
REGULATORY NEWSLETTER

2021 Vol.8



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 IA News for the month.

REGULATORY UPDATES

Interpretation Notes relating to the Guideline on Continuing Professional Development for Licensed Insurance Intermediaries (G24)

5 Aug 2021

The IA has issued a set of [Interpretation Notes relating to the Guideline on Continuing Professional Development for Licensed Insurance Intermediaries \(GL24\)](#) on August 5th. The Interpretation Notes seek to provide further detail to principals (i.e. authorized insurers, licensed insurance agencies and licensed insurance broker companies) and licensed insurance intermediaries on certain requirements in [GL24: Guideline on Continuing Professional Development for Licensed Insurance Intermediaries \("GL24"\)](#), which set the CPD requirements for individual licensees. The Interpretation Notes cover the following matters and apply to **CPD Assessment Periods commencing on or after 1 August 2021**:

1. Responsibilities of principals and individual licensees;
2. The cap on CPD hours completed by E-learning Activities for each CPD Assessment Period;
3. CPD activities delivered via virtual classroom platforms;

4. CPD hour requirements for a person whose licence is suspended or revoked for less than 180 consecutive days;
5. CPD hour requirements for a person whose licence is suspended or revoked for 180 consecutive days or more; and
6. Repeated attendance of the same CPD activity in the same Assessment Period or in different Assessment Periods.

The Frequently Asked Questions (“FAQs”) and accompanying answers, which the IA issued in June 2020 to provide explanation on matters related to the Combined CPD Assessment Periods for 2019/20 and 2020/21, will continue to remain on our website (as these combined CPD Assessment Periods have only just drawn to a close on 31 July 2021). The FAQs should still be referred to for issues concerning the Combined CPD Assessment Periods for 2019/20 and 2020/21. For issues concerning CPD Assessment Periods commencing on or after 1 August 2021, however, please refer to the Interpretation Notes. If you have any questions concerning the information contained in this circular or the CPD requirements, please send your enquiries by email to cpd@ia.org.hk

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Class C (Linked Long Term) Product with Open Architecture (“OA ILAS Products”)

31 Aug 2021

There has recently been an incident involving the default of an investment fund which was unauthorized in Hong Kong, being an investment to which a Class C (linked long term) Product with open architecture was linked (“OA ILAS products”). Such OA ILAS products are restricted for professional investors (“PI”) (as defined under the Securities and Futures Ordinance). To further strengthen policyholder protection, the IA updated its Interpretation Notes (“IN”) relating to the Guideline on Sale of Investment-Linked Assurance Scheme (“ILAS”) Products (“GL26”) and attaches herewith new Q&As to be added to the IN for this purpose. These new Q&As aim to:

- ensure that the licensed insurance intermediaries selling OA ILAS products possess the necessary knowledge and expertise to assess whether a potential customer is a PI (Q&A 31A);
- provide guidance on the analysis and due diligence which should be performed to establish the objectives of the customer in seeking to procure an OA ILAS product and that the proposed product meets those objectives (Q&A 32A);
- avoid OA ILAS products from being used as a vehicle for investments with less governance or regulation to be marketed in Hong Kong (Q&A 32B and 32C on investment and on-boarding);
- ensure customers’ awareness of risks associated with investments made under such OA ILAS products (Q&A 32D on risk disclosure);
- provide guidance in complying with the relevant requirements (Q&A 32E on governance and controls); and
- provide a transitional period till **30 June 2022** for necessary operational and system changes to be completed to comply with the new relevant requirements (Q&A 34 on implementation transition).

The above requirements have been prepared in consultation with the relevant stakeholders. The IA will take into account compliance with the Q&As in the IN when considering compliance with the requirements in GL26. Whilst GL26 does not have the force of law, in the sense that it is not subsidiary legislation and should not be interpreted in a way that would override any provision of law, a non-compliance with its requirements may reflect on the IA's view of the continued fitness and properness of (i) the directors, controllers and key persons in relevant control functions of authorized insurers to which GL26 applies; and (ii) the licensed insurance intermediaries to which GL26 applies and (in the case of licensed insurance broker companies and licensed insurance agencies) their directors, controllers, and responsible officers. The IA may also take guidance from GL26 in considering whether there has been an act or omission likely to be prejudicial to the interests of policyholders or potential policyholders (albeit the IA will always take account of the full context, facts and impact of any matter before it in this respect).

Attachment: [New Q&As to Interpretation Notes](#)

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