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FINANCIAL REGULATORY | COVID-19 Related Circulars or Guidance (Non-Exhaustive) Published By Financial Services Regulators of Hong Kong (Last Updated: 15 June 2020)

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We have compiled the following chronology table which serves as a quick reference point to track the circulars and guidance published by HK financial services regulators in relation to COVID-19. We will update the table regularly. Kindly note that the table is not intended to capture all regulatory publications on an exhaustive basis.

Securities and Futures Commission (SFC) Circulars/Guidelines

TITLE	SUMMARY	DATE	LINK	REMARKS

1	Circular to licensed corporations – Margin requirements for non-centrally cleared OTC derivative transactions	The SFC published a circular informing licensed corporations (LCs) that the SFC will defer the introduction of initial margin (IM) requirements for non-centrally cleared over-the-counter (OTC) derivative transactions by one year to provide operational relief in light of the COVID-19 outbreak. The IM requirements for LCs which are contracting parties to non-centrally cleared OTC derivative transactions entered into with a covered entity were originally to be phased in starting from 1 September 2020. In light of the Basel Committee on Banking Supervision and the International Organization of Securities Commissions' announcement of the one-year extension of the deadlines for completing the final implementation phases of the IM requirements for non-centrally cleared OTC derivatives, the SFC has accordingly extended the phase-in schedule for the IM requirements by one year, summarized as follows: • From 1 September 2021 to 31 August 2022, the exchange of IM by an LC is required in a one-year period where both the LC and the covered entity have an average aggregate notional amount (AANA) of non-centrally cleared OTC derivatives exceeding HK$375 billion on a group basis. • On a permanent basis starting from 1 September 2022 and for each subsequent 12-month period, the exchange of IM by an LC is required in a one-year period where both the LC and the covered entity have an AANA of non-centrally cleared OTC derivatives exceeding HK$60 billion on a group basis. For avoidance of doubt, the variation margin requirements will still become effective on 1 September 2020.	7 May 2020	Click here

2	Circular to licensed corporations – Management of cybersecurity risks associated with remote office arrangements	The SFC published a circular reminding licensed corporations (LCs) to assess their operational capabilities and implement appropriate measures to manage cybersecurity risks associated with remote office arrangements, in light of the increased use of such arrangements as a result of the COVID-19 outbreak. The SFC set out some examples of controls and procedures LCs may take in relation to various aspects of remote office arrangements: **Remote access to internal network and systems** – LCs should consider the below measures (amongst others) to mitigate cybersecurity risks: • Implement robust virtual private network (VPN) solutions, which provide strong encryption and two or more layers of protection, to protect the integrity of data transmitted between remote users' devices and internal systems; • Monitor, evaluate and implement security patches or hotfixes released by VPN software providers on a timely basis; • Require the use of strong passwords and implement two-factor authentication for remote access logins by employees, agents and service providers, in particular when accessing privileged accounts and sensitive data repositories; • Avoid granting standing or permanent access to external parties and only allow vendors to access specific systems during pre-determined timeframes; • Implement different levels of remote access, such as by equipping computers and mobile devices supplied by LCs with greater capabilities than employee-owned devices; • Implement security controls to prevent unauthorised installation of hardware and software on computers and devices provided to staff; and • Implement robust network segmentation to segregate system servers and databases, based on criticality, to better protect more critical and sensitive data, such as clients' personal data. **Use of video conferencing platforms** – LCs should consider the below measures (amongst others) to mitigate the risk of unauthorized access and leakage of critical or sensitive data • Assess the security features of videoconferencing platforms before use; • Allow only authenticated and authorized users to join the videoconference, e.g. by checking their email addresses or making use of "waiting room" features; • Invite participants via conferencing software or other legitimate channels, e.g. office emails, and refrain from sharing links to conferences via social media posts. • Use a random meeting ID, rather than a personal meeting ID; • Enable the password protection feature on the videoconferencing platform; • Lock the conference meeting once all the participants have joined, as appropriate; and • Use the latest version of the software with the most up-to-date security patches installed. The SFC also reminded LCs to put in place other measures for enhancing operational capabilities and monitoring mechanisms for remote office activities, such as: **System capabilities:** • Assess the adequacy of, and enhance, existing information technology infrastructures, software (such as remote computer devices, network bandwidth and software licenses) and hardware (such as notebook computers and mobile devices) for the purpose of supporting remote office arrangements. **Surveillance and incident handling:** • Implement monitoring and surveillance mechanisms to detect unauthorized access to internal networks and systems, such as reviewing the list of unauthorized access attempts and detecting the use of unapproved applications; and • Develop and maintain an effective incident management and reporting mechanism. **Cybersecurity training and alerts:** • Provide adequate cybersecurity training to all internal system users and issue appropriate reminders and alerts to clients, e.g. advice on precautionary security measures, emerging cybersecurity threats and trends (such as phishing and ransomware) and use of secure Wi-Fi networks for accessing internal networks and videoconferencing platforms, on a regular basis.	29 April 2020	Click here

3	SFC regulatory response to COVID-19	The SFC published an announcement summarizing the measures it had taken actively in response to the significant impact of the COVID-19 pandemic on Hong Kong's capital markets. The measures apply to brokers, asset managers and other market intermediaries supervised by the SFC as well as listed companies and the Stock Exchange of Hong Kong Limited (SEHK). The overriding objective of the measures is to ensure that Hong Kong's international financial markets will function efficiently, effectively and resiliently throughout this episode of extreme stress. In addition to addressing market volatility and major operational challenges associated with special work arrangements and other emergency measures, a significant part of the SFC's efforts has been directed to much-needed regulatory relief for the market participants. Examples include giving specific guidance on how brokers can record client orders when out of office, deferral of regulatory timetables and allowing more flexibility on licensing matters, giving special guidance regarding the timely issuance of preliminary earnings results by listed companies, and intensified supervision on potential vulnerabilities caused by the exceptional market conditions, including investment fund liquidity, gold market volatility, redemption profiles, and fair treatment of investors. The SFC would maintain close contact with all clearing houses in Hong Kong to ensure that their margining policies are appropriately calibrated to the risks they faced. The SFC would also closely monitor derivatives markets and short selling data to ensure that activity in these areas does not pose any financial stability or systemic risks. The SFC would pursue a flexible approach with a view to ensuring that Hong Kong's markets remain open and continue to function properly, while safeguarding market integrity and investor protection.	21 April 2020	Click here
4	Circular to issuers of SFC-authorized paper gold schemes	The SFC published a circular reminding issuers of SFC authorized paper gold schemes (PGS) of their obligations in light of the market volatility caused by the COVID-19 outbreak. The SFC reminded PGS issuers to: 1. exercise due skill, care and diligence in the operations of the PGS; 2. closely monitor the dealings by investors under the PGS; 3. ensure that units of PGS are fairly and accurately valued in good faith and in the best interests of investors in accordance with the constitutive and offering documents of the PGS as well as applicable laws and regulations; 4. ensure the continuous provision of material information and services to investors (including pricing and dealings of the units of PGS) in accordance with the constitutive and offering documents of the PGS; and 5. keep investors informed in a timely manner and immediately report to the Investment Products Division of the SFC (IPD/SFC) any untoward circumstances relating to their PGS (including any decision to suspend subscription and/or redemption) and potential impact on the PGS. Furthermore, for decisions to suspend dealings of the PGS, the SFC reminded PGS issuers that: 1. such decisions should be made in the best interests of investors in accordance with the constitutive and offering documents of the PGS and applicable laws and regulations; 2. they should inform IPD/SFC immediately upon any decision to suspend and they should notify investors in a timely manner; 3. they should regularly review any prolonged suspension of dealings and take any necessary steps to resume normal operations as soon as practicable; 4. they should notify IPD/SFC as well as investors immediately upon any decision to uplift suspension/resume dealing; and 5. the offering documents of the PGS should contain information necessary for investors to make an informed judgement about the PGS. This includes information on suspension of dealing of units of PGS, for example, the circumstances under which dealings can be suspended and how investors are notified as a result. The SFC also reminded PGS issuers to give IPD/SFC early alerts of any material issues affecting their PGS, and to consult the SFC if in doubt.	20 April 2020	Click here

5	Circular to management companies and market makers of SFC-authorized exchange traded funds – ETF market making	The SFC published a circular reminding management companies of exchange traded funds (ETFs) of their responsibility to manage ETFs in the best interests of investors. The circular was prompted by a recent incident where the sole market maker of an ETF temporarily suspended its market making functions for the ETF as some of its traders were under mandatory quarantine due to the COVID-19 outbreak. The SFC is concerned as to the sufficiency of risk management measures of management companies and market makers of ETFs as a whole. Accordingly, the SFC: 1. Reminded ETF management companies of the duty to closely monitor the operations and activities (including secondary market trading and liquidity) of the ETF and to ensure the trading of SFC-authorized ETFs is conducted in a fair and orderly manner, including to: 1. conduct due diligence on and regular monitoring of market makers and be reasonably satisfied that they remain competent and properly resourced to duly discharge the market making functions (including having appropriate business contingency plans in place); 2. closely monitor the secondary market trading and liquidity of the ETFs under their management, including the market making activities and performance of the market makers of their ETFs; 3. maintain a close dialogue with each market maker and make appropriate arrangements to ensure that such market maker will inform the management company immediately if it experiences or foresees that it will experience any operational difficulties or disruptions that may affect the proper discharge of its market making functions; 4. properly manage the risk of reliance on a single market maker to provide secondary market liquidity for an ETF. This may include procuring more than one market maker for an ETF or securing appropriate arrangement for an alternative market maker to readily step in with short notice in the event of cessation, disruption or suspension of market making activities of the last market maker; 5. be fully aware of and comply with the administrative arrangements and other requirements associated with the listing of ETFs on The Stock Exchange of Hong Kong Limited (SEHK), including the procedures of the publication of announcements or notices on the SEHK's website such as the publication windows cut-off times; 6. in the event of cessation, disruption or suspension of market making activities or upon notice of such an event happening: 1. report to the SFC immediately the cessation, disruption or suspension; 2. assess whether the cessation, disruption or suspension of market making activities for units/shares (traded in any counter) of an ETF under its management could adversely affect the interests of investors; 3. keep investors informed as required under 8.6(q) of the Code on Unit Trusts and Mutual Funds; and 7. give the SFC early alerts of any untoward circumstances relating to the ETFs under its management, including any issues which may adversely affect the operations and secondary market trading and liquidity of its ETFs (including receipt of any resignation notice of the last market maker). 2. Reminded market makers of ETFs to ensure compliance with applicable laws, rules, regulations and conduct requirements administered or issued by the SFC (including the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission) and the applicable rules of SEHK when conducting their business activities (including the Securities Market Maker Regulations), including in particular to: 1. establish and maintain appropriate internal controls and risk management measures, including an effective business continuity plan commensurate with their size and scale of business, to protect their key business functions of market making. The plan should identify likely scenarios involving disruptions, appropriate backup facilities or alternative arrangements, as well as adequate personnel for the continuity of market making activities; 2. invoke contingency measures in a timely fashion in anticipation of potential operational disruptions to maintain the key business functions; and 3. alert the management company of the ETFs, the SFC and the SEHK immediately if they experience or foresee that they will experience any operational difficulties or disruptions that may affect the proper discharge of their market making functions for ETFs.	17 April 2020	Click here
6	Joint Statement in relation to General Meetings in light of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation	The SFC and the Hong Kong Stock Exchange (SEHK) published a joint statement regarding the impact of the recently introduced Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap. 599G) on corporate annual general meetings (AGM), extraordinary general meetings (EGM) and special general meetings (SGM). The SFC and SEHK clarified that AGMs fall under an exemption in Cap. 599G, while EGMs and SGMs can also fall under the same exemption under certain circumstances. The SFC and SEHK also set out some guidelines for listed issuers to consider when deciding on the timing of their meetings.	1 April 2020	Click here

7	FAQ – Licensing related matters in light of the COVID-19 pandemic	The SFC published an FAQ on concerns and issues faced by intermediaries and licence applicants relating to licensing related matters. The FAQ covers issues such as working from home, and arrangements relating to extension of timeline for filing audited accounts or extension of timeline for completing annual CPT requirements.	31 March 2020	Click here	
8	Circular to intermediaries – Extended deadlines for implementation of regulatory expectations and reminder of order recording requirements under COVID-19 pandemic	The SFC published a circular on the extension of implementation deadlines for a number of upcoming regulatory expectations by six months, including expectations on the use of external electronic data storage, new measures to protect client assets (client asset acknowledgement letters), and data standards for life cycles. The SFC also reminded intermediaries of their need to continue to comply with the order recording requirements under paragraph 3.9 of the Code of Conduct for Persons Licensed by or Registered with the SFC.	31 March 2020	Click here	Please also see Legal Update here
9	Circular to intermediaries – Reminder of important obligations to ensure suitability and timely dissemination of information to clients	The SFC published a circular reminding licensed and registered persons of their obligations under the Code of Conduct for Persons Licensed by or Registered with the SFC. In particular, the SFC emphasized the need to observe the suitability obligations when they make a solicitation or recommendation and the obligation to disseminate information in a timely manner when they hold an investment product directly or indirectly on behalf of clients, as well as the need to act in the best interests of their clients.	27 March 2020	Click here	Please also see Legal Update here
10	Circular to management companies and trustees and custodians of SFC-authorized funds	The SFC published a circular reminding managers, trustees, and custodians of SFC-authorized funds of their obligations to properly manage the liquidity of their funds and ensure fair treatment of investors in the wake of the market volatility caused by the COVID-19 outbreak. The SFC has stepped up its monitoring of authorized funds in light of the current market conditions.	27 March 2020	Click here	Please also see Legal Update here
11	Further Guidance on the Joint Statement in relation to Results Announcements in light of the COVID-19 Pandemic	The SFC and the Hong Kong Stock Exchange (SEHK) provided further guidance on the joint statement of 4 February 2020 regarding the release of results by listed companies. The SFC and SEHK provided clarifications on a number of issues, such as guidance for issuers who are unable to publish a preliminary results announcement in accordance with the Listing Rules by 31 March 2020 and guidance for both GEM and Main Board issuers on the publication of annual reports by the respective 31 March 2020 and 30 April 2020 deadlines.	16 March 2020	Click here	
12	Joint Statement in relation to Results Announcements in light of Travel Restrictions related to the Severe Respiratory Disease associated with a Novel Infectious Agent	The SFC and the Hong Kong Stock Exchange (SEHK) issued a joint statement to listed issuers and auditors regarding the impact of the COVID-19 outbreak on the ability of listed issuers to meet reporting requirements under the Listing Rules, namely announcement of their financial information and results by the 31 March 2020 deadline. The SFC and SEHK noted that travel and other restrictions caused by the outbreak may cause disruption to the reporting and audit processes of listed issuers, and encouraged them to consult the SEHK and provide details of the circumstances which would prevent them from meeting the requirements. The SEHK will then provide further guidance in conjunction with the SFC.	4 February 2020	Click here	Please also see the FAQ on the joint statement here

Hong Kong Monetary Authority (HKMA) Circulars/Guidelines

TITLE	SUMMARY	DATE	LINK	REMARKS

1	Enhancement Measures to 80% and 90% Guarantee Products under SME Financing Guarantee Scheme	The HKMA published a press release on the enhancement measures to the 80% and 90% Guarantee Products under the SME Financing Guarantee Scheme (SFGS). The enhancement measures were included in the second round of the Anti-epidemic Fund announced by the Hong Kong Government in April 2020. Now Hong Kong Mortgage Corporation Insurance Limited (HKMCI) announced that the enhancement measures will take immediate effect from 29 May 2020. The enhancement measures are intended to allow more enterprises affected by COVID-19 to apply for guaranteed loans to alleviate their cash flow burden in light of the current economic challenges. Under the enhancement measures, the maximum loan amount per enterprise for the 80% Guarantee Product is increased from HK$15 million to HK$18 million, while the maximum loan amount per enterprise for the 90% Guarantee Product is increased from HK$6 million to HK$8 million. All borrowing enterprises under the SFGS can benefit from the enhancements. The eligibility coverage of both guarantee products is also extended to listed companies in Hong Kong. In addition, for the requirement of personal guarantee by individual shareholder(s) under the Special 100% Loan Guarantee, the applicable percentage of equity interest is reduced from over 70% to over 50%, which is in line with that for the 80% and 90% Guarantee Products. The Hong Kong Government will provide interest subsidy for the 80% and 90% guaranteed loans, with the amount of subsidy capped at 3%. Each loan is entitled to an interest subsidy for a maximum period of 12 months. HKMCI has reached a consensus with the Government and the lenders on the implementation details, which are as follows: • All outstanding loans as of 30 April 2020 will receive the first batch of interest subsidy for up to 3 months, of which payment will be successively made starting from the end of June 2020 (Please refer to the Annex for details); • The payment of subsequent interest subsidy will be made on a monthly basis thereafter; • Interest subsidy is applicable to new loan applications successfully submitted before 31 May 2021. The interest subsidy will be automatically deposited into relevant bank accounts, and no application will be required, to expedite the support to the borrowing enterprises.	29 May 2020	Click here	Please see the Annex to this press release setting out a list of lenders which will pay interest subsidy by the end of June 2020 here

2	Additional measures to alleviate the impact of COVID-19	The HKMA published a circular setting out the application of additional guidance issued by the Basel Committee on Banking Supervision (BCBS) on 3 April 2020 regarding alleviation of the impact of COVID-19 on the global banking system in the context of Hong Kong. The circular focused on the following 3 measures: 1. Clarifications on the treatment of extraordinary support measures related to COVID-19 Governments and public authorities in many jurisdictions have introduced extraordinary support measures to alleviate the financial and economic impact of COVID-19. These measures include, among others, guarantee programmes for bank loans and payment holidays offered by banks to borrowers. To ensure that AIs reflect the risk-reducing effect of these measures when calculating their regulatory capital requirements, the HKMA has also enclosed an Annex to this circular setting out several technical clarifications. 2. Expected credit loss provisioning The HKMA expects AIs to continue to apply the relevant expected credit loss (ECL) frameworks for accounting purposes, and also expects ECL estimates to reflect the mitigating effect of the significant economic support and payment relief measures put in place by public authorities and the banking sector. The provision of relief measures to borrowers should not automatically result in exposures moving from a 12-month ECL to a lifetime ECL measurement. Additionally, AIs are expected to exercise informed judgement and to use the flexibility inherent in HKFRS/IFRS 9, for example, to give due consideration to long-term economic trends in estimating ECL. However, the BCBS transitional arrangements for the regulatory capital treatment of ECL accounting will not be adopted in Hong Kong. Instead, the HKMA has lowered the regulatory reserve requirement by half to provide AIs with more room on their balance sheets to cater for future financing needs, as per a circular dated 8 April 2020. 3. Margin requirements for non-centrally cleared OTC derivatives Following the announcement made by the BCBS and the International Organization of Securities Commissions (IOSCO) on 3 April 2020, the HKMA will defer the final two implementation phases of margin requirements for non-centrally cleared OTC derivatives by an additional year. With this extension, the final implementation phase will start on 1 September 2022, at which point covered entities with an average aggregate notional amount (AANA) of non-centrally cleared OTC derivatives greater than HKD 60 billion will be subject to the requirements. As an intermediate step, from 1 September 2021, covered entities with an AANA of non-centrally cleared OTC derivatives greater than HKD 375 billion will be subject to the requirements. The HKMA will continue to monitor the banking and supervisory implications of COVID-19, and coordinate with the BCBS and other relevant standard-setting bodies on responses to the pandemic.	25 May 2020	Click here	Please see the Annex to this circular setting out clarifications on the treatment of extraordinary support measures related to COVID-19 here Please also see the HKMA's previous circular dated 8 April 2020 for further details regarding the lowered regulatory reserve requirement here (also covered below in item 10) Please also see the SFC's circular dated 7 May 2020 regarding the SFC's measures with respect to margin requirements for non-centrally cleared OTC derivatives here (also covered in item 1 of the SFC circulars/guidelines above) Please see the additional guidance issued by the BCBS here
3	Hong Kong Monetary Authority launches a dedicated email account and enquiry hotline on the Pre-approved Principal Payment Holiday Scheme for Corporate Customers	The HKMA published a press release announcing the launch of a dedicated email account and enquiry hotline to receive comments and answer queries regarding the Pre-approved Principal Payment Holiday Scheme for Corporate Customers (Scheme), which was launched on 17 April 2020. The email account and hotline will help the HKMA monitor the operation of the Scheme. Further details can be found on the HKMA's dedicated COVID-19 webpage titled "Together, We Fight the Virus!".	24 April 2020	Click here	Please also see the HKMA's previous circular dated 17 April 2020 for further details regarding the Scheme here (also covered below in item 8)

4	Postponement of 2020 Supervisor-Driven Stress Test	The HKMA published a circular informing all locally incorporated licensed banks that the HKMA decided to postpone the 2020 Supervisor-Driven Stress Test to 2021. The HKMA's decision was intended to provide additional operational capacity for banks to respond to the challenges brought by the COVID-19 outbreak and to continue to support their customers. In making the decision, the HKMA took into account the current capital levels of banks and the satisfactory results of earlier stress tests.	22 April 2020	Click here	
5	US Dollar Liquidity Facility	The HKMA published a circular providing information on the temporary US Dollar Liquidity Facility (Facility), which was announced on the same day. The Facility was launched to provide licensed banks with more US dollar liquidity to meet their US dollar funding needs. This is part of the concerted efforts by central banks to help alleviate tightness in the global US dollar interbank money markets in light of the considerable volatilities and uncertainties in the global financial markets caused by the spread of COVID-19. In principle, the Facility is underpinned by the Federal Reserve's FIMA Repo Facility. The US dollar liquidity will be provided to licensed banks through competitive tender in the form of repurchase transactions for a term of 7 days, settled on the day following the tender. From 6 May 2020, the HKMA will conduct a competitive tender every week (normally on Wednesday) for licensed banks to submit bids for US dollar liquidity. Currently a total of US$10 billion is available under the Facility. A licensed bank may submit one valid bid in each tender, and the bid must be at least US$100 million or an integral multiple of US$100 million. The HKMA will contact successful banks to confirm and arrange transfer of eligible assets as collateral to the HKMA, and tender notices and tender results will be published on a designated page on the HKMA website. The names of the banks participating in the tenders or those allotted with funds, and individual allotment amounts will not be disclosed. The HKMA intends to maintain the Facility until 30 September 2020, and will make a separate announcement if the end date changes. The HKMA may revise any of the parameters of the Facility at any time as necessary, taking into account market conditions, use of the Facility and other relevant factors. Banks may contact the Monetary Operations Division of the HKMA at 2878 8104 or at USDfacility@hkma.iclnet.hk if they have any questions about the operation of the Facility.	22 April 2020	Click here	Please see the press release announcing the Facility's release here Please see the annexes to the circular for more details regarding the facility: Annex A – Key Parameters of the Facility Annex B – Summary of Terms Annex C – Submission of Tender Application

6	Circular to issuers of SFC-authorized paper gold schemes	The HKMA published a circular referring to the SFC's circular to issuers of SFC authorized paper gold schemes (PGS). The HKMA reminded authorized institutions (AI) providing PGS services to comply with the SFC's circular, the Code of Banking Practice, and the Treat Customers Fairly Charter. In particular, the HKMA reminded AIs to 1. treat customers honestly and fairly; 2. take into account customers' interest and be responsible for upholding financial consumer protection; 3. provide appropriate information at all stages of the relationship with the customers (including any untoward circumstances relating to PGS services and corresponding impact on customers); and 4. rectify any operational incident having significant impact on continued provision of PGS services. The HKMA further reminded AIs which issue PGS to immediately report to the HKMA and SFC any untoward circumstances relating to PGS services that may have material customer impact, including any decision to suspend subscription and/or redemption, and uplift suspension/resume dealing.	20 April 2020	Click here	Please see the SFC's circular here (also covered in item 1 of the SFC circulars/guidelines above)
7	Enhancements to Special 100% Loan Guarantee	The HKMA published a press release announcing that the Finance Committee of the Legislative Council had approved the increase of the total guarantee commitment of the Special 100% Loan Guarantee under the SME Financing Guarantee to HK$50 billion. Other changes include increasing the maximum loan amount per enterprise to HK$4 million, the extension of the principal moratorium arrangement to cover the first 12 months, and the extension of the application period to 1 year.	18 April 2020	Click here	Please also see the HKMA's previous press release dated 16 April 2020 for further details of the Special 100% Loan Guarantee here (also covered below in item 9)
8	Pre-approved Principal Payment Holiday Scheme for Corporate Customers	The HKMA published a circular announcing the launch of the Pre-approved Principal Payment Holiday Scheme (Scheme) on 1 May 2020. The Scheme is intended to provide immediate relief to eligible small-to-mid-sized corporates facing financial issues in the wake of the COVID-19 outbreak.The HKMA expects all authorized institutions (AIs) to participate in the Scheme, and has confirmed that all of the 11 major lenders in the Banking Sector SME Lending Coordination Mechanism will participate. Under the Scheme, participating AIs will pre-approve deferment of loan principal payments falling due between 1 May 2020 and 31 October 2020 of eligible small-to-mid-sized corporates for up to 6 months. All corporate borrowers that have an annual sales turnover of HK$800mn or less (estimated to cover more than 80% of all corporate borrowers in Hong Kong), and that have no outstanding loan payments overdue for more than 30 days are eligible for the Scheme. Applications by borrowers are not required so that financial relief can be provided to corporates in the timeliest manner. In accordance with the HKMA's loan classification guidelines, deferments of principal payments under the Scheme will not by themselves render a loan account to be downgraded to a lower category. For corporate customers not currently covered by the Scheme or have payment falling due before 1 May 2020, the HKMA expects AIs to adopt a sympathetic stance and proactively reach out to those customers to understand whether they require similar assistance and assess, on a case-by-case basis, whether it is in line with established risk management principles to provide such arrangements. The HKMA will issue FAQs about the operation of the Scheme. AIs may approach the HKMA through their usual contacts at the Banking Supervision Department for any question about this circular.	17 April 2020	Click here	Please also see the Annex containing the terms of the Scheme here

9	Special 100% Loan Guarantee to Receive Applications	The HKMA published a press release reporting that Hong Kong Mortgage Corporation Insurance Limited (HKMCI) had announced the launch of its Special 100% Loan Guarantee under the SME Financing Guarantee Scheme (SFGS) and would begin receiving applications from 20 April 2020. The guarantee arrangement is intended to help ease the cash flow issues of enterprises affected by the COVID-19 outbreak. HKMCI welcomes all lenders under the SFGS to participate in the guarantee arrangement. The following lenders will receive applications from 20 April 2020: Bank of China (Hong Kong) Limited, Bank of Communications (Hong Kong) Limited, Chong Hing Bank Limited, DBS Bank (Hong Kong) Limited, Hang Seng Bank Limited, Nanyang Commercial Bank, Ltd., OCBC Wing Hang Bank Limited, Standard Chartered Bank (Hong Kong) Limited, The Bank of East Asia, Limited and The Hongkong and Shanghai Banking Corporation Limited. Other lenders have also indicated their interest in joining.	16 April 2020	Click here
10	Regulatory reserve	The HKMA published a circular informing locally incorporated authorized institutions (AI) of its decision to lower the regulatory reserve (RR) requirement on locally incorporated AIs by 50% with immediate effect. The HKMA noted that the decision was taken partly in light of the need to provide AIs with more lending headroom to support customers in coping with the COVID-19 outbreak, and encouraged AIs to do so. The HKMA expects that AIs should not use the RR release for dividend distribution, share buyback or payment of bonus to senior management. The HKMA will continue to assess the situation to determine if any further adjustments are necessary. AIs may approach the HKMA through their usual contacts at the Banking Supervision Department for any question about this circular. The RR requirement was implemented under the Hong Kong Financial Reporting Standard 9 (HKFRS 9) since January 2018. The HKMA observes that locally incorporated AIs have made good progress in enhancing their expected loss provisioning models, systems and controls, and in general reported notable increases in their accounting provisions for the second half of 2019 given the deterioration in the economic environment. This indicates that the "expected loss" provisioning requirement under HKFRS 9 is robust and responsive to changes in external conditions. Accordingly, the need for locally incorporated AIs to maintain an RR on top of accounting provisions has diminished. This also plays a part in the HKMA's decision to lower the RR requirement.	8 April 2020	Click here
11	Coronavirus disease (COVID-19) and Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) measures (For AIs)	The HKMA published a circular setting out measures which should be taken by Authorized Institutions (AI) against money laundering and terrorist financing in light of the COVID-19 outbreak, and the HKMA's support in implementing such measures. The measures focused on three main elements, namely remote on-boarding and simplified due diligence, continued vigilance to COVID-19 related financial crime risks, and ongoing outreach and advice. The HKMA will continue to work constructively with AIs to keep its assessment of the situation up-to-date and address practical AML/CFT issues that may be related to COVID-19 in the most pragmatic manner, including through the provision of further guidance to support the current industry efforts in the light of evolving situation. AIs may approach the HKMA through their usual contacts in the AML & Financial Crime Risk Division or aml@hkma.iclnet.hk for any question about this circular.	7 April 2020	Click here

12	Coronavirus disease (COVID-19) and Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) measures (For SVF Licensees)	The HKMA published a circular setting out measures which should be taken by Stored Value Facility (SVF) Licensees against money laundering and terrorist financing in light of the COVID-19 outbreak, and the HKMA's support in implementing such measures. The measures focused on three main elements, namely customer due diligence, continued vigilance to COVID-19 related financial crime risks, and ongoing outreach and advice. The HKMA will continue to work constructively with SVF licensees to keep its assessment of the situation up-to-date and address practical AML/CFT issues that may be related to COVID-19 in the most pragmatic manner, including through the provision of further guidance to support the current industry efforts in the light of evolving situation. SVF licensees may approach the HKMA through their usual contacts in the AML & Financial Crime Risk Division or aml@hkma.iclnet.hk for any question about this circular.	7 April 2020	Click here	
13	The HKMA and the banking sector join forces to help Hong Kong's economy overcome the outbreak of COVID-19	The HKMA published a press release summarizing the results of a meeting with Hong Kong Mortgage Corporation Insurance Limited (HKMCI), major banks, and representatives from the commercial sector regarding measures by banks and the HKMA to support SMEs in the wake of the COVID-19 outbreak. The HKMA noted that a number of previous measures had seen success and provided statistics in this regard. The HKMA and HKMCI also suggested 5 more measures to further support SMEs in addressing cash-flow pressure.	3 April 2020	Click here	Please also see Legal Update here
14	Liquidity measures in response to Covid-19 outbreak	The HKMA published a circular outlining liquidity measures taken to ensure the continued operation of the interbank market and banking system. The measures taken focus on three aspects, namely the HKMA's Liquidity Facilities Framework, the Federal Reserve's temporary Financial Services Instant Messaging Association (FIMA) Repo Facility, and the HKMA's supervisory expectations on the use of liquidity buffers under the liquidity coverage ratio (LCR) and liquidity maintenance ratio (LMR) regimes. The HKMA also reminded authorized institutions (AI) to ensure they have the appropriate internal policies and processes in place when using the HKMA's liquidity facilities and buffers, and the HKMA will reach out to AIs to ensure compliance.	3 April 2020	Click here	Please also see the Annex to the circular containing clarifications on the HKMA's Standby Liquidity Facilities (SLF) framework here
15	Deferral of Basel III implementation and HKMA's supervisory actions in response to COVID-19	The HKMA published a circular in response to the decision by the Group of Central Bank Governors and Heads of Supervision (GHOS) to defer the implementation of Basel III by one year, to allow banks time to deal with current issues arising from the COVID-19 outbreak. The HKMA stated that it would accordingly delay its own implementation of Basel III to 1 January 2023, in line with GHOS.	30 March 2020	Click here	
16	Requirements under section 60 of the Banking Ordinance (Cap. 155) and disclosure requirements under the Banking (Disclosure) Rules (Cap. 155M)	The HKMA published a circular regarding the requirement for authorized institutions (AIs) incorporated in or outside Hong Kong to file audited annual accounts and other documents with the HKMA under section 60 of the Banking Ordinance. The HKMA will allow AIs to apply in writing for an extension of the deadline to do so, if necessary due to operational difficulties caused by the COVID-19 outbreak.	7 February 2020	Click here	

17	Measures to relieve impact of the novel coronavirus	The HKMA published a circular outlining measures that authorized institutions (AI) should implement to relieve the impact of COVID-19 on their customers. The measures include temporary relief measures to lessen the impact of financial stress, such as principal moratorium for residential and commercial mortgages and fee reduction for credit card borrowing. The HKMA also suggested AIs should adopt a sympathetic stance in dealing with customers facing financial stress, and communicate their policies to relevant staff to ensure consistent treatment of customers.	6 February 2020	Click here

Insurance Authority (IA) Circulars/Guidelines

	TITLE	SUMMARY	DATE	LINK	REMARKS
1	Extension of Phase 2 of the Temporary Facilitative Measures to tackle the outbreak of COVID-19	The IA published a circular extending phase 2 of the Temporary Facilitative Measures ("TFM") in view of the current pandemic situation. Phase 2 of the TFM was intended to obviate the need to conduct face-to-face ("F2F") meetings in order to minimize the risk of infection during the sale process of insurance policies (please see circular titled "Phase 2 of the temporary facilitative measures to tackle the outbreak of COVID-19" issued by the IA on 27 March 2020). Phase 2 will be extended by three months to 30 September 2020 (based on policy application date) unless otherwise varied by the IA, during which the TFM set out in the previous circular will continue to apply. For the avoidance of doubt, the scope of products covered and the implementation details remain unchanged.	15 June 2020	Click here	Please also see the circular issued by the IA outlining phase 2 of the temporary facilitative measures here (also covered below in item 5)

2	Compliance with CPD Requirements under the New Regulatory Regime for Insurance Intermediaries – Additional Facilitative Measures	The IA published a circular regarding additional measures introduced to facilitate individual licensees' ability to comply with CPD requirements in light of practical difficulties in complying due to the COVID-19 outbreak. The relevant measures are: • **Merger of the 2019/2020 and 2020/2021 CPD Assessment Periods**: The IA has decided to merge the CPD assessment period for 23 September 2019 to 31 July 2020 (the First CPD Assessment Period) with the CPD assessment period for 1 August 2020 to 31 July 2021 (the Second CPD Assessment Period). As a result: **(A)** Each individual licensee will be considered as CPD-compliant provided that by the end of the Second CPD Assessment Period, i.e. 31 July 2021, he or she has earned sufficient CPD hours required for both the First and the Second Assessment Periods; **(B)** If an individual licensee is unable to complete the requisite CPD hours for the First CPD Assessment Period by the First CPD Fulfilment Deadline, he or she can make up the shortfall by the end of the Second CPD Assessment Period, i.e. 31 July 2021; and **(C)** Each individual licensee will be required to report his or her CPD compliance for the First and Second CPD Assessment Periods no later than 30 September 2021. • **Additional Facilitative Measures regarding CPD**: Two additional measures have been introduced in this regard: **(A)** Increasing the Cap on the number of CPD hours that can be obtained through Type 1 and Type 7 E-Learning Activities for the First and Second Assessment Periods from 5 CPD hours to 7 CPD hours; and **(B)** No Cap on CPD hours for Type 1 and Type 7 Qualified CPD activities earned through CPD Activities Delivered via Virtual Classroom Platforms (eg Microsoft Teams, Cisco, Webex, Zoom). • **Responsibilities of Principals and Individual Licensees**: **(A) Principals** – Principals are required under GL24 to ensure that each of their appointed individual licensees comply with their applicable CPD requirements. As such, principals are required to have in place controls and procedures to monitor and ensure compliance by their appointed individual licensees. Principals are also encouraged to proactively ensure their appointed individual licensees attend CPD activities/courses evenly, and should request, check and verify documents evidencing completion of CPD hours; **(B) Individual Licensees** – The IA will conduct CPD compliance audits for the First and Second CPD Assessment Periods subsequent to the reporting deadline of 30 September 2021. Upon request, individual licensees selected for such compliance checks should promptly produce for the IA's inspection the original documentation evidencing completion of their CPD requirements. Individual licensees should therefore retain sufficient documentation to evidence their CPD compliance for the First and Second CPD Assessment Periods; and • **Consequences of CPD Non-compliance**: Given the flexibility afforded by the facilitative measures, the IA will have little tolerance for non-compliance of the CPD requirements. Any failure to comply with the CPD requirements for the First and Second Assessment Periods by the deadline of 31 July 2021 can be expected to be met with disciplinary action. Principals should disseminate this message and the measures to their appointed individual licensees.	12 June 2020	Click here

3	Application of Guidelines Issued by the Insurance Authority	The IA published a circular regarding the implementation of certain Guidelines in light of COVID-19. The relevant Guidelines are: • GL25: Guideline on Offering of Gifts • GL27: Guideline on Long Term Insurance Policy Replacement • GL28: Guideline on Benefit Illustrations for Long Term Insurance Policies • GL29: Guideline on Cooling-off Period • GL30: Guideline on Financial Needs Analysis • GL31: Guideline on Medical Insurance Business The Guidelines have already commenced on 23 September 2019 with a transitional period that runs until 22 September 2020, except GL 31 which is to commence from 23 September 2020. Fully recognising that the COVID-19 outbreak is causing serious disruption to normal economic activities and in light of a request made by The Hong Kong Federation of Insurers, the IA has decided to modify the approach in bringing these GLs into effect. For all GLs except GL31, the IA will assess the degree of compliance by authorized insurers and licensed insurance intermediaries with the requirements therein as if the transitional period is extended until 31 March 2021. The commencement date of GL31 remains unchanged, but the IA will exercise flexibility in determining if the requirements therein have been observed for a period up to 31 March 2021 and expect full compliance with effect from 1 April 2021. This modified approach is intended to provide a sufficient buffer for authorized insurers and licensed insurance intermediaries to update their documentation, controls and processes. Authorized insurers and licensed insurance intermediaries should contact their case officers for any clarifications or elaborations.	25 May 2020	Click here	
4	Submission of statutory, actuarial and financial return	The IA sent a letter to authorized insurers reminding them of their obligations to submit on an annual basis various statutory, actuarial and financial returns to the IA. The letter also reminds any authorized insurer which anticipates difficulties in meeting the submission deadlines given the current COVID-19 situation to inform its case officer as soon as possible and obtain the extension required.	9 April 2020	Click here	
5	Phase 2 of the temporary facilitative measures to tackle the outbreak of COVID-19	The IA published a circular introducing phase 2 of the temporary facilitative measures in response to the COVID-19 outbreak. Phase 2 extends the measures to cover term insurance policies, refundable insurance policies without a substantial savings component, and renewable insurance policies without cash value that provide insurance protection (eg hospital cash, medical, critical illness, personal accident, disability or long-term care cover).	27 March 2020	Click here	Please also see Legal Update here
6	Submission of Audited Financial Statements and Auditor's Report under Section 73(1) of the Insurance Ordinance (Cap.41) ("IO")	The IA published a circular regarding the requirement for licensed insurance broker companies to submit audited financial statements and an auditor's report under section 73(1) of the Insurance Ordinance (Cap.41). The IA will allow broker companies to apply for an exemption to the deadline to submit these documents under section 79 of Cap.41, if such companies encounter difficulties in complying with the deadline due to the COVID-19 outbreak. The IA will consider the circumstances and impact of the outbreak on each individual broker in assessing the application.	24 February 2020	Click here	

7	Temporary facilitative measures to tackle the recent outbreak of Novel Coronavirus	The IA published a circular introducing temporary facilitative measures in response to the COVID-19 outbreak. The measures largely involve the facilitation of the distribution of Qualifying Deferred Annuity Policy (QDAP) and Voluntary Health Insurance Scheme (VHIS) products via non-face-to-face methods, provided that authorized insurers adopt two compensating measures – upfront disclosure and an extended cooling-off period. The circular also sets out guidelines on the implementation of non-face-to-face distribution methods.	21 February 2020	Click here	Please also Legal Update here