
REGULATORY NEWSLETTER

2020 Vol.4



Stay Safe! Stay Healthy!

In light of the COVID-19 pandemic, SFC has continue ongoing dialogue with the industry and provide regulatory flexibility to help intermediaries cope with the disease. In the meantime, ComplianceDirect is at your service, devotedly, diligently and duly providing our professional consultation as always.

We sincerely wish you all well during this challenging time and allow us ending this up with a friendly reminder: Always wear a mask and wash your hands.

REGULATORY UPDATES

Circular to intermediaries - Extended deadlines for implementation of regulatory expectations and reminder of order recording requirements under COVID-19 pandemic
31 March 2020

SFC has decided to extend the deadlines of three regulatory expectations that are due for implementation in 2020 by six months in light of the pandemic and the disruptions it causes. It also reminds intermediaries of the alternative order recording options under the existing regulatory framework that may be adopted during the pandemic.

Regarding compliance issues, considering order placing and recording alternatives, intermediaries should have in place appropriate control measures for ensuring that the alternatives are properly implemented in compliance with the order recording requirements.

On top of that, the SFC has also issued FAQs to address a number of licensing related matters arising from firms reconfiguring staffing arrangements. (Please refer to our earlier email, "[Important] The SFC's FAQ update in light of the COVID-19 pandemic")

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Circular to intermediaries, responsible officers and licensed representatives - Waiver of annual licensing fees

30 March 2020

This circular provides more information about the annual licensing fee waiver announced by the Securities and Futures Commission (SFC) on 4 December 2019.

The annual licensing fee waiver applies only to the period between 1 April 2020 and 31 March 2021. Accordingly, intermediaries, responsible officers and licensed representatives must still pay annual licensing fees incurred within the period between 1 April 2019 and 31 March 2020.

The SFC will not issue the usual demands for payment for annual licensing fees which would ordinarily become payable during the waiver period. Payments of all other fees, including for licence applications and transfers, will not be affected.

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ENFORCEMENT NEWS

SFC bans Mo Shau Wah for life

The Securities and Futures Commission (SFC) has banned Ms Mo Shau Wah, a former account executive of China Pacific Securities Limited (China Pacific), from re-entering the industry for life following her criminal conviction.

In December 2018, the Court of First Instance found Mo guilty of stealing approximately \$110.2 million worth of shares from China Pacific's clients between January 2005 and October 2012. Mo also made unauthorised sales of the stolen shares in the open market through nominee client accounts held at China Pacific in the names of her relatives. The sale proceeds were subsequently paid into the relatives' bank accounts controlled by Mo.

The SFC considers that Mo is not a fit and proper person to be licensed or registered to carry on regulated activities as a result of her criminal conviction.

MMT finds Magic Holdings International Limited and its directors culpable of late disclosure of inside information

The Market Misconduct Tribunal (MMT) found that Magic Holdings International Limited (Magic) and five of its directors culpable of the company's failure to disclose in a timely manner inside information on L'Oréal S.A.'s (L'Oréal) proposed acquisition of Magic in 2013, as required under the corporate disclosure requirements of the Securities and Futures Ordinance (SFO).

The MMT found that Tang and Cheng, Magic's directors, had failed to carry out their functions as the company's chairman and company secretary which resulted in Magic's breach of the corporate disclosure requirements. It also found that the five directors had failed to take all reasonable measures to ensure that proper safeguards existed within Magic to prevent it from breaching its disclosure obligation.

The MMT will hold a hearing on the making of the consequential orders on 25 April 2020.

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