
REGULATORY NEWSLETTER

2021 Vol.5



Row, row the dragon boat, gently down the stream When you see the crypto flows, don't forget to scream

2021's half-year mark upcoming in a heartbeat, as Hong Kong is finally experiencing a significant reduction in new Coronavirus cases.

As Friedrich Nietzsche said "Generally speaking, Compliance makes man hard and cold, it concentrates; it sharpens the feeling of alienation; it strengthens the power of resistance" Trust us, we hate compliance as much as you do! Jokes aside, we wholeheartedly understand the cumbersome practices are driving fellow financial elites crazy, yet these are the rules of the game we all play. Grab a beer, live the midmonth long-weekend and come back stronger.

Cheers from ComplianceDirect Team.

REGULATORY UPDATES

SFC warns netizens of online investment scams

24 May 2021

The SFC has concluded an online campaign which simulated the experience of being drawn into an investment scam. The campaign is part of the SFC's ongoing efforts to alert the public about the use of online platforms to defraud investors. "Online investment scams may involve stock market manipulation and those who get caught up in them can suffer substantial losses." Said Mr Ashley Alder, the SFC's CEO. "Investors should stay vigilant and make informed investment decisions rather than relying on stock tips circulating in chat groups or on social media platforms."

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Circular to licensed corporations Postponement of effective date of revised financial return form

28 May 2021

The SFC informs licensed corporations that the effective date of the revised form of the returns required to be submitted by them under section 56 of the Securities and Futures (Financial Resource) Rules will be postponed to 1 January 2022.

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Circular to licensed corporations Exemption for senior executives of licensed corporations - Compulsory Quarantine of Certain Persons Arriving at Hong Kong Regulation

28 May 2021

The Chief Secretary of the HKSAR government has designated certain categories of persons in the financial services sector to be exempted from the compulsory quarantine arrangement in Hong Kong under Cap. 599C and Cap. 599E (Exemption Scheme).

Please visit the SFC's website for eligibility criteria or contact us for further information.

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ENFORCEMENT NEWS

Market Misconduct Tribunal sanctions China Medical & HealthCare Group Limited and its directors for late disclosure of inside information

The Market Misconduct Tribunal has fined China Medical & HealthCare Group Limited and six of its former and current directors a total of \$4.2million for failing to disclose inside information as soon as reasonably practicable.

The company and the six sanctioned directors admitted that the information relating to the profits made from the Company's position in ChinaVision Media Group Limited,

SFC reprimands and fines Ewarton Securities Limited \$1.5 million

Ewarton was fined \$1.5 million for internal control failings and breaches of the SFC's Code of Conduct. Mr Mung Wai Sun, former licensed representative of Ewarton, was sanctioned for effecting transactions in a client's account on a discretionary basis without obtaining the client's prior written authorization and failing to ensure transactions undertaken on behalf of the client were given priority over orders for his own account.

the overall profit figures for March 2014 and the profit for the nine months ended March 2014, also the significant gains from the Company's investment trading in the shares of ChinaVision, came to their knowledge in April 2014. While the information was not made public until Sept 2014 when a positive profit alert was published.

While Ewarton failed to diligently supervise Mung and to put in place adequate and effective internal controls during the material time resulted in its failure to detect and prevent his unauthorized or improper activities and to ensure that orders of clients were given priorities over orders of its employees.

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