warrant that regulatory capital levels are sufficient and will continue to monitor implementation of the revised requirements to ensure no undue regulatory burdens are imposed.

[APRA releases amendments to the insurance capital framework | APRA AASB 17 – Finalisation and minor amendments to the prudential framework | APRA](#)

8 APRA Updates Timeline for CPS 230 – Operational Risk Management

On 13 April 2023, APRA released an updated timeline for the implementation of new cross-industry Prudential Standard *CPS 230 Operational Risk Management* (CPS 230).

In revising its timeline for implementation, APRA considered feedback received from regulated entities and other stakeholders during the consultation process for CPS 230, which closed in October 2022. Accordingly, APRA intends to:

- move the effective date for the new standard to 1 July 2025; and
- provide transitional arrangements for pre-existing contractual arrangements with service providers, with the requirements in the standard applying from the earlier of the next contract renewal date or 1 July 2026.

APRA plans to release a final version of the standard, together with draft supporting guidance, in mid-2023.

[APRA update on the implementation of new operational risk prudential standard \(CPS 230\) Deloitte response to CPS 230 consultation](#)

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Mainland China (1/3)

1 China Financial Regulatory Regime Reform Program

On 7 March 2023, the State Council of the People's Republic of China announced its plan to reform China's financial regulatory regime. Under the reform program, a National Financial Regulatory Administration will be established, replacing the China Banking and Insurance Regulatory Commission (CBIRC). The proposed administration will take unified responsibility for the supervision of the financial industry, except for the securities sector. The China Securities Regulatory Commission (CSCR) supervising the securities sector will be moved directly under the State Council. The reform program also noted that certain functions of the People's Bank of China (PBOC) and CSCR will be transferred to the National Financial Regulatory Administration.

The reform proposal was presented to the national legislature for deliberation during China's annual parliamentary meeting – known as the "Two Sessions" held on 7 March 2023, and approved on 10 March 2023 by China's National Legislature.

[China to set up national financial regulatory administration](#)
[China's State Council institution reform plan approved](#)

2 Risk Classification of Financial Assets of Commercial Banks

On 11 February 2023, the CBIRC and PBOC jointly issued the *Rules on Risk Classification of Financial Assets of Commercial Banks* to strengthen risk management of commercial banks. The Rules tighten risk management requirements to enable commercial banks to identify and evaluate credit risks more accurately and to better reflect the true asset quality.

The Rules enhanced the scope of assets and set out new definitions for risk classification. According to the Rules, commercial banks should follow the principles of authenticity, timeliness, prudence and independence to classify all financial assets (including loans, bonds, and all on- and off-balance sheet assets that bear credit risk) into five risk levels. Furthermore, the Rules emphasise the classification centres around the debtor's repayment capacity and clarifies the objective indicators and requirements for risk classification.

The Rules becomes effective on 1 July 2023. Commercial banks are required to re-classify existing businesses according to the Rules before 31 December 2025.

[CBIRC and PBOC Release the Rules on Risk Classification of Financial Assets of Commercial Banks](#)

3 "Three Rules and One Provision"

On 6 January 2023, the CBIRC launched a public consultation on the revised credit management rules and provisions. The revisions aim to enhance the credit risk management capabilities of banking institutions, improve financial services efficiency, as well as to increase the financial sector's support for the real economy.

The CBIRC revised the existing Rules and Guidelines, including (1) *Interim Rules on Fixed Asset Loans*; (2) *Interim Rules on Working Capital Loans*; (3) *Interim Rules on Personal Loans*; and (4) *Guidelines on Project Financing Business*. The revised Rules and Guidelines formulates the below:

1. Rules on Fixed Asset Loans (for Consultation);
2. Rules on Working Capital Loans (for Consultation);
3. Rules on Personal Loans (for Consultation);
4. Provisions on Project Financing Business (for Consultation).

The key revisions are:

- Expanded the scope of working loans' and fixed asset loans' usage and borrowers to fulfil the actual demand of the credit market;
- Further clarified standards and appropriately adjusted the time limit for entrusted payments. Relevant provisions on the emergency use of funds are added to increase the flexibility of entrusted payments;
- Adjusted and specified loan business handling forms, e.g. video interview and off-site investigation, to adapt to new financing scenarios;
- Optimised the working capital loan calculation requirements, including relevant content of handling loans by credit to better tally with the financing reality;
- Clarified loan term requirements, provided guidance to commercial banks to guard against the risk of maturity mismatch and further optimise loan structure; and
- Integrated other relevant credit management rules to make them more systematic.

The consultation period ended on 6 February 2023.

[CBIRC Solicits Public Opinions on "Three Rules and One Provisions"](#)
[CBIRC Officials Respond to Media Questions on the "Three Rules and One Provisions"](#)

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Mainland China (2/3)

4 Capital Rules of Commercial Banks

On 18 February 2023, the CBIRC and PBOC issued a joint consultation on the revised *Capital Rules of Commercial Banks*. The revised Rules reflects the latest international standards (i.e. Basel III Accord), in combination with domestic economic environment. Proposed amendments are:

1. Establish a differentiated capital supervision system that is proportionate to the scale complexity of banks, reducing the compliance costs of small and medium-sized banks.
2. Revise the risk-weighted asset (RWA) calculation rules, including the credit risk weight approach and internal rating approach, market risk standard approach and the internal model approach, operational risk standard method, and risk sensitivity of capital measurement .
3. Require banks to establish effective policies, processes, systems and measures to fully grasp customer risk changes timely and thoroughly and ensure the applicability and prudence of risk weights.
4. Strengthen supervision and inspection, enhance the application of stress testing, utilise second pillar of capital regulation to further enhance supervision effectiveness;
5. Enhance information disclosure standards. More than 70 disclosure templates are introduced, where commercial banks are required to disclose detailed risk-related qualitative and quantitative information, strengthening the external constraints of the market.

The consultation ended on 20 March 2023. The CBIRC and PBOC will further revise and improve the Rules after consultation. The final version is expected to take effect on 1 January 2024.

[CBIRC and PBOC Solicit Public Opinions on Capital Rules of Commercial Banks \(for Consultation\)](#)
[CBIRC and PBOC Officials Respond to Media Questions on the Capital Rules of Commercial Banks \(for Consultation\)](#)

5 Promoting Risk Mitigation in Property Insurance Industry

On 30 January 2023, the CBIRC issued the *Opinions on Promoting Risk Mitigation in Property Insurance Industry* to support the insurance industry in carrying out risk mitigation services.

According to the Opinions, insurance companies will be required to expand their scope of service, including actively supporting insured enterprises in risk management such as risk assessments. In addition, insurance companies are required to broaden their service scope to provide risk mitigation and protection in various property insurance businesses, such as liability insurance, auto insurance and agricultural insurance. The Opinions encourage insurance companies to broaden the risk mitigation types available, and increase service accessibility and convenience. Insurance companies may set up a service team or entrust professional third-party institutions to provide in-depth and refined services. Lastly, the insurance services may be extended to the upstream and downstream industries of the insured enterprises to provide one-stop service solutions to customers.

[CBIRC Issues the Opinions on Promoting Risk Mitigation in Property Insurance Industry](#)

6 Information Disclosure Standards of Life Insurance Products with a Term over One Year

On 4 January 2023, the CBIRC issued the *Information Disclosure Standards of Life Insurance Products with a Term over One Year*. The disclosure standards will serve as a supporting document to the *Rules on Information Disclosure of Life Insurance Products (CBIRC Decree [2022] No.8)*. The disclosure standards clarified the information disclosure requirements for different types of insurance products and enhanced product transparency. Moreover, the disclosure standards aim to preserve people's fundamental interests while effectively protecting the legal rights and interests of insurance policyholders, insureds, and beneficiaries.

The disclosure standards will become effective on 30 June 2023.

[CBIRC Issues the Information Disclosure Standards of Life Insurance Products with a Term over One Year](#)

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7 CBIRC Convenes the 2023 Work Conference

On 13 January 2023, the CBIRC held its 2023 Work Conference. The Conference reflects on work completed in 2022 and sets out nine key work priorities in 2023.

Key priorities for 2023 are:

- Provide strong support for the overall economic recovery;
- Maintain a healthy interaction between the financial sector and the property sector;
- Facilitate the reform of small and medium banks to mitigate risks;
- Prevent malignant competition in the insurance sector and enhance insurance supervision;
- Continue to prevent shadow banking in the non-bank financial sectors;
- Manage credit risks and actively defuse risks associated with local government debts;
- Strengthen governance frameworks of financial sector firms;
- Consistently enhance the effectiveness of supervision; and
- Broaden the scope of high-quality opening up of the financial sector.

[CBIRC Convenes the 2023 Work Conference](#)

8 PBOC Holds 2023 Work Conference

On 4 January 2023, the PBOC held its 2023 Work Conference. During the conference, regulators reflected on PBOC's work in 2022 and the past five years, as well as made work arrangement for 2023.

Key priorities for 2023 are:

- Pursue a sound monetary policy;
- Increase financial support to the domestic demand and supply systems;
- Continue to prevent and defuse financial risks;
- Strengthen macro-prudential management system;
- Continue to advance international financial cooperation and market opening up; continue to deepen financial reform; and
- Enhance financial services and management.

[PBC Holds 2023 Work Conference](#)

9 Securities and Futures Industry Network and Information Security Management Measures

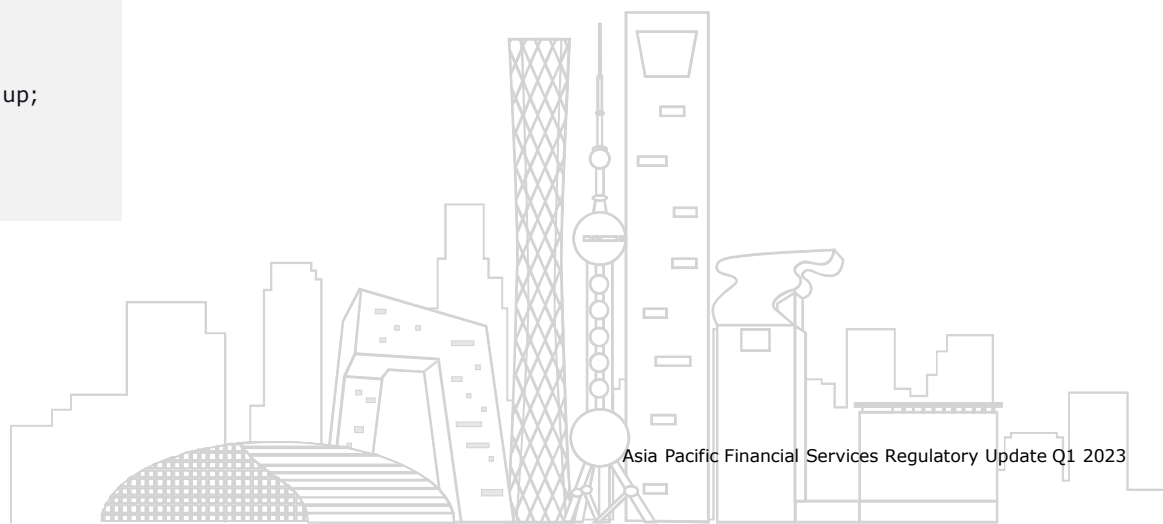
On 3 March 2023, the CSRC issued the *Securities and Futures Industry Network and Information Security Management Measures*. The Measures aim to effectively implement relevant laws and regulations (i.e. *Cybersecurity Law, Data Security Law, Personal Information Protection Law* and *Regulations on the Security Protection of Critical Information Infrastructure*), standardise securities and futures industry's network and information security management, prevent and resolve network and information security risks; and safeguard the capital market's safety, stability, and efficiency.

Key requirements covers:

- Network and information security operation;
- Investors' personal information protection;
- Network and information security emergency handling;
- Critical information infrastructure security protection;
- Network and information security promotion and development;
- Supervision and management and legal liability, etc.

The Rules will be in effect on 1 May 2023.

[The China Securities Regulatory Commission issued the "Securities and Futures Industry Network and Information Security Management Measures"](#)



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Hong Kong SAR (1/2)

1 HKMA 2022 Year-end Review and Priorities for 2023

On 17 February 2023, the Hong Kong Monetary Authority (HKMA) released its 2022 year-end review and priorities for the year ahead. In the review, the HKMA noted that the Hong Kong banking sector remained resilient in 2022. While loan demand had weakened, asset quality remained healthy. In 2023, the HKMA will continue to prioritise the implementation of Basel III final reform package, as well as the following:

Key supervisory priorities:

1. Prudential work – focusing on credit risk, and conducting ‘health checks’ on non-bank financial institution exposures
2. Technology – enhance operational resilience with a focus on cybersecurity and third-party risk, and the continuing promotion of fintech adoption;
3. AML & Financial Crime Risk – update relevant guidelines and support Regtech adoption;
4. Consumer Matters – especially in areas including general banking services, investment and wealth management, infrastructure and culture development.

Key development priorities:

1. Capacity building – support banks to upskill and reskill their existing workforce, and increase effort in attaching and developing talent from the younger generation;
2. Green Sustainable Banking – including climate risk management supervision, assist the sale of green investment products, and support the banking industry’s transition towards low-carbon economy;
3. Virtual Assets – the HKMA plans to set new standards on crypto assets, with industry consultation is expected to commence in the second half of 2023.

[HKMA 2022 Year-end Review and Priorities for 2023](#)

2 HKMA Consults Banking Industry on AML/CFT Guideline and Basel III Final Reform Package

In Q1 2023, the HKMA issued multiple consultations to the banking industry.

Proposed amendments to Guideline on Anti-Money Laundering and Counter-Financing of Terrorism

On 18 January 2023, the HKMA issued a consultation to the banking industry on the proposed amendments to the *Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (for Authorised Institutions)*. The guideline was updated in accordance with the *Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill 2022* effective starting Q2 2023.

The consultation ended on 8 March 2023.

[Enclosure](#)

Disclosure templates and tables related to Basel III Final Reform Package implementation

On 11 January 2023, the HKMA issued a letter to the banking industry to consult on the Basel III Final Reform Package. The HKMA seeks for feedback on the new/revised disclosure templates and tables to align with the reform package.

The consultation ended on 13 March 2023.

[Annex](#)

3 Conclusion of Discussion Paper on Crypto-assets and Stablecoins

On 31 January 2023, the HKMA issued a report outlining the outcomes of the consultation on the *Discussion Paper on Crypto-assets and Stablecoins* published on 12 January 2022. The report consolidated industry feedback and provided the HKMA’s response and proposed regulatory approaches to regulating stablecoins.

According to the feedback received, respondents generally support the HKMA’s proposal to bring stablecoins into the regulatory perimeter. Considering the feedback received and international best practices, the HKMA aims to adopt an agile, risk-based approach to stablecoin regulation. The report summarised the HKMA’s proposed parameters of building the regulatory regime, including the scope of stablecoin, key activities related to an in-scope stablecoin, entities requiring an HKMA license and key regulatory principles. The target implementation timeline is by 2023/24, with the legislative approach yet to be confirmed by the HKMA. The HKMA also plans to conduct a more detailed consultation in due course.

[Press Release: Conclusion of Discussion Paper on Crypto-assets and Stablecoins](#)
[Full Report: Conclusion of Discussion Paper on Crypto-assets and Stablecoins](#)

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Hong Kong SAR (2/2)

4 Virtual Asset Trading Platforms

On 20 February 2023, the Hong Kong Securities and Futures Commission (SFC HK) launched a consultation on the proposed requirements for operators of virtual asset (VA) trading platforms. Commencing on 1 June 2023, all centralised VA platforms with business in Hong Kong SAR will be required to obtain an SFC license in accordance with the passage of the *Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill 2022* released on 7 December 2022. To prepare for the commencement of the new licensing regime, the SFC HK seeks public and industry feedback on the proposed regulatory requirements for licensed VA trading platforms. As part of the consultation, the SFC HK also reviewed the existing VA regime under the *Securities and Futures Ordinance (Cap. 571) (SFO)*.

The SFC HK emphasises that they are particularly interested in feedback on the following:

- Proposal to permit licensed platform operators to provide services to retail investors; and
- If permitted, what other measures should be implemented in addition to establishing a robust investor protection scheme.

The consultation ended on 31 March 2023.

[SFC consults on proposals to regulate virtual asset trading platforms](#)
[Consultation Paper on the Proposed Regulatory Requirements for Virtual Asset Trading Platform Operators Licensed by the Securities and Futures Commission](#)

5 Revised SPM IC-4 Complaints Handling and Redress

On 6 January 2023, the HKMA issued the revised *Supervisory Policy Manual (SPM) IC-4 Complaints Handling and Redress*. The updated module aims to align with the latest international standards in financial consumer protection, including the updated *G20/OECD High-Level Principles on Financial Consumer Protection*. Key enhanced expectations are:

- To improve financial consumer protection, authorised institutions (AIs) should follow up and monitor concerns and control deficiencies identified in customer complaints; and
- Utilise alternate dispute resolution channels (e.g. Financial Dispute Resolution Centre) when complaints involving monetary disputes referred by the HKMA are unable to be resolved through internal mechanisms.

AIs are expected to have implemented the updated SPM IC-4 no later than 5 April 2023.

[Supervisory Policy Manual \(SPM\): Revised Module IC-4 on "Complaints Handling and Redress"](#)

6 Optimising Fraud and Financial Crime Detection and Reporting

On 9 February 2023, the HKMA released the updated *Guidance Paper on Transaction Monitoring, Screening and Suspicious Transaction Reporting* for AIs and stored value facility (SVF) licensees. The update paper provides clarifications, additional guidance and examples for design, setting and oversight of transaction monitoring, screening and suspicious transaction reporting with the aim to improve effectiveness and efficiency. A key objective of the Guidance Paper is to support the use of technology in alert handling, providing more useable intelligence into the AML/CFT ecosystem.

The HKMA anticipates that AIs and SVF licensees to evaluate the amended Guidance Paper and make the appropriate policy, operational, and technical improvements to comply with the practices outlined.

[Circular- AIs/Circular- SVF](#)

7 Consultation on Proposed Amendments to BELR and BCR

On 17 March 2023, the HKMA issued a letter to consult the banking industry on the proposed amendments to the *Banking (Exposure Limits) Rules (BELR)* and *Banking (Capital) Rules (BCR)*. The proposed amendments aims to align with the proposed BCR amendments for Basel III final reform package implementation issued on 30 June 2022. Therefore, the HKMA has proposed relevant amendments to BELR (Part 1,2,7,8,9) and BCR Part 10 on the calculation of sovereign concentration risk.

The proposed amendments will be further revised and refined upon receiving industry feedback. The target implementation date is no earlier than 1 January 2024. The consultation ended on 21 April 2023.

[Letter to HKAB – Consultation on proposed amendments to BELR & BCR Part 10](#)
[Letter to DTCA – Consultation on proposed amendments to BELR & BCR Part 10](#)
[Annex 1](#)
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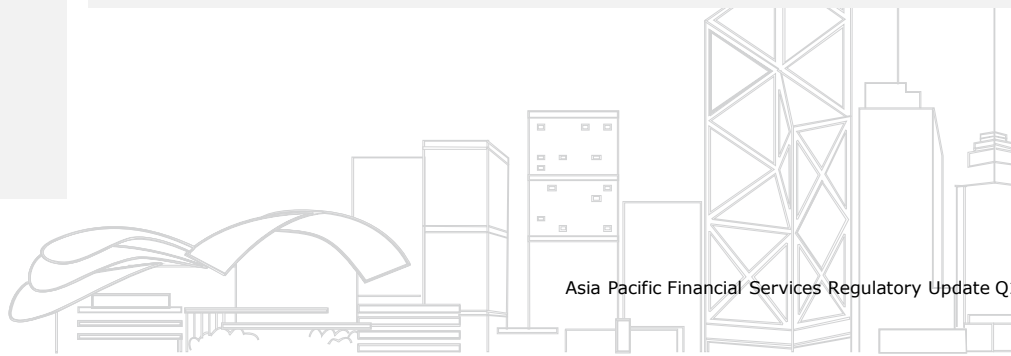
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India

1 Relaxation from Compliance with Certain Provisions for the SEBI

On 5 January 2023, Securities and Exchange Board of India (SEBI) issued a circular on the *Relaxation from compliance with certain provisions for the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations)*, with immediate effect.

The Relaxation concerns the compliance requirements under Regulation 36 (1)(b) of the LODR Regulations relating to dispatching hard copies of annual statements (and required accompanying documents, such as the Board's report, Auditor's report etc.), to shareholders who have not registered their email addresses. The Relaxation extends the deadline to dispatch physical copies of relevant documents to 30 September 2023.

Further, listed entities are required to ensure compliance with the conditions specified below:

- Listed entities are required to provide a hard copy of the annual reports to those shareholders who request the document per 36(1)(c) of the LODR Regulations;
- The notice of Annual General Meetings published via advertisement per Rule 47 of the LODR Regulations web link to the annual report for shareholders to access.

[Relaxation from compliance with certain provisions of the SEBI \(Listing Obligations and Disclosure Requirements\) Regulations, 2015](#)

2 Product for Persons with Disabilities (PWD), Persons afflicted with HIV/AIDS, and those with Mental Illness

On 27 February 2023, the Insurance Regulatory and Development Authority of India (IRDAI) issued a circular on requiring general and standalone health insurers to offer a specific cover for persons with disabilities (PWD), persons afflicted with HIV/AIDS, and person with mental illness. The insurers are also required to put in place a Board-approved underwriting policy that ensures no proposal from these categories of population are denied insurance cover.

The policy for the offering will be for one year and renewable, as per the regulatory framework in place. The pricing of the product will be determined by the insurers as per norms laid down in the *IRDAI (Health Insurance) Regulations, 2016*.

[Persons with Disabilities \(PWD\), Persons Afflicted with HIV/AIDS, and Person with Mental Illness](#)

3 Framework for Adoption of Cloud Services by SEBI Regulated Entities

On 6 March 2023, the SEBI issued the framework for the *Adoption of Cloud Services by SEBI Regulated Entities (REs)* with immediate effect for all new/proposed cloud onboarding projects. The objective of the framework is to identify and address key risks associated with cloud computing and set obligatory control mechanisms that REs should implement prior to implementing cloud services.

Scope of Cloud Computing in the Framework:

1. Public cloud and community cloud models are permitted subject to conditions;
2. The Framework may not govern private cloud deployments. However, a private cloud is considered an on-premise deployment model and is permitted and governed by other SEBI circulars (e.g. circular on cybersecurity etc.).
3. A hybrid cloud is a combination of two or more out of public cloud, community cloud and private cloud. Hybrid clouds will be under SEBI supervision and subject to the conditions.
4. Deployment of any other cloud model is prohibited unless obtained SEBI approval. SEBI may allow the deployment of other models after due consultations.

The Framework became effective on 6 March 2023. All new/proposed cloud deployment/projects should comply with the new Framework. For REs which are currently availing cloud services as of 6 March 2023, the requirements are as follows:

- Revise existing arrangements and comply with the framework no later than 6 March 2024.
- REs should provide the following milestone-based updates to the authority as per the existing reporting mechanism for systems audit/ cyber security audit:
 - Details of cloud services currently deployed within 1 month of issuance of framework;
 - Submit a roadmap (including details of major activities, timelines, etc.) for framework implementation within 3 months of issuance of framework;
 - Quarterly progress report as per the roadmap submitted by the RE from 3 to 12 months after issuance of the framework; and
 - Compliance with respect to the framework should be reported regularly after 12 months after issuance of framework.

[Framework for Adoption of Cloud Services by SEBI Regulated Entities \(REs\)](#)

Indonesia (1/3)

1

Business Implementation of Insurance Broker Companies, Reinsurance Broker Companies, and Insurance Loss Assessor Companies

On 28 December 2022, the Financial Services Authority (OJK) issued the amendments to Regulation number 70/POJK.05/2016 concerning *Business Implementation of Insurance Broker Companies, Reinsurance Broker Companies, and Insurance Loss Assessor Companies*. The amended provisions intend to impose sound business practice and consumer protection principles on insurance broker services using information technology. Key amendments of the provisions include:

- Digital insurance broker services arrangements, including:
 - The scope of digital insurance broker services;
 - Requirements relating to electronic systems, human resources, equity, and functions or work units in an insurance broker company that offers digital insurance broker services;
 - Criteria for insurance products that can be offered in digital insurance broker services;
 - The company's obligation to obtain OJK approval before providing digital insurance broker services;
 - Digital insurance broker service risk management;
 - Digital insurance broker consumer protection; and
 - Collaboration between insurance broker companies and third parties.
- Insurance company's obligation to ensure that experts carry out their duties and responsibilities.
- Cooperation between insurance/reinsurance broker companies (co-broking).
- Obligation to submit quarterly financial reports.
- Regulatory adjustments regarding administrative sanctions, including administrative fines.

[POJK 28 Tahun 2022](#)

2

Guidelines for Drafting of Adjusted Net Working Capital Forms as well as Submission and Validation of Adjusted Net Working Capital Reports

On 10 January 2023, the OJK issued the Regulation SEOJK 2/02/2023 on the technical details relating to drafting and submitting an adjusted net working capital report and validating an adjusted net working capital report. The guidelines intends for securities companies to carry out the mandate of Article 4 and was made in connection with the provisions of Article 5 of the Financial Services Authority Regulation Number 52/POJK.04/2020, and developments in practice and securities transaction arrangements in the capital market.

[SEOJK 2 - 04 - 2023](#)

3

Mandatory Minimum Bank Capital Requirements for Commercial Banks

On 28 December 2022, the OJK issued the second amendment to OJK regulation number 11/POJK.03/2016 concerning *Minimum Bank Capital Requirements for Commercial Banks*. The amendment aims to enhance the money market, and to accommodate international standards. Key amendments include:

- Adjustments to the standard Basel III reform, including the implementation of the obligation to calculate Market Risk – Risk Weighted Assets for all banks;
- Provisions concerning the obligation to calculate capital for bank exposure to Central Counterparty (CCP), and provision of margin for derivative transactions that are not conducted through CCP;
- Alignment with other POJKs such as the Minimum Capital Adequacy Requirement (KPMM) reporting obligations through the OJK reporting system.

[POJK 27 Tahun 2022](#)

4

Monthly Report of Sharia Smallholder Financing Banks

On 12 January 2023, the OJK issued the regulation on the *Monthly Report of Sharia Smallholder Financing Banks* (BPRS). The regulation improves the report submission provisions of BPRS institutions through OJK reporting system in connection with OJK regulation Number 13/POJK.03/2019, with the aim to increase the reporting mechanism's efficiency and effectiveness.

In addition, the regulation intends to:

- Support supervisory needs related to BPRS data and information on the provision of funds in the context of overcoming liquidity problems and/or potential problems;
- Implement anti-money laundering and preventing terrorism financing (APU and PPT) programs;
- Support the realisation of cooperation between BPRS and information technology-based co-funding service providers/fintech peer-to-peer lending; and
- Align arrangements on reporting and requesting debtor information through a financial information service system.

Moreover, the regulation refines several provisions on existing forms, and introduces new forms related to individual office reports and joint reports.

[SEOJK 3 - 03 - 2023](#)

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Indonesia (2/3)

5 Guidelines for Implementing Securities Offerings that are not Public Offerings

On 30 December 2022, the OJK issued the *Guidelines for Implementing Securities Offerings that are not Public Offerings*. Key provisions include:

- Provisions regarding parties that may offer non-Public Offering Securities;
- Provisions regarding bidding documents and information memorandum;
- Provisions regarding additional information contained in the information memorandum for offerings that are not a public offering of debt securities and/or Sukuk (Sharia-compliant bonds);
- Regulations regarding provisions in the event that foreign company share ownership program is implemented;
- Provisions regarding the information contained in the information memorandum if the public company share ownership program is implemented; and
- Provisions regarding the submission procedure for non-public offering's bidding documents.

[SEOJK 33 - 04 - 2022](#)

6 Export Proceeds and Foreign Exchange Import Payment

On 30 December 2022, Bank Indonesia issued the second amendment to *Regulation of Members of the Board of Governors number 21/26/PADG/2019 concerning Export Proceeds and Foreign Exchange Import Payment*. Key amendments are:

- Increase the range of instruments that can be utilised by natural resources exporters for placement of funds originating from special account of natural resources export goods (DHE SDA), in the form of term deposits for conventional open market operations in foreign currencies at Bank Indonesia;
- Mechanism for placement of funds natural resources exporters through banks that meet the requirements stipulated by Bank Indonesia;
- Expanded the scope of incoming funds transfer sources at the special account of DHE SDA related to placement on the term deposit of the intended open market operation;
- The banks' obligation to ensure funds placed in the open market operation term deposit come from DHE SDA and banks must provide a flag (marker) for said instrument and the third-party fund instrument utilised by banks to place it.

[PADG 242522](#)

7 Cyber Security and Resilience for Commercial Banks

27 December 2022, the OJK issued the regulation 29/SEOJK.03/22 on *Cyber Security and Resilience for Commercial Banks* in connection with the enactment of OJK Regulation Number 11/POJK.03/2022. Some key requirements cover:

- The inherent risk assessment of banks' cyber security needs to include to at least 4 assessment factors, including 1) technology, 2) bank products, 3) organisational characteristics, and 4) track record of cyber incidents, which is carried out annually for the end of December position.
- 4 aspect of banks' implementation of cyber security risk management, including 1) cyber security risk management, 2) cyber security risk management framework, 3) cyber security risk management processes, adequacy of human resources and adequacy of risk management information systems, and 4) a cyber security risk control system adapted to the characteristics and complexity of banks' business.
- Provisions on processes executed by banks to maintain cyber resilience, namely identification of assets, threats, and vulnerabilities; asset protection; cyber incident detection; and cyber incident response and recovery.
- Banks' cyber security maturity level assessment carried out annually for the end of December position includes an assessment of the quality of cyber security risk management implementation and the quality of cyber security process implementation.
- The unit and function, and associated roles and responsibilities of those teams that handle banks' cyber security and resilience are independent from the IT management function.

[NOMOR 29 /SEOJK.03/2022](#)

8 Monitoring of Bank and Customer Foreign Exchange Flows

On 30 December 2022, the Bank Indonesia issued amendments to regulation number 24/26/PADG/2022 on *Monitoring of Foreign Exchange Flows of Banks and Customers* in connection with Bank Indonesia regulations number 21/28/PADG/2019 on *Foreign Exchange Export Proceeds and Foreign Exchange Import Payments*. Key amendments are:

- Expand the scope and mechanism for submitting supporting reports in foreign exchange flows (LLD) reports related to instruments for foreign exchange export (DHE) funds replacement that originated from Special Account of Foreign Exchange Export of Natural Resource Export Goods (DHE SDA) owned by customers at the Bank; and
- Removed reports that are no longer submitted based on Bank Indonesia Regulations regarding monitoring of bank and customer foreign exchange flows.

[PADG 242622](#)

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Indonesia (3/3)

9 Reports of Rupiah Processing Service Providers

On 30 December 2022, the Bank Indonesia issued the regulation on the *Reports of Rupiah Processing Service Providers*. The regulation discusses the implementation mechanism and procedures for drafting and submitting reports on Rupiah processing service providers. Key requirements include:

- Requirements on rapporteur:
 - Rapporteurs must submit a report that is drafted and submitted in a complete, accurate, current, complete and timely manner;
 - Preparation of report refers to the metadata stipulated by Bank Indonesia, which consists of report preparation guidelines and technical metadata in the form of data structure and validation regulation published in Bank Indonesia reporting system.
 - Rapporteurs must submit report on the information on PJPUR's business activities.
 - Rapporteurs must obtain a reporting code by submitting an application letter to Bank Indonesia along with the conditions that must be met;
 - Submit reports and/or corrections to reports within the specified time limit.
- Procedures on imposing sanctions on rapporteurs who violate Rupiah management provisions, particularly regarding reporting.

[PADG 242322](#)

10 Regulations for Implementation of Current Accounts at Bank Indonesia

On 29 December 2022, the Bank Indonesia issued Regulation number *24/21/PADG/2022 on Implementation of Current Accounts at Bank Indonesia*. The intends to strengthen the principles of good governance in current account administration. The regulation on current account administration mechanism regards to key items such as current account administration, such as the criteria of customers who may own a current account, the types of current account, sharia current accounts, deposit and withdrawal facilities, current account opening application requirements, fees etc.

The PADG became effective on 29 December 2022.

[PADG 242122](#)

11 Implementation Regulations of Sharia Hedging Swap Transactions to Bank Indonesia

On 29 December 2022, the Bank Indonesia issued the implementation regulation *24/22/PADG/2022 concerning Sharia Hedging Swap Transactions to Bank Indonesia* to support the development and deepening of the Islamic financial market. Some key provisions are:

- Requirements for banks submitting sharia hedging swap transactions to Bank Indonesia;
- Requirements for underlying transactions that can be used in sharia hedging swap transactions to Bank Indonesia;
- Underlying types of transactions related to economic activities;
- Banks submit transactions directly without going through intermediary institutions which are carried out through a dealing system facility determined by Bank Indonesia with a maximum nominal value of the proposed transaction being the nominal value of the underlying;
- Requirement to carry out the realisation of the deal (wa'd) in the form of submitting spot purchase bank transactions to Bank Indonesia on the due date of the forward agreement through the dealing system facility and/or other transaction facilities stipulated by Bank Indonesia no later than 15:00 WIB or other time as stipulated by Bank Indonesia;
- Bank Indonesia imposes administrative sanctions for violations related to obligations for underlying transactions, obligations for realisation of deal (wa'd), and obligations related to settlement of transactions in the form of administrative sanctions and payment obligations.

[PADG 242222](#)

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Japan (1/2)

1 Revision to the Order for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds

On 3 February 2023, the Japan Financial Services Agency (JFSA) published the draft *Cabinet Orders to partially revise the Order for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds* for public consultation.

Proposed revisions are:

1. Revised the obligation of specified business operators. Defined businesses are obliged to prepare and maintain relevant transaction records;
2. Revised the items to be notified and the definition of obligatory measures to adequately perform the verification and report suspicious transactions; and
3. Revised the definition of methods and standards in conducting AML/CFT due diligence of the counterparty, etc.

[Publication of draft "Cabinet Orders to partially revise the Order for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds", etc. for public consultation](#)

2 Administrative Actions Against Certain Organisation

On 9 December 2022, the Kanto Local Finance Bureau issued 2 Orders to Suspend Business and an Order of Retention of Assets against a certain named organisation due to its failure to maintain a proper and reliable securities business system and cryptographic asset exchange business.

The orders were effective from 10 December 2022 to 9 March 2023.

[Administrative Actions](#)

3 Amendments to Cabinet Office Order on Disclosure of Corporate Affairs

On 31 January 2023, the JFSA published the finalised amendments to the *Cabinet Office Order on Disclosure of Corporate Affairs* and other relevant and applicable cabinet office orders after public consultation. The revised Cabinet Office Order amended the disclosure of sustainability-related information and corporate governance related information for listed companies.

The finalised amendments took effect on 31 January 2023.

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

4 Customer-Oriented Business Conduct Task Force Interim Report

On 9 December 2022, the JFSA published the *Interim report on Customer-Centric Business Operation* compiled by the Customer-Oriented Business Conduct Task Force. The report was compiled based on the discussions held by the relevant Task Force on various topics, including financial sector's customer-oriented business conduct, as well as financial and economic education to the general public, to achieve stable asset building for households.

Key findings/suggestions made in the discussions:

1. Ensuring business operations that consider the best interests of customers, etc. throughout the investment chain, by establishing a common obligation for a wide range of entities that offer asset formation related services
2. Offering relevant information and advice to customers
3. Ensuring the governance and independence of the asset management company (as well as product governance)

[Publication of the "Customer-Oriented Business Conduct Task Force Interim Report" compiled by the "Customer-Oriented Business Conduct Task Force" of the Financial System Council](#)

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Japan (2/2)

5 Discussion Paper on Ensuring Operational Resilience

On 16 December 2022, the JFSA published the *Discussion Paper on Ensuring Operational Resilience* for public consultation. Concerning international developments including BCBS's *Principles for Operational Resilience*, the JFSA compiled the emerging issues under the rapidly changing financial environment and formulated the discussion paper. The discussion paper proposed a practical framework to ensure FIs' operational resilience. Moreover, the discussion paper intends to facilitate dialogues between the JFSA and FIs to implement better operational resilience practices.

The four key elements of the proposed framework:

1. Identification of "Critical Operations": Identify the financial services that are important in terms of financial system stability and users' daily lives
2. "Tolerance" setting: Set the minimum level of "Tolerance" that should be maintained on the premise that business interruption will inevitably occur
3. Interconnection mapping and securing necessary management resources: Identify the necessities, procure, arrange, and allocate human resources, goods and money appropriately
4. Additional Response to Appropriateness Verification: Under the commitment of the management team, through scenario analysis and business continuity planning training, conduct appropriateness verification and take additional measures as necessary

The consultation ended on 16 February 2023.

[Publication of the draft "Discussion Paper on Ensuring Operational Resilience" for public consultation](#)

6 Amendments to Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.

On 27 January 2023, the JFSA issued draft amendments to *Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.* for public consultation. The proposed amendments are made in response to recommendations provided by the Financial Stability Board (FSB) and the International Organisation of Securities Commission (IOSCO). The amendments are:

1. Require fund managers and specially permitted business for qualified institutional investors (SPBQII) to file monitoring reports on the funds they manage; and
2. Require MRF (money reserve fund) and MMF (money market fund) managers to develop contingency plans to address any vulnerabilities in their MRFs and MMFs.

The consultation ended on 28 February 2023.

[Publication of the draft amendments to the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." and others for public consultation](#)

7 Finalised Code of Conduct for ESG Evaluation and Data Providers

On 15 December 2022, the JFSA published the finalised *Code of Conduct for ESG Evaluation and Data Providers* based on the Technical Committee for ESG Evaluation and Data Providers' discussion results, and feedback collected from public consultation in July 2022. The Code of Conduct summarises the current status of ESG evaluation and data's provisions and issues in view of future market development. Furthermore, the Code of Conduct also outlines that ESG evaluation and data providers are expected to formulate their understanding of the developments in society as a whole regarding sustainability, and to provide evaluation and data based on reasonable grounds and professional judgment.

The endorsement status of the Code of Conduct will be published in June 2023, and the endorsement status regarding the data provision will be published by June 2024.

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



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Malaysia (1/3)

1 Business Continuity Management

On 19 December 2022, the Bank Negara Malaysia (BNM) issued a policy document on *Business Continuity Management* (BCM). The policy document aims to support financial institutions (FIs) in developing and implementing a sound BCM framework, policies, and processes that incorporate the FIs' risk appetite and facilitate effective risk management practices. The policy document also aims to strengthen FIs' capacity and preparedness to respond to and recover from operational disruption and ensure the continuity of critical business functions and services within a set timeframe in an operational disruption event.

Key requirements cover the following:

- The Board and senior management's responsibilities; and
- BCM framework and methodology

The policy document will be effective from 19 December 2023, with exception to requirements on disaster recovery plan testing specified in paragraph 9.48, which will be effective from 19 December 2025.

[Business Continuity Management](#)

2 Quality and Integrity of Currency

On 22 February 2023, the BNM published the exposure draft on the *Quality and Integrity of Currency* for public consultation. The proposed policy document defines the criteria and requirements that FIs are expected to follow to preserve the quality and integrity of Malaysian currency notes and currency coins per the *Currency Act 2020*.

Key areas for consultation are as follows:

- Quality of currency in circulation;
- Integrity of currency in circulation;
- Operations of currency processing;
- Currency processing machine; and
- Competency of staff involved in currency processing.

The consultation ends on 30 April 2023.

[Exposure Draft – Quality and Integrity of Currency](#)

3 Capital Adequacy Framework

On 20 January 2023, the BNM issued the exposure draft of *Capital Adequacy Framework (Basel III – Risk-Weighted Assets): Standardised Approach for Credit Risk* for public consultation. The exposure draft should be read with the BNM's *Capital Adequacy Framework (Capital Components)* and the *Capital Adequacy Framework for Islamic Banks (Capital Components)*, issued on 9 December 2020. The exposure draft sets out the proposed requirements for calculating the capital charge under the Standardised Approach for Credit Risk in the Basel III reform package, intending to facilitate a safe and sound financial system. The proposed requirements apply to all financial institutions.

The standards and guidelines are based on the BCBS Basel framework and the Islamic Financial Services Board's (IFSB) standard. The BNM notes that the Basel framework and IFSB standard have been amended where necessary and suitable to account for the Malaysian economy and financial system.

The consultation ended on 31 March 2023. FIs are also requested to respond to the specific questions and complete the Quantitative Impact Study reporting template set out in the exposure draft.

The proposed requirements expect to be effective from 1 January 2025.

[Capital Adequacy Framework \(Basel III – Risk-Weighted Assets\): Standardised Approach for Credit Risk](#)

4 Electronic Know-Your-Customer (e-KYC)

On 23 February 2023, the BNM issued the proposed enhanced requirements and guidance on *Electronic Know-Your-Customer (e-KYC) Solutions* for public consultation. Following the growing adoption and understanding of e-KYC solutions, the enhancement intends to ensure that e-KYC solutions remain relevant, robust and reliable. In addition, the scope of the requirements have been expanded to cover individuals' and legal persons' e-KYC applications.

The policy document does not apply to agent banking channels governed under the Agent Banking policy document dated 30 April 2015.

The consultation ends on 2 May 2023.

[Exposure draft – Electronic Know-Your-Customer \(e-KYC\)](#)

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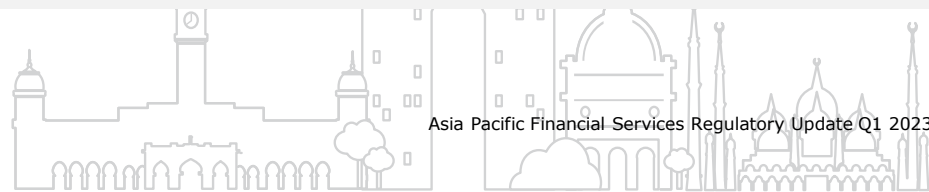
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Malaysia (2/3)

5 Fair Treatment of Vulnerable Consumers

On 28 February 2023, the BNM launched a public consultation on the exposure draft on *Fair Treatment of Vulnerable Consumers*. The proposed policy document seeks to ensure that vulnerable consumers receive fair and equitable treatment and adequate support when engaging with financial service providers.

The exposure draft will be incorporated into the policy document on *Fair Treatment of Financial Consumers (FTFC PD)* issued on 6 November 2019 by the BNM.

The consultation ended on 14 April 2023.

[Exposure draft – Fair Treatment of Vulnerable Consumers](#)

6 Hajah and Darurah

On 15 December 2022, the BNM set out the proposed requirements and expectations for Islamic financial institutions' (IFIs) use of hajah (need) and darurah (dire necessity) in carrying out Islamic banking and takaful business. The BNM's consultation sought IFIs' feedback on the following:

1. The parameters and application scope of hajah and darurah;
2. Requirements regarding the responsibilities of IFIs' internal stakeholders; and
3. Requirements and policy guidance relating to Shariah, hajah, and darurah processes and procedures in IFIs.

The consultation ended on 28 February 2023.

[Exposure draft - Hajah and Darurah](#)

7 Electronic Money (e-Money)

The BNM issued a policy document on 30 December 2022 to set out regulatory requirements on Electronic Money (e-Money) for approved electronic money issuers (EMI). The policy document aims to ensure the safety and reliability of e-money issued by EMIs, and maintain the confidence of customers and merchants in using or accepting e-money for goods and services.

The requirements became effective on 30 December 2022, except paragraphs 15, 16.2, 18, 19.6 – 19.15 and 27 – 31, which will come into effect on 30 December 2023.

[Policy Document on Electronic Money \(E-Money\)](#)

8 Payment System Operator

On 22 December 2022, the BNM issued the policy document on *Payment System Operator* following conclusion of a consultation on 15 December 2021. The policy document outlines the regulatory requirements for payment system operators (PSO), and applies to approved operators of payment systems and operators of designated payment systems. Relevant PSOs are required to comply with the requirements to achieve the following:

- Ensure the safety, efficiency and reliability of payment systems;
- Maintain public confidence in payment systems and the use of payment instruments; and
- Ensure payment systems' alignment with relevant international standards.

The policy document became effective on 22 December 2022.

[Payment System Operator](#)

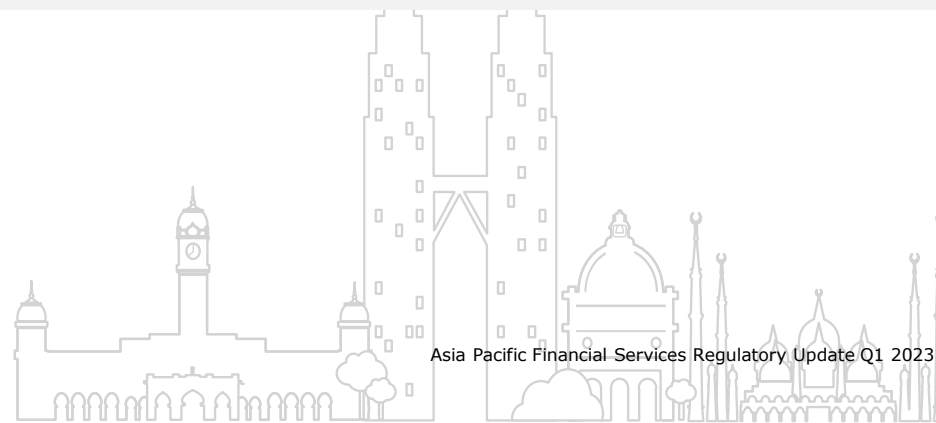
9 Medical and Health Insurance/Takaful Business

On 30 December 2022, the BNM issued an exposure draft on the proposed requirements and guidance applies to licensed insurers and takaful operators (licensed ITOs) carrying out medical and health insurance/takaful (MHIT) business for public consultation. The proposed requirements update the existing requirements on the conduct of the MHIT business, aligning with the key strategies of *BNM's Financial Sector Blueprint 2022-2026*.

The proposed requirements intend to address advancements in the MHIT industry and foster more innovative, inclusive and sustainable MHIT business models that better meet client needs and the current operating environment.

The consultation ended on 15 March 2023.

[Exposure draft – Medical and Health Insurance/Takaful Business](#)



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Malaysia (3/3)

10 Financial Inclusion Framework 2023-2026

The BNM issued a discussion paper on 3 February 2023 to sets out its proposed *2nd Financial Inclusion Framework 2023 – 2026*. The proposed Framework was developed to align with *the Financial Sector Blueprint 2022 – 2026*, and it will serve as a 4-year strategic roadmap and principle-based guidance to establish financial inclusion. Despite significant progress made since the *1st Financial Inclusion Framework 2011-2020*, the BNM noted there are still several barriers and challenges need to be addressed to achieve financial inclusion.

The consultation ended on 31 March 2023.

[Discussion Paper on Financial Inclusion Framework 2023-2026](#)

11 Liquidity Facility to Licensed Insurers and Takaful Operators

On 10 February 2023, the BNM issued a policy document on the *Liquidity Facility to Licensed Insurers and Takaful Operators* with immediate effect. The BNM has extended a liquidity facility to all licensed insurers (including professional reinsurer) under the *Financial Services Act 2013 (FSA)*, and all licensed takaful operators (including professional retakaful operators) under the *Islamic Financial Services Act 2013 (IFSA)*. The extension provides the insurance and takaful industry with an additional liquidity management tool, improving their resilience and efficiency while complying with the conditions of accessing the liquidity facility.

[Policy Document on Liquidity Facility to Licensed Insurers and Takaful Operators](#)

12 Investment-Linked Business

On 13 February 2023, the BNM issued a policy document on *Investment-linked Business* with immediate effect. The policy document serves as the replacement document that supersedes the following:

1. Investment-linked Business Policy Document issued on 11 January 2019 (BNM/RH/PD 029-36);
2. Specifications relating to Product Illustration Rate for Investment-Linked (IL) Insurance Policy/ Takaful Certificate under the Policy Document on Investment-linked Business issued on 7 October 2020 (JKAP7500/POL/4/3/7); and
3. Specification pursuant to sections 47, 123 and 143 of the FSA and sections 57, 135 and 155 of the IFSA in respect of the Investment-linked Business Policy Document issued on 22 March 2021 (JKAP7500/POL/4/3/7).

The key purpose of the updated policy document is to ensure licensees provide fair treatment to policy holders/takaful participants and maintain the value of policyholders/takaful participants' investment-linked policies/takaful certificates.

Key changes include:

- Implemented minimum allocation rates (MAR) as per the Life Insurance and Family Takaful Framework to protect policy owners/takaful participants' account value;
- Introduced sustainability tests standards to ensure proper management of long-term persistency of investment-linked policy/takaful certificates; and
- Enhanced product illustration format.

[Policy Document on Investment-linked Business](#)

13 Universal Life Business

On 13 February 2023, the BNM issued a policy document on *Universal Life Business* with immediate effect. The policy document sets out the prudential and conduct requirements for universal life business. The requirements cover the following areas:

- Board and senior management's roles and responsibilities in the licensed insurer's universal life business management;
- Overall governance in universal life business management, including product design, imposition and revision of fees and charges, and management of expenses;
- Investment, valuation and capital treatment of the universal life fund; and
- Disclosure requirements to promote transparency to universal life policy owners.

[Policy Document on Universal Life Business](#)



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1 Financial Markets Authority 2022 Annual Report Summary

On 24 January 2023, the Financial Markets Authority (FMA) published its 2022 annual report for the year to 30 June 2022. The report details the four main areas of focus for the regulator, including:

1. Monitoring and oversight of financial market participants;
2. Preparations for new financial markets legislation;
3. Building investor capability; and
4. Enforcement activity.

During the 12 months to June 2022, a number of regulatory regimes and developments were implemented. Key updates include:

- Cyber and operational resilience was a focus area and one where the FMA is improving its monitoring approach.
- The Financial Markets (Conduct of Institutions) Amendment Act (CoFI) was passed into law in June 2022. Under CoFI, banks, insurers and non-bank deposit takers must treat consumers fairly by applying the "fair conduct principle."
- The Financial Services Legislation Amendment Act 2019 introduced a new framework for giving financial advice which requires those giving advice to retail clients to hold a financial advice provider licence issued by the FMA.
- The Managed Investment Scheme (MIS) risk assessment was published by the FMA and identified areas in the MIS considered to be higher risk.
- The Anti-Money Laundering and Countering Financing of Terrorism policy was the focus of a statutory review led by the Ministry of Justice. The FMA published AML risk ratings for each monitored financial sector and included virtual asset service providers for the first time.
- The FMA and the RBNZ operated as joint regulators for the first full year to 30 June 2022, following the new regime under the Financial Market Infrastructures Act 2021 coming into force on 10 May 2021.
- The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act introduced mandatory climate-related disclosures.

Activity to deter misconduct was also a significant part of the FMA's programme of work over the past year. The FMA has filed High Court proceedings against, or has issued warnings, to several financial institutions for contravening the fair dealing provisions in the *Financial Markets Conduct Act 2013*. The FMA also focused on deterring misleading advertising.

[FMA 2022 Annual Report](#)

2 The Proposed Income Insurance Scheme Put on Hold

The proposed scheme was intended to provide workers with a period of income if they were made redundant or were unable to work due to medical grounds. The scheme was modelled on similar social insurance schemes in Europe and would be managed by New Zealand's Crown entity, the *Accident Compensation Corporation*. Employees and employers would need to both contribute 1.39% of all employment earnings to the income insurance scheme and in return, employees would receive:

- 4-weeks' notice of redundancy;
- An additional 4-weeks' pay, at 80% from the employer (a 'bridging payment');
- Up to 6 months' pay, on up to 80% of normal earnings (subject to a cap of \$2000 a week before tax). The 6 months may be extended under certain conditions.

However, in a cabinet meeting on 8 February 2023, the Prime Minister advised that the insurance scheme would be put on hold and no legislation would be introduced this term. The rationale given was that the policy was not a current priority and that there would need to be "significant improvement" in economic conditions before the income insurance scheme would advance.

[A New Zealand Income Insurance Scheme](#)



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Philippines (1/2)

1 Risk Management Measures Relative to Virtual Asset Safekeeping, Liquidity Requirements, and Third-Party Engagements

On 7 December 2022, the Bangko Sentral ng Pilipinas (BSP) issued a *Reminder on Risk Management Measures Relative to Virtual Asset (VA) Safekeeping, Liquidity Requirements, and Third-Party Engagements*. The Reminder is made in response to the emerging threats and developments in the VA landscape, notably activities that jeopardise client money's safety and security.

All BSP-licensed virtual asset service providers (VASPs), especially those providing VA custodian, must ensure that all customer VAs should only be used for safekeeping on the customers' behalf. Furthermore, all VASPs are expected to employ an effective risk management system and practices in their liquidity, third-party, and operational risk management. Contingency funding plans should be established in the event of prolonged service delivery failure or untimely cessation of the third-party liquidity providers.

[Reminder on Risk Management Measures Relative to Virtual Asset Safekeeping, Liquidity Requirements, and Third-Party Engagements](#)

2 Anti-Money Laundering Council (AMLC) Resolution Nos. TF-63 and TF-64, Series of 2023

On 3 February 2023, the BSP issued a circular concerning the *Anti-Money Laundering Council (AMLC) Resolution Nos. TF-63 and TF-64 dated 25 January 2023* - directing the issuing of a Sanctions Freezing Orders (SFO) against certain named individuals and organisations with immediate effect.

The BSP reminds all BSP-Supervised financial institutions (BSFIs) to submit the following to the AMLC:

1. A written return, pursuant to, and containing the details required under Rule 16.c of the *Implementing Rules and Regulations of Republic Act (R.A.) No. 10168 (i.e. Terrorism Financing Prevention and Suppression Act of 2012)*; and
2. A Suspicious Transaction Report on all previous transactions of the subject of designations within 5 days from the effectivity of the SFO.

[Anti-Money Laundering Council \(AMLC\) Resolution Nos. TF-63 and TF-64, Series of 2023](#)

3 Financial Action Task Force (FATF) Publications – 24 February 2023

On 2 March 2023, the BSP issued a memo to BSFIs regarding the following FATF publications:

1. High-risk jurisdictions subject to a Call for Action –
 - Jurisdictions subject to a FATF call on its members and other jurisdictions to apply countermeasures (Democratic People's Republic of Korea (DPRK) and Iran);
 - Jurisdictions subject to a FATF call on its members and other jurisdictions to apply enhanced due diligence (EDD) measures proportionate to the risks arising from the jurisdiction (Myanmar).
2. Jurisdictions under increased monitoring; and
3. Statement on the Russian Federation.

[Financial Action Task Force \(FATF\) Publications – 24 February 2023](#)

4 Amendments to Miscellaneous Rules on Deposits

On 14 December 2022, the Monetary Board approved amendments to BSP *Miscellaneous Rules on Deposits*. The amendments intend to guide the handling of joint accounts and the acceptability of electronic signatures. The amendments clarify the following as enhancements to joint accounts opening a deposit account:

1. Acceptance of e-signature;
2. Acceptance of PhilSys Card Number (PCN) as official and sufficient proof of identity.

The amended Rules are now in effect.

[Amendments to Miscellaneous Rules on Deposits](#)

5 Proposed Templates of Articles of Cooperation and By-Laws of Cooperative Banks

On 4 January 2023, the BSP issued the proposed templates of *Cooperation (AOC) and By-Laws (BL) of Cooperative Banks*. The proposed templates aim to ensure AOC and BL of cooperative banks to comply with the minimum requirements of *Republic Act No. 9520 (The Philippine Cooperative Code of 2008)* and the *Manual of Regulations for Banks*, and cooperative banks will be allowed to include additional provisions provided that the provisions are in accordance with existing laws and regulations.

[Proposed Templates of Articles of Cooperation \(AOC\) and By-Laws \(BL\) of Cooperative Banks](#)

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Philippines (2/2)

6 Amendments to the Regulations on Credit Exposure Limits to a Single Borrower and Definition of Capital

On 5 January 2023, the BSP issued the revised *Regulations on Credit Exposure Limits to a Single Borrower and Definition of Capital*, approved by the Monetary Board on 27 December 2022. Key amendments include:

1. Loans and other credit accommodations, which are covered by adequate credit risk transfer arrangements, and meet the minimum operational requirements, shall be excluded when determining a customer's borrowing limit. The portion not covered shall still form part of the total credit commitment of the bank to the protection provider/guarantor in calculating compliance with the SBL.
2. Amended the definition of capital to "*capital shall be synonymous to unimpaired capital and surplus, combined capital accounts, and net worth and shall refer to the total of the unimpaired paid-in capital, including paid-in surplus, retained earnings, and undivided profits.*"

The circular came into effect on 5 January 2023, with exception to Section 1 on credit risk transfer, which will come into effect on 1 July 2023.

[Amendments to the Regulations on Credit Exposure Limits to a Single Borrower and Definition of Capital](#)

7 Amendments to the Regulations on Personal Equity and Retirement Account (PERA)

On 21 February 2023, the BSP issued the amended *Regulations on Personal Equity and Retirement Account (PERA)*. The amendments aim to reduce the security rate relating to the faithful performance of PERA Administrators' duties and to increase the maximum annual PERA contribution amount. Accordingly, the security rate for all PERA administrators has been reduced to 0% of the book value of the total volume of PERA assets administered.

The amendments came into effect on 1 January 2023.

[Amendments to the Regulations on Personal Equity and Retirement Account \(PERA\)](#)

8 Amendments to the Ceiling on Interest or Finance Charges for Credit Card Receivables

On 19 January 2023, the BSP issued the approved amendments to the ceiling on interest or finance charges for credit card receivables. Key amendments include:

- Banks are required to impose an interest or finance charge on all credit card transactions that do not exceed an annual interest rate of 36%, except for credit card instalment loans which will be subject to monthly add-on rates not exceeding 1%.
- Apart from the applicable maximum interest rate, no other charges or fees shall be imposed except for the processing fee, which is a maximum PHP 200.00 per transaction.

The amended Rules came into effect on 10 February 2023.

[Amendments to the Ceiling on Interest or Finance Charges for Credit Card Receivables](#)

9 Financial Products and Services Consumer Protection Act

On 12 March 2023, the Philippines Insurance Commission published the *Insurance Memorandum Circular 2023-01 - Implementing Rules and Regulations of Republic Act No. 11765, Otherwise known as the "Financial Products and Services Consumer Protection Act"*. The rules aim to protect the insured public (including life, non-life, pre-need, and Health Maintenance Organisations customers)' interests and rights. The rules cover the governance structure, policies, processes, measurement and control procedures to ensure consumer protection risks are identified, measured, monitored, and mitigated.

The rules are now in effect and apply to all Insurance Commission governed-financial products and services (except reinsurance transactions).

[IMC 2023-01 | Implementing Rules and Regulations of Republic Act No. 11765, Otherwise known as the "Financial Products and Services Consumer Protection Act"](#)



Singapore (1/2)

1 Due Diligence Requirements for Corporate Finance Advisers

On 23 February 2023, the Monetary Authority of Singapore (MAS) issued a Notice imposing baseline standards of due diligence and conduct requirements for corporate finance advisers. These requirements include raising the standards of conduct of advisers, whilst improving the quality of disclosures and allowing investors to make informed decisions. Measures include conducting background checks with relevant stakeholders, assessing skills, knowledge and experience of third-party providers, and ensuring material issues are resolved and disclosed. It signifies the important role corporate finance advisers play in safeguarding investor interests and the integrity of capital markets.

[MAS Imposes Due Diligence Requirements for Corporate Finance Advisers](#)

2 AML/CFT Circular

On 3 March 2023, the MAS issued a circular on *Money Laundering and Terrorism Financing Risks in the Wealth Management Sector*. The circular serves as a reminder for all financial institutions to stay vigilant to the ML/TF risks in wealth management. Some key recommendations include:

- Conduct added review and quality assurance testing such as taking added steps to review existing Customer Due Diligence practices in high growth areas.
- Continue to exercise vigilance over high risk customers and transactions:
 - Added quality assurance testing to be done on key control areas relating to the identification of higher risk customers, including those that pose higher tax evasion- and corruption-related risks and corroboration of the source of wealth and source of funds of customers
 - Take note of prospective customers who withdraw their applications due to an inability or unwillingness to provide mandatory Customer Due Diligence information. Financial institutions should have an established process to monitor such situations and consider the need to file a Suspicious Transactions Report in these cases.
- Financial institutions are strongly encouraged to make use of data analytics to strengthen their monitoring network for unusual transaction patterns as well as to identify customer networks of concern.

[Money Laundering and Terrorism Financing \(ML/TF\) Risks in the Wealth Management Sector](#)

3 Green Taxonomy

On 15 February 2023, the Green Finance Industry Taskforce (GFIT) convened by MAS launched its final public consultation on a green and transition taxonomy for Singapore-based financial institutions. A key proposal of this public consultation is the adoption of a “measures-based approach” for the industrial sector.

A key feature is the threshold and criteria it sets out for transition activities, that allow for a progressive shift towards a net zero outcome across different activities in the industrial sector:

- Green Classification: Activities that contribute substantially to climate change mitigation and is consistent with a net zero outcome, or are on a pathway to net zero by 2050.
- Amber Classification: Transition activities, including those that are either transitioning towards green within a certain time frame, or enabling significant emissions reductions in the short term
- Red Classification: Harmful activities that are not currently compatible with a net zero trajectory.

This third consultation builds on GFIT’s two earlier rounds of consultations, which proposed the threshold and criteria for the energy, transport and real estate sectors. The eight sectors covered within the taxonomy account for the majority of greenhouse gas emissions in South-East Asia.

[Industry Taskforce launches Third Consultation on Green and Transition Taxonomy](#)



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Singapore (2/2)

4 MAS Revises Code of Corporate Governance

On 11 January 2023, the MAS introduced amendments to the *Code of Corporate Governance* to introduce a nine-year tenure limit for independent directors and mandatory remuneration disclosure. The revisions to the Code and Listing Rules are in line with the recommendations made by the Corporate Governance Advisory Committee

The latest revisions are important steps to further strengthen director independence, encourage board renewal and improve market transparency.

[MAS revises the Code of Corporate Governance to reflect independent director tenure limit and mandatory remuneration disclosure for directors and CEOs](#)

5 Payment Linkage

On 21 February 2023, Singapore's MAS and the Reserve Bank of India launched a real-time payments link to enable low cost cross-border remittances real-time payments link to enable low cost cross-border remittances. The linkage between Singapore's PayNow and India's Unified Payments Interface will enable customers of participating financial institutions between the two countries to send and receive funds between bank accounts or e-wallets in real-time. The PayNow-UPI linkage is the world's first real-time payment systems linkage to use a scalable cloud-based infrastructure which can accommodate future increases in the volume of remittance traffic. Participating financial institutions have committed to ensuring that the service remains cost-efficient, and accessible to foreign workers and students residing in Singapore and India, enabling them to make and receive low-cost cross border remittances.

[Launch of Real-time Payments between Singapore and India](#)



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South Korea (1/2)

1 Work Plan for 2023

On 30 January 2023, the Korea Financial Services Commission (Korea FSC) issued its annual work plan for 2023. The 2023 work plan includes 12 specific policy items under the following initiatives:

1. Ensuring strong financial market stability;
2. Strengthening the role of finance to shore up the growth of the real economy and people's livelihoods; and
3. Promoting the advancement of the financial industry into a high value-added strategic sector.

Some key policy items are:

- To manage and respond in advance to various risks in the financial market and real estate market, triggered by interest rate hikes;
- To support the expansion of future growth engines, the authorities will:
 - Provide policy funding to support the "New Growth Strategy 4.0" initiative, with the aim to support Korea to become world's top 5 power exporter;
 - Introduce business development companies to facilitate investment by retail investors in venture business and innovation firms with high growth potential;
 - Specify corporations under duty and disclosure items for listed firms' mandatory ESG disclosure of listed firms starting 2025.
- Promote the export of internationally competitive financial service infrastructures (such as the credit data system, payment and settlement system, etc.) to developing markets and offer fintech business support.

[FSC Unveils Work Plan for 2023](#)

2 Improve Foreign Investors' Access to Korean Capital Markets

On 25 January 2023, the FSC Korea announced measures to improve foreign investors' access to Korean capital markets through deregulation. Key improvement measures are:

1. Abolish the foreign investor registration requirement;
2. Facilitate the use of omnibus account for foreign investors;
3. Improve the convenience of OTC transactions for foreign investors;
4. Expand the availability of English disclosures in phases.

The authorities will revise the FSCMA *Enforcement Order and Financial Investment Business Regulations* in the first half of 2023 and commence implementation by the end of 2023 after building an IT system.

[FSC Announces Measures to Improve Foreign Investors' Access to Korean Capital Markets](#)

3 Strengthen Rights of General Shareholders in Split-off of Listed Company

On 20 December 2022, the Korean Government approved the amended *Enforcement Decree of the Financial Investment Services and Capital Act (FSCMA)*. The amended act serves as a follow-up to the *Measures to Improve Protection for General Shareholder in IPO of Split-off Subsidiary* announced on 5 September 2022.

The three layers of general shareholder protection scheme for IPO of split-off subsidiary has been established and is in effect as of the end of 2022. The three layers are:

- Enhanced disclosure – companies seek to split off a subsidiary will be required to disclose their business restricting plan from 18 October 2022;
- Right to request company to purchase shares – shareholders who dissent from the company's split-off decision have the right to request the company to purchase their stocks when the company's board of directors resolves to make a split-off.
- Strengthened listing review – From 28 September 2022, the effort of parent company in ensuring general investor protection are being investigated when split-off subsidiary plans to go public.

The amendment is now in effect.

[Government Approves Revision Bill to Strengthen Rights of General Shareholders in Split-off of Listed Company](#)

4 Measures to Improve Corporate Financial Data Infrastructure to Support More Businesses

On 22 December 2022, the FSC Korea announced the improvement plan to corporate financial data infrastructure to support micro-enterprises, SMEs and innovative businesses. Key improvements include:

1. Update the corporate data management system of Korea Credit Information Services (KCIS);
2. Expand data sharing with financial sectors on innovative businesses in new industries;
3. Revision of entry regulations for business credit bureaus (business CBs), allowing CBs to be selected as data-specialised institutions; and
4. Review of ways to introduce MyData services designed for sole proprietors

The improvements were discussed at the 5th financial regulatory innovation committee meeting on 20 December 2022. The FSC Korea will seek to prompt the implementation of the detailed measures in the first half of 2023.

[FSC Unveils Measures to Improve Corporate Financial Data Infrastructure to Support More Businesses](#)

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5 Corporate Bond and Money Market Situation and Real Estate PF Risks

On 6 March 2023, the FSC Korea held a meeting to review the corporate bond and short-term money market situation and risks in the real estate project finance (PF) market and discuss responding measures with relevant authorities. Key discussion areas are:

1. Current corporate bond and money market trends;
2. Direction to address risks in the real estate PF market;
3. Direction to revise the inter-creditor agreement in real estate PF; and
4. Measures to support private sector-led real estate PF restructuring.

Concluding from the meeting, the government introduced the following responding measures:

- Authorities will examine each site of real estate PF and set up a quick reporting system for abnormal situations;
- Authorities will flexibly implement policies to accommodate special situations and characteristics of each real estate PF site; and
- Authorities will increase the amount of policy funds supplied to construction companies and enhance risk management over real estate trust companies.

To ensure the stability of real estate PF market and the financial market, the Korean government will continue to actively pursue and implement these revised measures with existing programs. Furthermore, authorities will also review the market situation and extend the grace period of particular financial relief regulations if necessary.

[FSC Holds Meeting to Review Corporate Bond and Money Market Situation and Real Estate PF Risks](#)

6 New Rules to Improve Distribution of Dividends

On 31 January 2023, the FSC Korea and the Ministry of Justice announced a set of measures to improve rules regarding dividends. These measures intend to align companies' procedures for distributing dividends with international standards.

Key improvement measures include:

1. Authorities issued an authoritative interpretation on the Commercial Act, and revised the FSCMA to improve the current dividend distribution procedure, through which enables investors to invest after determine the amount of dividend received.
2. Revised model articles of association of listed companies to encourage adoption of the improved dividend distribution procedures. From 2024, listed companies will be required to disclose whether they have adopted the improved dividend distribution procedure on their corporate governance reports.

[Authorities Plan to Improve Rules Regarding Dividend in Line with Global Standards](#)

7 FSC Proposes Regulatory Revisions to Facilitate Prompt Recovery of Demand in Housing Market

On 10 February 2023, the FSC Korea announced regulatory revisions in five major financial sectors (including banks, insurance companies, savings banks, specialised credit finance business companies and mutual finance unions) for the implementation of housing market-related measures introduced on 10 November 2022.

Key revisions include:

- Permitted lenders to issue new home mortgages to multiple house owners intends to purchase new house in regulated areas;
- Permitted lenders to issue new home mortgages to entities registered as house rental business operators and house brokers;
- Lifted all home mortgage issuance restrictions on landlords intend to use the mortgages to return lease deposits to their tenants;
- Lifted the KRW200 million (per year) cap placed on home mortgages intended to be used for emergency livelihood expenses, and lenders will be permitted to issue home mortgages within the borrower's loan to value (LTV) ratio and debt service ratio (DSR);
- Temporarily apply (for one year) borrower's former DSR calculated at the time of original mortgage issuance when the borrower applies for a refinancing loan, to prevent a reduction in potential loan limit amid rate hikes and tightened DSR regulations;
- Lifted the current home mortgages (KRW600 million) cap on low-income households and non-speculative homebuyers who intend to purchase a new house in regulated areas, and permit lenders to issue home mortgages to the homebuyers within the LTV ratio and DSR of the borrower.

The revision became effective on 2 March 2023.

[FSC Proposes Regulatory Revisions to Facilitate Prompt Recovery of Demand in Housing Market](#)

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Taiwan (China) (1/3)

1 2023 Financial Examination Focuses

On 23 December 2022, the Financial Examination Bureau (FEB) of the Financial Supervisory Commission (FSC Taiwan) announced its 2023 financial examination focusing on implementing the *Principles for Effective Financial Examination's* principle of maintaining the transparency of examination procedure. The financial examination focuses intends to support FIs to understand the FSC Taiwan's supervisory and examination focuses, as well as to strengthen business and operation to achieve self-regulation.

6 Key financial examination focuses in 2023 include:

(1) Risk management in response to the development of domestic and international political and economic conditions; (2) concern of external stakeholders; (3) FSC Taiwan supervisory focuses; (4) other common examination focuses across industries; (5) new or revised examination items in each financial industry sector, and (6) other existing examination focuses.

Having regard to the above focuses, the four of most concern to FSC Taiwan in 2023 are: (a) financial resilience (capital and financial resilience; internet security and information resilience); (b) domestic and foreign investment risk management; (c) fraud prevention; and (d) financial consumer protection.

[FSC Taiwan announces 2023 financial examination focuses](#)

2 Regulations Governing Foreign Bank Branches and Representative Offices

On 21 December 2022, the FSC Taiwan announced the official amendments to Article 18 of the *Regulations Governing Foreign Bank Branches and Representative Offices*. The amendments aim to moderately increase the loan and investment capability of foreign banks' Taiwan branches, based on the head offices' source of funds and other overseas branches. Key amendments include:

- Amendment to Article 18, Paragraph 2: Amended the term "actual drawdowns under credit lines from its head office" – In addition to the existing obligation, a foreign bank's branch in Taiwan will be required to include short-term loans of one year or less received from other overseas branches of the head office in the calculation of the total amount of deposits;
- Added requirements in Article 18, Paragraph 3: Foreign banks' branches are required to establish management mechanisms for the maturity and allocation of related assets, as well as liabilities and liquidity management mechanisms.

[Amendment of Article 18 of the "Regulations Governing Foreign Bank Branches and Representative Offices"](#)

3 Regulations Governing Issuance of NTD Bank Debentures by Foreign Bank Branches

On 3 January 2023, the FSC Taiwan launched a consultation on the amendments made to the *Regulations Governing Issuance of NTD Bank Debentures by Foreign Bank Branches*.

To support Taiwan's 2025 net zero target, the FSC Taiwan, Environmental Protection Administration (EPA), Ministry of Economic Affairs (MOEA), Ministry of Transportation and Communications (MOTC), and Ministry of the Interior (MOI) jointly issued the *Criteria for Determining Whether Economic Activities Qualify as Sustainable* on 8 December 2022 to encourage FIs to invest capital in sustainable economic activities. Following the Criteria, the FSC Taiwan proposed amendments to Article 2 and Article 4 of the *Regulations Governing Issuance of NTD Bank Debentures by Foreign Bank Branches*, intending to assist foreign banks' branches in sustainable finance and carbon reduction. Key amendments include:

- Expanded the scope of the use of funds raised through bank debentures issued by foreign bank branches in Taiwan to cover general and forward-looking economic activities listed in the Criteria; and
- Foreign branches will be required to set up related audit and management mechanisms for the fund use and management.

The proposed amendments will be published in the Executive Yuan Gazette.

[Notice of the Draft Announcement to the "Regulations Governing Issuance of NTD Bank Debentures by Foreign Bank Branches" for Public Comments](#)

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4 Taiwan Sustainable Taxonomy

To support the net-zero emission by 2050 initiative and encourage FIs to support enterprises' transition to a sustainable and low-carbon economy, the FSC Taiwan, the EPA, MOEA, MOTC, and MOI jointly issued the *Taiwan Sustainable Taxonomy* on 8 December 2022.

The Taxonomy adopted a set of technical screening criteria for substantial contributions to address the objective of climate change mitigation. Moreover, the Taxonomy provides guidance to 16 ordinary economic activities, and 13 forward-looking economic activities in sectors to determine whether those activities qualify as sustainable.

The Taxonomy intends to encourage companies to disclose information on whether their primary economic activities comply with the Taxonomy on a voluntary basis. Furthermore, FIs are encouraged to assess potential investment and financing deals concerning the Taxonomy, while actively engaging with enterprises. The principal focus in the early implementation stage will be on TWSE- and TPEX-listed companies.

[FSC, EPA, MOEA, MOTC, and MOI jointly issue "Taiwan Sustainable Taxonomy" to encourage financial institutions to support enterprises transition towards sustainable and low-carbon economy](#)

5 Promote Friendly Financial Services for Foreigners in Taiwan

On 9 February 2023, the FSC Taiwan stated that domestic banks are encouraged to optimise financial services for foreigners in Taiwan and actively promote friendly financial service measures. The aim is to support the government's population and immigration policies and enhance the recruitment of foreign professionals in Taiwan. Key measures include:

1. Support the promotion of the "Employment Gold Card for Foreign Professionals" policy;
2. Provide foreigners with information on financial services available;
3. Continue to encourage banks to set up bilingual branches and bilingual ATMs;
4. Request banks to improve friendly financial services for foreigners; and
5. Optimise online account opening services for foreigners.

[FSC Continues to Promote Friendly Financial Services for Foreigners in Taiwan](#)

6 Sustainable Finance Evaluation Indicators

Following the FSC Taiwan's Green Finance Action Plan 3.0, the Taiwan Academy of Banking and Finance (TABF), the Taiwan Insurance Institute (TII), and the Securities and Futures Institute (SFI) released the first (2023) *Sustainable Finance Evaluation Indicators* on 29 December 2022.

Large FIs will be the focus of the evaluation during the early stage and will gradually incorporate smaller FIs. The evaluation covers qualitative and quantitative topics, including 112 industry-wide indicators and 58 indicators on specific types of business. The evaluation indicators include "sustainable finance composite indicators" and three single-category indicators for environmental, social, and governance issues.

The FSC Taiwan aims to encourage FIs to remain vigilant to risks, strengthen their contingency response capability and develop their resilience through the sustainable finance evaluation. Moreover, leverage financial industry's influence and guide consumers, investors, and physical industries to recognise the importance of sustainable development.

[FSC announces first set of sustainable finance evaluation indicators](#)

7 Electronic Payment Institutions

On 3 January 2023, the Legislative Yuan approved the amendment to *Act Governing Electronic Payment Institutions*. Key amendments are:

- Amendment to Article 11, Paragraph 1, Subparagraph 12: Contract content (including trust agreement, performance guarantee agreement, or templates) may be approved via an attorney-reviewed legal opinion or a CPA-provided certification report.
- Added Article 38, Paragraph 1, Subparagraph 5: When an electronic payment institution's operation could be affected by a violation of legislation or its articles of incorporation or by some other behaviours of the institution, the competent authority may require it to set aside a certain amount of cash to reserve or order it to carry out a capital increase.

[FSC amends Articles 11 and 38 of the "Act Governing Electronic Payment Institutions"](#)

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Taiwan (China) (3/3)

8 Financial Cyber Security Action Plan 2.0

On 14 February 2023, the FSC Taiwan released *the Financial Cyber Security Action Plan 2.0*. The Action Plan aims to secure the financial system's continuous operation, offer the public a trading environment that inspires trust, and enhance the cyber security capabilities of financial services organisations. Action Plan 2.0 consists of 40 measures, including 12 newly added cyber security measures, 5 revisions to expand the scope of application measures, and 23 existing measures remains unchanged.

Key requirements are:

1. Require more FIs to appoint a Chief Information Security Officer (CISO) and institute periodic CISO liaison meetings;
2. Adopt or amend self-regulatory rules in response to digital transformation and the deregulation of online services;
3. Enhance data vaulting and operational continuity drills;
4. Expand the adoption of international cyber security standards and the establishment of Security Operation Centres;
5. Encourage assessments of cyber security monitoring and defense effectiveness;
6. Encourage zero trust networks establishment and improve network connection validation and authorisation control;
7. Encourage the hiring of cybersecurity personnel with diverse specialties, enhance attack and defense training;
8. Improve cyber intelligence sharing capabilities, achieve more effective cyber security joint defense; and
9. Conduct cyber security offensive and defensive exercises, plan for major cyber event support exercises.

[FSC releases Financial Cyber Security Action Plan 2.0, guides continued improvements in financial cyber security](#)

9 Green FinTech Thematic Campaign

On 21 February 2023, the FSC Taiwan announced the launch of the 2023 Green Fintech Thematic Campaign. With reference to the Green Digital Finance Alliance's Green Fintech Classification, 2023 campaign scope will include:

- Green digital payment and account solutions;
- Green digital investment solutions;
- Digital ESG data collection and analytics solutions;
- Green insurtech solutions;
- Green lending solutions;
- Green digital asset solutions; and
- Green Regtech solutions.

Furthermore, the FSC Taiwan will launch a series of Green FinTech activities, including domestic and international conferences, business matching and proof-of-concept activities, and events to announce significant achievements.

[FSC to launch Green FinTech thematic campaign](#)

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Thailand

1 Virtual Bank Licensing Framework

On 12 January 2023, the Bank of Thailand (BOT) launched a consultation on the draft *Virtual Bank Licensing Framework*. The consultation serves to support Thailand's transition towards a sustainable digital economy. One of the BOT's key policies is the introduction of virtual banks as new players, which also aligns with regulatory approaches in many jurisdictions. The framework aims to enable applicants with expertise in technology, digital services, and data analytics to provide financial services efficiently via digital channels while reducing staff and bank branch costs.

Key elements of the proposed licensing, regulatory, and supervisory framework for virtual banks include:

1. Virtual banks may provide full-service banking business;
2. Virtual bank applicants must have appropriate qualifications;
3. Virtual banks are subject to traditional commercial banks' regulations and supervision; and
4. Virtual banks shall go through a restricted phase in the initial years and be under close supervision.

The consultation ended on 12 February 2023. The final licensing regulations are anticipated to be announced in 2023, along with the application process. The list of successful applicants approved by the Minister of Finance will be announced in 2024.

[The Bank of Thailand issues Consultation Paper on Virtual Bank Licensing Framework](#)

2 Risk Disclosure Related to Cryptocurrency Investment

On 9 February 2023, the Securities and Exchange Commission, Thailand (SECT) launched a public consultation on the draft *Regulation of Risk Disclosure Related to Cryptocurrency Investment*. The proposed regulation mandates risk disclosure for cryptocurrency, seeking improvement in the knowledge and understanding of investors in cryptocurrency and risk management.

The proposed requirements include:

- Cryptocurrency exchanges, brokers, and dealers will be required to disclose risk information to users before admission to the platform, inform basic asset allocation and allowing investors to acknowledge the associated risks; and
- Cryptocurrency exchange warning messages on advertisement should be clear and easily noticeable and must use a colour scheme different from the background colour or use bold text.

The consultation ended on 24 February 2023.

[SEC Thailand's public hearing on the draft regulation of risk disclosure related to cryptocurrency investment](#)

3 Draft Thailand Taxonomy

On 26 December 2022, the BOT and SECT launched a joint public consultation on Phase I of the *Thailand Taxonomy*. The Taxonomy aims to establish a common framework to classify economic activities, which enables stakeholders to gather investment information and mobilise green financing. Moreover, the taxonomy enables market participants, regulators, and policymakers to understand climate and sustainability risk management, and to promote investments that meet robust sustainability goals.

The Thailand Taxonomy takes a principles-based approach and categorises activities into a three-level 'traffic-light system' – green, amber and red. The key focus of the Thailand Taxonomy is to define activities that reduce greenhouse gas emissions, in line with Thailand's climate policy and international obligations to achieve climate change mitigation goals. Key environmental objectives of the Taxonomy are:

- Climate change mitigation;
- Climate change adaptation;
- Sustainable use and protection of marine and water resources;
- Resource resilience and transition to a circular economy;
- Protection and restoration of biodiversity and ecosystems.

Phase I of the Thailand Taxonomy implementation will begin with the sectors that generate a high proportion of greenhouse gases –the energy and transport sectors, with assessments of other sectors to continue in the future.

The consultation ended on 26 January 2023.

[Draft Thailand Taxonomy Paper](#)

4 Operational Risk Management

On 20 December 2022, the BOT issued the draft regulation revision on operational risk management of financial institutions and financial business groups for public consultation. The revised operational risk management regulations will align with the nation's current situation and international standards. The BOT developed its operational risk management framework (ORMF) based on BCBS guidelines, including the *Principles for the Sound Management of Operational Risk* and *Principles for Operational Resilience*.

The consultation ended on 23 January 2023.

[Draft regulation on operational risk management of financial institutions and financial business groups](#)

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1 Draft Circular Regulating Credit Information Activities of the State Bank of Vietnam

On 17 January 2023, the State Bank of Vietnam (SBV) issued the draft Circular regulating credit information activities of the state bank for consultation. Key regulations for credit institutions, voluntary organisations, and other organisations provided with credit information are as follows:

1. Protect against unauthorised loss, access to, use of, or disclosure of credit information;
2. Develop solutions to recover data in the event of data damage and implement plans to restore operations once the data is damaged;
3. Ensure credit information safety and confidentiality in accordance with other provisions within the draft Circular.

The drafted Regulation will supersede Circular No. 03/2013/TT-NHNN issued by the SBV on 28 January 2013.

[Circular Regulating Credit Information Activities of the State Bank of Vietnam](#)

2 Draft Circular on Regulations on Internal Control System of Non-Bank Credit Organisations

On 30 January 2023, the SBV issued the draft Circular on amendments and supplements to the *Regulations on Internal Control System of Non-Bank Credit Organisations* for consultation. The Circular modifies regulations on non-bank credit organisations' internal control systems, internal control activities, internal reports, information management systems, credit risk and credit appraisal. The SBV also proposed supplementary regulations on the supervision of senior management, control of credit granting activities, etc.

[Draft Circular on Regulations on Internal Control System of Non-Bank Credit Organisations](#)

3 New Law on Anti-Money Laundering in Force

On 1 March 2023, the new *Law on Anti-Money Laundering* passed by the National Assembly on 15 November 2022 came into effect. The new law replaced *Law No. 07/2012/QH13 on Anti-Money Laundering* passed by the National Assembly on 18 June 2012. The new law covers measures to detect, prevent, combat and punish natural or legal persons for money laundering acts, responsibilities of entities, natural or legal persons for money laundering prevention and control, and international cooperation in AML. Some key amendments in the new law include broadening the definition of money laundering and the scope of reporting subjects. The new law also revised the guidance on identifying transactions subject to reporting.

[Law on Anti-Money Laundering](#)

4 Draft Amendments to Law on Credit Institutions

On 28 February 2023, the SBV issued the draft amendments to Law on Credit Institutions for consultation. The SBV modifies and provides supplementary regulations on licenses, operation, administration, information disclosure, foreign branches, reorganisation, bankruptcy, dissolution and liquidation of credit institutions.

[Draft Law on Credit Institutions](#)

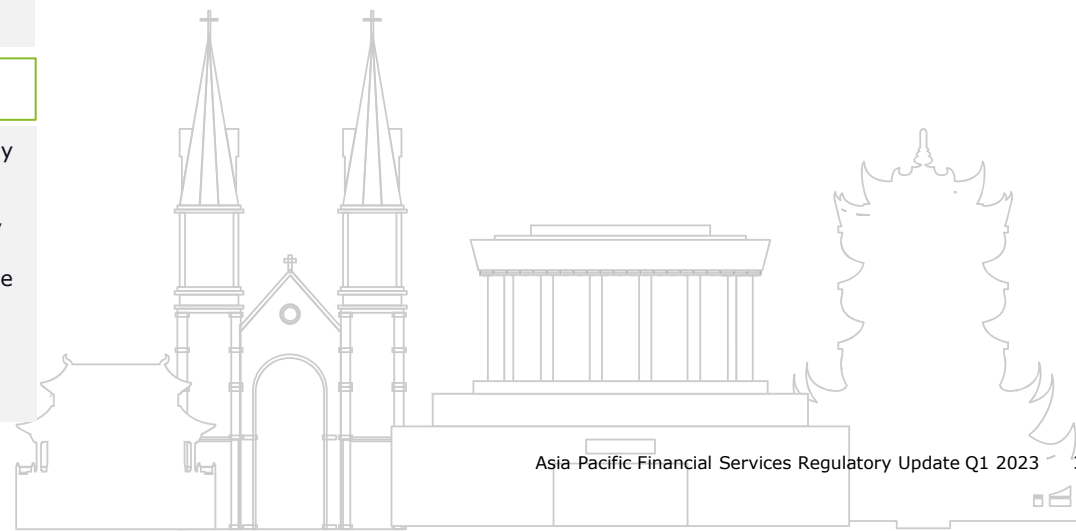
5 Guiding Activities of One-Way Money Transfer Abroad from Vietnam and Payment and Money Transfer for Other Current Transactions of Institutional Residents or Individual Residents

On 30 December 2022, the SBV issued *Circular No. 20/2022/TT-NHNN on Guiding Activities of One-Way Money Transfer Abroad from Vietnam and Payment and Money Transfer for Other Current Transactions of Institutional Residents or Individual Residents*. The circular aims to guide the following activities:

1. Purchase, transfer and carrying of foreign currency abroad by residents as organisations for one-way money transfer;
2. Purchase, transfer and carrying of foreign currency abroad by residents as Vietnamese citizens for one-way money transfer; and
3. Payment and money transfer for other current transactions.

The Circular came into effect on 15 February 2023.

[Circular No: 20/2022/TT-NHNN](#)



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6 Guidelines on Corporate Bonds

On 5 March 2023, the Government of Vietnam issued *Decree No.08/2023/ND-CP on Amending, Supplementing and Suspending Effect of a Number of Articles of Decrees on Private Placement of Corporate Bonds and Trading of Privately Placed Bonds in the Domestic Market and Offering of Corporate Bonds to the International Market*. The new Decree is now in effect, and aims to help the corporate bond market to avoid short-term collapse by reducing the bond supply, extending the repayment period and increasing the demand for bonds.

[Decree on Amending, Supplementing and Suspending Effect of, a Number of Articles of Decrees on Private Placement of Corporate Bonds and Trading of Privately Placed Bonds In the Domestic Market and Offering Of Corporate Bonds to the International Market](#)

7 Debt Trading of Credit Institutions and Foreign Bank Branches

On 26 December 2022, the SBV issued *Circular No. 18/2022/TT-NHNN* to amend and supplement some regulations on debt trading of banks, and foreign bank branches at *Circular No. 09/2015/TT-NHNN*.

Key amendments include the:

- Addition of cases allowing banks to repurchase a sold debt;
- Addition of cases allowing banks to sell debts to its subsidiaries;
- Addition of cases allowing banks to buy debts without having to maintain a non-performing loan ratio below 3%;
- Addition of regulations on debt trading with deferred payment;
- Amendments to regulations on debt valuation; and
- Amendments to regulations on the financial settlement and accounting for debts sold/purchased.

The Circular came into effect on 9 February 2023.

[Circular No. 18/2022/TT-NHNN](#)

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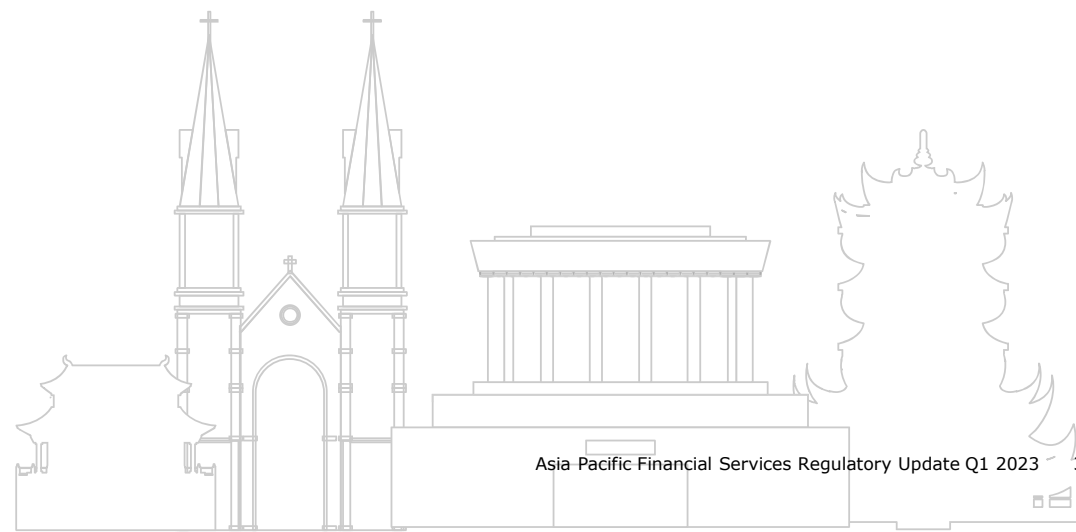
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