
REGULATORY NEWSLETTER

2023 Vol.3



ComplianceDirect would like to extend our warmest greetings to all our readers and business partners in March. We hope this finds you in good health and spirits.

As the world continues to navigate the COVID-19 pandemic, the Hong Kong Government mask mandate has been dropped last week, 959 days since it was imposed. With this announcement, all social distancing measures have been lifted, and life in the city can resume complete normality. After over three years of fighting the pandemic and enduring hardships, people can now express themselves freely and show their smiles as they please.

REGULATORY UPDATES

Circular to Licensed Corporations Engaged in Asset and Wealth Management Activities - Asset and Wealth Management Activities Survey 2022 17 Feb 2023

The Securities and Futures Commission (SFC) of Hong Kong has started the Asset and Wealth Management Activities Survey 2022 (AWMAS) to collect information on asset and wealth management activities for regulatory and market facilitation purposes. The survey is an annual exercise to develop a better understanding of the state of the asset and wealth management industry in Hong Kong. Licensed corporations with gross operating income derived from asset management, giving advice on funds/portfolios, and/or private banking/private wealth management during 2022 are required to complete the whole questionnaire through the online submission system by April 21, 2023. Licensed corporations that did not engage in any of the activities covered in the survey should still fill in the part

of General Information in the questionnaire. All information supplied will be treated in strict confidence and will not be disclosed to any third party except in an aggregated form of statistics. Contact details for any queries on the AWMAS have also been provided.

The questionnaire can be accessed at: <https://wings.sfc.hk/awmas/#/en/>

[View Circular](#)

Circular to Licensed Corporations in relation to list of prescribed persons who have reached the clearing threshold under the clearing and record keeping rules for the OTC derivatives regime

28 Feb 2023

An updated list of prescribed persons who have reached the clearing threshold under the Securities and Futures (OTC Derivative Transactions - Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules has been posted on the website of the Securities and Futures Commission (SFC) today.

The list is available at:

<http://www.sfc.hk/web/EN/rules-and-standards/otc-derivatives-regulatory-regime/>

The list is compiled based on information currently available to the Hong Kong Monetary Authority (HKMA) and/or the SFC. Please refer to the disclaimer set out in the aforesaid list.

The list may be updated from time to time by the HKMA and the SFC as appropriate and relevant.

[View Circular](#)

ENFORCEMENT NEWS

SFC reprimands and fines Jinrui Futures (Hong Kong) Limited \$4.8 million and sanctions its responsible officers for regulatory breaches

7 Feb 2023

The Securities and Futures Commission (SFC) has fined Jinrui Futures (Hong Kong) Limited \$4.8 million for failing to comply with anti-money laundering and counter-terrorist financing (AML/CFT) regulations between April 2015 and June 2018. The SFC has also banned former executive director and responsible officer, Shen Chun, from re-entering the industry for six months, while another responsible officer, Jiang Xiaoqing, has been suspended for five months. The SFC found that Jinrui Futures failed to conduct adequate due diligence on customer supplied systems (CSSs) used by 258 clients, and failed to comply with account opening procedures. In addition, the SFC identified that some of the deposits made into four clients' accounts were unusual and/or suspicious and inconsistent with the clients' declared net worth. Although Jinrui Futures performed certain enquiries on these clients, they were inadequate and did not satisfactorily explain the suspicious transactions.

The SFC considers that these failures, which were partly attributable to the failures of Shen and Jiang in discharging their duties as the firm's responsible officers and senior management, were in breach of AML/CFT regulations and the Code of Conduct.

In deciding the disciplinary sanctions against Jinrui Futures, Shen and Jiang, the SFC took into account that:

- Jinrui Futures' failures to diligently monitor its clients' activities and put in place adequate and effective AML/CFT systems and controls are serious as they could undermine public confidence in, and damage the integrity of, the market;
- a strong deterrent message needs to be sent to the market that such failures are not acceptable;
- Jinrui Futures, Shen and Jiang cooperated with the SFC in resolving the SFC's concerns; and
- Jinrui Futures, Shen and Jiang have otherwise clean disciplinary records with the SFC.

[View News](#)

SFC bans Chan Wai Chun for life

27 Feb 2023

Following his conviction for fraud, Mr Chan Wai Chun, a former customer relationship manager of Dah Sing Bank Limited (DSB), has been banned for life from re-entering the industry. The District Court found that Chan persuaded an customer to redeem her investment and reinvest in another fund, but instead transferred \$1,195,000 from the customer's account to his personal account to repay his own debts. The SFC considers that Chan is not a fit and proper person to be licensed or registered to carry on regulated activities as a result of his criminal conviction.

[View News](#)



ComplianceDirect Consulting Limited

Address: Unit 2, 10/F, Cheong K. Building, 84 & 86 Des Voeux Road Central, Central, Hong Kong

Phone: 2606 1800

Website: www.compliancedirecthk.com
