

Reed Smith Asia-Pacific: Funds & financial regulatory newsletter

Third quarter 2026 edition

ReedSmith

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Welcome
Third quarter 2026 edition

Welcome to the tenth edition of Reed Smith's quarterly Asia Pacific funds and financial regulatory newsletter.

This edition covers a range of timely topics, beginning with a detailed commentary on recent enhancements to fund management tax incentives in Singapore and Hong Kong. Next, we delve deeper into MAS's proposed amendments to the Code on Collective Investment Schemes (CIS Code) to enable a wider range of new fund types to be authorised for retail offer more quickly, subject to appropriate safeguards.

We also discuss MAS's response to feedback on updates to the guidelines on liquidity risk management practices for fund management companies and proposed amendments to the Payment Services Act 2001 for the regulation of stablecoins.

Finally, we examine recent enforcement trends, cross-border regulatory developments, and practical considerations for compliance teams operating in the Asia Pacific region.

In focus:
Enhancements to fund management tax incentives in Singapore and Hong Kong

On 19 August 2026, the Monetary Authority of Singapore (MAS) introduced a slew of measures to strengthen Singapore's position as a fund management hub, including changes to tax incentives and employment schemes for top-tier fund management professionals.

While details of the specific measures remain forthcoming, this announcement came shortly after Hong Kong introduced the Inland Revenue (Amendment) (Preferential Tax Regimes for Funds, Family-owned Investment Holding Vehicles and Carried Interest) Bill 2026 (Hong Kong Bill) in June 2026 to enhance tax incentives for funds and support its own fund management sector.

We summarise below the core aspects of the recent tax-related changes introduced across the two financial hubs in Asia.

Overview of tax incentives for funds – Singapore

Background: Singapore already has tax exemptions applicable to funds managed by Singapore-based fund managers that hold (or are exempt from holding) a capital markets services licence. The exemptions cover all income (other than certain specifically excluded categories) derived from designated investments by such funds. The scope of designated investments is wide and would cover most types of assets held by a fund, although investments in Singapore real estate are carved out.

Tax exemptions commonly relied upon include the following:

Statutory provision	Scope
Section 13D of the Income Tax Act 1947 (ITA)	This exemption applies to non-resident individuals, companies, or trusts meeting certain requirements and is generally targeted at offshore funds. The fund manager is required to employ at least one Singapore tax-resident investment professional, although there is no minimum fund size or local business spending requirement. This is a self-assessed scheme that does not require MAS approval.
Sections 13O and 13OA of the ITA	This exemption applies to funds domiciled in Singapore, specifically companies incorporated in Singapore (for section 13O) or limited partnerships registered in Singapore (for section 13OA), and that are tax-resident in Singapore. The fund manager is required to employ at least two Singapore tax-resident investment professionals. The fund must also allocate a minimum amount of assets under management (AUM) to designated investments (S$5 million for non-single-family offices) and satisfy local business spending requirements (ranging from S$200,000 to S$500,000 for non-single-family offices depending on AUM). Funds relying on this exemption must apply to MAS for approval and submit annual declarations confirming that the relevant conditions are satisfied.
Section 13U of the ITA	This exemption applies to approved standalone fund vehicles or fund structures (including master-feeder funds, master-feeder-SPV structures, and master-SPV structures). Funds can be constituted flexibly (including offshore), though structures holding investments via SPVs require the master fund to be Singapore-incorporated and tax-resident. The higher minimum fund size (S$50 million) distinguishes section 13U from sections 13O and 13OA, and managed accounts can also qualify. The fund manager is required to employ at least three Singapore tax-resident investment professionals. The fund must also allocate a minimum amount of AUM to designated investments (S$50 million for non-single-family offices) and satisfy local business spending requirements (ranging from S$200,000 to S$500,000 for non-single-family offices depending on AUM). Funds relying on this exemption must apply to MAS for approval and submit annual declarations confirming that the relevant conditions are satisfied.
Section 13V of the ITA	This is a specific exemption for sovereign funds.

Carried interest incentive for Singapore fund managers

One of the key changes announced by MAS and the Ministry of Finance is a proposed income tax exemption for profit-related returns arising from the provision of fund management services to funds that already qualify for existing tax exemptions.

While the announcement does not elaborate, the proposed tax exemption is likely to apply to Singapore-based fund managers and their investment professionals, covering their share of investment profits earned (although base salaries, bonuses, and other types of remuneration will be excluded).

Recent changes in tax incentives for funds – Hong Kong

One of the key changes introduced by the Hong Kong Bill is the expansion in scope of the types of funds that will qualify for tax exemption, now including sovereign funds, pension funds, endowment funds, and single investor funds (meeting a minimum threshold of qualifying investments). This brings the Hong Kong regime into closer alignment with Singapore, which already contains a specific exemption for sovereign funds and allows managed accounts to be tax-exempt subject to applicable conditions.

As with the approach in Singapore, the Hong Kong Bill introduces new economic substance requirements to qualify for the tax exemptions, which can be met at the fund or fund manager level. These include incurring at least HK$2 million of annual operating expenditure in Hong Kong, specifically in relation to investment and management activities.

The Hong Kong Bill will also introduce reporting requirements for funds seeking to rely on the exemptions. Fund managers will be required to file a notification with the Inland Revenue Department of Hong Kong within six months from the commencement of fund management activities. While further details of the reporting requirements remain forthcoming, the notification is expected to include the fund's accounts and supporting documents to prove that the relevant exemption conditions are satisfied.

Recent changes in carried interest incentive for Hong Kong fund managers

The Singapore announcement is closely aligned with another key proposal in the Hong Kong Bill, which enhances an existing carried interest incentive for Hong Kong fund managers and their employees. The scope of qualifying fund managers is no longer limited to those licensed by the Securities and Futures Commission or authorised financial institutions (i.e., banks), which do not require a licence, as it now includes unlicensed fund managers of certain private funds.

The Hong Kong Bill will also expand the scope of "eligible carried interest" to cover not only profits from private equity transactions but also those arising from a wider range of asset classes. As in Singapore, real estate in Hong Kong will be carved out from the list of eligible asset classes.

Preliminary takeaways

Until the dust settles, fund managers in Asia will likely take a "wait and see" approach, pending further details on the tax incentives offered by both jurisdictions, to weigh the pros and cons of different locations for their APAC hub. At this juncture, some high-level questions that a fund manager with operations in Asia, or looking to establish an Asian hub, should consider are:

a. What types of fund structures can I opt for while still ensuring that I qualify for tax relief?

b. What types of assets can I invest in and still qualify for tax relief? Is there a location better suited to my fund's investment focus and strategy?

c. How many investment professionals do I need to hire locally? What qualifying criteria would restrict the hiring pool (e.g., years of experience, professional qualifications)?

d. Would the talent I need be based locally? How difficult is it for fund managers and investment professionals to claim tax relief for carried interest or investment-related profits?

e. How large must my fund's AUM be to qualify? What type of assets can I count towards the qualifying AUM?

f. What are my expected spending and cost commitments? What types of in-jurisdiction spending would qualify (e.g., is it limited to hiring investment professionals, or can I also include set-up costs, professional adviser fees, and similar expenses)?

g. What compliance obligations would apply on an ongoing basis to maintain tax relief qualification? How difficult is it to compile the required information for reporting to the tax or financial regulator?

Ultimately, both jurisdictions offer different value propositions, and there is not necessarily a "one size fits all" approach to determining how to structure fund management, servicing, and sales and marketing operations in Singapore and/or Hong Kong.

Regulatory updates



Singapore

Consultation on proposed amendments to the Payment Services Act 2019 for stablecoins regulation

In September 2026, MAS issued a consultation paper setting out proposed legislative amendments to the Payment Services Act 2019 to give statutory effect to its framework for single currency stablecoins (MAS-SCS framework) finalised in August 2023, together with further proposals reflecting market developments since then. MAS expects to take a selective and risk-based approach, and anticipates that only a limited number of stablecoins will be authorised or recognised.

The amendments would introduce a definition of "stablecoin" as a subset of digital payment tokens (DPTs), clarify that fiat-pegged stablecoins do not constitute e-money, and create a new "stablecoin issuance" licence. Only licensed issuers may hold out their stablecoins as "MAS-regulated stablecoins". Issuers must maintain reserve assets at least equal to the par value of stablecoins in circulation, must fulfil redemptions at par within prescribed timeframes, and will be restricted from conducting other regulated activities beyond DPT services incidental to their own stablecoins.

MAS also proposes additional requirements for issuers, including a prohibition on paying interest or other returns to holders, safeguarding of customer monies pending issuance or redemption, quarterly stress testing, recovery and orderly wind-down plans, and technical capabilities to trace, freeze, or burn stablecoins used for illicit purposes. Issuers whose licences are revoked, lapse, or are surrendered would be barred from all stablecoin issuance activity. MAS is further seeking views on a minimum proportion of reserves to be held in cash or bank deposits, caps on issuance or holdings, and restrictions on the use of customer monies and interest earned.

Beyond the MAS-SCS framework, MAS proposes powers to designate stablecoins as systemic, whether issued in or outside Singapore, and to restrict their circulation through licensed DPT service providers if issuers fail to meet prescribed requirements. MAS is also prepared to permit multi-jurisdictional issuance of MAS-regulated stablecoins, subject to safeguards such as substantively equivalent foreign regulation and robust reserve arrangements, and to recognise a limited number of well-regulated foreign-issued stablecoins on a case-by-case basis.

Other proposals include enhanced disclosures, risk warnings, and restrictions on use of the term "stablecoin" by DPT service providers offering non-MAS-regulated stablecoins to retail customers, and a requirement for banks and merchant banks to issue MAS-regulated stablecoins through a separate non-bank entity. The consultation paper closed for feedback on 16 October 2026.

Consultation paper on proposed amendments to the Code on Collective Investment Schemes to facilitate retail fund product innovation

In July 2026, MAS issued a consultation paper proposing amendments to the Code on Collective Investment Schemes (CIS Code) to enable a wider range of new fund types to be authorised for retail offer more quickly, subject to appropriate safeguards.

MAS proposes to introduce a new "Alternative Funds Appendix" for new fund types, such as those involving heavy use of derivatives or undiversified exposures, which do not comply with the existing investment requirements in Appendix 1 of the CIS Code. In deciding whether to permit such deviations, MAS will consider the fund's compliance with International Organisation of Securities Commissions (IOSCO) principles (including sufficient liquidity to meet redemptions), the listing or offer history of similar products in other jurisdictions, and the proposed product-level, disclosure, and distribution safeguards. Each permitted fund type will be set out in a circular specifying modified investment requirements and alternative safeguards, while the fundamental requirements in the chapters of the CIS Code will continue to apply. Funds under the new appendix must state clearly and prominently in their offer and marketing materials that they are alternative funds.

Issuers should consult MAS before applying for authorisation of a new fund type. MAS expects to design the applicable requirements for most new fund types in about three months, after which funds of the same type may be authorised within 21 days. MAS also proposes to amend Chapter 4 of the CIS Code to allow it to amend investment requirements in the existing appendices for new fund types that remain largely in line with traditional funds, and will recognise comparable foreign funds.

The paper illustrates the proposals with two fund types. Futures-based single-commodity funds would be permitted under the Alternative Funds Appendix, subject to tracking a well-recognised futures price index, holding at least 90% of net asset value (NAV) in exchange-traded futures on gold, silver, platinum, crude oil, or iron ore, and limiting global derivatives exposure to 100% of NAV. Such funds must include "futures" in their names, must not use the term "ETF", and must disclose roll, concentration, and other key risks. Separately, MAS proposes to permit a wider range of single-country government bond funds by removing the minimum credit rating requirements for the exception to the single entity limit, while retaining the requirements for index inclusion and investment in at least six issuances, each not exceeding 30% of NAV, together with enhanced risk disclosures.

The consultation paper closed for feedback on 10 August 2026.

Consultation paper on proposed framework for protected cell companies in Singapore

In July 2026, MAS issued a consultation paper proposing a legislative framework for a new corporate structure, the protected cell company (PCC), to support the growth of alternative risk transfer solutions and strengthen Singapore's position as a risk management hub. The framework will be introduced through a new PCC Act administered by MAS, with consequential amendments to the Insurance Act 1966 (IA).

A PCC will be a single legal entity comprising a "core", which performs central administrative functions, and one or more "cells", which carry on insurance business, with assets and liabilities statutorily segregated from those of other cells and from the core. At the outset, the structure will be available only to MAS-licensed entities carrying out captive insurance, insurance-linked securities, and sovereign risk pools. To accommodate the rent-a-captive model, MAS proposes to amend the definition of "captive insurer" in the IA to include a PCC rent-a-captive insurer.

The central feature of the framework is the statutory segregation of assets and liabilities between each cell, and between the cells and the core, so that creditors of one part have recourse only to that part's assets. This will be supported by disclosure requirements when dealing with third parties, statutorily implied contractual terms, the voiding of inconsistent provisions, and a requirement that transactions within the same PCC be necessary, conducted at arm's length, and consistent with the segregation principle.

A PCC may issue shares and debentures in respect of the core or a cell, reduce capital, buy back shares, and pay dividends out of profits, each funded solely from the assets or profits of the relevant core or cell. Circular shareholding between the core and cells will be prohibited. MAS also proposes mechanisms for inward re-domiciliation of equivalent foreign cell companies, conversion of existing companies into and out of a PCC, and transfers of cells between PCCs, subject to regulatory approvals under the IA.

On governance and administration, requirements will largely mirror those under the Companies Act 1967, including at least one Singapore-resident director and the use of "PCC" or "Protected Cell Company" at the end of the name. Separate accounting records must be kept for the core and each cell, and annual general meetings may be dispensed with in certain circumstances. Each cell may be wound up as if it were a separate legal person without affecting other parts of the PCC. Existing anti-money laundering and counter-financing of terrorism requirements for insurers will apply, and the PCC will be treated as a single entity for corporate income tax purposes, while goods and services taxes and stamp duty will apply at cell level.

The consultation closed for feedback on 7 August 2026. MAS will consult separately on the draft PCC Act and subsidiary legislation at a later stage.

MAS publishes response to feedback on updates to the guidelines on liquidity risk management practices for fund management companies

On 2 July 2026, MAS published its response to feedback received on its December 2025 consultation on proposed updates to the Guidelines on Liquidity Risk Management Practices (Fund Management Companies) (LRM Guidelines) and related amendments to the Code on Collective Investment Schemes (CIS Code). MAS will proceed with the proposals, with several clarifications.

On aligning redemption terms with the liquidity of fund assets, MAS will add further scenario-based examples covering other fund types and structures to the LRM Guidelines. Consistent with its principles-based approach, MAS will not prescribe thresholds for redemption frequency or notice periods, but will refer fund management companies (FMCs) to the CIS Code for guidance on factors relevant to determining whether an instrument is liquid.

On anti-dilution liquidity management tools (ADTs), MAS clarified that the expectation to adopt at least one ADT is most relevant to FMCs managing open-ended collective investment schemes (CIS) constituted in Singapore and authorised by MAS. FMCs managing other CIS should nonetheless provide for at least one suitable tool, preferably an ADT, and not rely solely on suspension or gating. Where ADTs are unsuitable under normal conditions, FMCs should still provide for at least one ADT as a contingency measure during market stress. MAS also confirmed that the estimation of implicit liquidity costs, including market impact costs, may be undertaken on a best-efforts basis, provided FMCs can demonstrate that their estimates are reasonable and reflect portfolio characteristics.

On governance and disclosures, MAS confirmed that the LRM Guidelines should be applied proportionately to the size, scale, and complexity of each FMC and its funds. In response to concerns about gaming and premature redemptions, FMCs will be expected to provide qualitative, rather than detailed quantitative, disclosures on the design and activation of liquidity management tools, and MAS will include illustrative examples of good disclosure practices.

MAS will also introduce a guidance note in the CIS Code on eligible deposits placed by money market funds (MMFs), clarifying that deposits subject to early termination fees are not precluded, provided MMFs account for such costs and ensure proceeds are available in a timely manner to meet their liquidity needs.

The updated LRM Guidelines and CIS Code will take effect six months after publication. FMCs may update offering documents and prospectuses at the time of their next annual prospectus submission, even if this falls after the transition period.



Mainland China

CSRC seeks comments on private investment fund fundraising measures

On 4 September 2026, the China Securities Regulatory Commission (CSRC) published the draft Private Investment Fund Fundraising Supervision Measures (the Draft Measures) for public consultation until 4 October 2026. Under the general eligibility criteria, individual investors would need at least two years' relevant investment experience or a senior management position in a specified regulated institution. They would also need household financial assets of at least RMB 5 million, household net financial assets of at least RMB 3 million, or average annual personal income of at least RMB 500,000 over the preceding three years, together with the required investment amount and capacity to identify and bear risks.

Investment in a single private fund and the initial paid-in contribution would each generally need to be at least RMB 1 million, subject to specified employee co-investment arrangements. For funds investing at least 80% of their paid-in capital in specified investments, including real estate project-company equity, a single target, overseas assets, or over-the-counter derivatives, individual investors would need at least four years' relevant investment experience, household financial assets of at least RMB 10 million, and household net financial assets of at least RMB 6 million. They would also need to meet the applicable minimum investment requirements and have the capacity to identify and bear the relevant risks.

The Draft Measures also address suitability assessments, verification of qualified investor status, look-through checks and specified exemptions, and dedicated fundraising settlement accounts. They would prohibit public solicitation, fundraising from investors acting as nominees, and promises of principal protection or guaranteed returns.

PBOC, HKMA, and SFC joint announcement on Hong Kong trading platform

On 7 July 2026, the People's Bank of China (PBOC), the Hong Kong Monetary Authority (HKMA), and the Securities and Futures Commission (SFC) jointly welcomed the development of an electronic fixed income and currency trading platform in Hong Kong (the Platform) by the China Foreign Exchange Trade System and Hong Kong Exchanges and Clearing Limited. The Platform will be based in Hong Kong and serve international markets, providing an open, fair, efficient, and stable trading environment.

According to the announcement, the Platform will follow international market standards and practices and comply with Hong Kong regulatory requirements. It aims to provide comprehensive products and services to global investors, enhance trading efficiency and transparency, facilitate effective price discovery, and reduce transaction costs. It will also explore technological innovation in financial services. Further details, including the launch timetable, will be announced in due course.

Implementation Opinions on Improving Financial Institution Governance

The Implementation Opinions on Improving Financial Institution Governance (the Opinions), jointly issued by the National Financial Regulatory Administration, the People's Bank of China, the China Securities Regulatory Commission, and the Ministry of Finance and dated 16 March 2026, were published on 31 July 2026. The Opinions set out 22 measures across nine sections, aiming to establish governance mechanisms with clear responsibilities, balanced incentives and constraints, rigorous risk management, and efficient operations by 2029.

The Opinions strengthen shareholder entry requirements and oversight of shareholder conduct, including the identification of major shareholders, actual controllers, and beneficial owners. They seek to improve the effectiveness of boards and independent directors and strengthen management reporting and accountability. They also emphasise long-term performance assessment and the implementation of deferred payment and clawback arrangements for performance-related remuneration of senior management and personnel in key positions.

In addition, the Opinions call for stronger internal controls, compliance, and independent internal audit systems, comprehensive risk management, and tighter controls over related-party transactions. They promote improved information disclosure and risk-based, differentiated supervision, including look-through supervision of shareholdings and related-party transactions.

NFRA seeks comments on cybersecurity management measures for the banking and insurance sectors

The National Financial Regulatory Administration (NFRA) published the draft Cybersecurity Management Measures for the Banking and Insurance Sectors (the Draft Measures) on 10 July 2026 to solicit public opinion, with comments due by 10 August 2026. The Draft Measures aim to strengthen cybersecurity management at banking financial institutions, insurance financial institutions, and financial holding companies. They comprise eight chapters and 72 articles covering cybersecurity governance, network construction and operational management, cybersecurity risk monitoring, incident response and handling, critical information infrastructure management, and regulatory supervision.

The Draft Measures emphasise group-wide cybersecurity management, coordination between technology and business functions, and cooperation across the three lines of defence. They adopt a tiered and differentiated approach to cybersecurity management, with more stringent requirements for critical information infrastructure. They also align with the draft Cybersecurity Management Measures for the Financial Sector, released for public consultation on 3 July 2026.

SPC and SPP revise judicial interpretation on insider trading and disclosure of inside information

On 24 July 2026, the Supreme People's Court (SPC) and the Supreme People's Procuratorate (SPP) jointly published the Decision on Amending the Interpretation on Several Issues Concerning the Specific Application of Law in Criminal Cases of Insider Trading and Disclosure of Inside Information (Fa Shi [2026] No. 13), effective from 27 July 2026. The amendments update the judicial interpretation to reflect the Securities Law and the Futures and Derivatives Law and revise the standards for determining criminal liability for insider trading and disclosure of inside information.

Under the revised interpretation, "serious circumstances" generally include securities transactions of RMB 2 million or more, futures margin of RMB 1 million or more, or gains made or losses avoided of RMB 500,000 or more. Lower thresholds apply in specified circumstances, including where the conduct is carried out by statutory insiders or persons previously subject to criminal or administrative sanctions for securities or futures misconduct. "Especially serious circumstances" include securities transactions of RMB 20 million or more, futures margin of RMB 10 million or more, or gains made or losses avoided of RMB 5 million or more. The amendments also provide that, for purposes of determining the sensitive period for inside information, the time when controlling shareholders, actual controllers, or relevant decision-makers disclose a preliminary intention capable of forming inside information to closely related persons, or trade on that intention, is treated as the initial time of the relevant proposal. They also clarify the circumstances in which securities or futures transactions are not treated as insider trading, including certain pre-existing written trading arrangements, transactions based on publicly disclosed information, and transactions supported by other legitimate reasons or information sources.

NFRA issues asset-liability management measures for insurance companies

The National Financial Regulatory Administration (NFRA) issued the Measures for Asset-Liability Management of Insurance Companies (the Measures) on 20 August 2026, effective from 1 January 2027. The Measures aim to reduce asset-liability mismatch risks through matching maturity structures, asset returns and liability costs, and liquidity. They place ultimate responsibility on the board and require insurers to establish or designate an asset-liability management department that performs its duties independently of the insurance business and investment departments.

The Measures require insurers to coordinate asset and liability management in business planning, product development and pricing, asset allocation, and major investment decisions. They also require regular stress testing, annual back-testing, and information sharing with insurance asset management companies entrusted with investments. Separate regulatory and monitoring indicators address different types of insurance business, including income coverage, interest rate risk hedging, and liquidity.

Insurers must submit quarterly and annual asset-liability management reports and assess their management capabilities annually. Information on assets, liabilities, and their matching in annual reports must be verified by an independent third-party reviewer. The NFRA and its local offices may require corrective action, additional reporting, and more frequent inspections where regulatory indicators are not met or management deficiencies arise. The Measures will replace the 2019 interim measures on insurance asset-liability management supervision.

NPC Standing Committee seeks comments on revised banking supervision law

On 28 August 2026, the Standing Committee of the National People's Congress published the second review draft of the revised Banking Supervision and Administration Law (the Draft) for public comment until 26 September 2026. The Draft contains 88 articles and provides for supervision of banks and specified non-bank financial institutions, including financial holding companies, trust companies, financial leasing companies, consumer finance companies, and wealth management companies. It also addresses supervision of their overseas business activities, classified and tiered supervision, consolidated supervision, and recovery and resolution planning.

The Draft would require major shareholders to explain their ownership structures to the relevant financial institutions through each level up to the actual controller and disclose relationships with other shareholders. It would prohibit shareholders and actual controllers from improperly interfering in management, unlawfully appropriating institutional assets or customer funds, and conducting related-party transactions in breach of applicable requirements.

Regulators would be authorised to inspect systems used to manage business data, including those using artificial intelligence. IT service providers would be prohibited from intercepting, storing, forwarding, or using institutional or customer data without authorisation. The Draft also provides for mandatory early corrective action, restructuring, and takeover measures, and sets out penalties for unauthorised establishment and obtaining licences through fraud.

NFRA seeks comments on proposed revisions to the Insurance Law

On 4 September 2026, the National Financial Regulatory Administration (NFRA) published proposed revisions to the Insurance Law of the People's Republic of China (the Draft) for public consultation until 3 October 2026. The Draft would strengthen look-through supervision of insurance institutions' shareholders and actual controllers and bring them within the regulatory scope.

The Draft would also strengthen prudential requirements concerning corporate governance, risk management, and internal controls, improve solvency supervision, and reinforce asset-liability management and the regulation of insurance fund investments. It would refine the framework for risk resolution and market exit.

Further proposals would strengthen insurance consumer protection by improving insurance contract rules and clarifying prohibited conduct by insurance institutions. The Draft would also broaden the scope of legal liability and increase fines for breaches.

NFRA seeks comments on disclosure requirements for banking and insurance institutions

On 4 September 2026, the National Financial Regulatory Administration (NFRA) published the draft Measures for the Administration of Information Disclosure by Banking and Insurance Institutions (the Draft Measures) for public consultation until 3 October 2026. The Draft Measures cover banks, insurers, and specified financial institutions, including financial holding companies, trust companies, wealth management companies, and insurance asset management companies. They would require disclosure of corporate information, financial reports, governance, financial products and services, risk management, capital, related-party transactions, consumer protection, and material events.



Subject to certain exceptions, institutions would be required to publish the previous year's annual disclosure report on their websites by 30 April each year. Specified material events would need to be disclosed within 10 working days, and websites would need to retain at least the most recent five years of annual and interim disclosure reports. The Draft Measures also provide procedures for applying to defer or be exempted from disclosure in specified circumstances.

The board would bear ultimate responsibility for disclosure management, with the chairman designated as the primary responsible person and the board secretary coordinating disclosure affairs. Institutions would need internal disclosure controls and appropriate measures to protect third-party trade secrets, personal privacy, and sensitive information. Information already disclosed under applicable requirements could be exempted from duplicate disclosure, provided the institution publishes a link and a brief explanation on its website.

CSRC revises supervision measures for futures companies

On 11 September 2026, the China Securities Regulatory Commission (CSRC) issued the revised Measures for the Supervision and Administration of Futures Companies (the Measures) and a supporting implementation announcement, both effective from 1 January 2027. The Measures divide futures-company businesses into basic businesses, comprising domestic futures brokerage and futures trading consultancy, and trading businesses, comprising futures market making, futures asset management, and derivatives trading. They also revise requirements relating to the establishment and changes of futures companies and access to individual business activities.

The Measures strengthen supervision of shareholders and actual controllers, including their explanation and reporting obligations and requirements intended to improve ownership transparency. They also strengthen corporate governance, compliance management, risk management, and internal controls, tighten regulation of subsidiaries and branches, and revise rules governing domestic futures brokerage, futures market making, and futures asset management. The accompanying implementation announcement addresses applications for additional business permissions, the application of regulatory requirements to overseas subsidiaries, and transitional arrangements for existing businesses.



Enforcement actions



Singapore

Prohibition orders for forgery

MAS issued prohibition orders of five years and four years respectively against two former representatives of a bank, who were convicted of forgery offences in separate cases.

The first individual, a branch manager who supervised a team of sales representatives, altered bank statements and submitted them in support of insurance policy applications for 21 customers over a period of approximately 16 months. Without the altered statements, these customers would not have met the product eligibility requirements. She did this to meet her team's monthly sales targets. She was convicted of one count of forgery under the Penal Code, with two further counts taken into consideration for sentencing, and was sentenced to seven weeks' imprisonment.

The second individual, a sales representative, altered six bank statements in support of his customers' insurance policy applications over a period of approximately six months, enabling customers who would otherwise have been ineligible to apply. He also misrepresented the insurer's minimum residency requirement to customers to induce them to apply, in order to meet his sales targets. He was convicted of two counts of forgery under the Penal Code, with four further charges taken into consideration for sentencing, and was sentenced to seven weeks' imprisonment.

Both individuals are prohibited from carrying on any MAS-regulated or authorised activities, participating in the management of any financial institution, and acting as a director, partner, or manager of any financial institution. They are also prohibited from becoming, or increasing their interest as, a substantial shareholder of any financial institution that is a corporation. MAS noted that supervisors who engage in misconduct can expect more severe sanctions, which is why the first individual received the longer prohibition order.

Prohibition orders for abetting market manipulation

MAS issued prohibition orders of one year and four years under the Financial Services and Markets Act 2022 against two former representatives of a securities brokerage who had abetted a client's false trading and market rigging scheme.

The first individual, a corporate broker, handled the client's trading accounts. For over two years, he continued to place orders to buy shares in a listed company near or at market close for the client, despite knowing that the client's trading pattern suggested he was marking the close.

The second individual, a remisier, placed orders in the client's accounts when the first individual was unavailable. She also executed the client's instructions in an account belonging to the client's employee, without any formal authorisation from the employee. Over a period of more than five years, she knew or ought to have known that the client was marking the close in the shares of two listed companies, and intentionally aided him by advising on and placing the relevant orders.

MAS determined that neither individual is a fit and proper person. Both are prohibited from carrying on any MAS-regulated or authorised activities, participating in the management of any financial institution, and acting as a director, partner, or manager of any financial institution. They are also prohibited from becoming, or increasing their interest as, a substantial shareholder of any financial institution that is a corporation.

Four-year prohibition order for unauthorised access to customer information

MAS issued a four-year prohibition order under the Financial Services and Markets Act 2022 against a former relationship manager of a bank for unauthorised access to customer information.

On 10 occasions, the individual used other bank staff's computers to access a customer's personal information and transaction history without authorisation and for personal reasons unrelated to her work. She was convicted of two charges of unauthorised access to computer material under the Computer Misuse Act, with two further charges taken into consideration for sentencing, and was fined S$12,000.

The individual is prohibited from carrying on any MAS-regulated or authorised activities, participating in the management of any financial institution, and acting as a director, partner, or manager of any financial institution. She is also prohibited from becoming, or increasing her interest as, a substantial shareholder of any financial institution that is a corporation and from performing critical system administration functions.

Six-year prohibition order for forgery and unauthorised access to computer material

MAS issued a six-year prohibition order under the Financial Services and Markets Act 2022 against a former representative and unit manager of a financial adviser for forgery offences and unauthorised access to computer material.

Over a period of approximately 12 months, the individual, who supervised a team of sales representatives, asked two of her representatives for their login credentials so she could access their accounts in the firm's system. She then forged the signatures of four clients and of her representatives, submitted four insurance policies through the system, and approved those policies in her capacity as the team's supervisor. She did so to earn higher commissions and to boost her team's performance against its targets, which would in turn entitle her to further benefits and remuneration. When the premiums on two of the policies fell due, she forged the policyholders' signatures on false policy surrender forms and submitted them to the firm.

The individual was convicted of two counts of unauthorised access to computer material under the Computer Misuse Act and three counts of forgery under the Penal Code, and was sentenced to eight months' imprisonment. She is prohibited from carrying on any MAS-regulated or authorised activities, participating in the management of any financial institution, and acting as a director, partner, or manager of any financial institution. She is also prohibited from becoming, or increasing her interest as, a substantial shareholder of any financial institution that is a corporation and from performing the function of critical system administration.

Three-year prohibition order for market manipulation

MAS issued a three-year prohibition order under the Financial Services and Markets Act 2022 against a former appointed representative and chief investment officer (CIO) of the manager of a listed real estate investment trust (REIT). The order follows a 24-month conditional warning issued to the individual by the Commercial Affairs Department of the Singapore Police Force for his involvement in manipulating the unit prices of the REIT, an offence under the Securities and Futures Act.

Over a period of approximately 13 months, the individual conspired with the owner of a firm that was registered as a commercial market-maker with the Singapore Exchange and engaged to act as market maker for the REIT's units. The purpose was to create a false or misleading appearance with respect to the price of the units. Following discussions with the individual, the owner of the market-making firm initiated buy trades to artificially push up or maintain the REIT's unit prices.

MAS determined that the individual is not a fit and proper person under its Guidelines on Fit and Proper Criteria. MAS regarded the misconduct as serious because the individual held a senior position as CIO and had conspired to engage in market manipulation rather than implement legitimate investment strategies to enhance the value of the REIT. The individual is prohibited from carrying on any MAS-regulated or authorised activities, participating in the management of any financial institution, and acting as a director, partner, or manager of any financial institution. He is also prohibited from becoming, or increasing his interest as, a substantial shareholder of any financial institution that is a corporation.

Ten-year prohibition order for cheating offences

MAS issued a 10-year prohibition order under the Financial Services and Markets Act 2022 against a former representative of an insurance company following his conviction for cheating offences.

Over a period of approximately 15 months, the individual induced another person to transfer money to him for the purchase of investment plans that did not in fact exist. He then induced the same person to transfer further sums on the pretext that the funds were needed to process the sale of overseas properties he owned, and represented that the sale proceeds would be used to repay the earlier purported investments. In total, the individual obtained more than S$570,000.

The individual was convicted of two counts of cheating under the Penal Code. Four further counts of cheating and dishonestly inducing a delivery of property were taken into consideration for sentencing, and he was sentenced to 32 months' imprisonment. MAS is satisfied that the individual is not a fit and proper person under its Guidelines on Fit and Proper Criteria.



Hong Kong

SFC sanctions licensed futures broker and its responsible officer for AML/CFT failures

The Securities and Futures Commission (SFC) reprimanded and fined a licensed futures broker HK$7 million for failing to comply with anti-money laundering and counter-financing of terrorism (AML/CFT) and other regulatory requirements over a period of almost two years. It also suspended the licence of the firm's responsible officer for seven months.

The firm did not conduct any due diligence or testing on the customer-supplied systems that 160 clients used to place futures orders. As a result, it could not properly assess and manage the associated money laundering and terrorist financing risks, and it was exposed to risks of unlicensed activities, nominee account arrangements, and unauthorised access to client accounts. In addition, deposits into eight client accounts were inconsistent with the financial profiles the clients had declared, and the firm kept no records showing that it had made enquiries about these deposits. The firm also failed to maintain an effective ongoing monitoring system to detect suspicious trading patterns. In particular, it did not detect 176 instances in which the same client placed buy and sell orders for the same futures contracts within the same second and at the same price.

The SFC found that the firm had breached the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the AML Guideline, and the Code of Conduct for Persons Licensed by or Registered with the SFC. It attributed these failures to the responsible officer's failure to discharge his duties as a member of senior management. In determining the sanctions, the SFC took into account, among other things, that the firm continued to allow clients to use customer-supplied systems without due diligence despite repeated SFC enforcement actions and reminders on similar failures, and only disabled these systems in August 2025. It also considered the cooperation of the firm and the individual and their otherwise clean disciplinary records.

SFC directs trading suspension of a listed company over concerns relating to unsecured loans

The SFC directed the Stock Exchange of Hong Kong to suspend dealings in the shares of a listed company under section 8(1) of the Securities and Futures (Stock Market Listing) Rules.

The suspension arose from an SFC investigation into unsecured loans of approximately HK$2 billion that the company granted over a period of almost three years. The investigation uncovered information suggesting that over HK$1 billion, or about 63% of the loans, was indirectly remitted to the company's then-major shareholder or a related party through a series of rapid onward transfers. This raised serious questions about whether the purported borrowers were the genuine beneficiaries and whether the loans served any genuine commercial purpose. The SFC also found evidence that the company's due diligence and credit assessments on the loans were insufficient.

The company failed to address the SFC's concerns satisfactorily and did not explain the commercial rationale for the loans. Given the significance of these concerns for the company's financial position, the SFC considered the suspension necessary or expedient to maintain an orderly and fair market and to protect the investing public. The SFC investigation is ongoing.

SFC obtains extension of worldwide freezing orders against chairman of listed companies

The SFC obtained an extension from the Court of First Instance of worldwide freezing orders against the chairman and controlling shareholder of two listed companies, and a company to which assets of the listed companies had been transferred. The orders prohibit them from removing, disposing of, dealing with, or diminishing the value of their assets, in Hong Kong or elsewhere, up to a total value of approximately HK$146.9 million. They remain in effect until the SFC's proceedings are determined or the court orders otherwise.



The orders form part of ongoing SFC proceedings under section 214 of the Securities and Futures Ordinance, in which the SFC seeks remedies to protect the independent shareholders of the two listed companies, including a share repurchase order and the appointment of a receiver or manager over certain assets.

In deciding to continue the orders, the court considered a restructuring through which assets of the listed companies, including interests in land in Japan, were transferred to the other company at the chairman's direction. The court found that the restructuring was carried out for the chairman's personal benefit and placed those assets beyond the reach of the relief sought by the SFC. It was satisfied that there was a real risk of asset dissipation, and ordered the chairman and the other company to pay the SFC's costs of the application. The trial is scheduled to begin in September 2027.

SFC bans former representative for unauthorised discretionary trading

The SFC prohibited a former licensed representative of a Hong Kong brokerage group from re-entering the industry for 42 months.

Over a period of more than 12 years, the individual traded in the accounts of seven clients on a discretionary basis without their written authorisation. Although the clients had agreed to or were aware of the arrangement, it was not documented or disclosed to her employer, whose policy prohibited discretionary trading services. She used the clients' login credentials to place orders through the firm's online platform without seeking specific authorisation for each transaction, resulting in substantial losses. She also concealed the true financial position of certain accounts by providing clients with inflated balances, fabricated trade details, and false account statements.

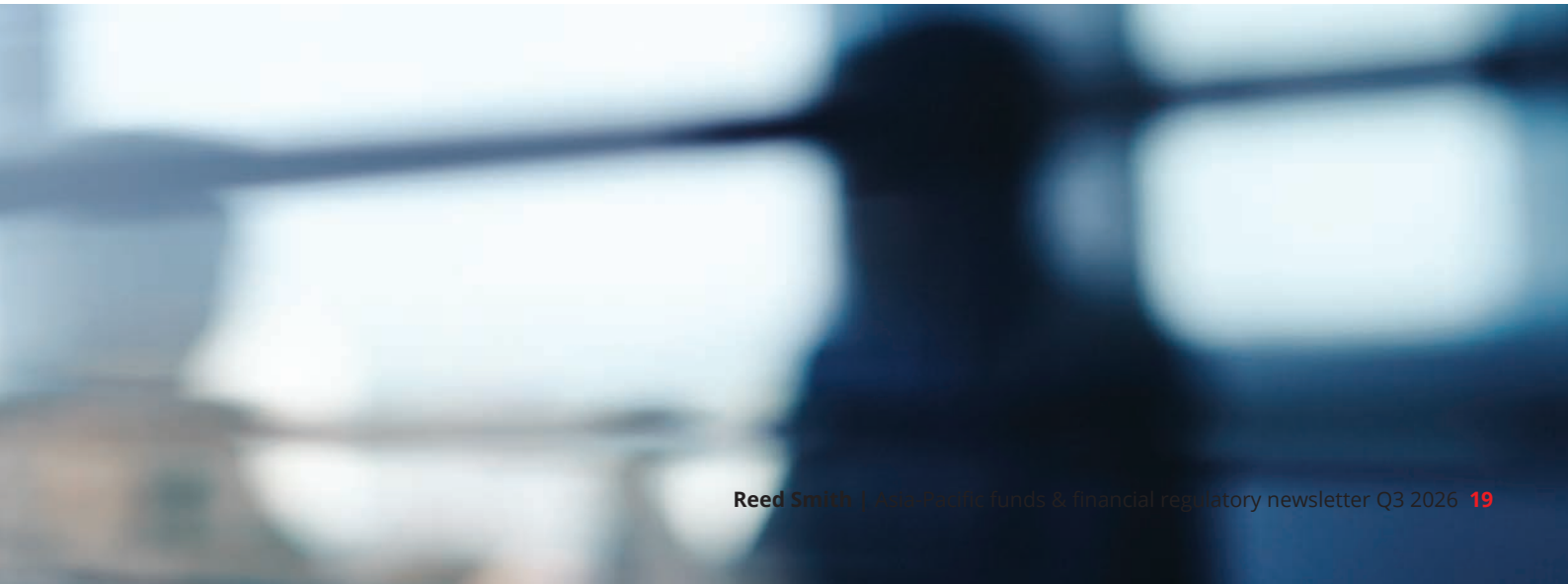
The SFC found her guilty of misconduct and determined that she was not fit and proper to be licensed. In determining the sanction, the SFC took into account the duration of the misconduct, client losses of close to HK$3 million, and her partial compensation of some clients with over HK$1.2 million of her own funds.

SFC revokes licence and bans former responsible officer for window dressing liquid capital

The SFC revoked the licence of a former responsible officer of a licensed corporation, together with his approval to act as a responsible officer, and banned him from re-entering the industry for 10 years.

The SFC found that, over a period of approximately 21 months, the individual caused the firm to window dress its liquid capital and provide false or misleading information in 15 financial returns he signed and submitted to the SFC. Each return included the amounts of cheques issued by him or companies connected to him, which were deposited into the firm's bank account at or around month-end and dishonoured a few days later, before the returns were submitted. Without these amounts, the firm would have failed to meet its liquid capital requirement at the end of each relevant month. The firm also failed to notify the SFC of liquid capital deficits ranging from HK$700,000 to HK$3.5 million over 20 months.

The SFC considered the firm's misconduct to have occurred with the individual's consent or connivance, and his intentional conduct called into question his honesty and integrity. In determining the sanction, the SFC took into account the seriousness of flouting the financial resources regime, the prolonged duration of the failures, the fact that the firm had no active clients or regulated activities during the period, and his cooperation with the SFC.



SFC obtains disqualification order against former executive director of a listed company

The SFC obtained a six-year disqualification order from the Court of First Instance against a former executive director of a listed company, who admitted to breaching his fiduciary duties by recklessly involving a subsidiary in fictitious transactions. He is disqualified from acting as a director, liquidator, receiver, or manager of, or being involved in the management of, any listed or unlisted corporation in Hong Kong, and was ordered to pay the SFC's costs.

The proceedings concern two back-to-back fuel oil supply and sale transactions of approximately US$75 million, which the SFC alleges were fictitious because the purported supplier and customer were controlled by the company or persons closely connected to it, the supporting bills of lading were not genuine, and the funds circulated among related parties before returning to the company or its associates.

The individual admitted that he acted merely as a rubber stamp, failed to take reasonable steps to ensure the transactions were in the company's interests, and failed to convene a board meeting before committing the subsidiary. He also provided pre-signed transfer forms enabling over HK$302 million in payments without questioning their purpose, and recklessly caused false or misleading statements about the transactions to be published in the company's annual results and report.

Proceedings against two other former executive directors and the alleged shadow controller of the company remain ongoing.

SFC obtains disqualification orders against former senior executives of a listed company

The SFC obtained 13-year disqualification orders from the Court of First Instance against three former senior executives of a listed company, namely its former chairman, chief executive officer, and chief financial controller, for their involvement in schemes to overstate the company's cash and bank balances. They are prohibited, without leave of the court, from acting as a director, liquidator, receiver, or manager of any listed or unlisted corporation in Hong Kong. The orders conclude the SFC's proceedings against the company's former directors and senior executives.

The court found that the company's reported cash and bank balances were overstated by 87% and 97% in its interim and annual reports respectively, through a deliberate scheme involving fictitious deposits recorded shortly before reporting cut-off dates and reversed shortly afterwards, unrecorded transactions, and post-cut-off offsets. The overstatements were concealed through falsified bank slips, bank statements, and accounting vouchers, and falsified information was supplied to the company's auditor.

The court found that all three individuals held senior management, finance, and compliance roles that placed them in a position to instigate, permit, or perpetuate the schemes. The former chief executive officer was the purported payer or recipient in a majority of the unrecorded and non-existent transactions, while the former chief financial controller was responsible for recording the falsified vouchers and bank slips arranged by him or staff under his supervision.

Market Misconduct Tribunal finds former chairman of a listed company culpable of insider dealing

In proceedings brought by the SFC, the Market Misconduct Tribunal (MMT) found the founder and former chairman of a listed company, together with his investment holding company, culpable of insider dealing in the company's shares. The MMT also found the company in breach of its obligation to disclose inside information as a result of his intentional conduct.

The case concerned the acquisition of a private company in which the listed company held an undisclosed minority stake. Upon completion, the listed company became entitled to approximately HK$1.15 billion in cash, representing a gain of approximately HK$928.7 million over the book value of its investment. The MMT found that the individual learnt of this highly price-sensitive information, responded enthusiastically, and immediately estimated the profit the company would make. After the blackout period ended, he purchased over 2.7 million shares in the company through his holding company over 13 trading days before the information was disclosed to the market.

The MMT further found that the company failed to disclose the inside information as soon as reasonably practicable because the individual deliberately withheld it from the board and other personnel until the transaction documents were received. Another director of the company was not found responsible for the breach, as it was reasonable for him to rely on the individual and other senior management to assess the information. Sanctions will be determined at a later date.

SFC issues restriction notice over suspected IPO fraud

The SFC issued a restriction notice to a licensed brokerage, prohibiting it from dealing with or processing assets of up to approximately HK$125.2 million in client accounts held by an entity suspected of involvement in a fraudulent scheme to create a false or artificial appearance of demand for shares in an IPO.

Without the SFC's prior written consent, the brokerage may not dispose of or deal with the relevant assets, or assist another person to do so, and must notify the SFC immediately of any instructions concerning them. The brokerage is not the subject of the investigation, and the notice does not affect its other clients. The SFC considered the notice desirable in the interest of the investing public and in the public interest, and its investigation is continuing.

SFC sanctions a licensed brokerage for cybersecurity failures

The SFC reprimanded and fined a licensed brokerage HK$2.1 million for failing to implement adequate and effective cybersecurity controls, which may have contributed to its failure to withstand a ransomware attack and a delay of approximately three weeks in fully restoring its systems.

The attack, in which a hacker exploited the firm's remote access system, affected its critical IT infrastructure, including its file, email, trading, and accounting servers. During the recovery period, clients were unable to trade through the firm's mobile app or internet platform and could only place orders through their account executives.

Following the firm's self-report, the SFC's investigation identified multiple deficiencies, including a lack of firewall protection and adequate network monitoring, outdated operating systems and antivirus software, weak controls over user access, privileged accounts, and remote access, poor password management, a lack of regular staff cybersecurity training, and inadequate data backup and business continuity arrangements.

In determining the sanction, the SFC took into account, among other things, the firm's appointment of an independent reviewer at the SFC's request, its enhancements to its systems and controls, the absence of evidence of client loss, its cooperation with the SFC, and its otherwise clean disciplinary record.

SFC sanctions a licensed investment manager for failing to scrutinise dubious fund arrangements

The SFC reprimanded and fined a licensed investment manager HK$6.8 million for failing to discharge its duties as the manager of a private fund over a period of approximately 13 months.

The firm established the fund for an authorised insurer and, at the request of the insurer's chief investment officer, entered into a series of investment arrangements. These included purchasing structured notes linked to debt instruments issued by a company related to the insurer, and subsequently transferring the notes to another fund managed by a different manager. The SFC found that the arrangements were unnecessarily complex, added costs and risks, lacked a clear commercial rationale, and raised concerns about the potential concealment of asset movements or connected party transactions.

Despite multiple red flags, the firm failed to exercise independent investment discretion, conduct adequate due diligence, or identify and address the concerns raised. It also failed to ensure that the fund's investments complied with its investment restrictions and objectives, and did not implement effective risk management measures. The SFC emphasised that asset managers should have controls to identify dubious arrangements and should proceed only once their concerns have been satisfactorily addressed.

In determining the sanction, the SFC took into account, among other things, the potential for the firm's failures to facilitate misconduct, the management fees of approximately HK$1.9 million it received from the fund, its remedial measures, its cooperation with the SFC, and its otherwise clean disciplinary record.

SFC sanctions a licensed brokerage for inadequate controls over client wash trades

The SFC reprimanded and fined a licensed brokerage HK$2.8 million for failing to implement adequate and effective internal controls to monitor and detect wash trades by its clients.

Over a period of almost two years, the firm allowed the execution of 1,021 pairs of wash trades involving 736 stocks and warrants through 615 client accounts. Before March 2024, the firm relied primarily on post-trade monitoring and manual review, enabling clients to conduct wash trades before detection. The pre-trade interception arrangement subsequently introduced remained inadequate, as it relied on manual intervention and was triggered only after a second instance of wash trading was detected. In addition, multiple wash trades in the same account on a single day were counted as one instance, allowing clients to execute repeated wash trades within the same day without restriction.

In determining the sanction, the SFC took into account the firm's failure to fully rectify similar deficiencies despite previous reminders, its enhancements to its systems and controls, its undertaking to engage an independent reviewer to verify those enhancements, and its cooperation with the SFC.

SFC sanctions a licensed brokerage and its responsible officer over handling of a client account

The SFC reprimanded and fined a licensed brokerage HK$1.7 million for regulatory breaches in handling a client account, and suspended the licence of its responsible officer and manager-in-charge for three months. The breaches were uncovered during a separate SFC investigation into a suspected ramp-and-dump scheme.

Shortly after opening an account, the client placed two orders to sell shares purportedly held with other brokerages, supported by statements as proof of his holdings. Despite red flags, including that the size of his purported shareholdings was inconsistent with the financial profile he had declared, the firm did not make adequate enquiries before executing the orders. It also failed to report to the SFC when subsequent information suggested that the client may have provided false documents to facilitate one of the transactions.

The SFC found that the firm's conduct fell short of the SFC's Code of Conduct and applicable anti-money laundering requirements, and attributed its failures to the responsible officer's neglect of his duties as a member of senior management. In determining the sanctions, the SFC took into account, among other things, that this was an isolated incident with no evidence of systemic control weaknesses, the firm's enhancements to its policies and staff training, the cooperation of the firm and the individual, and the individual's otherwise clean disciplinary record.

Mainland China



NFRA penalises an insurance asset manager and responsible individuals

On 24 September 2026, the National Financial Regulatory Administration (NFRA) published details of penalties against an insurance asset management company and responsible individuals for failure to comply with requirements governing the use of insurance company funds. The company was fined RMB 300,000. One responsible individual was banned from the insurance industry for 15 years, while another received a warning and a fine of RMB 10,000.

NFRA penalises a wealth management company and a responsible individual

On 24 September 2026, the NFRA published details of penalties against a wealth management company for breaches including incomplete identification of related parties and failure to meet regulatory requirements for liquidity risk indicators. The company was subject to fines and confiscation totalling RMB 9.12 million. A responsible individual received a warning and a fine of RMB 60,000.

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