

# REGULATORY NEWSLETTER

Enforcement News | Circular Updates

## Enforcement News

### SFC reprimands and fines EFG Bank AG \$2 million

11 Jan 2018

<http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=18PR2>

EFG Bank AG (“EFG Bank”) has been reprimanded and fined \$2 million for dealing in futures contracts without the required registration.

Between 1 Apr 2003 and 22 Nov 2016, EFG Bank executed 139 transactions in offshore listed index options for 11 clients without the required registration to deal in futures contracts.

### SFC bans Chan Wai Nun for six months

22 Jan 2018

<http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=18PR6>

The SFC has banned Mr Chan Wai Nun, a former investment counsellor of DBS Bank (Hong Kong) Limited (“DBSHK”), from re-entering the industry for six months from 19 January 2018 to 18 July 2018 for transferring client data out of DBSHK prior to his departure from DBSHK to join another bank.

Chan’s conduct was in breach of DBSHK’s internal policies, the Personal Data (Privacy) Ordinance (“PDPO”) and the Code of Conduct for Persons Licensed by or Registered with the SFC (Code of Conduct).



## Circular Updates

### Anti-Money Laundering / Counter-Terrorist Financing

#### Suspicious Transaction Report

11 Jan 2018

<http://www.sfc.hk/edistributionWeb/gateway/EN/circular/doc?refNo=18EC1>

This circular draws the attention of licensed corporations (“LCs”) and associated entities (“AEs”) to a feedback report recently issued by the Joint Financial Intelligence Unit (“JFIU”) on the quality of suspicious transaction report (“STR”).

LCs and AEs should:

- Pay attention to the [criteria](#) which may assist them in filing better quality STRs
- Make reference to the reporting methods and advice available on the [JFIU website](#) at on fulfilling their statutory obligations to file STRs
- Browse from time to time for relevant materials in the STR Quarterly Analysis published in the secure area of the JFIU website

## **SFC obtains court order to disqualify former chairman of Pearl Oriental Oil Limited for six years**

25 Jan 2018

<http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=18PR8>

The SFC has obtained an order in the High Court to disqualify Mr Fan Di, former chairman, president and executive director of Pearl Oriental Oil Ltd (“Pearl Oriental”) for defalcation, misfeasance and other misconduct towards the company for six years.

## **Formal adoption of the revamped post authorization process**

25 Jan 2018

<http://www.sfc.hk/edistributionWeb/gateway/EN/circular/doc?refNo=18EC3>

With effect from 1 February 2018, the revamped process (the “Revamped Post Authorization Process”) of applications for the approval of post authorization changes (including scheme changes, termination, merger and withdrawal of authorization) and authorization of revised offering documents for SFC-authorized funds will be formally adopted.

## **Compliance failures in the distribution of fixed-income and structured products**

25 Jan 2018

<http://www.sfc.hk/edistributionWeb/gateway/EN/circular/doc?refNo=18EC4>

With a number of compliance failures during its on-site inspections and investigations of the distribution of complex bonds and structured products by licensed corporations (“LCs”), LCs are reminded to comply with the following expected standards, which are further elaborated in the Appendix.

- Maintain adequate management oversight and effective compliance monitoring and put in place appropriate measures, systems and controls
- Provide staff with adequate training on the investment products they distribute
- Implement proper policies and procedures, ensure sufficient guidance is provided to staff and put in place appropriate monitoring procedures
- Regularly perform a holistic assessment of the suitability framework to ensure compliance with suitability obligations
- Maintain adequate records to ensure compliance with suitability obligations and to enable reviews or investigations to be carried out by the LCs, their auditors and the SFC