Refinements to Hong Kong OTC derivatives licensing framework

Scott Carnachan and Isabella Wong

The Securities and Futures Commission (SFC) issued its Consultation Conclusions on the OTC derivatives regime for Hong Kong – Proposed refinements to the scope of regulated activities and competence requirements under the OTC derivatives licensing regime (Conclusions) on 10 June 2020.

Background

The Securities and Futures Ordinance (SFO) was amended in 2014 to introduce a licensing regime for participants in the Hong Kong OTC derivatives market, although the commencement date of the licensing regime has been delayed and it is not yet in effect. In December 2017, the SFC issued a consultation paper that proposed refinements to the OTC derivatives licensing regime.

The Conclusions set out changes to the scope of regulated activities under the licensing regime, which will be reflected in amendments to the SFO and subsidiary legislation.
Clarifications on scope of regulated activities affecting fund managers

Persons who carry on a business of managing OTC derivatives portfolios will need to be licensed for expanded type 9 (asset management) regulated activity (Expanded RA 9) under the SFO.

The Conclusions confirm the intention of the SFC to implement a number of changes to the licensing regime that are beneficial to asset managers:

- The scope of Expanded RA 9 will be refined to exclude the management of OTC derivatives products for wholly-owned group companies.

- It will be made clear that an asset manager that deals in forex derivatives as part of its asset management strategies will not need to be licensed for type 3 regulated activity (leveraged foreign exchange trading) if it (i) is licensed for Expanded RA 9; (ii) is permitted by its licence to manage portfolios of OTC derivatives products for another person; (iii) deals in forex derivatives solely for the purposes of managing OTC derivative products; and (iv) such dealing constitutes an OTC derivatives dealing act.

- The provision of client clearing services by an asset manager for the funds it manages will be carved-out from type 12 regulated activity (providing client clearing services for OTC derivative transaction) (New RA 12). In addition, the definition of New RA 12 will be amended to clarify that providing ancillary services to facilitate client clearing will not fall within New RA 12. However, if an asset manager is a clearing member or a client of a clearing member, and provides clearing services to its clients, it will need to be licensed for New RA 12.

Asset managers should note that they will need to be licensed for type 11 regulated activity (dealing in OTC derivative products or advising on OTC derivative products) (New RA 11) if they operate a central dealing desk in Hong Kong for their group’s OTC derivative trading activities.

An additional exemption from the need to be licensed for Expanded RA 9 will be added for professionals where the services in managing OTC derivative products are wholly incidental to discharging their professional roles (i.e., solicitors, counsel, certified public accountants and trust companies registered under Part 8 of the Trustee Ordinance).

Other exclusions from scope of regulated activities

The Conclusions also state that the following activities will be excluded from the scope of regulated activities for the purposes of the OTC derivatives licensing regime:

1. Corporate treasury activities of non-financial groups

   Non-financial groups conducting corporate treasury activities will not need to be licensed for the Expanded RA 9, New RA 11 or New RA 12. The meaning of “financial group” will include groups of companies primarily engaging in regulated activities, banking business or insurance business in Hong Kong or elsewhere.

   Where a non-financial group of companies includes a client entity of a clearing service provider, the group’s corporate treasury activities will be excluded from RA 12 provided that the clearing and settlement services are provided by the group to its affiliates only. The exclusion will not extend to the corporate treasury activities of financial groups and their intra-group hedging activities.

2. Post-trade multilateral portfolio compression services

   The SFO will be amended so that providers of algorithmic calculations for the termination, modification and placing of OTC derivative transactions which facilitate risk reduction will not need to be licensed for New RA 11. Consequential amendments will also be made to the Securities and Futures (OTC Derivative Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules. However, the SFC noted that, if a multilateral portfolio compression service provider provides, in addition to algorithmic calculations, an automated trading system which allows termination or modification of trades for OTC derivative products, the provider will be subject to other licensing or authorisation requirements.
3. Client clearing services by eligible overseas participants

The scope of New RA 12 will be refined so that, subject to certain prerequisites, clearing members of overseas central counterparties who market their services in Hong Kong will not need to be licensed for New RA 12.

Competence requirements for individual licensed representatives

The SFC will introduce new examination and continuous professional training requirements for the new regulated activities and will provide grandfathering arrangements for existing market participants. The SFC will announce details of the grandfathering arrangements and new competence requirements in due course and will incorporate these requirements into its Licensing Handbook.

When will the licensing regime come into effect?

The SFC has not announced a date on which the OTC derivatives licensing regime will come into effect, as it will be dependent on the amendments to the SFO and subsidiary legislation. However, the SFC has confirmed that it will implement the new OTC derivatives licensing regime only after amendments to other relevant subsidiary legislation, including the Securities and Futures (Financial Resources) Rules, are completed. Intermediaries should continue to monitor SFC announcements.

MPF: more flexibility in REIT investments

Su Cheen Chuah and Pauline Woo

Hong Kong’s Mandatory Provident Fund Schemes Authority (MPFA) has recently issued two sets of revised guidelines: III.2 Guidelines on Equities and Other Securities (Guideline III.2) and III.14 Guidelines on Default Investment Strategy (Guideline III.14). The revisions enable greater flexibility in investment in real estate investment funds (REITs).

The revised Guideline III.2 enhances the ability of an MPF constituent fund and an approved pooled investment fund (MPF product) to invest in REITS as follows:

1. subject to the MPFA’s approval, up to 100% of the funds of an MPF Product may be invested in (a) REITs that are authorised by the Securities and Futures Commission (SFC) under the Code on Real Estate Investment Trusts and listed on the Stock Exchange of Hong Kong (HREITS) and (b) REITs listed on an approved stock exchange in Australia, UK and USA ((a) and (b) collectively Category A REITS) provided that investment in each of such Category A REIT does not exceed 10% of its funds; and

2. up to 10% of the funds of an MPF Product may be invested in REITs that are listed in Canada, France, Japan, Singapore or the Netherlands (collectively Category B REITS). The aforesaid 10% limit is an aggregate limit together with other permissible investments under section 8(2)(b) of Schedule 1 to the MPF (General) Regulation (Regulation).

Previously, HREITS were permissible investments under section 8(2)(c) of Schedule 1 to the Regulation and REITs listed on an approved stock exchange in Australia, UK and USA were permissible investments under section 8(2)(b) of Schedule 1 to the Regulation, and investment in the Category A REITS together with other permissible investments under section 8(2) of Schedule 1 to the Regulation could not exceed 10% of the funds of an MPF Product. Under the revised Guideline III.2, the Category A REITS are now approved as permissible investments under section 8(1)(c) of Schedule 1 to the Regulation. Guideline III.2 further provides that a stapled REIT would be permissible if it staples together two or more securities, each of which itself is permissible under Schedule 1 to the Regulation.

The Category B REITS are a new type of permissible investments approved under section 8(2)(b) of Schedule 1 to the Regulation.

There are consequential amendments to the meaning of “higher risk assets” described in Guideline III.14 relating to the default investment strategy – all REITS that are permissible under the Regulation would remain as “higher risk assets” for the purpose of default investment strategy funds.
REITs are often perceived as a suitable investment choice for retirement funds as they tend to offer steady investment yield. The changes brought about by the revised Guidelines will greatly enhance the flexibility in MPF portfolio design using REITs as one of the building blocks. In addition, the new Category B REITs will enhance geographical diversification. We believe the above changes will be welcomed by MPF managers and will contribute to the long-term development of MPF products.

Hong Kong’s SFC consults on REIT code
Eve Leung and Kristal Lai

On 9 June 2020, the Securities and Futures Commission (SFC) began a two-month consultation on proposed amendments to the Code on Real Estate Investment Trusts (REITs). The SFC intends to provide Hong Kong REITs with more investment flexibility.

Key proposed changes to the Code on REITs include:

(a) allowing a REIT to invest in minority-owned properties subject to various conditions;
(b) allowing a REIT to invest in property development projects in excess of the existing sub-limit of 10% of the gross asset value (GAV) subject to unitholders’ approval and conditions;
(c) increasing the limit on aggregate borrowings from 45% to 50% of GAV; and
(d) broadly aligning the requirements applicable to connected party transactions and notifiable transactions with those under the Listing Rules of the Stock Exchange of Hong Kong.

The proposals are subject to investment restrictions requiring that at least 75% of the GAV of a REIT must be invested in recurrent rental income generating real estate (including qualified minority-owned properties), and not more than 25% of the GAV may be invested in property development projects, non-qualified minority-owned properties, financial instruments and other ancillary investments.

There are also other miscellaneous proposed amendments, which serve to better align requirements and codify existing practices.

The consultation will end on 10 August 2020. The consultation paper can be viewed here.

SFC allows swap-based leverage and inverse products tracking Mainland equity indices
Pinky Siu

On 22 May 2020, the Securities and Futures Commission (SFC) issued a supplemental circular introducing changes to the scope of leveraged and inverse products (L&I Products) which the SFC would accept for authorization for public offering in Hong Kong.

The SFC’s circular on L&I Products was first issued in February 2016 when the SFC considered that L&I Products had become increasingly popular in overseas markets, particularly in Asia, and that there may be demand for these products in Hong Kong. Due to the novelty and the technical complexity of L&I Products, at the initial stage the SFC only accepted applications for L&I Products tracking liquid and broadly based non-Hong Kong, non-Mainland foreign equity indices, although swap-based synthetic replication and futures-based replication structures were allowed. Initially, leveraged products were subject to a maximum leverage factor of two-times (2x) and inverse products were subject to a maximum leverage factor of one-time (-1x), meaning that inverse products could not be leveraged.

The scope of SFC-accepted L&I Products has gradually been expanded, by allowing, in different phases, Hong Kong equity indices, Hong Kong and non-Mainland non-equity indices (including commodities indices) and relaxing the leverage
factor cap of inverse products to two-times (2x).

The supplemental circular issued on 22 May 2020 further expands the scope whereby the SFC will now accept authorization applications for L&I Products tracking Mainland equity indices. A leveraged product tracking a Mainland equity index may have a leverage factor up to two-times (2x), but the leverage factor cap of a Mainland equity index inverse product is limited to negative one-time (-1x). For the time being, only a swap-based replication structure is accepted for L&I Products tracking Mainland equity indices – a futures-based replication structure is not acceptable yet.

The SFC has indicated that it will continue to review the eligible replication structures for L&I Products for public sale in Hong Kong.

Mainland China briefing: regulators issue opinions on providing financial support for the development of the Greater Bay Area
Shanshan Liu and Faye Meng

On 14 May 2020, the People’s Bank of China (PBOC), the China Banking and Insurance Regulatory Commission (CBIRC), the China Securities Regulatory Commission (CSRC) and the State Administration of Foreign Exchange (SAFE) unveiled the Opinions on Providing Financial Support for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area (together the Opinions, available here in Chinese).

The Opinions propose 26 measures to implement the following policy goals:

1. to promote cross-border trade and facilitate investment and financing in the Greater Bay Area (GBA);
2. to expand the opening-up of the financial industry;
3. to enhance the connectivity and integration of financial markets and financial infrastructure;
4. to boost the innovation of financial services in the GBA; and
5. to prevent cross-border financial risks.

The Opinions also propose measures specifically focusing on the asset management industry:

1. to allow Hong Kong and Macau institutional investors to invest in private equity investment funds and venture investment enterprises (funds) in the mainland areas of the GBA through the Qualified Foreign Limited Partnership (QFLP) regime;
2. to promote the trial schemes of Qualified Domestic Limited Partnership (QDLP) and Qualified Domestic Investment Enterprise (QDIE), and support overseas investment by domestic private equity investment funds;
3. to support commercial banks to establish financial asset investment companies and wealth management companies in the mainland areas of the GBA with no foreign shareholding limit;
4. to support the establishment of foreign-controlled securities companies, fund management companies and futures companies in the mainland areas of the GBA;
5. to improve the connection arrangements in financial markets, including Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, and Bond Connect; and
6. to support qualified Hong Kong and Macau financial institutions and non-financial enterprises to issue financial bonds, corporate bonds and debt financing instruments in the Mainland.
The Opinions aim to strengthen financial cooperation between Mainland China, Hong Kong and Macau, enhance the role of the GBA in supporting and leading China’s economic development, and pledge strong financial support for the construction of a dynamic and international bay area and world-class city cluster.

**US CFTC adopts statutory disqualification requirement for exempt CPOs**

Ethan W. Johnson of Morgan, Lewis & Bockius LLP

The US Commodity Futures Trading Commission (CFTC) has revised the eligibility criteria in CFTC Regulation 4.13 to prohibit US and non-US commodity pool operators (CPOs) from claiming exemptive relief under this regulation if the CPO and/or its principals are subject to a statutory disqualification set forth in Section 8a(2) of the Commodity Exchange Act (CEA).

Such disqualifications include, among others, if (a) any prior CFTC registration status has been suspended or revoked; (b) registration in any capacity has been denied by the CFTC within the past five years for any reason under CEA section 8a(3); (c) a person has been permanently or temporarily enjoined from acting in various capacities that are regulated by the CFTC or US Securities and Exchange Commission (SEC) or engaging in activity involving crimes such as embezzlement, theft, fraud, or misappropriation; or (d) within the past 10 years a person has been convicted of (i) any felony involving commodities or securities activity or a crime such as embezzlement, theft, fraud, or misappropriation, or (ii) any violation of the commodities or securities laws of the United States (among other federal laws) involving a crime such as embezzlement, theft, fraud, or misappropriation (including aiding or abetting such a crime). Note that this list of disqualifying events has a more international scope than the SEC’s Bad Actor Rule which focuses exclusively on violations of US law and regulation. A person wishing to avail itself of an exemption pursuant to CFTC Regulation 4.13 must claim affirmatively such exemption by making a notice filing pursuant to CFTC Regulation 4.13(b)(1) and an annual filing affirming that the person continues to comply with the conditions in the regulation pursuant to CFTC Regulation 4.13(b)(4). Until the recent rulemaking, an exempt CPO that relied on CFTC Regulation 4.13 was not barred from relying on an exemption because of any statutory disqualifications in its or its principals’ backgrounds.

So a CPO will now be prohibited from claiming an exemption from registration under CFTC Regulation 4.13 if it or any of its principals has in their backgrounds a statutory disqualification under the CEA. A CPO that claims currently the 4.13(a)(3) de minimis exemption will no longer be able to rely on such exemption if, as of 1 March 2021, it cannot certify that neither it nor any of its principals has in their backgrounds a statutory disqualification.

Under the rule, when a person makes a claim for exemptive relief, the person will be required to represent that neither they nor their principals have in their background a statutory disqualification that would require disclosure under Section 8a(2), unless the disqualification arises from a matter that was disclosed in connection with a previous application for registration and where such registration was granted (applicable to an exempt CPO that operates other commodity pools pursuant to CFTC registration as a CPO). In addition, the person will be required to make this representation each year when affirming its continued compliance with the conditions in CFTC Regulation 4.13.

Going forward, a registered CPO should have procedures in place for identifying statutory disqualifications and providing notice through the NFA online exemption system. The notification requirement for an exempt CPO does not cover a disqualification arising from a matter that such exempt CPO previously disclosed in connection with an application for CPO registration where such registration was granted. An exempt CPO that is not registered with the CFTC with respect to the operation of commodity pools will be required to perform an analysis prior to making an exemptive filing and thereafter.

Exempt CPOs that rely currently on CFTC Regulation 4.13 have until 1 March 2021 to make the representations regarding their statutory disqualification status through the NFA online exemption system. All other persons who determine to make a filing under CFTC Regulation 4.13 and rely on an exemption thereunder will be subject to the representation requirement starting 60 days after the rule is published in the Federal Register.
SFC imposes $6.4 million fine for product due diligence and suitability assessment failures

Rory Gallaher

Hong Kong’s Securities and Futures Commission (SFC) has reprimanded and fined an intermediary $6.4 million for control failures over a two year period in solicitation and recommendation of bonds to clients for execution on a third party platform.

In recommending bonds to clients, the intermediary failed to:

- conduct proper and adequate product due diligence on the bonds;
- have an effective system in place to ensure that the recommendation or solicitation of the bonds was suitable;
- maintain proper documentary records of the investment advice or recommendation given to its clients and provide each of them with a copy of the written advice; and
- have adequate and effective monitoring systems to supervise the sale of bonds through the third party platform and to ensure its compliance with applicable regulatory requirements.

The SFC’s report mentions that the size of the fine reflects the fact that the intermediary failed to put in place an effective system to ensure product suitability despite the SFC’s repeated reminders to licensed corporations on the importance of compliance with the suitability obligations and the specific guidance regarding the selling of fixed income products, complex and high-yield bonds.

The SFC found that the intermediary did not have product approval or due diligence procedures for the products in question, but relied on its individual consultants to conduct due diligence and assess product risk.

The intermediary engaged the bond dealing services of a third party platform to assist its consultants, which offered briefings and presentations on bond products, but did not assign risk ratings. The intermediary provided limited guidance on how to analyse the products, such as the features they should review, criteria to adopt or factors to take into account, or the weight to be assigned to those factors.

Consultants kept no records of the due diligence conducted, or how the bonds were considered suitable for different categories of investors.

As well as demonstrating a lack of understanding on the intermediary’s part of its obligations in the sales process, the lack of process exposed the intermediary to unreliable and inconsistent risk and suitability assessments from its consultants.

Whilst the intermediary required contemporaneous recording of information provided to clients and the rationale given for its recommendations, the intermediary stated that in practice consultations were conducted face to face and no formal written records were kept. This meant that the intermediary had limited means to monitor, supervise or check that its staff were carrying out their duties effectively or to assess the merits of client complaints about possible mis-selling.

The intermediary had no procedures to monitor staff sales to ensure that they conducted due diligence; disclosed all material information; or conducted adequate suitability assessments.

**Key takeaway**

Although there was no evidence suggesting that clients lost by reason of their investments, the SFC felt that the case merited a high fine to send a deterrent message to intermediaries: despite the repeated reminders the SFC has given of the importance of the suitability obligation, the intermediary had failed to tighten up its controls.

It would be hard for the SFC to send a clearer message to intermediaries who sell or recommend investment products to review their KYC, client take-on procedures, product due diligence, risk weightings, staff training, supervision, record-keeping and compliance monitoring. Weaknesses in any of these elements of the control structure can lead to significant and expensive compliance failures.
In setting the level of fine, the SFC also noted that the intermediary had ceased selling the bonds to clients, had co-operated with the SFC and was now under new management.

A copy of the statement of disciplinary action is available [here](#).

**Nine months ban for breaching trading policies**

Rory Gallaher

Hong Kong’s Securities and Futures Commission (SFC) has banned a former fund manager for nine months for breaching his employer’s trading policies over a five year period by concealing his trading activities in two securities trading accounts at an external brokerage firm.

The SFC considered that the fund manager’s conduct in circumventing his employer’s internal control policies was dishonest and deliberate, calling into question his fitness and properness to be a licensed person.

The SFC does not appear to have had any issues with the trades themselves – they do not seem to have given rise to conflicts or disadvantaged clients. However, the fund manager’s concealment of his interest in or control over the accounts cast doubt on his integrity and undermined his employer’s compliance systems.

**Key takeaway**

Personal trading policies are not to be avoided as an inconvenient burden. They are there for a purpose – to enable licensed entities to identify and prevent undesirable trading practices such as front-running, rat-trading, illegal short selling and insider trading. They also provide an employer with information on the extent of an employee’s personal trading volume, which may give rise to concerns regarding the employee’s devotion of due time and attention to the affairs of the employer.

**Hong Kong SFC licensing and compliance hints: embracing change and the new (Covid-19) norm**

Michelle Ma

Five months into its Covid-19 pandemic period, Hong Kong seems to have settled into a new “normal” mode of operating, while many other regions still face devastating challenges and live in fear of a “second peak”.

- **Remote regulatory inspections**

  The SFC is busy again conducting routine inspections, even though they are not actually “knocking at your door” this time round. Inspections are now being conducted remotely, but this definitely does not mean they are less stringent. The SFC has added a new topic “Impact of Covid-19” to its requested opening meeting agendas no doubt to help the SFC understand how the pandemic has impacted the financial services industry and the business of the subject licensed corporation (LC). The SFC is also trying to find out how each LC is dealing with this “special” situation and the SFC’s observations in this regard may have a far-reaching and permanent effect on how the financial industry and acceptable business practices are shaped moving forward. It is probably inevitable that there will be adjustments, adaptations and / or changes in the SFC’s regulatory approach and regulation itself. We note the UK’s Financial Conduct Authority has this month started a financial resilience survey on 13,000 of its regulated firms in order to gather market intelligence.

- **CPT**

  Because of Covid-19, the SFC announced several one-off Continuous Professional Training (CPT) relaxations on 31 March 2020. These are:

  - any uncompleted (normal) CPT hours for 2020, can be carried forward for completion in 2021 (this will mean however that licensed individuals will need to comply with any carried over 2020 CPT in 2021, in addition to
their usual 2021 CPT obligation)

- any “additional” CPT which originally was due for completion by 30 September 2020, can now be completed
three-months later, i.e. by 31 December 2020 (this is only relevant for those who have been granted a waiver from having to pass a licensing exam in exchange for doing extra CPT).

However, the SFC also reminded licensed individuals at the same time that online courses may be counted as CPT. Various service providers, including Deacons, are now offering CPT webinars so there is no excuse really for not just getting the points this year while you have time.

- **Licensing examinations**

The HKSI resumed licensing examination enrolments on 22 May 2020 after an almost two-month hiatus. Most of
the places for the less frequently held exam papers (like paper 6) for June and July are however already gone
because of the number of people needing to pass papers to be responsible officers of new LCs.

- **BRMQ FAQs**

On 29 May 2020, the SFC issued FAQs on the new Business and Risk Management Questionnaire (BRMQ).

All LCs need to submit a BRMQ annually through **WINGS** (the SFC e-submission platform launched in January
2019). By now all LCs have had to submit their first electronic BRMQ. In this regard many clients have asked us
whether they are required to have in place all the internal control measures that are referred to in the BRMQ.

Q5 of these new FAQs was designed to help in this regard. The SFC has explained that the list is not mandatory
but that at the same time it is not meant to be exhaustive either. In other words, there is no “one size fits all”
solution to internal controls and the SFC expects LCs to design their own internal control measures, policies and procedures
to fit their own specific business operations and to achieve full compliance with all the relevant Hong Kong
regulatory obligations.

Responsibility for approving the BRMQ rests with the relevant responsible officers and Managers-in-Charge of
Overall Management Oversight or Compliance even though currently only responsible officers are able to submit
BRMQs (as they are the only ones who can log into WINGS).

It is possible to track previous submissions, merge responses (i.e. from multiple staff members) into one file for
submission, and preview draft submissions in WINGS. We suggest clients to look at the **online demonstration clips**
that are available on the SFC website, which show just how easy and hassle-free this process is.

The SFC also clarified in Q9 that an auditor’s opinion is not required for the purpose of the BRMQ, even though
this forms part of the “financial statements and other documents” for the purpose of section 156(1)(a) of the SFO
and should be filed together with the annual auditor’s report.

- **Wet-ink signatures**

Despite the growing popularity of paperless submissions, wet-ink signatures still remain an essential part of the
SFC’s formal licensing application process. On a case by case basis however the SFC has demonstrated a
willingness to be flexible. For example on individual temporary licence applications the SFC has been willing to
approve the application based on scanned versions of the signature pages before delivery of the hard copies to
the SFC.

- **LC reprimanded and fined because of FRR breaches**

LCs need to notify the SFC within one business day if they become aware that a previously submitted financial
resources return contains any materially false or misleading information. The SFC’s stated aim is to regulate and
not to punish, but nevertheless LCs will be punished in certain cases if they miscalculate figures in these returns
and especially if they have been in breach for a long time only becoming aware of the breach when the SFC
contacts them.
On 8 June 2020, an LC licensed for type 1 and type 9 activities was reprimanded and fined by the SFC for misinterpreting the Securities and Futures (Financial Resources) Rules (FRRs) resulting in the overstatement of its liquid capital for more than three years. The LC was not aware of the breach until the SFC pointed it out to them. The fine was HK$800,000. Although the facts are different, another LC was reprimanded and fined HK$2.6 million in December 2017 in connection with misinterpretation and breach of the FRRs.

The takeaway is that these returns must be checked and reviewed carefully before they are submitted, not only from an accounting and audit perspective but also from a regulatory perspective.

- Ashley Alder re-appointed as CEO of SFC for another three years

On 18 May 2020, the SFC announced its re-appointment of Ashley Alder as the Chief Executive Officer of the SFC for his fourth three-year term. This will take him up to October of 2023.

Webinar video: “Remaining SFC compliant during extraordinary times”

On 25 May 2020, we hosted a live webinar on “Remaining SFC compliant during extraordinary times”. Jane McBride (Partner, Financial Services) interviewed Jeremy Lam (Partner and Head of Financial Services), Alwyn Li (Partner, Financial Services) and Cynthia Chung (Partner and Head of Corporate Commercial) on the key issues faced by Hong Kong SFC licensed entities in light of the COVID-19 pandemic. Each partner offered insights and tactical strategies on how to ensure ongoing compliance with the SFC. Issues concerning compliance with SFC licensing requirements, employment and issues relating to SFC authorised funds were also explored.

The webinar was very well received, with more than 100 clients participating from across the globe including Hong Kong, China, Australia, Japan, Singapore, Poland and United Kingdom. A number of key clients attended, such as Allianz Global Investors, Amundi, Barings, BNP Paribas Asset Management, BNY Mellon and UBS.
Should you be interested in the presentation materials or in watching the recording, here are the links:

- Presentation materials
- Recording | Password: Deacons2020 (case sensitive). Please note the video will cease to be available after 30 June 2020.

If you have any questions related to the webinar topics, please contact the speakers directly.

Recent publications

- **English Court holds that an expert can owe a fiduciary duty of loyalty to a client**
- **Anti-discrimination laws taken forward**
- **The State Administration of Foreign Exchange introduces foreign exchange policies for new forms of trade**
- **COVID-19 Anti-epidemic Fund: Tax exemption on government subsidies**
- **CEPA: Amendments to Agreement on Trade in Services became effective on 1 June 2020**
- **New development in insurance regime: Insurance Amendment Bill and Insurance Amendment (No. 2) Bill**
- **Court of Appeal reminds practitioners and litigants of their duty to proceed promptly when making interlocutory applications in an appeal**
- **A trustees’ right to obtain information from solicitors firms under Section 29 of the Bankruptcy Ordinance**
- **Government announces penalty formula of the Employment Support Scheme**

Want to know more?

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Whilst every effort has been made to ensure the accuracy of this publication, it is for general guidance only and should not be treated as a substitute for specific advice. If you would like advice on any of the issues raised, please speak to any of the contacts listed.

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