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Managing Upstream Risk

Regulatory Reform Review: An Asian perspective

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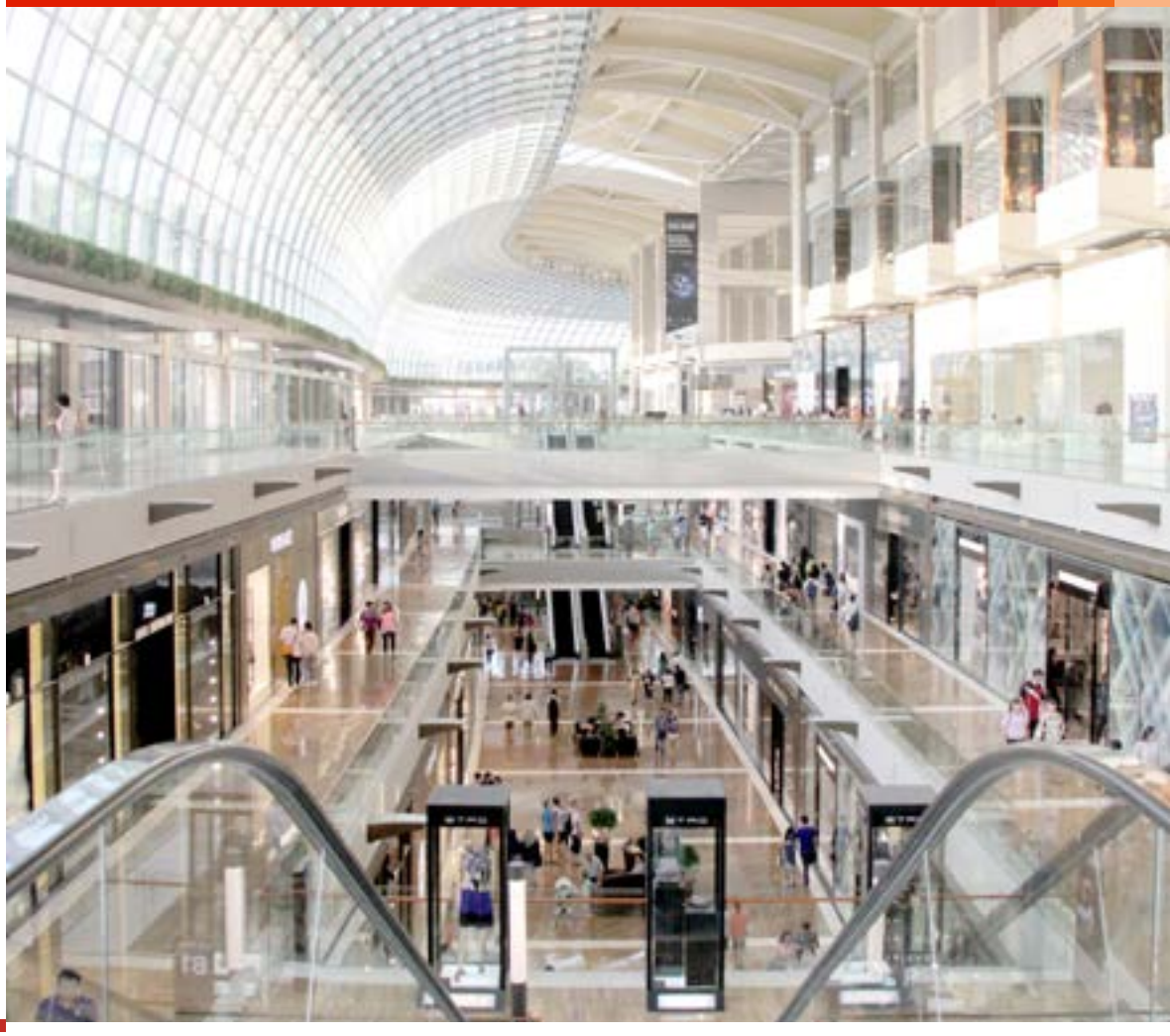

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1. Editorial

This edition of Managing Upstream Risk provides updates on the key global regulatory developments since issue 19 in Oct 2015 to Q1 2016.

The year under review in Singapore

The previous year has been a challenging one for financial institutions ("FI"), as they dealt with the pace of regulatory change both in Singapore and globally. Anti-money laundering/ countering financing of terrorism ("AML/ CFT") continued to be a key theme for regulators in 2015.

The Monetary Authority of Singapore ("MAS") released revised MAS Notices to FIs on Prevention of Money Laundering and Countering the Financing of Terrorism in April 2015. Key changes included the formalisation of the screening requirement for the onboarding of customers, lowering the threshold for FIs to perform due diligence when originating or receiving wire transfers for customers, enhancing clarity on identifying and verifying the beneficial owners of customers and introducing an option to adopt a risk-based approach for politically exposed persons. A new risk assessment requirement was also introduced for all FIs, which required FIs to assess their AML/ CFT risks throughout their business units, delivery channels, as well as new products and technologies.

MAS also released a guidance on trade finance and correspondent banking in Oct 2015, a recognition that more robust controls on AML/ CFT risks were needed in this area of business, due to Singapore's status as a shipping and transportation hub and the significant volume and value of such transactions. Amongst other things, there are now greater details on the information collection requirements pertaining to such transactions, as well as guidance on risk areas within trade finance like invoice financing and dual-use goods.

MAS has also furthered the local implementation of Basel III requirements, with the release of MAS Notice 649, on the Minimum Liquid Assets and Liquidity

Coverage ratio for banks in March 2015. In October 2015, MAS consulted on proposed amendments to MAS Notice 637, which covers further requirements to implement standards for Singapore banks that would be consistent with the final standards issued by the Basel Committee of Banking Supervision (BCBS)

Global regulatory spotlight in 2015

Globally, several regulatory developments have shaped the financial regulatory scene. Financial regulators continue to implement developments to enhance the safety of the financial system, key among them recovery and resolution planning regulations.

In a speech by Martin Gruenberg, the Chairman of the Federal Deposit Insurance Corporation in May 2015, he identified the interconnectedness of large financial firms as a key issue for orderly resolution. Many such firms were extremely complex, comprising of hundreds or even thousands of legal entities with business lines that stretched across multiple legal entities. Failure of a single legal entity could easily result in knock-on effects that could trigger the default of other legal entities, making their orderly resolution extremely problematic.

He stated that to improve resolvability of such firms, such firms had to demonstrate how they could separate their legal entities from their parent companies, so that the default of one would not affect the other, with critical operations to be maintained during the resolution process.

A major development in recovery and resolution planning is the now fully operational Single Resolution Mechanism (SRM), which became operational on 1 Jan 2016, implementing the Bank Resolution and Recovery Directive in the Eurozone. With the SRM, the Eurozone now has a centralised authority to identify failing banks and carry out the necessary resolution measures. The cost of resolution is to be borne by the Single Resolution Fund (SRF), funded by ex-ante contributions from the banking industry.

2015 also saw the continued implementation of the Basel III reforms, with the minimum Common Equity Tier 1 (CET 1) ratio of 4.5% fully implemented for all banks. Minimum Tier 1 Capital requirements were also increased to 6%, and these steps mark the end of gradual phasing in process for higher capital requirements that began in 2014. Moving forward, the next development will be the building of the conservation buffer, which begins on 1 Jan 2016 and is projected to complete in 2019. The buffer is meant as a reserve of capital that banks can build and hold outside of periods of stress, so they can draw down upon this buffer as losses are incurred.

A further Basel III milestone in 2015 was the global implementation of the Liquidity Coverage Ratio (LCR), with a 60% requirement that will be increased by 10 percentage points every year till it reaches 100% in 2019. The LCR aims to ensure that banks hold an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) consisting of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet the liquidity needs of the bank in a 30 calendar day liquidity stress scenario.

Moving forward, we believe that AML/CFT, recovery and resolution planning, and regulatory capital reforms will continue to dominate the financial regulatory agenda for 2016.

Regulatory Updates

2. Banking Updates

2.1 Financial Stability

FSB publishes Standards and Processes for Global Securities Financing[1]

Global, 18 Nov 2015

The Financial Stability Board (FSB) has published the report Standards and Processes for Global Securities Financing Data Collection and Aggregation. This development comes as the FSB has recognized that enhanced data collection on securities financing markets is needed for financial regulatory authorities to obtain a more timely and comprehensive perspective on developments in such markets to detect financial stability risks.

Securities financing transactions play a crucial role in supporting price discovery and secondary market liquidity for a wide variety of securities. However, such transactions can also be used to take on leverage as well as maturity and liquidity mismatched exposures.

MAS releases Financial Stability Review 2015[2]

Singapore, 27 Nov 2015

The Monetary Authority of Singapore (MAS) has released its Financial Stability Review for 2015. In the review, MAS noted that certain groups were still at risk from slowing growth and rising interest rates, with households servicing large amounts of debt at higher risk, although this was a small group. It was noted that an increasing number of unsecured credit customers missed two months or more of their payments in September this year, with 5.8 per cent doing so as opposed to 5 percent during the same period last year.

However, in a more encouraging sign, it was also noted that the number of borrowers with high outstanding unsecured debts, exceeding 24 times of monthly income, had nearly halved from February to September this year. Other risks identified include weak commodity prices, which have put strains on commodity-related firms with knock-on effects on banks, financial markets, sovereign balance sheets, and economies, and also possible contagion from a China-related shock due to strong intra-regional linkages.

HKMA issues an enhanced competency framework for banking practitioners[3]

Hong Kong, 18 Dec 2015

The Hong Kong Monetary Authority (HKMA) has released a circular on an enhanced competency framework for banking practitioners. In a press statement, the HKMA stated that it has been actively supporting initiatives to raise the professional competence of financial services practitioners in Hong Kong in recent years, with a notable example being the launch of an enhanced competency framework (ECF) for private wealth management practitioners in June 2014.

The HKMA has also mentioned on previous occasions that it will explore similar efforts in other areas of banking operations. This circular provides an update on a current initiative to develop professional standards and qualifications in banking as part of the continuing efforts to maintain Hong Kong's status as an international financial centre.

1 FSB, "FSB publishes Standards and Processes for Global Securities Financing Data Collection and Aggregation", 18 Nov 2015
2 MAS, "Financial Stability Review 2015", 27 Nov 2015
3 HKMA, "Enhanced Competency Framework for Banking Practitioners", 18 Dec 2015

China announces the normalisation of deposit reserve requirement on offshore financial institutions' onshore deposits[4]

China, 18 Jan 2016

The People's Bank of China (PBC) has normalised the deposit reserve requirement on offshore financial institutions' onshore deposits starting from 25 Jan 2016. This is a further improvement of China's current deposit reserve system and the measure will not affect onshore RMB liquidity. The PBC will utilize a combination of policy measures to keep the liquidity of the banking system at an appropriately adequate level.

The normalisation introduces a long-term, counter-cyclical mechanism for regulating China's cross-border capital flow in RMB, an important step in improving the macro-prudential policy framework. This inhibits the pro-cyclical behavior in RMB's cross-border flow, guiding offshore banks to enhance their RMB liquidity management, and helping maintain the stability of the financial system.

2.2 Capital and liquidity requirements/Basel III

EBA announces details of 2016 EU-wide stress test[5]

Europe, 05 Nov 2015

The European Banking Authority (EBA) has published its 2016 EU-wide stress test draft methodology for discussion. The stress test will cover over 70% of the EU banking sector, and it will be launched in the first quarter of 2016.

The stress test will assess the ability of EU banks to meet relevant supervisory capital ratios during an adverse economic shock. The results will inform the 2016 Supervisory Review and Evaluation Process (SREP), acting as a challenge to banks' forward looking capital plans. The exercise will also provide market participants with a consistent basis to compare and assess the resilience of EU banks.

4 PBC, "PBC Normalizes Deposit Reserve Requirement on Offshore Financial Institutions' Onshore Deposits", 18 Jan 2016
5 EBA, "EBA announces details of 2016 EU-wide stress test", 05 Nov 2015

BIS releases a second consultative document on revisions to the standardised approach for credit risk[6]

Switzerland, 10 Dec 2015

BIS has released a second consultative document on Revisions to the Standardised Approach for credit risk. The proposals in the document differ in several ways from the initial set of proposals published by the Basel Committee for Banking Supervision (BCBS) in December 2014, which set out an approach that removed all references to external credit ratings and assigned risk weights based on a limited number of alternative risk drivers.

Respondents to the first consultative document expressed concerns, suggesting that the complete removal of references to ratings was unnecessary and undesirable, leading BCBS to reintroduce the use of ratings for exposures to banks and corporates. The revised proposal also includes alternative approaches for jurisdictions that do not allow the use of external ratings for regulatory purposes.

The consultation closed on 11 March 2016.

MAS releases Notice 651 on Liquidity Coverage Ratio disclosure requirements[7]

Singapore, 14 Dec 2015

MAS has released Notice 651 on disclosure requirements to complement the Liquidity Coverage Ratio ("LCR") requirement for banks. MAS previously issued a consultation seeking comments from banks on 9 Oct 2015, and released its response to those comments on 11 Dec 2015. In its response, MAS confirmed that LCR requirements would be imposed on all locally incorporated domestic systematically Important banks ("D-SIBs"), and that the reporting currency for LCR disclosure requirements would be aligned to that of the reporting bank's financial statements, rather than purely in SGD.

The LCR disclosure requirements take effect from 1 January 2016.

EBA consults on guidelines for stress testing[8]

Europe, 18 Dec 2015

The EBA is consulting on its draft guidelines for stress testing. The Guidelines set out the authority's expectations for institutions' stress testing programmes and seek to improve from the experiences of previous stress test exercises. They are also aimed at promoting convergence of the use of stress testing in the supervisory review and evaluation process (SREP). Institutions in the EU are expected to follow the guidelines when designing or conducting their stress test programmes.

The consultation runs until 18 March 2016.

6 BIS, "Revisions to the Standardised Approach for Credit Risk – second consultative document", 10 Dec 2015
7 MAS, "MAS Notice 651 Liquidity Coverage Ratio disclosure", 14 Dec 2015
8 EBA, "EBA consults on draft Guideline for stress testing", 18 Dec 2015

BIS releases Guidance on the application of the Core principles for effective banking supervision[9]

Switzerland, 21 Dec 2015

The Bank of International Settlements (BIS) has released a proposed guidance on the regulation and supervision of institutions relevant to financial inclusion. This consultative document builds on past work by the Committee to elaborate additional guidance in the application of the Committee's Core principles for effective banking supervision to the supervision of financial institutions engaged in serving the financially unserved and underserved. This includes a report of the Range of practice in the regulation and supervision of institutions relevant to financial inclusion, and expands on Microfinance activities and the Core Principles for Effective Banking Supervision.

The consultation closes on 31 March 2016.

BIS releases revised minimum capital standards[10]

Switzerland, 14 Jan 2016

The Basel Committee has released a revised market risk framework, a key component of the Committee's reform of global regulatory standards in response to the global financial crisis. The revised market risk framework aims to ensure that credible capital outcomes are delivered by the standardised and internal model approaches to market risk, whilst promoting consistent implementation of the standards across jurisdictions. This risk framework incorporates changes made following two consultations published in October 2013 and December 2014.

Key features of the revised framework include (i) a revised boundary between the trading book and banking book, (ii) a revised internal models approach for market risk, (iii) a revised standardised approach for market risk, (iv) a shift from value-at-risk to an expected shortfall measure of risk under stress, and (v) the incorporation of the risk of market illiquidity.

HKMA issues circular on the implementation of the revised framework for market risk capital requirements[11]

Hong Kong, 19 Jan 2016

The Hong Kong Monetary Authority (HKMA) has released a circular stating its intention to implement the Basel Committee's revised market risk capital framework in accordance with the Basel Committee for Banking Supervision's timetable, also stating that it will consult the industry on implementation proposals in due course.

Accordingly, the HKMA has advised relevant authorised institutions to familiarise themselves with the new standards and prepare for their implementation.

9 BIS, "Guidance on the application of the Core principles for effective banking supervision to the regulation and supervision of institutions relevant to financial inclusion", 21 Dec 2015
10 BIS, "Minimum capital standards for market risk"
11 HKMA, "Revised Framework for Market Risk Capital Requirements", 19 Jan 2016

RBI Brings Capital Treatment of Banks' Balance Sheet Items in Closer Alignment with Basel Framework[12]

India, 1 Mar 2016

The Reserve Bank of India has made some amendments to the treatment of certain balance sheet items for the purposes of determining banks' regulatory capital. The review was carried out with a view to further aligning the definition of regulatory capital with the internationally adopted Basel III capital standards, issued by the Basel Committee on Banking Supervision (BCBS).

The following are some changes resulting from the amendments, which take place with immediate effect:

1. Revaluation reserves arising from change in the carrying amount of a bank's property consequent upon its revaluation would be considered as common equity tier 1 capital (CET1) instead of Tier 2 capital as hitherto. These would continue to be reckoned at a discount of 55 per cent.
2. Foreign currency translation reserves arising due to translation of financial statements of a bank's foreign operations to the reporting currency may be considered as CET1 capital. These will be reckoned at a discount of 25 per cent.
3. Deferred tax assets arising due to timing differences may be recognised as CET1 capital up to 10% of a bank's CET1 capital.

BIS releases consultative document on Operational Risk Management[13]

Switzerland, 4 Mar 2016

The Basel Committee has released a consultative document on the standardized measurement approach for operational risk. The revised operational risk capital framework will be based on a single non-model-based method for the estimation of operational risk capital, which is termed the Standardised Measurement Approach (SMA).

The SMA builds on the simplicity and comparability of a standardised approach, and embodies the risk sensitivity of an advanced approach, which will promote consistency and comparability in operational risk capital measurement.

The consultation will close on 3 June 2016.

12 RBI, "RBI Brings Capital Treatment of Banks' Balance Sheet Items in Closer Alignment with Basel Framework"
13 BIS, "Standardised Measurement Approach for operational risk - consultative document", 4 Mar 2016

BIS releases working paper on the integration of regulatory capital and liquidity instruments[14]

Switzerland, 9 Mar 2016

The Basel Committee has released a working paper consisting of three "essays" on capital, on liquidity and its interaction with capital and on other supervisory requirements.

The essay on capital assesses the impact of higher capital requirements in terms of the costs and benefits to economic activity and welfare.The essay on liquidity and its interaction with capital identifies a number of potential channels through which liquidity requirements can affect bank behaviour, balance sheets and profitability. Finally, the essay on other supervisory requirements discusses (1) whether measures other than capital and liquidity requirements adequately complement these regulations in making the banking system more resilient; and (2) whether simpler regulatory rules may be more robust to extreme stress events than the ones in place and whether stress testing can enhance robustness.

BIS consults on revisions to Pillar 3 disclosure framework[15]

Switzerland, 11 Mar 2016

BIS has issued enhancements to Pillar 3 of the Basel framework for discussion. The proposed enhancements issued include:

1. The addition of a "dashboard" of key metrics,
2. A draft disclosure requirement of hypothetical risk-weighted assets calculated based on the Basel framework's standardised approaches, and
3. Enhanced granularity for disclosure of prudent valuation adjustments.

The proposal also incorporates additions to the Pillar 3 framework to reflect ongoing reforms to the regulatory framework, and will also consolidate all existing Pillar 3 disclosure requirements of the Basel framework, including the leverage ratio and liquidity ratios disclosure templates.

The consultation will close on 10 June 2016.

14 BIS, "Literature review on integration of regulatory capital and liquidity instruments", 9 Mar 2016
15 BIS, "The Basel Committee consults on revisions to the Pillar 3 disclosure framework", 11 Mar 2016

2.3 Recovery and Resolution Plans

FSB issues Total Loss-Abosrbing Capacity standard for G-SIBs[16]

Global, 9 Nov 2015

FSB has issued the final Total Loss-Absorbing Capacity (TLAC) standard for global systemically important banks (G-SIBs).

With the standard, failing G-SIBs will have sufficient loss-absorbing and recapitalisation capacity available in resolution for authorities to implement an orderly resolution, minimising impacts on financial stability, maintaining the continuity of critical functions, and avoiding the exposure of public funds to loss.

The standard defines a minimum requirement for the instruments and liabilities that should be readily available for bail-in within resolution at G-SIBs, but does not limit authorities' powers under the applicable resolution law to expose other liabilities to loss through bail-in or the application of other resolution tools.

FSB welcomes industry initiative to promote orderly cross-border resolution of G-SIBs[17]

Global, 12 Nov 2015

FSB welcomes the announcement by ISDA, SIFMA, ICMA and ISLA of the execution by 21 G-SIBs of a revised ISDA Resolution Stay Protocol. The Protocol builds on the version developed in 2014, which focused on amending ISDA Master Agreements for OTC bilateral derivatives to improve the effectiveness of cross-border resolution actions. The coverage of the Protocol has now been extended to securities finance transaction master agreements.

Under the Protocol, counterparties agree to the cross-border enforceability of existing statutory stays on resolution-related early termination and other default rights in OTC bilateral derivatives contracts and securities financing agreements. This facilitates an orderly resolution of a G-SIB in a manner that treats domestic and foreign counterparties similarly, while helping to ensure continuity of critical functions and minimising the wider impact on the market.

16 FSB, "FSB issues final Total Loss-Absorbing Capacity standard for global systemically important banks", 9 Nov 2015
17 FSB, "FSB welcomes extension of industry initiative to promote orderly cross-border resolution of G-SIBs", 12 Nov 2015

EBA benchmarks recovery plan scenarios[18]

Europe, 08 Dec 2015

EBA has conducted a second thematic comparative analysis on 19 recovery plans across the EU with a focus on scenarios, following the implementation of the BRRD in January 2015. Scenario analysis, which allows institutions and supervisors to test the feasibility of recovery options and the adequacy of recovery indicators, is a key part of a sound recovery plan.

Overall, the analysis has shown that in a number of recovery plans the approach chosen for the scenario analysis is already broadly in line with the BRRD requirements while other plans remain at a less advanced stage. Among the latter, areas for improvement include relevance and severity of the scenarios and their impact on the relevant recovery indicators.

EBA delivers guidance for business reorganisation plans under the BRRD[19]

Europe, 17 Dec 2015

EBA has published its final draft Regulatory Technical Standards (RTS) on the content of business reorganisation plans and progress reports, as well as guidelines defining how to assess plans.

The EBA defined details for business reorganisation plans that identify and address the causes of the institution's failure and set out how the institution will be restored to long-term viability. As explained in the EBA RTS, the reorganisation strategy should be prudent and take into account the strengths and weaknesses of the institution, the relevant market and the macro-economic situation.

EBA issues methodology for valuation of liabilities arising from derivatives[20]

Europe, 17 Dec 2015

EBA has published its final draft RTS on the methodology for the valuation of derivative liabilities for the purpose of bail-in in resolution. These standards set procedures for the orderly management of bank failures, providing EU resolution authorities with a methodology for the valuation of derivative liabilities for credit institutions placed under resolution. They also ensure that the discipline brought in by the new bail-in tool can effectively be extended to these liabilities.

This RTS provides EU resolution authorities with a series of tools to carry out a swift and objective valuation of derivative liabilities, while minimising risks that creditor would be treated worse off than in liquidation. The approach applies a statutory valuation methodology based on the costs or gains that would be incurred by the counterparty in replacing the contract. Derivative counterparties will be given the opportunity to provide evidence of commercially reasonable replacement trades within a certain deadline; if they do not exercise this option, then

18 EBA, "EBA benchmarks approaches on scenarios in recovery plans", 08 Dec 2015
19 EBA, "EBA delivers guidance for business reorganisation plans under the BRRD", 17 Dec 2015
20 EBA, "EBA issues methodology for valuation of liabilities arising from derivatives", 17 Dec 2015

resolution authorities will apply a statutory methodology supported by observable market data or other relevant information.

EBA defines the minimum set of information for financial records[21]

Europe, 17 Dec 2015

EBA has published its final draft RTS on detailed records of financial contracts. These RTS have been developed within the framework established by the EU BRRD and further specify the minimum set of the information on financial contracts that should be contained in detailed records, and the circumstances under which the requirement to maintain such detailed records should be imposed.

These standards aim to achieve a consistent and systemic approach to ensure that authorities are able to quickly and directly obtain relevant information on financial contracts in order to support the application of resolution powers or resolution tools. This is expected to facilitate cooperation and common understanding among authorities, particularly institutions and entities with cross-border operations. The information might be also used for derivatives valuation.

21 EBA, "EBA defines the minimum set of information on financial contracts for detailed records", 17 Dec 2015

2.4 MiFID II

ESMA issues standards on reporting, cooperation and suspensions under MiFID II[22]

Europe, 11 Dec 2015

The European Securities and Markets Authority (ESMA) has published Implementing Technical Standards (ITS) regarding the implementation of the Market in Financial Instruments Directive (MiFID II). ESMA's ITS translates how the legislation will apply in practice to market participants, market infrastructures and national supervisors. The publication of the ITS follows two other sets of Technical Standards on the implementation of MiFID II published in June and September.

FCA consults on MiFID II implementation[23]

UK, 15 Dec 2015

The Financial Conduct Authority (FCA) has published its first consultation paper on the implementation of MiFID II in the UK. The consultation paper focuses on areas where the FCA has sufficient certainty about MiFID II legislation to make proposal for its implementation in the UK. It seeks views on changes to the FCA Handbook.

The proposals mainly cover changes to the trading of financial instruments. These include issues affecting trading venues, transparency of trading and algorithmic and high frequency trading.

There are also proposals covering changes to the scope of the application of the FCA's Principles for Businesses and the supervision of the new Data Reporting Service Providers category of firms.

The consultation closes on 8 March 2016.

ESMA publishes final report on MIFID II Guidelines on assessment and knowledge of competence[24]

Europe, 17 Dec 2015

ESMA has published its Final Report on guidelines for the assessment of knowledge and competence, aimed at enhancing investor protection by increasing the knowledge and competence of natural persons giving investment advice or providing information about financial instruments, investment services or ancillary services to clients on behalf of investment firms.

As required under Article 25(9) of MiFID II, these guidelines specify the criteria for the assessment of the necessary knowledge and competence requirements of investment firms' staff. These guidelines have been developed to enable firms to fulfil their obligations under Articles 24 and 25 of MiFID II, such as meeting general conduct of business principles, information and reporting to clients, and suitability and appropriateness requirements, through the attainment of appropriate qualifications and appropriate experience by their staff.

The guidelines will come into effect on 3 January 2017.

22 ESMA, "ESMA issues standards on reporting, cooperation and suspensions under MiFID II", 11 Dec 2015
23 FCA, "FCA consults on Aspects of the Markets in Financial Instruments Directive II implementation", 15 Dec 2015
24 ESMA, "ESMA publishes final report on MIFID II Guidelines on assessment and knowledge of competence", 17 Dec 2015

2.5 Shadow Banking

FSB publishes reports on transforming shadow banking into resilient market-based finance[25]

Global, 12 Nov 2015

The FSB has published three reports, the 1) Progress Report on Transforming Shadow Banking into Resilient Market Based Finance, 2) Global Shadow Banking Monitoring Report 2015, 3) Regulatory framework for haircuts on non-centrally cleared securities financing transactions.

The reports mark further progress in the FSB's move towards strengthened oversight and regulation of shadow banking, as endorsed by the G20 Leaders at the Brisbane Summit in November 2014.

The strengthening of oversight and regulation of shadow banking takes several forms. Firstly, the FSB has introduced a new activity-based approach in its annual monitoring, as part of efforts to carry out system-wide monitoring to track developments in the shadow banking system. The approach helps narrow focus to areas in the non-bank financial sector where shadow banking risks may arise and require appropriate policy responses.

Secondly, further progress has been made this year to strengthen oversight and regulation of shadow banking, particularly in the area of securities financing. Lastly, the implementation of previously agreed policies is progressing, and the FSB will continue to monitor the implementation of agreed policies to ensure they achieve the intended objectives.

EBA issues guidelines on institutions' exposures to shadow banking risks[26]

Europe, 15 Dec 2015

EBA has published guidelines regarding limits on institutions' exposures to 'shadow banking entities' that carry out bank-like activities outside a regulated framework. In particular, these Guidelines introduce an approach that will allow EU institutions to set internal limits for their exposures to 'shadow banking entities', addressing the risks that these exposures pose to the EU banking sector.

The guidelines will support institutions and banking supervisors across the EU in minimising the risks arising from exposures to shadow banking entities. The Guidelines ensure institutions have sufficient information about their shadow banking counterparties so they can make an informed risk assessment of their exposures. For those institutions that do not have sufficient information on their exposures to shadow banking counterparties, the EBA requires a fallback approach involving a fixed limit to all or some of these aggregate exposures.

25 FSB, "FSB publishes reports on transforming shadow banking into resilient market-based finance", 12 Nov 2015
26 EBA, "EBA issues final Guidelines on institutions exposures to shadow banking entities and recommends approach to limiting risks", 15 Dec 2015

2.6 Alternative payment systems

Regulatory regime for stored value facilities and retail payment systems commences operation in Hong Kong[27]

Hong Kong, 13 Nov 2015

The regulatory regime for stored value facilities and retail payment has commenced operation in Hong Kong.

Under the regulatory regime, HKMA is empowered to implement a mandatory licensing system for multi-purpose stored value facilities and perform relevant supervision and enforcement functions. Existing issuers of stored value facilities or new market operators have up to one year to apply for a licence from the HKMA.

After the expiry of the one-year period, it will be illegal for non-exempt issuers to issue or operate any stored value facilities without a licence. In addition, licensed banks will be deemed to be licensed to issue and operate stored value facilities.

The licensing system will enable the HKMA to exercise supervisory or enforcement actions to ensure the fitness and propriety of issuers, appropriate protection of the float stored in the facilities by users, as well as the reliable operation of such facilities.

2.7 AML/CFT

FSB releases report to G20 on the decline in correspondent banking[28]

Global, 6 Nov 2015

FSB has published a Report to the G20 on actions taken to assess and address the decline in correspondent banking. This report provides an update on work to examine the extent and causes of banks' withdrawal from correspondent banking and the implications for affected jurisdictions. Roughly half of emerging market and developing economies surveyed by the FSB have experienced a decline in correspondent banking services.

The main drivers given by the large banks for their reduction in correspondent banking were concerns about money laundering and terrorism financing risks in the jurisdictions of counterpart banks. Authorities and local banks predominantly mentioned overall risk appetite and lower profitability as causes, which may in part be affected by money laundering risk concerns and higher costs from extra due diligence.

27 HKMA, "Regulatory regime for stored value facilities and retail payment systems commences operation", 13 Nov 2015
28 FSB, "FSB releases report to G20 on the decline in correspondent banking", 6 Nov 2015

MAS releases circular on common findings discovered during thematic inspections[29]

Singapore, 28 Oct 2015

MAS has released a circular setting out common findings, as well as good practices observed during the thematic inspections and reviews of nearly 300 MAS regulated financial institutions ("FIs") in 2014. Weaknesses were observed in several areas, including the identification of customers and related parties, screening as well as transactions monitoring.

As the inspections and reviews were carried out prior to the revision of the Notice to Financial Advisers on Prevention of Money Laundering and Countering the Financing of Terrorism ("revised FAA-N06") and Guidelines to the Notice ("revised Guidelines") on 24 April 2015, the circulars are also meant to draw attention to some additional requirements and AML/CFT measures that FIs have to put in place under the revised FAA-N06 and revised Guidelines.

MAS updates its Notices and Guidelines on AML/CFT[30]

Singapore, 30 Nov 2015

MAS has updated its Notices and Guidelines on AML/CFT to impose new requirements on the identification of life insurance policy beneficiaries. This change comes as it is becoming increasingly recognized that insurance products present their own unique money laundering risks, for example when insurance policies offer policy owners the option to change beneficiaries after the inception of policies, which could potentially be abused for criminal activities.

Also, financial institutions are now required to inquire if there exist beneficial owners for transactions originating from government entities. Previously, government entities were exempted from such requirements.

29 MAS, "ENHANCING ANTI-MONEY LAUNDERING & COUNTERING THE FINANCING OF TERRORISM MEASURES AND BUSINESS CONDUCT", 28 Oct 2015
30 MAS, "MAS 626 (Amendment)", 30 Nov 2015

FATF leads renewed global effort to counter terrorist financing[31]

Global, 14 December 2015

The Financial Action Task Force (FATF) will adapt its strategy in order to better understand and reflect the changing nature of the terrorist financing risks. The FATF concluded three days of meetings following the recent terrorist attacks in France. The strategies to be taken including understanding the impact of recent action against ISIL, improving the exchange of information between member nations, and and strengthening the FATF international standards and their implementation.

Basel Committee publishes revised guide on AML/CFT[32]

Switzerland, 04 Feb 2016

The Basel Committee on Banking Supervision has revised the General guide to account opening and customer identification, first published in 2003. The revision takes into account the significant enhancements to the Financial Action Task Force (FATF) Recommendations and related guidance. In particular, it builds on the FATF Recommendations, as well as on two supplementary FATF publications specifically relevant for this guide: Guidance for a risk-based approach: The banking sector, and Transparency and beneficial ownership, both issued in October 2014.

RBI issues Master Direction on KYC and AML/CFT[33]

India, 25 Feb 2016

RBI has issued a Master Direction on Know-Your-Customer (KYC) and AML/CFT, consolidating all relevant instructions issued by different departments of the Reserve Bank so far on the subject. This Master Direction will be applicable to all RBI-regulated entities.

2.8 Other updates

HKMA launches Supervisory Policy Manual (SPM): CR-G-9 Exposures to Connected Parties[34]

Hong Kong, 20 Nov 2015

Following consultation with the two industry Associations, the the HKMA has issued the SPM module "Exposures to Connected Parties" as a statutory guideline under section 7(3) of the Banking Ordinance. The SPM module is a revised version of the SPM module "Connected Lending", and the revisions mainly include an expansion of the definition of connected parties for AIs' internal risk management purposes and further elaboration on the risk governance arrangements in respect of exposures to connected parties.

For ease of implementation, the module provides for a grace period of nine months for AIs to put in place the appropriate internal limits and risk management policies in respect of the additional connected parties.

31 FATF, "The Financial Action Task Force leads renewed global effort to counter terrorist financing", 14 Dec 2015
32 BIS, "General guide to account opening", 4 Feb 2016
33 RBI, "Comprehensive Master Directions on Know Your Customer (KYC)", 25 Feb 2016
34 HKMA, "Supervisory Policy Manual (SPM): CR-G-9 Exposures to Connected Parties", 20 Nov 2015

CPMI-IOSCO releases guidance on cyber resilience[35]

Spain, 24 Nov 2015

The Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions (CPMI-IOSCO) have released the Guidance on cyber resilience for financial market infrastructures (FMIs) for consultation. As FMIs play a critical role in promoting the stability of financial systems, the cyber risks faced by FMIs and their level of readiness to effectively deal with worst case scenarios have been considered top priorities by industry leaders and authorities alike.

The guidance aims to add momentum to and instil international consistency in efforts to enhance FMIs' ability to pre-empt cyber-attacks, respond rapidly and effectively to them, and achieve faster and safer target recovery objectives if they succeed.

EBA identifies areas of improvement in cooperation between the EU and third countries[36]

Europe, 15 Dec 2015

EBA has published a Report and an Opinion on the application of legal provisions on cooperation and information sharing between EU and non-EU supervisory authorities. The report aims to identify issues and areas of improvement and to propose legislative changes to better facilitate the prudential supervision of institutions on a cross-border basis.

The report concludes that although cooperation between the EU and third country supervisory authorities does not pose any major concerns, more clarity is needed especially in the equivalence assessment processes of third country supervisory and regulatory regimes, confidentiality provisions, and consolidated supervision.

PBC opens bond market to overseas institutional investors[37]

China, 24 Feb 2016

The People's Bank of China (PBC) has issued the No.3 Notice, 2016 to abolish the quota restriction for the interbank bond market and streamline administrative procedures, to attract more eligible overseas institutional investors.

According to the Notice, financial institutions and investment products that are legally registered and established outside of China, and other medium and long-term institutional investors recognized by the PBC such as pension funds, charity funds and donation funds will now be qualified to invest in the interbank bond market.

35 IOSCO, "CPMI-IOSCO consultative paper Guidance on cyber resilience for financial market infrastructures", 24 Nov 2015
36 EBA, "EBA identifies areas of improvement in the cooperation between EU and third countries", 15 Dec 2015
37 PBC, "中国人民银行进一步放开境外机构投资者投资银行间债券市场", 24 Feb 2016

3. Financial Markets

3.1 OTC Derivatives

HK SFC proposes change to Automated Trading Services Guidelines[38]

Hong Kong, 20 Nov 2015

HK SFC has released a consultation proposing changes to its Guidelines for the Regulation of Automated Trading Services.

The proposals reflect regulatory and market developments and mainly cover the implementation of the regulation of OTC derivative transactions, setting out more specific requirements for central counterparties that wish to provide clearing services for OTC derivative transactions. They also align the guidelines with international standards and practices and codify existing practices.

Harmonisation of the Unique Product Identifier (UPI) Consultative report issued by CPMI-IOSCO[39]

Spain, 17 Dec 2015

CPMI-IOSCO have published for public comment a consultative report entitled Harmonisation of the Unique Product Identifier (UPI). The consultative report makes proposals for the harmonised global UPI, whose purpose is to uniquely identify over-the-counter (OTC) derivatives products that authorities require to be reported to trade repositories (TRs). The UPI would consist of a product classification system and associated code. The focus of this report is the product classification system.

The report seeks general and specific comments and suggestions from respondents by 24 February 2016.

HKMA and SFC release conclusions on introducing mandatory clearing and expanding mandatory reporting for OTC derivatives market[40]

Hong Kong, 5 Feb 2016

HKMA and the HK SFC have published their conclusions to the proposals made in a joint consultation on introducing mandatory clearing and expanding mandatory reporting for the second stage of the over-the-counter (OTC) derivatives regulatory regime. The conclusions paper sets out the revised proposals after taking into account market comments and feedback and seeks to further consult on the initial list of financial services providers.

3.2 Other updates

Thailand's SEC seeks public comment on revision to public offering rules[41]

Thailand, 4 Nov 2015

The SEC sought public comments on a proposed revision to the public offering rules to allow faster and more cost-effective fundraising procedures for listed companies that meet additional criteria. The revision aimed to streamline the public offering process for offerors without records of inappropriate corporate governance practices with shares offered at market prices during the offering period.

The consultation closed on 18 November 2015.

38 HK SFC, "SFC proposes changes to the ATS guidelines", 20 Nov 2015
39 CPMI-IOSCO, "Harmonisation of the Unique Product Identifier (UPI) Consultative report issued by CPMI-IOSCO", 17 Dec 2015
40 HKMA, "Regulators release conclusions on introducing mandatory clearing and expanding mandatory reporting for OTC derivatives market", 5 Feb 2016
41 SEC, "Public hearing on proposed revision to public offering rules", 4 Nov 2015

Thailand's SEC seeks public comment on revision to rules on listed companies' transactions[42]

Thailand, 5 Nov 2015

The SEC is seeking comments on proposed amendments to rules on material and related party transactions, to prevent excessive obligations on listed companies while clarifying relevant criteria.

The proposed changes include (1) further clarification of the term:"related party", (2) the adjustment of the calculation methods and the transaction size-based execution, (3) the clearer determination of the roles and responsibilities of company boards of directors and financial advisors, and (4) the revision to the criteria for reporting conflicts of interest of company directors.

In addition, the proposal lays out of good practice guidelines for executing related party transactions between subsidiaries and their related parties.

The consultation closes on 3 February 2016.

Thailand SEC seeks public comment on revision to net liquid capital rules[43]

Thailand, 12 Nov 2015

The SEC sought public comments on a draft amendment to the rules on calculation and reporting of net liquid capital to better reflect asset values and changing market environments.

The proposed key changes included (1) adjustment of position risk calculation, (2) inclusion of diverse financial instruments such as equity, debts, investment units and trusts in the risk calculation, and (3) updating of the net liquid capital calculation methods to be more flexible and suitable to the current market trends.

The consultation closed on 7 December 2015.

HK SFC proposes to expand short position reporting[44]

Hong Kong, 27 Nov 2015

The HK SFC (Securities and Futures Commission) launched a consultation proposing that the scope of short position reporting be extended to all securities that can be short sold under the rules of The Stock Exchange of Hong Kong Limited (SEHK).

Under the proposed expanded regime, which will also cover CIS, the reporting threshold for stocks will remain unchanged, while the threshold for CIS will be set at $30 million. The consultation closed on 31 Dec 2015.

42 SEC, "Public hearing on proposed revision to rules on listed companies' transactions", 5 Nov 2015
43 SEC, "Public hearing on proposed revision to net liquid capital rules", 12 Nov 2015
44 HK SFC, "SFC proposes to expand short position reporting", 27 Nov 2015

IOSCO publishes results of third annual risk outlook survey[45]

Spain, 16 Dec 2015

IOSCO has published its third annual risk outlook survey, an annual exercise to collect views from global financial market regulators and experts on risk areas that are of concern. The survey was conducted in March/April 2015, gathering views on risks to and within securities markets to help identify or highlight pockets of risk that might not be captured by normal statistical analysis or desk research.

This is the fourth year that IOSCO Research has conducted this particular exercise, and the latest iteration expanded the line of questioning to include not only risks to financial stability, but also the risks to investor protection and to the fair, efficient and transparent operation of markets.

CSRC announces that it will conduct stress tests on securities and futures institutions[46]

China, 18 Dec 2015

During a press conference, the CSRC announced that it would be conducting the risk stress testing of securities and futures financial institutions. Zhang Xiaojun, a spokesman for the CSRC, told a weekly news conference in Beijing that the CSRC would use the test results to prevent systemic risk and create a framework of contingency plans in the event of extreme market conditions.

The stress test is the latest in a series of measures employed to improve supervision and management of the securities and futures industry after an unprecedented stock market collapse in the middle of 2015 caused by widespread speculation, which caused the stock market to fall nearly 40 per cent before rebounding later in the year. As part of the testing, Zhang also said that the CSRC plans to examine how such financial institutions would perform under extreme conditions, such as liquidity situations, among others.

SGX launches listing compliance bulletin[47]

Singapore, 21 Dec 2015

The Singapore Exchange (SGX) has launched a listing compliance bulletin on its website, which will shed light on non-public regulatory actions SGX has taken in response to listing rule breaches, which include private enforcement actions against listed issuers, their executive officers, directors and market professionals.

The bulletin contains case studies of non-public regulatory decisions that highlight common pitfalls, areas of concern and circumstances that would lead to a breach of the listing rules. The names of companies involved in these non-public private enforcement actions are not mentioned, only the rules broken and actions taken by SGX.

"We hope these case studies will provide insight to market participants on the key considerations SGX deliberated on when deciding on regulatory actions," SGX said in a statement.

45 IOSCO, "IOSCO publishes results of the third annual Risk Outlook Survey", 16 Dec 2015
46 CSRC, "2015年12月18日新闻发布会", 18 Dec 2015
47 SGX, "Listing Compliance Bulletin", 21 Dec 2015"

MAS consults on proposed amendments to the Securities and Futures (Reporting of Derivatives Contracts) Regulations[48]

Singapore, 18 Jan 2016

MAS is proposing to amend the Securities and Futures (Reporting of Derivatives Contracts) Regulations 2013 to implement the reporting of commodity and equity derivatives contracts, which would complete the implementation of the OTC derivatives trade reporting regime in Singapore.

MAS is also proposing revisions to fine-tune the reporting obligations for certain non-bank financial institutions.

The consultation closed on 15 Feb 2016.

CPMI-IOSCO release statement on clearing of deliverable FX instruments[49]

Global, 5 Feb 2016

CPMI-IOSCO has issued a statement on the clearing of deliverable FX instruments by CCPs. The statement clarifies the expectations of CPMI-IOSCO as originally set out in the Principles for Financial Market Infrastructures - with respect to CCP clearing of deliverable FX instruments and the associated models for effecting their settlement.

HK SFC concludes on expanding scope of short position reporting[50]

Hong Kong, 24 Feb 2016

HK SFC has published its conclusions to a consultation to expand the scope of short position reporting and on corresponding amendments to the Securities and Futures (Short Position Reporting) Rules (SPR Rules).

Upon considering market feedback, the HK SFC has concluded that short position reporting will be expanded to cover all securities that can be short sold under the rules of The Stock Exchange of Hong Kong Limited. The reporting threshold for stocks will remain unchanged, while the threshold for collective investment schemes will be set at $30 million. Subject to the legislative process, the HK SFC plans for the amended rules to come into effect on 15 March 2017, to give the market a reasonable lead time for preparation.

HK SFC concludes consultation on changes to ATS guidelines[51]

Hong Kong, 1 Mar 2016

HK SFC has published conclusions to the consultation on proposed amendments to the Guidelines for the Regulation of Automated Trading Services (ATS) The HK SFC intends to implement the revised ATS Guidelines when the mandatory clearing of OTC derivative transactions is also implemented. This is expected to be on 1 September 2016.

48 MAS, "Consultation Paper on Proposed Amendments to the Securities & Futures (Reporting of Derivatives Contracts) Regulations", 18 Jan 2016
49 CPMI-IOSCO, "Clearing of deliverable FX instruments", 5 Feb 2016
50 HK SFC, "SFC concludes on expanding scope of short position reporting", 24 Feb 2016
51 HK SFC, "SFC concludes consultation on changes to ATS Guidelines", 1 Mar 2016

ASIC releases report on cyber resilience and shares examples of good practices[52]

Australia, 07 Mar 2016

The Australian Securities and Investment Commission (ASIC) has released a report on cyber resilience on ASX and Chi-X, which includes aggregated data taken from self-assessments performed by a sample of important financial institutions. The report calls on the financial services sector to recognize the increasing threat to cyber security, and to refine systems and processes to address such threats and issues.

The report has called for organisations to closely manage cyber risk from both internal and third-party sources, establish robust collaboration and information-sharing networks to access defensive intelligence and technologies, and to implement thorough cyber awareness training programs.

52 ASIC, "16-064MR ASIC reports on cyber resilience and shares examples of emerging good practices", 07 Mar 2016

4. Insurance

MAS amends Notice 120 on Disclosure and Advisory Process Requirements for Accident and Health Insurance Products[53]

Singapore, 30 Oct 2015

MAS has released amendments to MAS 120 on Disclosure and Advisory Process Requirements for Accident and Health Insurance ("A&H") Products. The new amendments seek to provide greater protection to consumers especially in the areas of switching of A&H products, and also enhance the disclosure requirements required in the sale of such products.

This follows the review of the regulatory framework for A&H insurance carried out by MAS in May 2015, following the recommendations of the Medishield Life Review Committee. Direct insurers are no longer allowed to use the word "Shield" in the name, description or title of any A&H policy, unless the policy is a Medisave-approved policy. Also, A&H insurance intermediaries must now disclose and explain the freelook provision, including the time-frame for the policy-owner to reconsider his purchase of the A&H policy, the terms and procedures for exercising such a provision, the procedures for making claims on the policy, and the restrictions on policy termination.

MAS revises Notice 126 on Enterprise Risk Management for Insurers[54]

Singapore, 07 Dec 2015

MAS has revised Notice 126 on Enterprise Risk Management for Insurers. In the revision, MAS has further clarified that any reference to a "board of directors" in the Notice will now refer to any executive officers or committee in the insurer's head office with oversight responsibilities over Singapore operations. Also, MAS has further clarified the timelines for the lodging of ORSA reports, by stating that the timeline for reporting will now follow the year in which the insurer is licensed under Section 8 of the Insurance Act.

53 MAS, "MAS 120 (Amendment) 2015", 30 Oct 2015
54 MAS, MAS 126 (Amendment) 2015", 7 Dec 2015

5. Asset Management

Public hearing on revision to mutual fund investment rules[55]

Thailand, 5 Nov 2015

The SEC sought comments on the proposed relaxation to rules governing mutual funds offered for sale to accredited investors, to enhance the competitiveness of asset management companies and diversify investment choices for investors with higher risk tolerances.

The revision will allow asset management companies to offer more diversified and complex mutual funds similar to those sold in foreign markets, introducing investors to more investment opportunities. Mutual funds offered to accredited investors will be able to invest in any types of financial instruments without company limit ratio, already the case with hedge funds. Meanwhile, investor qualifications will also be revised to ensure that only accredited investors with matching risk profiles would be eligible to invest in higher risk mutual funds.

The public hearing closed on 16 November 2015.

IOSCO Publishes final report on Standards for the Custody of CIS Assets[56]

Spain, 10 Nov 2015

IOSCO has published its final report on Standards for the Custody of Collective Investment Schemes' Assets (CIS Assets). The report seeks to clarify, modernize and further develop international guidance for the custody of CIS assets. The report identifies some of the key risks associated with the custody of CIS assets, such as operational risk, misuse of CIS assets, risk of fraud or theft, and information technology risk.

Investment Management Association of Singapore releases risk assessment guidelines[57]

Singapore, 01 Dec 2015

IMAS has released a set of risk assessment guidelines, to assist fund management companies with conducting their own AML/CFT risk assessments, in line with MAS requirements. The risk factors are divided into four main sections, on the ML/TF internal governance framework, risk factor assessment, risk mitigation assessment and training and coordination and risk weighted accordingly, which will assist companies in spotlighting areas of weakness within their AML/CFT frameworks. The risk assessment guidelines are not meant to be definitive or mandatory, but rather should be adapted to each company's specific needs.

55 SEC, "Public hearing on proposed revision to mutual fund investment rules", 5 Nov 2015
56 IOSCO, "IOSCO Publishes final report on Standards for the Custody of CIS Assets", 10 Nov 2015
57 IMAS, "Guidance to assessing ML/TF risk", 1 Dec 2015

IOSCO publishes third hedge funds survey report[58]

Spain, 11 Dec 2015

IOSCO has published its third IOSCO Hedge Fund Survey that looks at efforts by regulators to better understand the hedge fund industry. The survey aims to gather data from hedge fund managers and advisers about the markets in which they operate, their trading activities, leverage, funding and counterparty information. The IOSCO Hedge Fund Survey remains the only global view on hedge funds from a regulatory perspective and is therefore of key interest to the wider global debate on related issues. One of the key findings of the survey is that the hedge fund industry is largely concentrated in the United State of America, with the Cayman Islands continuing to be the tax domicile of choice.

IOSCO publishes Liquidity Management Report for CIS[59]

Spain, 17 Dec 2015

IOSCO has published a report on Liquidity Management Tools in Collective Investment Schemes (CIS). This report maps existing liquidity management frameworks in 26 of IOSCO's member jurisdictions, particularly focusing on tools to deal with exceptional situations (e.g., significant redemption pressure). The report is based on a survey sent to members of IOSCO's Committee 5 on CIS. This report comes as greater attention is focused recently on the tools available to manage liquidity risk in the asset management space, including on the availability of tools, their use, effectiveness and system-wide implications.

This report sets out clearly, for a large number of jurisdictions, the various frameworks and policy tools currently at the disposal of asset managers and the scope of funds to which they apply. As such, the document provides a useful, jurisdictional level, reference point on the liquidity management tools available globally.

HK SFC authorizes first batch of funds under the Mainland-Hong Kong Mutual Recognition of Funds Initiative[60]

Hong Kong, 18 Dec 2015

The HK SFC has granted authorization for the first batch of four Mainland funds under the Mainland-Hong Kong Mutual Recognition of Funds (MRF) initiative for public offering in Hong Kong, also welcoming the approval by the CSRC of the first batch of three Hong Kong funds for public offering on the Chinese market.

The MRF initiative is a major breakthrough in the opening up of the Mainland's funds market to offshore funds, opening up a new frontier for the Mainland and Hong Kong asset management while making a wider selection of fund products available to investors in both markets. The SFC and the CSRC have been accepting MRF applications since 1 July 2015.

58 IOSCO, "IOSCO publishes third Hedge Funds Survey report", 11 Dec 2015
59 IOSCO, "IOSCO publishes report on Liquidity Management Tools in CIS", 17 Dec 2015
60 HK SFC, "SFC authorizes first batch of funds under Mainland-Hong Kong Mutual Recognition of Funds initiative", 18 Dec 2015

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8. Glossary

ABS	Association of Banks in Singapore
ACGA	Asian Corporate Governance Association
ACGS	ASEAN Corporate Governance Scorecard
ADI	Authorised deposit-taking Institutions
AEOI	Automatic Exchange of Information
AI	Authorised Institutions
AIFMD	Alternative Investment Fund Manager's Directive
AML	Anti-Money Laundering
AML/CTF	Anti-Money Laundering/Counter-Terrorism Financing
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
ATS	Alternative Trading Systems
BCBS	Basel Committee on Banking Supervision
BIR	Bureau of Internal Revenue
BIS	Bank for International Settlements
BNM	Bank Negara Malaysia
BSP	Bangko Sentral ng Pilipinas
CCP	Central Clearing Party
CDD	Customer Due Diligence
CET 1	Common Equity Tier 1
CIS	Collective Investment Schemes
CMDTF	Capital Markets Development Taskforce
CPSS	Committee on Payment and Settlement Systems
CRDIV	Capital Requirements Directive IV
CROs	Chief Risk Officers
CVA	Credit Valuation Adjustment
DDP	Designated Depository Participants
DIM	Dim Sum Bonds
DNC	Do Not Call
EBA	European Banking Authority
EC	European Commission
EDP	Excessive Deficit Procedure
EIBOR	Emirates Interbank Offered Rate
EMC	Emerging Markets Committee
EMIR	European Market Infrastructure Regulation
EOI	Exchange of Tax Information
ESMA	European Securities and Markets Authority
EU	European Union
FA	Financial Advisor
FAIR	Financial Advisory Industry Review
FATCA	Foreign Account Tax Compliance Act
FATF	Financial Action Task Force
FBOs	Foreign Banking Organizations
FCA	Financial Conduct Authority
FDI	Foreign Direct Investment
FDIC	Federal Deposit Insurance Corporation
FII	Foreign Institutional Investor
FinCen	Financial Crimes Enforcement Network
FINRA	Financial Industry Regulatory Authority
FIs	Financial Institutions
FMA	Financial Markets Authority
FMCB	Financial Markets Conduct Bill
FMIs	Financial Market Infrastructures
FPC	Financial Policy Committee
FPI	Foreign Portfolio Investor
FSA	Financial Services Authority
FSB	Financial Stability Board

FSTB	Financial Services and Treasury Bureau
FTT	Foreign Transaction Tax
GSEs	Government-Sponsored Enterprise
HFT	High Frequency Trades
HMRC	HM Revenue & Customs
HQA	High Quality Assests
ICBC	Industrial and Commercial Bank of China
ICD	Institute of Corporate Directors
IIF	Institute of International Finance
IDB	Inter-Dealer Broker
IFSB	Islamic Financial Services Board
IGA	Inter-Governmental Agreements
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
IRS	Internal Revenue Service
IRDA	Insurance Regulatory and Development Authority
ISDA	International Swaps and Derivatives Association
ITS	Implementing Technical Standards
JFSA	Japan Financial Services Authority
KRX	Korea Exchange
KYC	Know Your Customer
LCR	Liquidity Coverage Ratio
LDP	Low-Default Portfolios
LFTR	Licensed Foreign Trade Repository
LIBOR	London Interbank Offered Rate
LTR	Licensed Trade Repository
MAS	Monetary Authority of Singapore
MiFID II/ MiFIR	Markets in Financial Instrument Directive
MMF	Money Market Funds
MOU	Memorandum of Understanding
NAV	Net Asset Value
NFC	Non-Financial Company
NFFE	National Federation of Federal Employees
NFSP	Non-Financial specified person
NOFHC	Non-Operative Financial Holding Company
OECD	Organisation for Economic Co-operation and Development
OFT	Office of Fair Trading
OTC	Over-the-Counter
OTF	Organised Trading Facility
PBC	People's Bank of China
PDPA	Personal Data Protection Act
PDPC	Personal Data Protection Commission
PEPs	Politically Exposed Persons
PLC	Public Listed Company
POS	Point of Sale
PRA	Prudential Regulatory Authority
QFI	Qualified Foreign Investor
RBI	Reserve Bank of India
RFMC	Regime for Fund Management Companies
RMB	Renminbi
RWAs	Risk Weighted Assets
SEBI	Securities and Exchange Board of India
SEC	Securities and Exchange Commission
SEHK	Hong Kong Exchanges and Clearing Limited
SFC	Securities & Futures Commission of Hong Kong
SFTs	Securities Financing Transactions
SGX	Singapore Stock Exchange
SIDD	Separately Identifiable Department or Division
TRC	Tax Residency Certificate
TRM	Technology Risk Management
UK	United Kingdom
UN	United Nations
US	United States
WFE	World Federation Exchange
WMS	Wealth Management Services

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