
REGULATORY NEWSLETTER

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Enjoying the Moon and the delicious mooncakes!

Short quiz time! When is the Mid-Autumn Festival this year? The answer is September 21st. It may still feel a long ways away, but it's never too early to get ahold of those golden-yellow, buttery pastries. Don't miss out on yearly go-tos, traditional double-yolk lotus paste and creamy lava custard, or seasonal specials such as mooncakes stuffed with durian. Above are the best types of mooncake we recommended you to eat to indulge yourself. Below, we've rounded up some of the best picks of the SFC News for the month.

REGULATORY UPDATES

SFC concludes consultation on climate-related risks in funds

20 Aug 2021

The SFC issued amendments to the Fund Manager Code of Conduct and a circular setting out expected standards for fund managers managing collective investment schemes to take climate-related risks into consideration in their investment and risk management processes and make appropriate disclosures. Large Fund Managers are obliged to comply with the baseline requirements during a 12-month transition period (ie, until 20 August 2022) and to comply with the enhanced standards during a 15-month transition period (ie, until 20 November 2022). Other Fund Managers are obliged to comply with the baseline requirements during a 15-month transition period (ie, until 20 November 2022).

Please also refer to the SFC [circular](#) issued on August 20th for details of the implementation timeline.

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SFC alerts the public of unauthorised investment schemes

30 Aug 2021

The SFC today launched a new initiative to warn the public about arrangements which are suspected to be collective investment schemes (CIS).

A CIS may not be offered to the public in Hong Kong without the SFC's authorisation. It may be an offence to offer an unauthorised CIS to the Hong Kong public or to market or distribute interests in CIS without the SFC's licence or registration.

Investors are urged to be extremely careful if they plan to invest in an unauthorised investment scheme.

Investment arrangements which have come to the SFC's attention and display certain characteristics of a CIS will be included on a new Suspected Unauthorised CIS Alert List. These arrangements may involve overseas real estate or non-conventional assets and investments such as digital tokens and initial coin offerings (ICO).

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ENFORCEMENT NEWS

SFC reprimands and fines UBS AG and UBS Securities Asia Limited \$11.55 million for regulatory breaches

3 Aug 2021

The SFC has reprimanded and fined UBS AG and UBS Securities Asia Limited (UBSSAL) (collectively, UBS) \$9.8 million and \$1.75 million respectively over various regulatory breaches.

A number of issues concerning UBS's systems and controls were brought to the SFC's attention between September 2018 and November 2020 by self-reports from UBS or referrals of findings from the Hong Kong Monetary Authority (HKMA).

The SFC's investigation found that between May 2004 and May 2018, UBS failed to make proper disclosure of its financial interests in some Hong

SFC and Police conduct joint operation against listed company and senior executives in \$450 million corporate fraud case

27 Aug 2021

The SFC and Commercial Crime Bureau of the Police today conducted a joint operation against a Hong Kong-listed company and its former senior executives suspected of a series of corporate fraud related offences involving a total of \$450 million.

The operation involved a search of the office premises of the listed company and the residences of its former senior executives.

The SFC conducted the search with the Police under the Securities and Futures Ordinance for offences related to corporate fraud, disclosing false or misleading information and other

Kong listed companies covered in its research reports. The failure was caused by multiple data feed logic errors in a legacy data source used by UBS for tracking its shareholding positions.

The SFC considers that UBS failed to act with due skill and care and put in place adequate systems and controls to ensure compliance with the applicable regulatory requirements

misconduct.

During the operation, the Police arrested two persons, aged 53 and 61 for offences of conspiracy to defraud, theft and money-laundering. They are alleged to have conspired with other persons to conduct fictitious transactions and/or misappropriate funds from the listed company and are now being detained for further enquiries.

Today's joint operation once again demonstrated the seamless collaboration between the SFC and the Police to tackle complex and serious financial crimes as well as their commitment to protect the public and maintain the integrity and the reputation of Hong Kong's financial markets.

The investigations are continuing.

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