
REGULATORY NEWSLETTER

2023 Vol.2



February is the month full of love!

ComplianceDirect would like to extend our very best wishes for good health, happiness and prosperity in the Year of the Rabbit to all our business partners and friends around the world!

The border with mainland China reopened orderly not so long ago, various families could finally get together after three years of restrictions. Though, February is short, it is filled with lots of love and sweet surprises. Also, there were a lot of signs of improvements in inbound travel figures and economic activities indicating Hong Kong is on the road to recovery.

The month of love is upon us! So, spread the love this Valentine's Day with acts of kindness towards yourself and others! ComplianceDirect wishes you all a happy Valentines' Day!

REGULATORY UPDATES

Circular to Intermediaries

Submission of BCAN-CID Mapping File for the Hong Kong Investor Identification Regime

31 Jan 2023

To prepare for the launch of the HKIDR on 20 March 2023, Relevant Regulated Intermediaries (RRIs) are reminded that they are allowed to submit the BCAN-CID Mapping File that contains Broker-to-Client Assigned Number (BCAN) and client identification data (CID) of their clients (i.e. the real data but not the test data) to the Stock Exchange of Hong Kong Limited (SEHK) from 19 December 2022 onwards. The submission can be conducted via SEHK's Electronic Communication Platform (ECP) web interface and/or ECP (SFTP) interface. RRIs are strongly advised to submit the BCAN-CID Mapping File as soon as possible, so as to allow sufficient time to verify the data and rectify any error encountered during the file submission process. Please refer to SEHK's [Circular](#) dated 12 December 2022 for details of the requirements.

[View Circular](#)

ENFORCEMENT NEWS

SFAT affirmed SFC decision to fine Cardinalasia Consulting Limited \$1.5 million and imposes a heavier suspension on its responsible officer for failures in managing private funds

30 Jan 2023

The SFC reprimanded and fined Cardinalasia Consulting Limited (CCL) \$1.5 million over its failures in acting as a principal investment adviser to five private funds between August 2014 and October 2017 after the SFAT upheld the SFC's disciplinary action against it.

The licence of CCL's responsible officer, Mr Edward Lee Shiu Lun (Lee), has also been suspended for nine months from 27 January 2023 to 26 October 2023 – two months more than the SFC had proposed. Lee was primarily responsible for providing investment management and advisory services to the five CCL-advised private funds during the material time.

The SFC is of the view that CCL and Lee had failed to ensure that five of the seven loans that they advised and/or recommended the funds to enter into were fair and in their best interests. As for the other two loans which CCL and Lee allegedly had no knowledge of until after they had been entered into, CCL and Lee did not raise any concerns with the funds' investment managers after becoming aware of them even though they were not in the best interest of the lending funds.

The SFC's investigation also found that the investment managers of the five CCL-advised funds effected a total of 14 pairs of cross trades amongst the funds by way of bought and sold notes at a significant discount (ranging from 14% to 31%) to the stocks' previous close on three trading days in November 2015. In this connection, CCL and Lee had failed to properly assess the basis for each of the trades and ensure that they were executed on the best available terms for, and in the best interests of, both the buying and selling funds before signing the relevant settlement instruction forms for the trades.

[View News](#)



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