

October 2017

PwC Regulatory Update



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Legislative/Government developments

Treasury Laws Amendment (Whistleblowers) Bill 2017

The Government has released a [draft legislation](#), seeking feedback on the *Treasury Laws Amendment (Whistleblowers) Bill 2017*, creating a whistleblower protection regime in the *Corporations Act 2001* and in the taxation law, respectively to cover the corporate, financial and credit sectors, and to protect those who expose tax misconduct.

The reforms to the *Corporations Act* include:

- Expanding the protections to a broader class of people;
- Expanding the types of disclosures to be protected under the framework;
- Allowing disclosures to parliamentarians and the media, if preconditions are satisfied;
- Imposing new stringent obligations to maintain the confidentiality of a whistleblower's identity;
- Making it significantly easier for a whistleblower to bring a compensation claim where he or she has been victimised;
- Creating a new civil penalty offence so that law enforcement agencies will be able to take action against companies where the civil standard of proof can be met; and
- Requiring all large companies to have a whistleblower policy in place, with penalties for failing to do so.

Source: [Treasury](#)

Enhanced Regulatory Sandbox

The Government is seeking feedback on the [draft legislation](#) and draft regulations for Australian Financial Services Licence ([AFSL](#)) and Australian Credit Licence ([ACL](#)) to create an enhanced regulatory sandbox to support innovation in financial services.

Under the framework, firms can test a wider range of new and innovative FinTech products and services, including:

- Providing holistic financial advice in relation to superannuation, life insurance and domestic and international securities;
- Issuing and facilitating consumer credit;
- Issuing non-cash payment products; and
- Providing a crowd-funding service.

Submission on the draft regulations are due by 1 December 2017.

Source: [Treasury](#)

Innovation Technical Amendments

The Government has released a [draft legislation](#), seeking feedback on amendments to the tax incentive for early stage investors, and the venture capital limited partnership and early stage venture capital limited partnership regimes. The consultation aims to rectify a number of minor technical issues and ensure that investments in FinTech businesses are eligible for support under each program.

Submissions are due by 10 November 2017.

Source: [Treasury](#)

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Legislative/Government developments

Insurance Contracts Regulations 2017

The Government has released a [draft regulation](#), seeking feedback on the *Insurance Contracts Regulations 2017*, by updating the [Insurance Regulations 2002](#), updating the [Terrorism Insurance Regulations 2003](#) and repealing the [Insurances Contracts Regulations 1985](#), due to sunset on 1 April 2018.

Submissions are due by 10 November 2017.

Source: [Treasury](#)

Harper reforms passed to strengthen competition law

The Government has passed a second tranche of amendments to competition law in legislation, which includes:

- Replacing the never-used price signaling provisions with a general prohibition on concerted practices to lessen competition;
- Abolishing the formal merger clearance process and providing a simpler process for merger authorisation applications;
- Introducing class exemptions for conduct that the ACCC determines does not raise competition concerns; and
- Amending the National Access Regime to better target the lack of competition in markets for infrastructure services where third party access is required.

These changes aim to better protect small businesses, provide more choice for consumers and strengthens the prohibition against the misuse of market power.

Source: [Treasurer](#)

Action for a more accountable, competitive and stable banking system

The Government is introducing legislation to reform financial services in the following areas:

- **BEAR:** The Government is bringing greater accountability to the banks, introducing tough new rules for banks and their executives to keep their behaviour and decision making in check through the Banking Executive Accountability Regime (BEAR).
- **Section 66:** Legislation is being introduced to deliver more choice for customers by boosting competition in financial services by lifting the prohibition on the use of the word 'bank', so all banking businesses with an ADI licence will be able to use this term.
- **Credit Cards:** The credit cards reforms will reduce the incidence of consumers building up unsustainable debts and will put an end to the overly complex and unfair way in which interest is calculated on credit cards.
- **Crisis Management:** APRA will be given clear powers to enable it to set requirements on resolution planning and ensure banks and insurers are better prepared for a crisis.
- **Macroprudential Powers:** APRA will be able to make rules where it sees that the activities of non-bank lenders are materially contributing to instability risks in the Australian financial system.
- **APRA's Legislative Framework:** Modernizing the legislation will insert an objects provision into the *Banking Act 1959* to make clear APRA's roles and responsibilities under the Act, aligning it with other acts such as the *Life Insurance Act 1995*.

Source: [Treasurer](#)

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Legislative/Government developments

Reforms to stop corporate misuse of FEG scheme

The Minister for Employment and the Minister for Revenue and Financial Services will introduce new laws to stop corporate misuse of the Fair Entitlements Guarantee (FEG) scheme to:

- Penalise company directors and other persons who engage in transactions directed at preventing, avoiding or reducing employer liability for employee entitlements;
- Ensure recovery of FEG from other entities in a corporate group where it would be just and equitable and where those other entities have utilised the human resources of the insolvent entity on other than arm's length terms; and
- Strengthen the ability under the law to sanction directors and company officers with a track record of FEG related insolvencies.

Source: [Minister for Revenue and Financial Services](#)

Mandating comprehensive credit reporting

The Government will legislate for a mandatory comprehensive credit reporting regime to come into effect by 1 July 2018, giving lenders access to improved data, encouraging competition for small businesses and retail customers with positive credit histories.

Source: [Treasurer](#)

The Customer Owned Banking Association (COBA) [supported](#) Government move on credit reporting.

Strengthening penalties for corporate and financial sector misconduct

The ASIC Enforcement Taskforce has released a [position paper](#), *Strengthening Penalties for Corporate and Financial Sector Misconduct*, seeking feedback on the below positions to enhance ASIC's enforcement toolkit, set penalties at an appropriate level for deterrence, and establish a consistent regulatory regime, which includes:

- The maximum imprisonment penalties for criminal offences in ASIC-administered legislation should be increased.
- The maximum pecuniary penalties for all criminal offences in ASIC-administered legislation should be calculated by reference to a particular formula.
- The maximum penalty for a breach of section 184 should be increased to reflect the seriousness of the offence.
- Remove imprisonment as a possible sanction for strict and absolute liability offences and give ASIC discretion to deal with such events.
- All strict and absolute liability offences should be subject to the penalty notice regime.
- Maximum civil penalty amounts in ASIC-administered legislation should be increased.

Submissions are due by 17 November 2017.

Source: [Treasury](#)

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What have the regulators been up to?

APRA

Australian Prudential
Regulation Authority

ASIC

Australian Securities and
Investments Commission

ASX

Australian Securities
Exchange

AUSTRAC

Australian Transaction
Reports and Analysis
Centre

RBA

Australian Securities
Exchange

APRA has released its 2016-17 Annual Report

APRA's [2016-17 Annual Report](#) highlights some of its key milestones for the financial year:

- 8 August 2016: APRA released its final standards in relation to governance and risk management in conglomerate groups.
- 12 October 2016: APRA set out its expectations for improved claims handling by life insurers and superannuation trustees.
- 19 December 2016: APRA published a review of the superannuation industry's approach to liquidity stress testing.
- 23 February 2017: APRA updated its prudential practice guide on residential mortgage lending.
- 10 May 2017: APRA announced a newly created Licensing Unit and a Data Analytics Unit as part of a new organisational structure.

APRA releases results of 2017 stakeholder survey

The latest [stakeholder survey](#) shows that the Australian financial sector continues to endorse the performance of APRA as benefitting to their industries and protecting of the financial wellbeing of the wider community. The survey collated feedback from 320 financial sector companies with the key findings as follows:

- APRA's supervision was consistent with its mission and had a positive impact on risk management practices and risk culture; and
- APRA was effective in enforcing its prudential requirements.

See [media release](#)

ASIC updates funds management guidance

ASIC is seeking feedback on the [proposed guidance](#) in relation to managed investment schemes, corporate collective investment vehicles (CCIVs) and passport funds. The consultation paper attaches the following six draft guides:

- [Draft regulatory guide, Funds management: Establishing and registering a fund](#);
- [Draft updated regulatory guide, Funds management: Constitutions](#);
- [Draft updated regulatory guide, Funds management: Compliance and oversight](#);
- [Draft updated regulatory guide, Funds management and custodial services: Holding assets](#);
- [Draft updated regulatory guide, Funds management: Discretionary powers](#); and
- [Draft regulatory guide, Foreign passport funds](#).

Submissions are due by 8 December 2017.

See [media release](#)

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ASIC releases 2016-17 Annual Report

ASIC has released its [2016-17 Annual Report](#); the organisation's key achievements for the financial year include:

- Securing more than \$837 million in compensation and remediation for Australian investors and customers;
- Securing approximately \$5.2 million in civil penalties;
- Securing 20 criminal convictions, with 13 people jailed;
- Prosecuting 409 directors for 723 offences, and disqualifying 51 people from directing companies;
- Banning 208 people and companies from providing financial services and credit;
- Issuing 74 infringement notices, totaling \$4.3 million;
- Receiving more than 7 million visits to the ASIC MoneySmart website; and
- Producing 96 new financial literacy resources and tools.

See [media release](#)

Updates from ASIC

ASIC has released its Cost Recovery Implementation Statement ([CRIS](#)), estimating costs for ASIC's 2017-18 regulatory activities following consultation on the operation of ASIC's industry funding model. The statement also explains how ASIC's costs will be allocated between these subsectors, through either a flat or graduated levy. The final CRIS requires Ministerial approval and is expected to be published in early 2018.

The ASIC and the Swiss Financial Markets Authority (FINMA) have [signed](#) a FinTech cooperation agreement, aiming to help FinTech companies in Australia and Switzerland to expand into each other's markets. The ASIC and the FINMA will cooperate for potential FinTech innovation projects to establish frameworks of mutual assistance.

The Financial Markets Authority (FMA) and the ASIC have [re-affirmed](#) their commitment to collaborate and cooperate on the expanding opportunities in FinTech and innovation, as well as offering greater risk management and protection to consumers.

ASIC releases finalised client money reporting rules

ASIC has released the finalised [ASIC Client Money Reporting Rules 2017](#), imposing record-keeping, reconciliation and reporting obligations on Australian financial services (AFS) licensees that hold 'derivative retail client money' within the meaning of the *Corporations Act*. The rules are not applicable if the client money relates to a derivative that is traded on a fully licensed domestic market, such as ASX 24.

The rules will be effective from 4 April 2018, giving AFS licensees a six month transition period to ensure they have necessary compliance systems and procedures.

See [media release](#)

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ASX releases final listing rule amendments for reverse takeovers

ASX has released its [final listing rule amendments](#) to regulate reverse takeovers, along with additional amendments to clarify the accounts that an applicant must provide to ASX with their listing application. These amendments were made after considering the [response](#) received in relation to [consultation](#) to require shareholder approval for reverse takeovers.

These amendments will come into effect from 1 December 2017.

See [media release](#)

ASX develop the BBSW Trade and Trade Reporting Guidelines

The ASX, in consultation with regulators and market participants, has developed the [ASX BBSW Trade and Trade Reporting Guidelines](#) (ASX BBSW Guidelines) to support their new Bank Bill Swap (BBSW) calculation methodology, Value Weighted Average Price (VWAP). The methodology based on actual transactions in Bank Bills (Bills) and Negotiable Certificates of Deposits (NCDs).

The ASX BBSW guidelines will:

- Provide clarity on market practices to be followed when trading Bills and NCDs;
- Define trade reporting for the purpose of calculating a BBSW rate based on actual transactions; and
- Meet regulatory requirements for Benchmark Administrators.

See [publication](#)

AUSTRAC releases its 2016-17 Annual Report

AUSTRAC's [2016-17 Annual Report](#) details its significant achievements for the financial year, which include:

- Establishing the Fintel Alliance, a public-private partnership program, for combatting the risk of money laundering/terrorism financing (ML/TF) crime through greater information sharing across private and public sectors.
- Developing sectoral and product risk assessments to improve understanding and communicating of ML/TF risks in Australia. Specifically, the Superannuation sector assessment has resulted in a 78% increase in suspicious matters reported within the sector.
- Supporting industry by continuing to reduce annual regulatory costs by \$36 million.
- Supporting significant outcomes by the Serious Financial Crime Task Force (SFCT). Specifically, AUSTRAC's data contributed to an increased detection in welfare fraud leading to \$17.25 million in savings.
- Protecting Australian Government revenue of \$116 million in income tax assessments (2,518 cases) which has raised AUSTRAC's assessments to of \$2.7 billion over the past 10 years.

See [media release](#)

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ASIC and RBA welcomes the publication of ASX BBSW Trade and Trade Reporting Guidelines

ASIC and RBA issue a joint media release, welcoming the [ASX BBSW Guidelines](#). Through the support of ASIC, RBA and market participants, the ASX has strengthened its BBSW calculation methodology to enable the benchmark to be calculated directly from a wider set of market transactions.

ASIC and RBA are expecting all participants including the banks that issue Bills and the participants that buy them, to support and abide by the ASX BBSW Guidelines.

See [media release](#)

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Industry bodies

ABA

Australian Bankers'
Association

FPA

Financial Planning
Association of Australia

Sixth report on bank reforms

The sixth [report](#), *Australian banking industry: Package of initiatives*, by Ian McPhee AO PSM, was released on 20 October 2017 per the ABA's appointment of an independent governance expert to report quarterly on industry initiatives. The report highlights that banks are on track regarding the six reform initiatives designed to better protect consumer interests as well as increase trust and confidence in banks.

Banks have already introduced three initiatives – the appointment of customer advocates who help customers resolve issues and proactively improve customer outcomes, the adoption of new whistleblower protections, and the conduct background check protocol when hiring staff, while the remaining three initiatives are showing good progress.

Significant milestones achieved in the quarter to October 2017 include:

- Adoption of best practice whistleblowing policies by 19 banks.
- The Code of Banking Practice is now with key stakeholders for feedback. The new Code is on track to be finalised by December 2017.
- Four banks have published their overarching principles on remuneration and incentives ahead of the December deadline.

See [engagement letter](#)

FPA supports adoption of FPEC

The Financial Planning Association of Australia (FPA) supported the adoption of Financial Planning Education Council (FPEC) Curriculum and Approved Degrees list by Financial Adviser Standards and Ethics Authority (FASEA) and its use as the initial entry standard for new entrants into the financial planning profession.

As of 1 January 2019, all new entrants will be required to have completed an AQF7 bachelor-level degree made up of 24 courses, 12 of which will be core courses including ethics; professional attitudes and behaviours; the financial planning and advice process; and technical requirements.

See [media release](#)

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Overseas developments – Global

BIS: Recent Announcements

The Basel Committee on Banking Supervision (BCBS) has issued [guidelines](#) on identification and management of step-in risk, to mitigate the systemic risks stemming from potential financial distress in shadow banking entities spilling over to banks, after consultation. The guidelines, expected to be implemented in member jurisdictions by 2020, are as follows:

- Banks define the scope of entities to be evaluated for potential step-in risk, based on the relationship of these entities with the bank.
- Banks identify entities that are immaterial or subject to collective rebuttals and exclude them from the initial set of entities to be evaluated.
- Banks assess all remaining entities against the step-in risk indicators provided in the guidelines, including potential mitigants.

BIS: Recent Announcements (cont'd)

- Banks report their self-assessment of step-in risk to their supervisor.

The BCBS has [agreed](#) to allow national discretion for the net stable funding ratio's (NSFR) treatment of derivative liabilities to facilitate the implementation of the NSFR, expected to begin on 1 January 2018. The NSFR assigns a 20% 'required stable funding' factor to derivative liabilities. The Committee has agreed that jurisdictions may lower the value of this factor, with a floor of 5%.

Source: [BIS](#)

IOSCO: Report on other CRA products

The Board of the International Organisation of Securities Commissions (IOSCO) has published a [report](#), *Other CRA Products*, providing an understanding of products and services offered by credit rating agencies (CRAs) that are different from commonly identified issuer-paid or subscriber paid credit ratings but that may be used by market participants in making investment and other credit-related decisions.

Source: [IOSCO](#)

4

Overseas developments – Europe

EBA: Recent consultations

The European Banking Authority (EBA) is seeking [feedback](#) on the draft Implementing Technical Standards (ITS) on the information that institutions must provide to resolution authorities for the purpose of resolution plans. This review aims to update the framework in the areas of resolution planning and supervisory reporting. Submissions are due by 11 December 2017.

The EBA is seeking [feedback](#) on the draft guidelines on the revised common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing. Submissions are due by 31 January 2018.

The EBA is seeking [feedback](#) on draft regulatory technical standards (RTS) specifying the framework for cooperation and the exchange of information between competent authorities. This applies to the home and host member states in the supervision of payment institutions operating under the revised Payment Services Directive (PSD2). Submissions are due by 5 January 2018.

Source: [EBA](#)

EBA: Recent guidelines

The EBA has published its final [guidelines](#) on complaints procedures to be followed by competent authorities to ensure effective compliance by payment service providers (PSPs) under the revised PSD2. These guidelines will strengthen the integrated payments market across the European Union (EU).

The EBA has published an [opinion](#) on issues related to the departure of UK from the EU to ensure the consistent application of Union legislation to businesses seeking to either establish or enhance their EU27 presence, in order to retain access to the EU Single Market. The EBA has addressed a number of relevant policy topics such as authorisations, the prudential regulation and supervision of investment firms, outsourcing, and internal governance.

The EBA has published [guidelines](#) on the supervision of significant branches, designed to facilitate cooperation and coordination between the competent authorities involved in the prudential supervision of significant branches of EU institutions established in another Member State.

Source: [EBA](#)

EIOPA: Recent guidelines

The EIOPA has published [guidelines](#) on Insurance-Based Investment Products (IBIPs), where the associated risks are difficult for the customer to understand. The guidelines ensure the appropriate use of ‘execution-only’ sales (such as telephone and online sales) by defining the types of products to be sold ‘execution-only’ and aims to minimise the risks of consumer detriment and mis-selling. The guidelines support national competent authorities and insurance distributors in assessing these products.

Source: [EIOPA](#)

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Overseas developments – UK

FCA: Recent announcements

The Financial Conduct Authority (FCA) has [launched](#) its new [asset management authorisation hub](#) to support new firms by assisting their application for authorisation, throughout the authorisation process and later.

The FCA has released a [policy statement](#), finalising changes to improve the quality and timeliness of information available to investors during the equity IPO process. The FCA has also released another [policy statement](#), making a number of enhancements to the listing regime, including changing the approach to the suspension of listing for reverse takeovers, updating how premium listed issuers may classify transactions, and enabling property companies to better take into account asset values when seeking a premium listing.

The FCA has also released a [feedback statement](#), identifying three areas that it needs further exploration and stakeholder feedback, including the relative positioning of standard versus premium listing, the provision of patient capital to companies that require long-term investment and retail access to debt markets.

Source: [FCA](#)

FCA: Recent consultations

The FCA is seeking [feedback](#) on the following proposals in relation to Financial Services Compensation Scheme (FSCS) funding:

- Merging the Life and Pensions and Investment Intermediation funding classes;
- Requiring product providers to contribute around 25% of the compensation costs which fall to the intermediation classes;
- Moving pure protection intermediation from the Life and Pensions funding class to the General Insurance Distribution class; and
- Increasing the FSCS compensation limit for investment provision, investment intermediation, home finance and debt management claims to £85,000.

The consultation paper also contains the final rules for changes to FSCS funding, after considering responses to consultation.

Submissions are due by 30 January 2017.

Source: [FCA](#)

PRA: Recent announcements

The Prudential Regulation Authority (PRA) has published a [policy statement](#) and a [supervisory statement](#), after considering responses to [consultation](#). The statement sets out its final approach and expectations in relation to the authorisation and supervision of insurance special purpose vehicles (ISPVs), subject to the *Risk Transformation Regulations 2017* being passed through parliament. This statement is relevant to all parties who wish to apply to the PRA for, or have obtained authorisation as an ISPV, and insurers and reinsurers seeking to use UK ISPVs as risk mitigation in accordance with Solvency II.

The PRA has released a [consultation paper](#), *Solvency II: Matching adjustment*, seeking feedback on its proposed expectations of firms in respect of the application of the matching adjustment (MA). The MA allows firms to adjust the relevant risk-free interest rate term structure for the calculation of a best estimate of a portfolio of eligible insurance obligations.

Submissions are due by 31 January 2018.

Source: [PRA](#)

4

Overseas developments – US

OCC: Consults on proposed technical changes to annual stress test rule

The Office of the Comptroller of the Currency (OCC) is seeking feedback on a [notice](#) of proposed rulemaking amending the annual stress test rule. The proposed changes would make several technical revisions to the stress testing regulation such as:

- Changing the range of possible ‘as-of’ dates used in the global market shock component of the annual stress tests to conform with rule revisions recently made by the Board of Governors of the Federal Reserve System;
- Extending the transition process for certain banks and savings associations that cross the \$50 billion asset threshold; and
- Making several non-substantive changes to promote clarity.

Source: [OCC](#)

SEC: Recent announcements

The Securities and Exchange Commission (SEC) has [proposed](#) rules to implement a mandate under the *Fixing America's Surface Transportation (FAST) Act* to modernise and simplify disclosure requirements for public companies, investment advisers, and investment companies, making adjustments to update, streamline or otherwise improve the disclosure framework.

The SEC has [announced](#) measures to facilitate cross-border implementation of the European Union's MiFiD II's research provisions:

- Broker-dealers, on a temporary basis, may receive research payments from money managers in hard dollars or from advisory clients' research payment accounts; and
- Money managers may continue to aggregate orders for mutual funds and other clients.

SEC: Recent announcements (cont'd)

- Money managers may continue to rely on an existing safe harbor when paying broker-dealers for research and brokerage.

Source: [SEC](#)

4

Overseas developments – Asia

Hong Kong: Recent announcements

The Securities and Futures Commission (SFC) has published [guidelines](#) under section 399 of the *Securities and Futures Ordinance* (SFO), setting out the baseline requirements to reduce or mitigate hacking risks associated with internet trading. These guidelines apply to persons which are engaged in internet trading and are licensed by, or registered with, the SFC for:

- Type 1 regulated activity (dealing in securities);
- Type 2 regulated activity (dealing in futures contracts);
- Type 3 regulated activity (leveraged foreign exchange trading); and
- Type 9 regulated activity (asset management) to the extent that they distribute funds under their management through their internet-based trading facilities.

The SFC has [announced](#) the full implementation of the Manager-In-Charge (MIC) regime, following a six-month transition period.

Hong Kong: Recent announcements cont'd

The regime expects the MIC's of overall management oversight and key business line functions to be responsible officers (RO's). The vast majority of these MIC's are already RO's.

Source: [SFC](#)

Singapore: Recent announcements

The Monetary Authority of Singapore (MAS) and the Hong Kong Monetary Authority (HKMA) have [signed](#) a FinTech cooperation agreement, aiming to help FinTech companies in Singapore and Hong Kong to expand into each other's markets. The MAS and the HKMA will cooperate for potential FinTech innovation projects to establish frameworks of mutual assistance.

The MAS has [announced](#) a simplified regulatory regime for managers of venture capital funds (VC managers) after considering [response to consultation](#), simplifying and shortening the authorisation process for VC managers. The regime came into effect immediately. As a result MAS will no longer require VC managers to have directors and representatives with at least five years of relevant experience in fund management and subject them to the capital requirements and business conduct rules that currently apply to other fund managers. MAS will focus on existing fit and proper and anti-money laundering safeguards under the *Securities and Futures Act* to supervise VC managers.

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Overseas developments – Asia

Singapore: Recent announcements (cont'd)

The MAS has released a [consultation paper](#), proposing to introduce a liquidity risk management framework for fund management companies (FMCs) with respect to the collective investment schemes (CIS) that they manage. This framework provides guidance on sound practices in liquidity risk management of CIS, to address the risks to investors from potential liquidity mismatches between the CIS' portfolio liquidity and redemption terms.

Submissions are due by 27 November 2017.

Source: [MAS](#)

5

PwC publications

PwC HK: Are you ready for the Bank Culture Reform?

PwC Hong Kong (HK) has engaged with industry players and recently released a flyer outlining the key areas and challenges faced by the authorised institutions in promoting a sound bank culture. PwC China has introduced the Bank Culture Model after refinement to assist the authorised institutions to enhance culture and corporate governance.

See [publication](#)

PwC HK: Financial services risk and regulation - regulatory updates newsletter

PwC HK has released a report, *Financial services risk and regulation - Regulatory updates newsletter Oct 2017*, highlighting the recent regulatory movements by the HKMA and the SFC. Key updates include:

- The HKMA has delayed the implementation date of the new IRRBB standards from 1 January 2018 to 1 January 2019;
- The HKMA has issued a revised version of CG-1 and IC-1 modules;
- The SFC has released findings on its latest review of asset managers and found instances of non compliance with the Fund manager Code of Conduct;
- The HKMA and SFC have announced initiatives for helping the development of the Fintech industry; and
- The HKMA and SFC have updated the address verification requirements under AML and/or CFT regulatory requirements for financial institutions.

See [publication](#)

PwC HK: Asset & wealth management tax highlights – Asia Pacific

PwC HK provides a roundup of key regulatory activities around the region in the past few months:

- Australia: Asia region funds Passport and the new Australian Corporate Collective Investment Vehicle; Technical changes to the Investment Management Regime and Managed Investment Trust rules;
- China: Newly launched Northbound trading of Bond Connect calls for specific taxation regulation;
- HK: Hong Kong signed an AEOI agreement with New Zealand; HKSAR Government's Roadmap following the outcomes of the BEPS consultation; and
- Singapore: Revision of the Financial Sector Incentive Scheme; Signing of the Singapore/Ghana tax treaty.

See [publication](#)

5

PwC publications

PwC HK: Review and outlook of China's banking industry for the first half of 2017

PwC HK has published a banking newsletter, *Review and outlook of China's banking industry for the first half of 2017*, summarising its analysis of China's listed banks and the wider industry.

The analysis covered 39 A-share and/or H-share listed banks that have released their 2017 first half results. A key finding includes that the total assets of these banks, as of 30 June 2017, accounted for 85.16% of the total assets of China's commercial banking sector.

See [publication](#)

PwC US: Treasury's second financial regulation report

The Treasury Department has released its second report on financial regulation in response to President Trump's February executive order. The recommendations closely aligned to industry concerns while largely leaving statutory requirements of the *Dodd-Frank Act* untouched.

PwC US has released a first take, highlighting the five key points from the report:

- More IPOs, better markets.
- Pull back on securitisation requirements.
- Ease margins for uncleared swaps.
- Maintain the CFTC's swap dealer de minimis threshold.
- Increase oversight for financial market utilities.

See [publication](#)

PwC US: Robo-advisers - SEC steps up scrutiny

The SEC has issued guidance regarding 'robo-advisers', reaffirming that robo-advisers are subject to the same regulatory framework as traditional advisers and highlights several unique regulatory considerations stemming from their distinct business model.

To comply, robo-advisers should review their investment models, customer questionnaires, and disclosures. In addition, robo-advisers should further ensure that their compliance programs adequately address the unique circumstances associated with robo-advice such as cybersecurity and model governance.

PwC US has published a regulatory brief, examining the SEC's focus areas for robo-advisers and provides recommendations for developing robo-adviser compliance programs.

See [publication](#)

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