



Financial services compliance
advisory services

July 2024



The financial services industry is a highly regulated industry. With the global trend of stringent regulatory requirements and oversight, it becomes more challenging to financial institutions to keep up with all global and local regulatory updates.

Deloitte's regulatory and compliance assurance team is comprised of experienced professionals with expertise in banking, broking, asset management, insurance and fintech industry. We provide advisory and assurance services to our clients to ensure full compliance in such a rapidly changing regulatory landscape.





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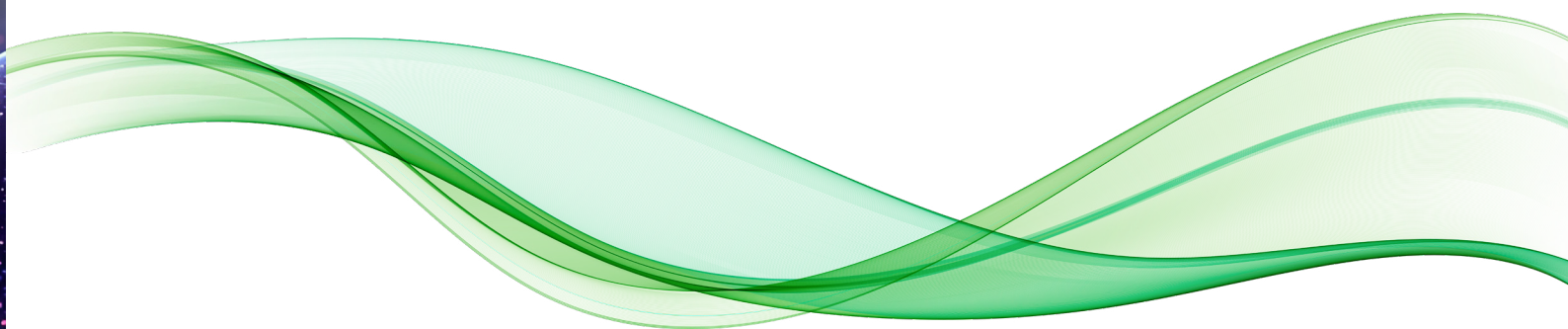
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Introduction

Complexity is increasing for different financial institutions and companies are facing increased financial, regulatory and operational challenges. Evolving regulations, in response to these challenges, present a further complicating factor.

Deloitte's regulatory and compliance assurance team is well qualified to assist financial institutions in addressing these challenges and stay abreast of changing regulatory requirements and industry practices. Our team of experts, including professionals with former experience in corporate sectors and regulator, help a wide range of financial institutions to assess, manage, report and limit the regulatory challenges they face and enhance their corporate governance, business management and regulatory & compliance practices.

The financial services industry is highly regulated. Hong Kong's well-respected regulators including the Securities and Futures Commission (SFC), the Hong Kong Monetary Authority (HKMA), the Hong Kong Exchanges and Clearing Limited (HKEX), the Insurance Authority (HKIA) and the Mandatory Provident Fund Schemes Authority (MPFA) all act as frontline regulators of Hong Kong to ensure a healthy and stable financial system and maintain Hong Kong as a competitive international financial market.

Our clients:

- Banks
- Investment banks
- Brokerage firms
- Corporate financiers
- Fund managers
- Private equity and venture capital firms
- Insurance agents and brokers
- Fintech firms
- Virtual asset trading platform operators
- Regulators
- Trustees, custodians and fund administrators

What we do

Regulatory and compliance assurance

- Licence application (SFC/HKMA)
- Bank ordinance S.59(2) review
- Assist in responding to SFC/HKMA enquiries
- Assist in SFC/HKMA regulatory compliance
- Support for investigation and enforcement cases

Independent review assessment

- Assurance Report under HKSAE 3402 / 3000 Standard on internal control / historical performance for customers, investors and regulators
- Internal control assessment
- Mock inspections and examinations (i.e. health checking)
- Fund manager valuation policy assessment
- Internal investigation and corporate governance

Ongoing compliance support (outsourcing)

- Compliance policy and procedures
- Regulatory returns (e.g FRR returns)
- Regulatory research and development
- Compliance training
- Staff secondment / compliance advisor support

Thematic focus

- Sponsor's control enhancement
- Fintech (e.g virtual asset trading platform, stablecoin)
- Data protection and privacy
- Private equity and venture capital
- Industry survey

We offer a full range of regulatory and compliance assurance services.

Licensing

Deloitte has a skilled team with experience who are familiar with SFC/HKMA's licensing requirements and application process. We can assist you in determining whether or not your business is or will be performing any regulated activities.

If your firm determines to apply for the licence, we can assist in preparing the licence application and responding to the enquiries raised by regulators during the licence application process. The client's resources can be focused on other areas of business.

Our team can assist the licence applicant with the following:

- Offers a full project management process
- Assistance in preparing application pack including business plans and relevant application forms, etc.
- Assistance in preparing financial projections
- Advising on regulatory capital requirements
- Advising on competency requirements of responsible officers and licensed representatives
- Assistance in enrolling the appropriate local licensing examination paper
- Assistance in analyzing and responding to questions and enquiries raised by the regulator during the licence application

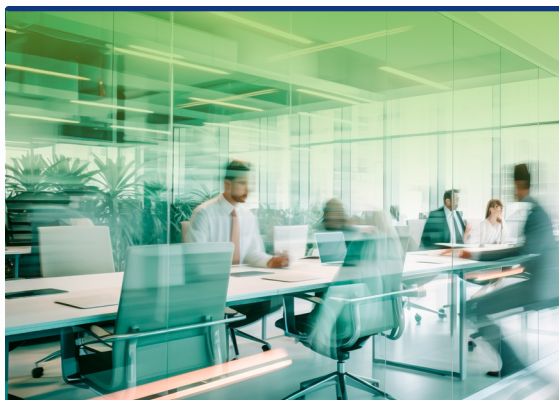
To ensure our clients to effectively utilized their resources and focus on business, we also tailor-make monthly service packages and provide ongoing compliance support post-licensing.

Licence uplift support

In the rapid evolving business environment, licensed corporations aiming to expand their capabilities or enter new markets may seek a license uplift from the regulators to ensure the business growth complies with the emerging regulatory requirements. For examples, licensed corporations aim to engage in virtual asset-related regulated activities in Hong Kong may require a corresponding licence uplift before starting the new business.

In this context, our experienced team can provide support services as follows:

- Analyzing and identifying your specific needs by considering the surrounding factors, including your current licence status, and business models
- Conducting current state assessment to identify the gaps to meet the relevant uplift requirements and provide recommendations on action plans
- Preparing and organizing necessary forms and relevant documents for the relevant application
- Assisting in analyzing and responding to questions and enquiries raised by the regulator during the relevant application



Ongoing compliance support

As a trusted partner of our clients, we offer a solution to financial institutions and deliver timely within the budget and with professional quality standards:

Compliance policies and procedures

We assist financial institutions in developing compliance programs, policies and procedures and keeping them up to date along the new business needs, changes of internal systems or implementation of regulatory updates or mandates. To assist the management in managing compliance risk, we also assist in developing compliance surveillance programs and capabilities such as designing a customized compliance monitoring plan, risk management framework and internal control documents.

Regulatory research and advisory

We help financial institutions clients in regularly monitoring regulatory changes and keeping the management up to date. On specific topic that the client is interested in, we can provide regulatory research and assist the management to assess the potential implication to their business and make recommendations on implementation.

Regulatory returns review

Leveraging our expertise in regulatory and industry experience, we can provide advisory and review services for your periodic and ad hoc regulatory returns filings to ensure accuracy and completeness such as:

- Financial Resource Rules (FRR) calculations
- Banking returns
- Account Disclosure Document (ADD)
- Business and Risk Management Questionnaire (BRMQ)
- Notification of changes of substantial shareholders
- Notification of new/removal of SFC responsible officer's directorship

Compliance training

Licensed financial institutions have a compliance obligation to update their executives and relevant employees on their knowledge and skills through continuous professional training (CPT) to maintain their competence and remain fit and proper.

We assist the management in designing and implementing the training program to fulfill the compliance training needs for all levels of staff.





Independent review and assessment

The objective of the independent review and assessment is to prevent, detect or remediate the potential non-compliance of the relevant rules and requirements, code of conducts, regulator's circulars and guidance. Our methodology typically comprises the following:

1. Identify the client's objective of the review and the outcome to achieve
2. Design the scope of the review such as the targeted business process and their relevant governing rules and regulations
3. Assess the risk and determine any deficiencies, ineffective controls or non-compliance
4. Report to client's management with observations and findings and provide recommendations and assist in enhancement or remediation

Areas of experience:

- Compliance functionality health checking before SFC's on-site review

- Internal control assessment initiated by the licensed firm's management
- Independent review mandated by SFC
- Internal investigation on employee misconduct
- First-phase and second-phase external assessments mandated by SFC for virtual asset trading platform licence applications

Investigation and enforcement

Deloitte has partnered with Chan & Jamison LLP, an independent Hong Kong law firm under the brand of Deloitte Legal.

Deloitte Legal's lawyers are licensed to practice Hong Kong law. We work closely with Deloitte Legal's Litigation team in assisting financial institutions in responding to regulatory requests during the regulator's inspection and defending the licensed firms and their officers and employees in the regulator's investigations and enforcement actions.

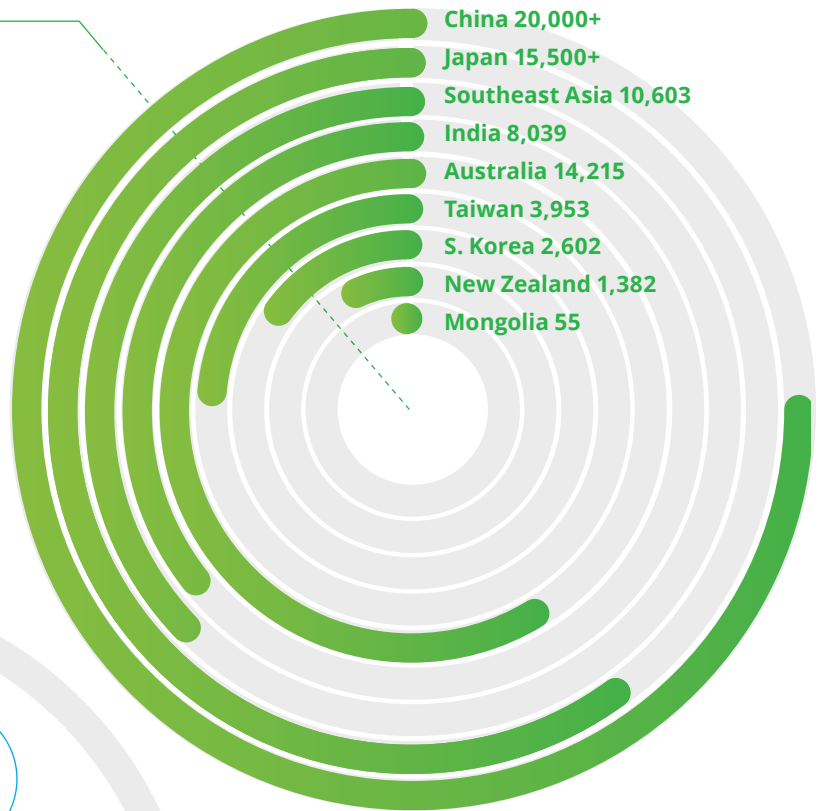
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Deloitte Asia Pacific

Deloitte Asia Pacific has over 50,000 people in 120 cities across Asia Pacific region. We are one of the leading professional services providers in the region, providing a full range of professional services, from audit, consulting, financial advisory, risk management and tax services. Our geographic footprint spans across 31 jurisdictions:



Deloitte Asia Pacific
50,000+ people
120 cities



Deloitte China
20,000+ people
26 offices

Deloitte China

Deloitte China has over 20,000 people in 26 offices across China. We are one of the leading professional services providers in the region, serving one-third of all companies listed on the stock exchange of Hong Kong and more than 800 MNCs and their affiliated companies on the Chinese Mainland.

Key contacts



Ted Ho

Partner

Hong Kong

Tel: +852 2852 6489

Email: teho@deloitte.com.hk



Eric Ng

Director

Hong Kong

Tel: +852 2238 7842

Email: eng@deloitte.com.hk



Candy Pan

Director

Hong Kong

Tel: +852 2852 1013

Email: candypan@deloitte.com.hk



Jade Ko

Associate Director

Hong Kong

Tel: +852 2258 6108

Email: jadko@deloitte.com.hk



Jimmy Ho

Associate Director

Hong Kong

Tel: +852 2852 6799

Email: jimho@deloitte.com.hk



Ella Tse

Associate Director

Hong Kong

Tel: +852 2238 7753

Email: eltse@deloitte.com.hk



Mandy Cheng

Manager

Hong Kong

Tel: +852 2258 6140

Email: macheng@deloitte.com.hk

Office locations

Beijing

12/F China Life Financial Center
No. 23 Zhenzhi Road
Chaoyang District
Beijing 100026, PRC
Tel: +86 10 8520 7788
Fax: +86 10 6508 8781

Changsha

20/F Tower 3, HC International Plaza
No. 109 Furong Road North
Kaifu District
Changsha 410008, PRC
Tel: +86 731 8522 8790
Fax: +86 731 8522 8230

Chengdu

17/F China Overseas
International Center Block F
No.365 Jiaozhi Avenue
Chengdu 610041, PRC
Tel: +86 28 6789 8188
Fax: +86 28 6317 3500

Chongqing

43/F World Financial Center
188 Minzu Road
Yuzhong District
Chongqing 400010, PRC
Tel: +86 23 8823 1888
Fax: +86 23 8857 0978

Dalian

15/F Shenmao Building
147 Zhongshan Road
Dalian 116011, PRC
Tel: +86 411 8371 2888
Fax: +86 411 8360 3297

Guangzhou

26/F Yuexiu Financial Tower
28 Pearl River East Road
Guangzhou 510623, PRC
Tel: +86 20 8396 9228
Fax: +86 20 3888 0121

Hangzhou

Room 1206
East Building, Central Plaza
No.9 Feiyunjiang Road
Shangcheng District
Hangzhou 310008, PRC
Tel: +86 571 8972 7688
Fax: +86 571 8779 7915

Harbin

Room 1618
Development Zone Mansion
368 Changjiang Road
Nangang District
Harbin 150090, PRC
Tel: +86 451 8586 0060
Fax: +86 451 8586 0056

Hefei

Room 1506, Tower A China Resource Building
No.111 Qian Shan Road
Shu Shan District
Hefei 230022, PRC
Tel: +86 551 6585 5927
Fax: +86 551 6585 5687

Hong Kong

35/F One Pacific Place
88 Queensway
Hong Kong
Tel: +852 2852 1600
Fax: +852 2541 1911

Jinan

Units 2802-2804, 28/F
China Overseas Plaza Office
No. 6636, 2nd Ring South Road
Shizhong District
Jinan 250000, PRC
Tel: +86 531 8973 5800
Fax: +86 531 8973 5811

Macau

19/F The Macau Square Apartment H-L
43-53A Av. do Infante D. Henrique
Macau
Tel: +853 2871 2998
Fax: +853 2871 3033

Nanchang

Unit 08-09, 41/F Lianfa Plaza
No.129 Lv Yin Road
Honggutan District
Nanchang, 330038
Tel: +86 791 8387 1177
Fax: +86 791 8381 8800

Nanjing

40/F Nanjing One IFC
347 Jiangdong Middle Road
Jianye District
Nanjing 210019, PRC
Tel: +86 25 5790 8880
Fax: +86 25 8691 8776

Ningbo

Room 1702 Marriott Center
No.168 Heyi Road
Haishu District
Ningbo 315000, PRC
Tel: +86 574 8768 3928
Fax: +86 574 8707 4131

Qingdao

Room 1006-1008, Block 9
Shanghai Industrial Investment Center
195 HongKong East Road
Laoshan District
Qingdao 266061, PRC
Tel: +86 532 8896 1938

Sanya

Floor 16, Lanhaihuating Plaza
(Sanya Huaxia Insurance Center)
No. 279, Xinfeng street
Jiyang District
Sanya 572099, PRC
Tel: +86 898 8861 5558
Fax: +86 898 8861 0723

Shanghai

30/F Bund Center
222 Yan An Road East
Shanghai 200002, PRC
Tel: +86 21 6141 8888
Fax: +86 21 6335 0003

Shenyang

Unit 3605-3606,
Forum 66 Office Tower 1
No. 1-1 Qingnian Avenue
Shenhe District
Shenyang 110063, PRC
Tel: +86 24 6785 4068
Fax: +86 24 6785 4067

Shenzhen

9/F China Resources Building
5001 Shennan Road East
Shenzhen 518010, PRC
Tel: +86 755 8246 3255
Fax: +86 755 8246 3186

Suzhou

24/F Office Tower A, Building 58
Suzhou Center
58 Su Xiu Road, Industrial Park
Suzhou 215021, PRC
Tel: +86 512 6289 1238
Fax: +86 512 6762 3338 / 3318

Tianjin

45/F Metropolitan Tower
183 Nanjing Road
Heping District
Tianjin 300051, PRC
Tel: +86 22 2320 6688
Fax: +86 22 8312 6099

Wuhan

Unit 1, 49/F
New World International Trade Tower
568 Jianshe Avenue
Wuhan 430000, PRC
Tel: +86 27 8538 2222
Fax: +86 27 8526 7032

Xiamen

Unit E, 26/F International Plaza
8 Lujiang Road, Siming District
Xiamen 361001, PRC
Tel: +86 592 2107 298
Fax: +86 592 2107 259

Xi'an

Unit 3003, 30/F China Life Finance Centre
11 Tangyan Road, High-tech Zone
Xi'an 710075, PRC
Tel: +86 29 8114 0201
Fax: +86 29 8114 0205

Zhengzhou

Unit 5A10, Block 8, Kineer Center
No.51 Jinshui East Road
Zhengdong New District
Zhengzhou 450018, PRC
Tel: +86 371 8897 3700
Fax: +86 371 8897 3710



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We serve with integrity, uphold quality and strive to innovate. With our professional excellence, insight across industries, and intelligent technology solutions, we help clients and partners from many sectors seize opportunities, tackle challenges and attain world-class, high-quality development goals.

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