

# *Managing Upstream Risk*

Regulatory Reform Review:  
An Asian perspective

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# 1. Editorial

This edition of Managing Upstream Risk provides updates on the key regulatory developments between October 2017 and March 2018. During this period, the Monetary Authority of Singapore (“MAS”) introduced a new consultation paper on changes to Anti-Money Laundering (“AML”)/Counter Finance Terrorism (“CFT”) requirements imposed on money-changing and remittance businesses. Coupled with this is a new circular on technology solutions to facilitate non-face-to-face customer on-boarding. MAS has also updated its guidance on insurer’s own risk and solvency assessment.

Regulations surrounding cryptocurrencies and cyber security have also been of increasing interest. Majority of regulatory authorities have not issued legislations to control its prevalence, and are currently reviewing the developments of virtual currencies that would impact money laundering and terrorist financing activities. Nonetheless, the World Federation of Exchanges has published best practice guidelines for cyber security compliance to enhance cyber defences.

Regionally, the Hong Kong Insurance Authority (“IA”) has introduced refinements to its Guideline on AML/CFT in the insurance sector. In addition, the Hong Kong Monetary Authority (“HKMA”) and the Securities and Futures Commission (“SFC”) have also issued a joint consultation on further enhancements to the over-the-counter (“OTC”) derivatives regulatory regime in Hong Kong.

On a global lens, the Financial Action Task Force (“FATF”) have suggested improvements in the Global AML/CFT Compliance in view of on-going review of compliance with the AML/CFT standards. The Bank of International Settlements have also revised the minimum capital requirements for market risk and Pillar 3 disclosure requirements.





# *Regulatory Updates*



## 2. Banking

### 2.1 Regulatory Updates

#### *Improving global AML/CFT compliance: on-going process<sup>1</sup>*

As part of its on-going review of compliance with the AML/CFT standards, the FATF has identified jurisdictions that have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF. While the situations differ among jurisdictions, each jurisdiction has provided a written high-level political commitment to address the identified deficiencies. The FATF welcomes these commitments.

A number of jurisdictions have not yet been reviewed by the FATF. The FATF continues to identify additional jurisdictions, on an on-going basis, that pose a risk to the international financial system.

Jurisdictions that have addressed its strategic deficiencies with FATF include Ethiopia, Iraq, Serbia, Sri Lanka, Syria, Trinidad and Tobago, Tunisia, Vanuatu and Yemen.

The FATF and the FATF-style regional bodies (“FSRBs”) will continue to work with the jurisdictions outlined above and report on the progress in addressing the identified deficiencies.

#### *Governance arrangements for the UTI: Conclusions and implementation plan<sup>2</sup>*

The Financial Stability Board (“FSB”) has published a report on the Governance Arrangements and Implementation plan for the Unique Transaction Identifier (“UTI”) which sets out FSB’s conclusions.

The UTI is a key global harmonised identifier for reporting OTC derivative transactions, in particular designed to facilitate effective aggregation of transaction reports. The final arrangements take account of stakeholder responses to a public consultation launched in March 2017, as well as an industry workshop.

The FSB report sets out conclusions on the governance arrangements for UTI including:

- a recommendation that jurisdictions implement the UTI no later than end-2020;
- the designation of the International Organization for Standardization (“ISO”) as the responsible body for publishing and maintaining the UTI data standard; and
- the designation of Committee on Payment and Market Infrastructures (“CPMI”) and International Organisation of Securities Commissions (“IOSCO”) as the appropriate bodies to undertake the governance functions allocated to an International Governance Body relating to the UTI on an interim basis.

<sup>1</sup> FATF, “Improving global AML/CFT compliance: on-going process”, 23 February 2018

<sup>2</sup> FSB, “Governance arrangements for the Unique Transaction Identifier (UTI): Conclusions and Implementation plan”, 29 December 2017



The FSB believes there may be benefits to having a common governance framework, consisting of one or more international bodies, for the UTI and unique product identifier (“UPI”). Therefore, the FSB considers that the final identification of the International Governance Body should take place contemporaneously with the FSB making its conclusions on the UPI Governance Arrangements.

In 2018, the FSB will engage in further dialogues with the industry and other stakeholders ahead of reaching its final conclusions on the UPI governance arrangements, including through a second public consultation.



### ***Local currency settlement framework Bank Indonesia, Bank Negara Malaysia and Bank of Thailand<sup>3</sup>***

The launch of the local currency settlement framework between Bank Indonesia, Bank Negara Malaysia; and between Bank Indonesia and Bank of Thailand has kicked off in December 2017.

These initiatives are part of the continuous effort to endorse the wider use of local currencies which facilitates trade and investments in these countries. The founding of these frameworks would mark as a key milestone in strengthening the regional financial cooperation between the three banks.

The three banks have proceeded to appoint banks that satisfy the key criteria to facilitate bilateral trade; amongst are banks that meet qualifications that prove them to be experienced in facilitating trade between the countries.

In addition, the baht-ringgit settlement framework which was first launched in 2016 between Bank Negara Malaysia and Bank of Thailand is also expected to expand to integrate direct investments that will enrich the existing trade transactions. This expansion aims to kick off in January 2018.

3 BNM, “Local currency settlement framework Bank Indonesia, Bank Negara Malaysia and Bank of Thailand”, 11 December 2017



## 2.2 Consultation papers

### *Revisions to the minimum capital requirements for market risk<sup>4</sup>*

The Basel Committee on Banking Supervision (“BCBS”) has published a consultation paper which proposed revisions to the standard “Minimum Capital Requirements for Market Risk” that was first published in January 2016.

Proposed changes in this consultation include the following:

- Changes to the measurement of the standardised approach to enhance its risk sensitivity;
- Recalibration of standardised approach risk weights for general interest risk, equity risk and FX risk;
- Revisions to the assessment process to determine whether a bank’s internal risk management models appropriately reflect the risks of individual trading desks;
- Clarifications to the requirements for identification of risk factors that are eligible for internal modelling; and
- Clarifications to the scope of exposures that are subject to market risk capital requirements.

Additionally, following the consultation in June 2017 on proposal for a Simplified Alternative to the Standardised Approach, this consultative document also includes recalibration of the Basel II standardised approach for use by banks with less material market risk exposures to determine their capital requirements. Consultation closes on 20 June 2018.

### *Consultation on execution of customers’ orders<sup>5</sup>*

To promote the facilitation of customers’ orders in their interests, MAS is proposing to formalise expectations for all financial institutions (“FI”) conducting regulated activities under the Securities and Futures Act (“SF(A)”) to have in place policies and procedures to execute customers’ orders on best available terms. This aims to deliver the most favourable outcome for customers who rely on FIs to act in their interests.

To achieve the best available terms for customers’ orders, a Capital Markets Intermediary should consider holistically different factors such as price, costs, speed, likelihood of execution and settlement, size and nature of the customer’s order, where appropriate. The relative importance of the different factors should take into account the characteristics of the order, type of capital markets product and customer categorisation. Consultation closed on 18 December 2017.

<sup>4</sup> BIS, “Revisions to the minimum capital requirements for market risk”, 22 March 2018

<sup>5</sup> MAS, “Consultation on execution of customers’ orders”, 20 November 2017



### *Pillar 3 disclosure requirements: regulatory treatment of accounting provisions<sup>6</sup>*

The BCBS has proposed technical amendments on additional Pillar 3 disclosure requirements for jurisdictions implementing an Expected Credit Loss (“ECL”) accounting model as well as for those adopting transitional arrangements for the regulatory treatment of accounting provisions.

Proposed amendments are intended to provide users with disclosures that fully reflect any transitional effects for the impact of ECL accounting on regulatory capital, whilst to provide added information on the allocation of accounting provisions in the regulatory categories of general and specific provisions for standardised exposures during the interim period. Consultation closed on 4 May 2018.

### *Consultation paper on changes to AML/CFT requirements imposed on money-changing and remittance businesses<sup>7</sup>*

The MAS has published a consultation paper with proposed changes to AML/CFT requirements imposed on Money-Changing and Remittance Business licensees.

Proposed changes in this consultation paper include the following:

- To issue a new Notice on prohibitions of issuance of bearer instruments and restrictions of cash pay-outs;
- Amendments to MAS Notice 3001 to facilitate the conduct of non-face-to-face business and to better mitigate the risks of foreign exchange (“FX”) transactions.

Consultation closed on 12 February 2018.



<sup>6</sup> BIS, “Pillar 3 disclosure requirements: regulatory treatment of accounting provisions”, 22 March 2018

<sup>7</sup> MAS, “Consultation paper on changes to AML/CFT requirements imposed on money-changing and remittance businesses”, 16 January 2018



### *Consultation Paper I on draft notices and guidelines pursuant to the Securities and Future Act<sup>8</sup>*

Pursuant to the SF(A) that was passed by the Parliament in January 2017, MAS will consult on draft Notices and Guidelines to support the implementation of the wide-ranging legislative amendments in two phases.

Under the SF(A) Act, MAS is able to regulate market operators and capital markets intermediaries in respect of their OTC derivatives activities. It also introduced amendments targeted to improve regulatory safeguards for retail investors, thus enhancing the credibility and transparency of the capital markets. Consultation closed on 3 November 2017.

## 2.3 Others

### *Proposed framework to strengthen the process of determining of SGS and MAS bills closing prices<sup>9</sup>*

MAS has published a consultation paper which proposes a framework to strengthen the process of determining Singapore Government Securities and MAS Bills end-of-day prices (Closing Prices). This is in tandem with MAS' efforts to enhance the integrity of the processes for mounting financial benchmarks.

The revised framework is designed to boost the robustness of pricing inputs and methodology to calculate Closing Prices, and to strengthen governance and procedures in regulating Singapore Savings Bond interest rates. Consultation closed on 19 January 2018.



<sup>8</sup> MAS, "Consultation Paper I on draft notices and guidelines pursuant to the Securities and Future Act", 6 October 2017

<sup>9</sup> MAS, "Proposed framework to strengthen the process of determining of SGS and MAS bills closing prices", 1 December 2017







## 3. Financial Markets

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### 3.1 Consultation Papers

#### *MAS launches second consultation on new regulatory framework for payments<sup>10</sup>*

MAS launched a second consultation on the scope of the proposed payments regulatory framework, also known as the “Payment Services Bill”. The Bill will streamline the regulation of payment services under a single legislation, expand the scope of regulated payment activities by involving virtual currency services and calibrate regulation based on the risks posed by these activities.

Payment firms will only need to hold one license under a single regulatory framework to conduct any specified payment activities when the new Bill is passed. However, payment activities that face customers or merchants, process funds or acquire transactions, and pose relevant regulatory concerns will still be required to be licensed.

The Bill targets to address specific risks posed by payment activities instead of standardising a uniform set of regulations on all payment service providers.

The Bill is also designed to further empower MAS in regulating payment services for money-laundering and terrorism financing risks. Consultation closes 8 January 2018.

#### *Regulators consult on further enhancements to the OTC derivatives regulatory regime<sup>11</sup>*

The HKMA and the SFC has issued a joint consultation on further enhancements to the OTC derivatives regulatory regime in Hong Kong, including a proposal to mandate the use of the Legal Entity Identifier (“LEI”) for the reporting obligation.

To align with global standards, all entities contained in a transaction report to be submitted to the Hong Kong Trade Repository would be required to be identified by their LEI.

Additionally, regulators propose to expand the clearing obligation to specified standardised interest rate swaps denominated in Australian Dollars as part of the second phase of the OTC derivatives clearing regime.

Other proposed factors also include determining which products would be appropriate for a platform trading obligation in Hong Kong. Consultation closed on 27 April 2018.

<sup>10</sup> MAS, “MAS launches second consultation on new regulatory framework for payments”, 21 November 2017

<sup>11</sup> HKSF, “Regulators consult on further enhancements to the OTC derivatives regulatory regime”, 27 March 2018



## 3.2 Cryptocurrency

### *Central bank digital currencies could impact payments, monetary policy and financial stability<sup>12</sup>*

In accordance with a joint report from the CPMI and Markets Committee, a press release has been published by the CPMI on the implications of Central Bank Digital Currencies (“CBDC”) on three core central banking areas: Payments, Monetary Policy Implementation and Financial Stability.

Two types of Central Bank Digital Currencies are considered here: (1) a wholesale currency limited to select financial institutions, and (2) a general purpose currency accessible to the public.

It finds that wholesale CBDCs might be useful for payments but more work is needed to assess the full potential. Although a CBDC would not alter the basic mechanics of monetary policy implementation, its transmission could be affected.

A general purpose CBDC could have wide-ranging implications for banks and the financial system. Commercial banks’ reliance on customer deposits may become less stable, as deposits could more easily take flight to the central bank in times of stress. Besides consequences for financial stability, effects on the efficiency of financial intermediation need to be carefully considered.

The report concludes that each jurisdiction considering the launch of a CBDC should carefully and thoroughly consider the implications before making any decision.

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<sup>12</sup> CPMI, “Central bank digital currencies could impact payments, monetary policy and financial stability”, 12 March 2018







## 4. Funds

### 4.1 Regulatory Updates

*MAS simplifies rules for manager of venture capital funds to facilitate start-ups' access to capital<sup>13</sup>*

The MAS has announced that a simplified regulatory regime for managers of Venture Capital (“VC”) Funds will come into immediate effect.

Features of the new regime focuses on a shorter authorisation process for VC managers. VC managers are no longer required to have directors and representatives with at least five years of related experience in fund management. VC managers will also not be subjected to the capital requirements and business conduct rules that currently apply to other fund managers.

In admitting and supervising VC managers, the MAS will put emphasis on existing AML safeguards under the SF(A) as they remain of high importance in standards of integrity in the industry.

### 4.2 Consultation Papers

*Consultation paper on liquidity risk management framework for fund management companies<sup>14</sup>*

The MAS proposes to introduce a liquidity risk management framework that is intended for Fund Management Companies (“FMCs”) and the Collective Investment Schemes (“CIS”) that they manage.

This framework aims to be directional on sound practices in liquidity risk

management of CIS. It will also address the risks that investors face from potential liquidity mismatches between the CIS’ portfolio liquidity and redemption terms.

MAS expects to introduce the framework in the form of guidelines to accord proportionality to FMCs in implementing the liquidity risk management practices with their roles in handling the CIS, the business models and fund structure that they engage in.

Additionally, MAS is proposing to amend the Code on CIS by levying additional portfolio requirements for Money Market Funds due to their systemic relevance in the event of a crisis. Consultation closed on 27 November 2017.

*SFC proposes amendments to the code on unit trusts and mutual funds<sup>15</sup>*

The SFC has published a consultation paper on the proposed amendments to the Code on Unit Trusts and Mutual Funds (“UT Code”). This is with regards to the update of the regulatory regime for SFC- authorised funds and to address the risks posed by financial innovation and fast-moving market developments.

Key aspects addressed include strengthening requirements for key operators, the provision of greater flexibility and heightened safeguards for funds’ investment activities and the introduction of new fund types. These proposals are made in view of international regulatory and local market developments. Consultation closed on 19 March 2018.

<sup>13</sup> MAS, “MAS simplifies rules for manager of venture capital funds to facilitate start-ups’ access to capital”, 20 October 2017

<sup>14</sup> MAS, “Consultation paper on liquidity risk management framework for fund management companies”, 26 October 2017

<sup>15</sup> HKSF, “SFC proposes amendments to the code on unit trusts and mutual funds”, 18 December 2017







## 5. Insurance

### 5.1 AML

#### *Amendments to the Guideline on Anti-Money Laundering and Counter-Terrorist Financing<sup>16</sup>*

The Hong Kong IA has introduced amendments to the Guideline on AML/CTF.

Features of the amendments with relevance to the insurance sector include:

- aligning the threshold of defining beneficial ownership from the current “not less than 10%” to “more than 25%”, having regard to the prevailing FATF standard and international practice;
- introducing flexibility to measures permitted to be taken for verifying a customer’s identity, in the light of technological development in the methods used by FIs for obtaining information relating to customers;
- permitting FIs to rely on foreign FIs within the same financial group as intermediaries to carry out Customer Due Diligence (“CDD”) measures; and
- changing the record-keeping period from “six years” to “at least five years”.

The revised guidelines has been effective since 1 March 2018 and related FIs are reminded to review their existing policies and procedures in light of these amendments.

<sup>16</sup> HKIA, “Amendments to the Guideline on Anti-Money Laundering and Counter-Terrorist Financing”, 23 February 2018

<sup>17</sup> MAS, “Guidance on Insurer’s Own Risk and Solvency Assessment,” July 2017



### ***New Guidance on Insurer's Own Risk and Solvency Assessment<sup>17</sup>***

In July 2017, the MAS introduced a new information paper on MAS Notice 126 that requires insurers to perform an Own Risk and Solvency Assessment ("ORSA") at least annually to assess the adequacy of their risk management and their current and projected future solvency positions.

An insurer's ORSA is central to its Enterprise Risk Management ("ERM") framework as it links its business strategy, risk tolerance, risk management and capital management with each other. Specifically, it allows the insurer to better anticipate how potential business risks could crystallise into capital needs, and to make early plans to meet those needs. It also allows an insurer to analyse how its business strategy could be adjusted in line with its risk tolerance.

The information paper describes MAS' key observations from a focused review of ORSA reports submitted by direct life, general and composite insurers as well as reinsurers. The review was centred on the board deliberations, risk governance structures, risk tolerance statements and limits, risk management processes, and continuity analyses and stress tests. Based on the review, MAS noted that insurers generally met the requirements for the ORSA stated in MAS 126. However, the effectiveness of the ORSAs can be improved via better integration with the business planning process, more in-depth risk assessments and more robust board level discussions. Insurers that implement ORSAs by pulling together pre-existing risk management documents without further analysis to fulfill a compliance requirement may not reap the full benefits of the process. MAS has also re-emphasised on the role of the boards in ensuring that ORSAs are well.

## 6. Others

### *Procedures for the FATF fourth round of AML/CFT mutual evaluations<sup>18</sup>*

The FATF is conducting the fourth round of mutual evaluations for its members which will involve two inter-related components for technical compliance and effectiveness.

The technical compliance will assess whether the necessary regulations and supporting AML/CFT institutional framework are in place. Whereas, the effectiveness component will assess to which the extent the member country is achieving the defining set of outcomes as put out by the AML/CFT systems.

The general objectives that govern the mutual evaluations as well as AML/CFT assessments seek to produce objective and accurate reports which are timely and of high standards. This includes ensuring that there is a level playing field, transparency and equality of treatment in terms of assessment process.

The procedures for the mutual evaluations are set out based on the FATF Recommendations (2012) and the Methodology for Assessing Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems (2013).

### *The FATF position on FinTech and RegTech<sup>19</sup>*

Under discussions held, the FATF have stated their strong advocate for responsible financial innovations that are in line with AML/CFT requirements found in the FATF standards. The FATF aims to continue exploring opportunities that new financial and regulatory technologies may present for enhancing the effective implementation of AML/CFT measures.

The conclusion of the discussion was built on the San Jose Principles that was previously discussed in May 2017.

### *Use of MyInfo and CDD measures for Non-Face-to-Face business relations<sup>20</sup>*

The MAS has issued a circular on the use of innovative technology solutions to facilitate safe, non-face-to-face (“NFTF”) customer on-boarding.

The Circular suggests further examples of NFTF measures the FIs could adopt such as biometric identification, real-time video conferencing and secure digital signature using Public Key Infrastructure (“PKI”)-based credentials.

Additionally, FIs can adopt the use of MyInfo for NFTF customer identification and verification which has been made available for private sector use in end-2017. Where MyInfo is used, MAS will not require FIs to obtain additional identification documents to verify a customer’s identity, and will also not expect FIs to separately obtain a photograph of the customer.

<sup>18</sup> FATF, “Procedures for the FATF fourth round of AML/CFT mutual evaluations”, 15 November 2017

<sup>19</sup> FATF, “The FATF position on FinTech and RegTech”, 3 November 2017

<sup>20</sup> MAS, “Use of MyInfo and CDD Measures for Non Face-to-Face Business Relations”, 08 January 2018



Reliance of new technology solutions to perform NFFT CDD should only be used when adequate safeguards are in place against impersonation. A once-off independent assessment by a qualified professional should be conducted one year after implementation to ensure that NFFT CDD as robust as those performed with face-to-face contact.

***The World Federation of Exchanges publishes position paper on FinTech in the market infrastructure space<sup>21</sup>***

The World Federation of Exchanges (“WFE”) has published a position paper from its FinTech Working Group (“FTWG”) summarizing the WFE’s current view on FinTech and the regulatory environment surrounding it.

The purpose of the paper - entitled FinTech in the Market Infrastructure Space - is to support ongoing compliance efforts, to ensure markets are resilient, stable and robust, and able to operate on a fair and level playing field with regards to FinTech.

The paper examines seven key areas, and identifies corresponding principles for markets Authorities to consider when designing rules, standards and guidelines for FinTech in the market infrastructure space:

- Innovation should generally be market driven.
- The scope of existing regulations should be broadly sufficient: The WFE believes the scope of existing regulations should generally be sufficient to extend to many or most potential FinTech initiatives.
- Any regulatory approach should encourage innovation whilst ensuring investor protection and system stability.
- Responsibility for outsourced functions remains with the regulated entity.
- Importance of regular and open dialogue between regulators and the markets.
- Importance of collaboration at the international regulatory organisation level to develop a common approach and understanding to FinTech, to ensure regulatory coherence.
- Consistency in the application of rules to both incumbents and new FinTech entrants.

<sup>21</sup> WFE, “The World Federation of Exchanges publishes position paper on FinTech in the market infrastructure space”, 10 January 2018

*The World Federation of Exchanges publishes best practice guidelines for cyber security compliance<sup>22</sup>*

The WFE has published a set of best practice guidelines for market infrastructures designed to engender a staff culture of cyber security compliance.

The guidelines take a behavioural approach by moving away from classroom based refresher sessions and adopting more creative ways to get staff to incorporate cyber defences in everything that they do.

WFE members can apply small ‘nudges’, or offering incentives regularly to staff, leads to greater discussion and awareness of cyber threats which may result in better cultural outcomes.

The best practice guidelines to consider when creating a cyber compliance framework include:

- **Behavioural Incentives**, which include focusing on cyber security in the home environment such as bringing hackers into the workplace to demonstrate how easily devices can be compromised, offering incentives or organising awareness campaigns;
- **Cultural Incentives**, which include creating a culture of personal responsibility and common sense such as making cyber security awareness and compliance a Key Performance Indicator (“KPI”) or using of analogies and anecdotes to explain complicated concepts;
- **Operational Support**, which include three wide areas – Training, Transparency and Technology. Members can adopt practices such as regular cyber awareness training, ensuring that security policies and post-breach communication plans are clear and concise and the development of ‘bring your own device’ guidelines.

<sup>22</sup> WFE, “The World Federation of Exchanges publishes best practice guidelines for cyber security compliance”, 18 January 2018







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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           |
| FI      | Financial Institutions                            |
| FMA     | Financial Markets Authority                       |
| FMCB    | Financial Markets Conduct Bill                    |
| FMI     | 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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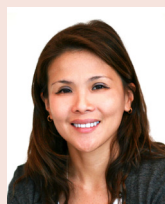
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