FINANCIAL REGULATORY | COVID-19 Related Circulars or Guidance (Non-Exhaustive) Published By Financial Services Regulators of Hong Kong (Last Updated: 28 June 2021)

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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 – Updates to the Exemption Scheme	The SFC published a Circular on 21 June 2021 regarding the antibody tests and other updates to the Exemption Scheme. This Circular should be read in conjunction with the SFC's earlier Circular on the Exemption Scheme dated 28 May 2021. 1. Antibody tests The HKSAR Government has decided that: (a) antibody tests in Hong Kong should be applied to the Exemption Scheme for all inbound travellers who have stayed in high or medium risk places specified in Group B or Group C2 under Cap. 599H or Taiwan, China during the 14 days prior to their arrival in Hong Kong; and (b) persons who have stayed in extremely or very high risk places specified in Group A1 or Group A2 under Cap. 599H during the 21 days prior to their arrival in Hong Kong would not be qualified to apply under the Exemption Scheme. 2. Key points concerning the antibody tests and other updates to the Exemption Scheme: (a) Returning executives who have stayed in high or medium risk places specified in Group B or Group C under Cap. 599H or Taiwan, China during the 14 days prior to their arrival in Hong Kong (i) Returning executives must possess a positive result from a pre-departure IgG or total antibody test against spike protein or surrogate neutralizing antibody done at a HOKLAS3-accredited medical laboratory with virology-serology tests within the scope of accreditation. Such test must be done on platforms by Abbott or Roche (or other platforms subject to review), following the standard as specified by the respective manufacturer and with the specimen collected within three months prior to the scheduled arrival time of the flight to Hong Kong. Applications can only be submitted together with a positive antibody test result. Please refer to Appendix III for a list of accredited laboratories carrying out antibody tests. (ii) Upon returning to Hong Kong, exempted returning executives must be subject to self-isolation at a designated quarantine hotel (DQH) or at home for a reduced isolation period of 7 days upon arrival except for permitted activities as set out in the itinerary endorsed by the sponsoring licensed corporation and submitted to the SFC. Please refer to Appendix I (updated as of 21 June 2021) for the corresponding conditions or requirements. (b) Visiting executives who have stayed in high or medium risk places specified in Group B or Group C under Cap. 599H or Taiwan, China during the 14 days prior to their arrival in Hong Kong (iii) Visiting executives must have made an appointment with a HOKLAS-accredited medical laboratory with virology – serology tests within the scope of accreditation for an IgG or total antibody test against spike protein or surrogate neutralizing antibody done on platforms by Abbott or Roche (or other platforms subject to review), following the standard as specified by the respective manufacturer and with the specimen collected on the day of arrival at Hong Kong or the following day. The visiting executive must wait for the results at a DQH. (iv) The exempted visiting executive must be subject to self-isolation only at a DQH for: (A) 14 days upon arrival, or until departure from Hong Kong, if his or her antibody test result is negative; or (B) 7 days upon arrival, if his or her antibody test result is positive, except for permitted activities as set out in the itinerary endorsed by the sponsoring licensed corporation and submitted to the SFC. (c) Updates to application procedures (v) In light of the updates to the Exemption Scheme, applications should be made by completing the Application form (updated as of 21 June 2021) at Appendix I enclosed with this circular and submitting it to the SFC by email at etravel@sfc.hk at least 10 working days prior to: (A) the expected date of departure from Hong Kong for proposed exempted executives travelling from and returning to Hong Kong; or (B) the expected date of arrival in Hong Kong for proposed exempted executives visiting Hong Kong. (vi) The attestation form is also updated at Appendix II to this circular. (vii) Exempted executives should bring with him or her a print-out copy of the authorisation letter, together with his or her proof of pre-departure positive antibody test result (applicable for returning executives only) and pre-departure negative COVID-19 test result, and COVID-19 vaccination record.	21 June 2021	Click here	Please see the SFC's circulars dated 28 May 2021 here. The above circular has been covered in item 3 below. Appendix I – Exemption Scheme Application Form (updated as of 21 June 2021) can be found here. Appendix II – Exemption Scheme Attestation Form (updated as of 21 June 2021) can be found here. Appendix III – Exemption Scheme – List of accredited laboratories for COVID-19 antibody tests can be found here.
2	Circular to licensed corporations – Business continuity planning in view of COVID-19 Vaccination Programme	The SFC published a Circular identifying vaccination as key element of operational risk management and strongly encouraging licensed corporations to consider vaccination as a critical part of operational risk management to ensure their business operations and client interests are not unduly affected by COVID-19. The SFC urges licensed corporations to: (a) review their business continuity plan (BCP) and identify functions which are critical to their business operations and client interests and encourage staff performing such critical functions, for example client-facing and critical support staff, to get vaccinated. Licensed corporations are also reminded to maintain proper documentation of any changes to their BCPs; and (b) consider suitable arrangements for critical staff who have not yet been vaccinated or are unfit for vaccination due to medical conditions to undergo periodic COVID-19 testing. The goal is to keep driving down infection rates, interrupt community transmission and uplift COVID-related restrictions in order to return to a high level of normalcy.	1 June 2021	Click here	Please also see our legal update on this here.

3	Circular to licensed corporations – Exemption for senior executives of licensed corporations from compulsory quarantine arrangements	The SFC published a Circular informing licensed corporations that the Government has designated certain categories of persons in the financial services sector to be exempted from the compulsory quarantine arrangements in Hong Kong under Cap. 599C and Cap. 599E ("Exemption Scheme"). Senior executives of licensed corporations or their overseas affiliates who are fully vaccinated and meet the eligibility criteria may apply for exemption from the compulsory quarantine arrangements when they return or travel to Hong Kong. In short, this is not an automatic exemption. Applications must be made in advance and there are limited quotas. The SFC has sole discretion whether to approve or refuse an application. Who are eligible to apply for exemption 1. senior executives travelling from and returning to Hong Kong, namely, senior executives of a licensed corporation with global or regional roles who are returning to Hong Kong after travelling to foreign places primarily for the purposes of managing the group entities for which they have responsibility ("returning executives"); and 2. senior executives visiting Hong Kong, namely, global or regional heads or senior executives of financial institutions that a licensed corporation is affiliated with, who are travelling to Hong Kong primarily for the purposes of managing the licensed corporation ("visiting executives"). Limited quota 3. The quotas are limited to two entries for returning executives and two entries for visiting executives, respectively, per calendar month per licensed corporation. Application procedures 4. Applications for exemption should be made by the sponsoring licensed corporation of the returning executives or the visiting executives, by completing the prescribed application form (see Appendix I to the Circular) and providing the requisite supporting documents set out in the Circular, including an itinerary of the proposed exempted executive for the entire duration of the trip (for a visiting executive) or throughout the entire medical surveillance period (for a returning executive) in Hong Kong, with information about his or her arrival, departure, accommodation or designated quarantine hotel, organisations and venues to be visited with the dates and times of the visits. Please also follow the application procedures set out in the Circular. Requirements on exempted executives and their sponsoring licensed corporations 5. Each exempted executive is required to fully comply with the specific conditions for exemptions set out in the authorisation letter issued by the FSTB and is only allowed to leave his or her designated quarantine hotel or accommodation arranged by the sponsoring licensed corporation for approved activities set out in the itinerary. A set of sample conditions is set out in the Notes appended to the application form for reference. These conditions include the completion of a COVID-19 vaccination course; pre-departure, on arrival and post-arrival COVID-19 tests; point-to-point transportation; self-isolation and medical surveillance. 6.Each sponsoring licensed corporation is required to: (a) keep an up-to-date record of the itinerary of each exempted executive for the entire duration of the trip (for a visiting executive) or throughout the entire medical surveillance period (for a returning executive) in Hong Kong. The itinerary maintained by the sponsoring licensed corporation should also include information about the contact details of the persons who had met or would meet with the exempted executive in Hong Kong. Any changes to the itinerary should be submitted to the SFC upon arrival in Hong Kong and at the time when the sponsoring licensed corporation submits the attestation form as required under item(d) below; (b) ensure compliance with the guidelines for vehicles providing point-to-point transportation (see Appendix III to the Circular); (c) ensure that, for exempted persons in self-isolation at an accommodation arranged by the sponsoring licensed corporation, the Department of Health's infection control guidelines are adhered to; (d) submit to the SFC an attestation form (in the form prescribed in Appendix II to the Circular) signed by a responsible officer or the manager-in-charge of compliance function of the sponsoring licensed corporation, every three working days or at the half-way point of the trip, whichever is earlier, and on the last day of the trip (for a visiting executive) or the medical surveillance period (for a returning executive); and (e) report to the SFC as soon as possible if an exempted executive is confirmed or suspected to be infected with COVID-19 during his or her trip in Hong Kong and within 14 days after departing Hong Kong (for a visiting executive) or during the medical surveillance period (for a returning executive). Consequence of violation Any contravention with the exemption conditions would result in removal of the exemption status. In addition, if an exempted person who is subject to self-isolation in a designated quarantine hotel room is found to have breached the self-isolation requirement, the concerned exempted person's exemption status will be removed immediately and he / she will be sent to the HKSAR Government's Quarantine Centre for compulsory quarantine for 21 days. An exempted person who fails to observe any of the conditions commits an offence and, on conviction, will be liable to a fine of HK$5,000 and to imprisonment for 6 months. The sponsoring licensed corporations are responsible for ensuring the accuracy and authenticity of the information submitted as part of the Exemption Scheme, and such responsibility ultimately rests with the senior management of each sponsoring licensed corporation.	28 May 2021	Click here	Appendix I – Exemption Scheme Application Form can be found here. Appendix II – Exemption Scheme Attestation Form can be found here. Appendix III – Guideline for vehicles providing point-to-point transportation can be found here.

4	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
5	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

6	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
7	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

8	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	
9	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	
10	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	
11	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.
12	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.
13	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.

14	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	
15	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	COVID-19 Vaccination Programme	HKMA issued a Circular urging all authorised institutions (AIs) to introduce additional effective measures to encourage all bank staff to get vaccinated. In particular, consideration should be given to following the recent practice of the Government and the HKMA of giving extra days of leave to staff who have taken both doses of the vaccine, or providing other suitable and adequate incentives for inoculation. HKMA requires that all AIs should strongly encourage staff performing client-facing roles or critical support functions to get vaccinated. AIs should identify and draw up a list of designated staff expected to receive inoculation. The list should include, without limitation, those staff involved in branch operation, wealth management and commercial banking, who have frequent face-to-face interactions with customers, as well as those responsible for critical IT, data centre, treasury and settlement operations. Bank staff included in the list should be requested to get vaccinated as soon as possible. Arrangements should be made for those, who have not yet been vaccinated or are unfitfor vaccination due to medical conditions, to undergo effective testing for COVID-19every two weeks. Following the advice of public health authorities, the HKMA considers that polymerase chain reaction-based nucleic acid testing using combined nasal and throat swabs is an effective test for COVID-19 for this purpose. AIs are required to submit to the HKMA, within two weeks from the date of the Circular, a breakdown by department or function of designated staff expected to receiveinoculation. Staff included in the list should undergo the first COVID-19 test by 30June 2021 if they have not yet taken the first dose of vaccine by then. The Circular added that promoting a high vaccination rate is a collective effort of the whole community towards the ultimate resumption of normal economic activities, and emphasized that the banking sector has an important role to play in this process and should make its contribution to safeguarding public health and bringing Hong Kong's economy onto a steady recovery path. This would also provide the requisite foundation for Hong Kong to re-start international travel, which is crucial for maintaining Hong Kong's status as an international financial centre.	1 June 2021	Click here	Please also see our legal update on this here.

2	100% Personal Loan Guarantee Scheme	HKMA issued a circular on 20 April 2021 in relation to the 100% Personal Loan Guarantee Scheme (PLGS) proposed in the 2021-2022 Budget. The PLGS provides a supplementary financing option for individuals suffering from cessation of main recurrent incomes from employment due to the COVID-19 pandemic. The PLGS will be administered by HKMC Insurance Limited (HKMCI). HKMCI will rely on the professional expertise, judgment and care of participating lender institutions in conducting customer due diligence and verification of applicants' eligibility for concessionary low-interest loans. After drawdown, the loans will be sold by the participating lender institutions to The Hong Kong Mortgage Corporation Limited (HKMC). HKMC's purchase of the loans will be funded by the HKSAR Government. The Government has issued a letter of comfort to HKMA confirming its commitment under the PLGS. In this circular, HKMA sets out its policy intent on the relevant regulatory treatments in respect of a loan granted by a participating authorised institution (AI) to an eligible borrower under the PLGS: 1) Regulatory and reporting treatments Under the PLGS arrangement, an AI is considered to have an exposure to HKMC fully covered by the Government's commitment under the PLGS. It follows that: • In relation to the Banking (Exposure Limits) Rules, the letter of comfort will be approved for the purposes of the Rule 57(1)(d) in respect of an AI's exposure to HKMC. The amount so covered will be deducted from the AI's exposures to HKMC. • In relation to the Banking (Capital) Rules (BCR), - For the STC and BSC approach – an AI may treat its exposure to HKMC as covered by the Government's commitment, and risk-weight the exposure as one guaranteed by the Government. - For the IRB approach – an AI should seek HKMA's exemption approval under section 12(1) of the BCR and apply the STC approach for loans granted under the PLGS instead. HKMA commits to process the application expeditiously. - SPM module CR-G-7 – applying the underlying principle of paragraph 3.2.4 of the module taking into account the PLGS arrangements, HKMA would not consider it unreasonable for an AI to regard the cover of the Government's commitment for the PLGS as enabling the AI to treat an exposure to HKMC under the PLGS as "secured" (in the sense of there being a separate obligation to pay by the Government) for risk management purposes. • In relation to banking return reporting arrangementsRegarding the Capital Adequacy Ratio return - Under the BSC approach, receivables should be reported as "Loans to or guaranteed by the sovereigns of Tier 1 countries" with a 0% risk weight. - Under the STC approach, the receivables should be reported as "public sector entity exposures" (under the subcategory of "domestic PSEs") before CRM and "sovereign exposures" with a 0% risk weight after CRM. Regarding the Large Exposures return - For Part I, II and III, if exposure to the HKMC is reported in these parts, any outstanding receivables from the HKMC under the PLGS at quarter-end should be reported in the "Memorandum item: Deductions". - For Part IV, any outstanding receivables from the HKMC under the PLGS at quarter-end are treated as an exempted exposure and should be reported as an indirect exposure to the Government. Regarding other banking returns, outstanding receivables as at the reporting dates should be reported as exposures to the HKMC as necessary in accordance with the completion instructions. 2) Credit assessment and approval An AI is expected to check the eligibility of an applicant against the criteria specified under the PLGS. HKMA considers the credit risk exposure of the AI to be minimal as the loan will be transferred without recourse to HKMC shortly after it is created. Therefore, HKMA's supervisory requirements on credit assessment and risk management set out in the SPM module CR-G-2 do not apply to loans covered by the PLGS. Having regard to the policy intent of the PLGS is to provide some relief to members of the public over the temporary financial hardship caused by the pandemic, AIs are expected not to take any credit actions which may result in a tightening of existing credit to the borrower, on knowledge of his / her application under the PLGS. HKMA has established an arrangement with the HKMC to handle complaints and feedback received from the public about unfair treatment of borrowers under the PLGS. Finally, HKMA reminds AIs to refer to the communications of HKMC with the AIs for details regarding disclosure in respect of consumer protection.	20 April 2021	Click here
3	COVID-19 Vaccination Programme	HKMA issued a circular on 24 March 2021 in relation to the territory-wide COVID-19 Vaccination Programme for Hong Kong residents. The key message is that it is in the interest of authorized institutions to support the Government's vaccination drive and help prevent the spread of COVID-19 in the workplace and protect the health and safety of their staff and customers. This is to ensure that banks can operate and provide banking services to their customers without interruption given that they perform a critical financial intermediation role in the economy and provide services that are essential to the wider public interest. The circular provides examples of supportive measures to facilitate staff who wish to get vaccinated to do so, especially those who interact frequently with customers or perform critical functions. These examples include: • Disseminating information about the Vaccination Programme to staff and referring them to the Government's dedicated website (www.covidvaccine.gov.hk) for queries they may have in relation to the COVID-19 vaccines; • Allowing staff to get vaccinated during working hours or implementing flexible working hours to accommodate vaccination appointments; and • Granting staff time off work, where necessary, to rest after vaccination. Authorized institutions should also monitor updates to the Vaccination Programme and related COVID-19 guidance issued by the Government, and provide relevant information to their staff with a view to encouraging vaccine uptake.	24 March 2021	Click here

4	FATF statements on "High-Risk Jurisdictions subject to a Call for Action" and "Jurisdictions under Increased Monitoring"	HKMA issued a Circular dated 10 March 2021 on the following: (a) FATF pause in its review process for strategic deficiencies in AML/CFT regimes In response to the COVID-19 pandemic, the Financial Action Task Force (FATF) decided on a general pause in the review process for the list of "high-risk jurisdictions subject to a call for action". Authorized Institutions (AIs) and Stored Value Facility (SVF) Licensees should continue to refer to the HKMA circular on "Statements issued by the Financial Action Task Force" dated 11 March 2020, in particular, applying the enhanced due diligence measures and other counter-measures in relation to Iran and the Democratic People's Republic of Korea. (b) Outcomes of the FATF Plenary meeting held in February 2021 FATF member delegates discussed and reviewed various strategic initiatives and country-specific processes. In particular, the FATF is developing Guidance to help both public and private sectors in implementing new requirements to identify, assess, understand and mitigate proliferation financing risk as defined in Recommendation 1 and its Interpretive Note. The Guidance aims to assist both public and private sectors in conducting a risk assessment in the context of proliferation financing, and applying corresponding risk mitigation measures. The FATF is consulting private sector stakeholders before finalising the Guidance.	10 March 2021	Click here (Addressed to AIs)Click here (Addressed to SVF Licensees)	Please see HKMA's Circular dated 11 March 2020 here. FATF's statement on "Jurisdictions under Increased Monitoring" can be found in here. Outcomes of the FATF can be found in here.
5	Extension of Pre-approved Principal Payment Holiday Scheme for another 6 months	The HKMA and the Banking Sector SME Lending Coordination Mechanism ("Mechanism") announced that the Pre-approved Principal Payment Holiday Scheme ("Scheme") will be extended for another six months to October 2021. All principal payments of loans falling due between May and October 2021 by eligible corporate customers will be deferred by another six months (except for repayments of trade loans, which will be deferred by 90 days). Similar to the Scheme extension in November 2020, banks will not issue individual notifications to eligible customers regarding the deferment arrangement. Interested corporate customers may contact their banks. Deferment requests will be handled on a "pre-approved" basis. Banks may request customers to provide up-to-date operational and financial information to better understand their needs when processing their requests. As the Scheme has been rolled out for nearly one year, in order to strike a balance between catering for the unique circumstances facing customers and the need for prudent risk management, the Mechanism has agreed that, for loans which have been extended for 540 days or more cumulatively since first being drawn down (or trade loans which have been extended for 270 days or more cumulatively since first being drawn down), banks can adopt a flexible approach and consider, on a case-by-case basis and subject to prudent risk management principles, whether other forms of relief are more suitable to help the customers ride out the current difficulties.	4 March 2021	Click here	Please see the HKMA's circulars dated 5 August 2020 here. The above circular has been covered in item 12 below. Please also see the HKMA's announcement dated 2 September 2020 here. The above announcement has been covered in item 8 below.
6	Repayment of Trade Facilities Deferred by the Banking Sector for Another 90-day Period	**90-day deferral for trade facilities under the Pre-approved Principal Payment Holiday Scheme** The HKMA and the Banking Sector SME Lending Coordination Mechanism ("Mechanism") announced a 90-day repayment deferment for trade facilities under the Pre-approved Principal Payment Holiday Scheme ("Scheme"). Under the Scheme (which was covered in a previous circular (please see "Remarks")), trade loans have been granted 90-day extension respectively in May, August and November 2020. Some of these loans will fall due in February 2021. The Mechanism has agreed that in light of the COVID-19 pandemic, corporate customers can further extend their trade facilities for another 90-day period. Eligible corporate customers can also apply for a 90-day extension of trade facilities drawn down from November 2020 to end-January 2021. Similar to previous extensions of the Scheme, interested corporate customers may contact their banks, which in turn will handle repayment deferment requests on a "pre-approved" basis. However, it is important to note some additional features for trade facilities under the Scheme: • For facilities which are self-liquidating in nature, banks may require the loan to be settled when the underlying payment has been received by the customer. • For trade loans extended for 270 days or more cumulatively since their first draw-downs, banks can adopt a flexible approach and consider on a case-by-case basis whether other forms of relief (such as repaying the trade loans by instalments) are more suitable to help the customers (subject to prudent risk-management principles). **Flexibility under the Scheme for customers in the transportation sector** The HKMA and the Mechanism also discussed various difficulties facing customers in the transportation sector and identified the following assistance that banks can provide: • Banks will be more flexible in handling new financing applications by public light bus ("PLB") operators to finance the upgrade of their vehicles from 16 seats to 19 seats. • Banks do not need to rigidly adhere to the 85% loan-to-value ratio cap (provided that prudent risk-management principles are observed) for new loans used only for the purchase of new vehicles. • As regards new loans granted for taxis, PLBs and other non-franchised buses, banks agreed that they would actively consider extending the maximum loan tenors for taxis and PLBs to 30 years, and the maximum loan tenors for non-franchised buses to 10 years, on a temporary basis for the next two years. • Banks may provide other forms of relief to help alleviate the repayment burden of relevant commercial vehicle owners, subject to prudent risk-management principles. The HKMA reminded banks to be sympathetic to customers who are not eligible for the Scheme to help tide them over this difficult time (while observing prudent risk-management principles).	29 January 2021	Click here	Please see the HKMA's circulars dated 5 August 2020 here. The above circular has been covered in item 12 below.

7	An Update on COVID-19 and Money Laundering and Terrorist Financing risks	HKMA published a circular to draw the attention of all Authorized Institutions (AIs) and Stored Value Facility (SVF) Licensees to the most recent update from the Financial Action Task Force (FATF) on COVID-19-related money laundering / terrorist financing (ML/TF) risks (please find the link to FATF's update in Remarks column). The update highlights developments since FATF's previous reports and provide details on how criminals continue to attempt to exploit the global financial systems, with case studies (including some provided by Hong Kong), and illustrate how the risks have evolved along with the COVID-19 pandemic. The FATF update reinforces the continuing importance of a risk-based response which does not disrupt essential and legitimate services. HKMA has already articulated its regulatory expectations in this respect in previous circulars (please find the links to those circulars in Remarks column). This circular also provides updates on efforts of HKMA and other organisations on combating ML/TF risks: • HKMA has been monitoring COVID-19 related impact on ML/TF risks and working closely with AIs and SVF Licensees to cope with the developments; • the Fraud and Money Laundering Intelligence Taskforce, the public-private partnership for information sharing in Hong Kong which consists of law enforcement agency, banking supervisor and ten retail banks in Hong Kong, has been delivering alerts and case-based intelligence on COVID-19 related deceptions; • the Fraud Risk Management Taskforce established under the Hong Kong Association of Banks (HKAB) broadcasted a video clip on television to remind the public to stay alert of COVID-19 related fraudulent activities and shared good practices on fraud prevention and detection with the industry; and • HKAB also held a sharing session, with HKMA's support, to share financial crime trends observed and challenges encountered during COVID-19, and good practices of AIs in managing and mitigating ML/TF risks. HKMA reminds AIs and SVF Licensees to study the FATF update in conjunction with the ML/TF risk information provided through the above forums, and consider the relevant implications for their ML/TF risk management.	31 December 2020	Click here	Please see FATF's update dated December 2020 here. Please see the HKMA's circulars dated 30 July 2020: Update 1 Update 2 The above circulars have been covered in items 13 and 14 below respectively. Please see the HKMA's circulars dated 7 April 2020: Link 1 Link 2 The above circulars have been covered in items 26 and 27 below respectively.
8	Extension of Principal Moratorium for 80% and 90% Guarantee Products	HKMC Insurance Limited (a wholly-owned subsidiary of the Hong Kong Mortgage Corporation Limited) announced that the application period for principal moratorium for the 80% Guarantee Product and the 90% Guarantee Product under the SME Financing Guarantee Scheme (SFGS) is extended for 6 months to 31 March 2021. The maximum duration of principal moratorium is increased from 12 months to 18 months and the loan guarantee period can also be extended correspondingly.	2 September 2020	Click here	Please see the press release published on HKMA's website dated 29 May 2020 here. The above press release has been covered in item 16 below.
9	Pre-approved Principal Payment Holiday Scheme extended by a further 6 months	The HKMA published a circular announcing the extension of the Pre-approved Principal Holiday Scheme by 6 months. As covered in a previous circular (please see "Remarks"), the HKMA and the Banking Sector SME Lending Coordination Mechanism had put in place the Pre-approved Principal Payment Holiday Scheme for its authorised institution participants (AI) to alleviate cash flow difficulties faced by small and medium size corporations. Under the Scheme, eligible small and medium size corporate customers could make deferred repayments on loan principal payments. The Scheme has now been extended for a further 6 months so that all loan principal payments falling due between November 2020 and April 2021 will be deferred by six months (except for repayments of trade loans, which will be deferred by 90 days). Participating AIs will handle each eligible customer's case on a "pre-approved" basis, and may request customers (especially those who have been granted multiple extensions of payment holidays) to provide up-to-date business and financial information to better understand their needs when processing their cases.	2 September 2020	Click here	Please see the HKMA's circular dated 5 August 2020 here. The above circular has been covered in item 12 below.
10	Prudential Measures for Mortgage Loans on Non-residential Properties	The HKMA published a circular on adjustments introduced by the HKMA on 19 August 2020 to the prudential measures for mortgage loans on non-residential properties.The HKMA noted that as a result of the COVID-19 outbreak, non-residential property markets have seen major corrections, with the prices of offices, flatted factories and retail premises declining by 15%, 11%, and 10% respectively. The transaction volume of non-residential properties also contracted in the first half of 2020, and will likely remain under pressure due to lowered business confidence and rising geopolitical tensions. In light of this, the HKMA has decided to adjust the countercyclical macroprudential measures for mortgage loans on non-residential properties. The applicable loan-to-value ratio caps under different scenarios for non-residential properties have been adjusted upward by 10%. These changes will take effect from 20 August 2020 and will apply to all transactions where the provisional sale and purchase agreement is signed on or after that date. The HKMA reiterated that these measures are intended to apply to mortgage loans for the purpose of financing property transactions or the refinancing of existing properties. They are not intended to apply to credit facilities secured by properties for the purpose of financing the business operation of corporates, as these credit facilities are subject to a set of comprehensive credit underwriting standards and regular credit reviews by authorized institutions. AIs may send any questions they have regarding this circular to rml_hkma@hkma.gov.hk.	19 August 2020	Click here	

11	Reminder of Investor Protection Measures	The HKMA published a circular reminding Authorized Institutions (AI) of some important investor protection measures in light of the current volatility in the markets. In view of the recent price volatility of various markets and investment products (including shares, bonds, commodities, precious metals, FX, etc.) as well as the operational challenges brought about by COVID-19, AIs are reminded to remain vigilant, and continue to treat customers fairly and act in the best interest of their customers in the sale of investment products, in line with the Code of Banking Practice and the Treat Customers Fairly Charter. AIs should exercise extra care when handling leveraged transactions where the customer could have potential losses exceeding the invested amount. Registered institutions are also reminded to observe the following requirements when making solicitations or recommendations on investment products regulated by the Securities and Futures Ordinance: 1. ensure proper product due diligence, taking into account, among others, the market conditions amid the COVID-19 situation, which may impact on the risk return profile and prospect of an investment. Where the continuous review by an RI of the risk rating of an investment product results in a higher risk rating being attributed to the product, the RI should follow the existing requirement of disclosing such increase in risk rating to customers to whom it has recommended and sold the product; 2. give due consideration to relevant circumstances of a customer when assessing the suitability of an investment product for the customer. Where an RI is aware of material changes to a customer's circumstances (e.g. impact arising from the COVID-19 situation), such changes should be taken into account in the assessment; 3. explain to the customer the risks and features of the investment product; and 4. present balanced views: do not focus solely on advantageous terms such as high coupon rates or yields, but should explain also the disadvantages and potential downside risks. With regards to leveraged transactions, AIs should • make adequate disclosure of the nature, key features and terms, and the associated risks of leveraged products or transactions, especially the risk of losing more than the customer's invested amount (and where applicable the risk of having unlimited loses, e.g. a customer writing a naked call option) • ensure that the customer is willing and has sufficient net worth to assume the risks and bear the potential losses of the leveraged transactions. In practice, AIs are expected to put in place policies and controls to ensure that targeted customers have been provided with adequate disclosure of, and are capable of understanding the risk of leveraged or margin trading, and the possibility of being subject to margin-calls within a short time period. AIs are also expected to put in place mechanism to monitor customers' margin maintained with the AIs. The HKMA will continue to monitor AIs' compliance with the regulatory requirements as part of its on-going supervision.	7 August 2020	Click here	
12	90 day extension of Trade Loans under the Pre-approved Principal Payment Holiday Scheme	The HKMA published a circular announcing that in light of the issues caused by the COVID-19 outbreak, all Authorized Institutions (AI) are requested to extend the principal payment for trade loans under the Pre-approved Principal Payment Holiday Scheme (Scheme) for another 90 days. According to the HKMA, the deferment should cover trade loans both currently subject to the Scheme as well as those drawn between 1 May 2020 to 31 July 2020 by eligible customers with no outstanding payments overdue for more than 30 days as at 1 August 2020. For facilities which are self-liquidating in nature, AIs may require the loan to be settled when the underlying payment has been received by the customer. All other terms of the Scheme stated in the Annex to the HKMA's circular on 17 April 2020 will continue to apply. As only between 10% to 20% of eligible corporate customers have chosen to take up the Scheme and with AIs adopting work-from-home arrangements in response to the pandemic, AIs will not issue individual notifications to customers regarding the deferment arrangement. Interested corporate customers are requested to contact their AIs, which will handle principal deferment requests on a "pre-approved" basis. AIs may request customers to provide up-to-date operational information to better understand their needs when processing their requests. The HKMA reiterated that this extension of the Scheme will not by itself render a trade loan to be downgraded, nor will it cause the loan to be categorised as "rescheduled" as long as the terms of the extension are "commercial". This principle applies regardless of whether or not the trade loan is already on a payment holiday. That said, borrowers who are unable to meet the restructured payment schedule should continue to be recognized in a timely manner and the classification of their loans should refer to the HKMA's Guideline on Loan Classification System as well as previously issued FAQs. The HKMA will continue to engage banks and the commercial sectors through the Mechanism and expects to arrive at a decision regarding follow-up arrangements for the Scheme, which will end in October, as soon as possible.	5 August 2020	Click here	Please see the Annex to the HKMA's circular on 17 April 2020 here. (also covered below in item 23)

13	Coronavirus disease (COVID-19) and Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) measures – An Update	The HKMA published a circular highlighting some key observations and industry practices to assist Authorized Institutions (AI) in developing sustained efforts to cope with the evolving COVID-19 situation and support operational responses which are consistent with the risk-based approach (RBA). The HKMA stated that as the situation continues to evolve, it has become clear that measures originally intended to be short-term may now have to be kept in place by AIs for relatively longer, or in some cases reintroduced as new clusters of COVID-19 cases emerge. Key observations and practices highlighted by the HKMA include: 1. Customer due diligence under social distancing and travel restrictions The HKMA noted that social distancing and a significant reduction in travel have significantly impacted the ability of AIs to interact with existing and potential customers. AIs are increasingly using video conferencing to interact with customers in the course of on-boarding and ongoing customer due diligence reviews. Some AIs have utilised the flexibility provided in the Anti-Money Laundering and Counter-Terrorist Financing Ordinance to delay verifying the customer's identity, while adopting appropriate risk mitigating measures. In addition to remote on-boarding for individual retail customers currently offered by more than 10 AIs, some AIs have also expedited testing of similar initiatives for corporate customers. 2. Pressure on AML/CFT resources The HKMA noted that all AIs have some form of business continuity planning in place to maintain sound operations. To address the pressure on resources, AIs have been adopting a number of responses, which collectively have minimised potential impact to AML/CFT processes. These include reprioritising work on the basis of ML/TF risks, reallocation of staff, staggering office hours and equipping staff with work-from-home capabilities. Some AIs are also expediting their exploration of regulatory technology (RegTech) solutions (e.g. machine learning) to reduce the number of false positives generated from transaction monitoring and screening systems, and thus enhancing efficiency and effectiveness. The HKMA continues to monitor resource allocation as part of AIs' operational responses to ML/TF risk management and reiterates through this engagement the importance of applying the principles of the RBA, maintaining adequate records of decisions made and that relevant controls or risk appetite need not be compromised in the process. 3. Emerging threats and changes in customers' behaviour The HKMA noted that AIs have increased their understanding of and vigilance to emerging COVID-19 related financial crime risks, including through the Fraud and Money Laundering Intelligence Taskforce (FMLIT) and a recently established Fraud Risk Management Taskforce under the Hong Kong Association of Banks. In line with global trends, some AIs have also identified changes in customer behaviour, such as digital payments and online transactions, and have been working to incorporate their understanding of emerging risks into transaction monitoring rules and scenarios. The HKMA further noted that it had observed examples where RegTech is helping to build out a more collaborative, intelligence-led approach to financial crime risk management and that some AIs are applying advanced analytics to help detect networks and common vulnerabilities. The HKMA will continue to work closely with AIs to support ongoing industry efforts, in line with the principles of RBA. AIs may approach the HKMA through their usual contacts at the AML & Financial Crime Risk Division or at aml@hkma.iclnet.hk for any questions about this circular.	30 July 2020	Click here	Please see the Annex to this circular setting out further details regarding the key observations and practices highlighted by the HKMA here.
14	Coronavirus disease (COVID-19) and Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) measures – An Update	The HKMA published a circular updating Stored Value Facility (SVF) Licensees on some key observations and industry practices which the HKMA shared with the banking sector in a circular dated 30 July 2020 regarding the ongoing AML/CFT response to COVID-19 related challenges. The HKMA stated that as the situation continues to evolve, it has become clear that measures originally intended to be short-term may now have to be kept in place by SVF Licensees for relatively longer, or in some cases reintroduced as new clusters of COVID-19 cases emerge. The HKMA will continue to work closely with SVF licensees to support ongoing industry efforts, and reiterated that the principles of the RBA provide the flexibility to be both pragmatic and responsive to the evolving COVID-19 situation and the challenges it presents.	30 July 2020	Click here	Please see the HKMA's circular on key observations and industry practices at here. (also covered above in item 13)
15	US Dollar Liquidity Facility	The HKMA published a press release announcing the extension of the temporary US Dollar Liquidity Facility to 31 March 2021. The US Dollar Liquidity Facility was originally launched by the HKMA in a circular dated 22 April 2020 in response to a temporary repurchase agreement facility (FIMA Repo Facility) launched by the US Federal Reserve on 31 March 2020, with the intention of providing licensed banks with an additional channel to obtain US dollar liquidity in light of the tightness in the global US dollar interbank money markets amid volatilities and uncertainties in the global financial markets brought about by the spread of COVID-19. Given the decision by the US Federal Reserve to extend the FIMA Repo Facility to 31 March 2021, the HKMA has decided to extend the temporary US Dollar Liquidity Facility accordingly. The operational parameters of the temporary US Dollar Liquidity Facility will remain unchanged. A total of US$10 billion is currently available to banks under the Facility in the form of repurchase transactions for a term of 7 days through competitive tenders held by the HKMA every week.	30 July 2020	Click here	Please see the HKMA circular announcing the launch of the US Dollar Liquidity Facility on 22 April 2020 at here. (also covered below in item 20)

16	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 at here.
17	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-19Governments 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 provisioningThe 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 derivativesFollowing 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 25) 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 4 of the SFC circulars/guidelines above) Please see the additional guidance issued by the BCBS here.
18	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 23)
19	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	

20	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
21	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 5 of the SFC circulars/guidelines above)
22	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 24)
23	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.
24	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	

25	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	Please also see the mechanism for calculating the reduction in RR and adjustment to target rate of benchmark regulatory provision at here.
26	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	
27	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	
28	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.
29	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.
30	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	
31	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	
32	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	COVID-19 Vaccination Programme	The IA published a Circular strongly encouraging insurers and insurance intermediaries to arrange for all staff and intermediaries who come into regular contact with customers or who deliver critical functions to get inoculated, while those who have not yet been vaccinated or are unfit for vaccination due to medical conditions should undergo periodic COVID-19 testing. The IA believed this is in line with sound risk management practices and would help avoid undue business disruptions. The IA called upon the insurance industry's support in the drive towards herd immunity in Hong Kong, through collective determination.	1 June 2021	Click here	Please also see our legal update on this here.
2	Extension of Phase 2 of the Temporary Facilitative Measures to 30 September 2021	The IA published a circular extending phase 2 of the Temporary Facilitative Measures ("TFM") until 30 September 2021. This is the fifth extension of phase 2 of the TFM which was intended to obviate the need to conduct face-to-face meetings in order to minimize the risk of infection during the sale process of insurance policies. The scope and products covered and the implementation details remain unchanged.	27 May 2021	Click here	Please also see the circular issued by the IA outlining phase 2 of the temporary facilitative measures here. (also covered below in items 3, 4, 5, 6 and 10)
3	Extension of Phase 2 of the Temporary Facilitative Measures to 30 June 2021	The IA published a circular extending phase 2 of the Temporary Facilitative Measures ("TFM") until 30 June 2021. This is the fourth extension of phase 2 of the TFM which was intended to obviate the need to conduct face-to-face meetings in order to minimize the risk of infection during the sale process of insurance policies. The scope and products covered and the implementation details remain unchanged.	24 February 2021	Click here	Please also see the circular issued by the IA outlining phase 2 of the temporary facilitative measures here. (also covered below in items 4, 5, 6 and 10)
4	Extension of Phase 2 of the Temporary Facilitative Measures to 31 March 2021	The IA published a circular extending phase 2 of the Temporary Facilitative Measures ("TFM") until 31 March 2021. This is the third extension of phase 2 of the TFM which was intended to obviate the need to conduct face-to-face meetings in order to minimize the risk of infection during the sale process of insurance policies. The scope and products covered and the implementation details remain unchanged.	2 December 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 items 5, 6 and 9)
5	Extension of Phase 2 of the Temporary Facilitative Measures to 31 December 2020	The IA published a circular extending phase 2 of the Temporary Facilitative Measures ("TFM") until 31 December 2020. This is the second extension of phase 2 of the TFM which was intended to obviate the need to conduct face-to-face meetings in order to minimize the risk of infection during the sale process of insurance policies. The scope and products covered and the implementation details remain unchanged.	4 September 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 items 6 and 10)
6	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 10)

7	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

8	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	
9	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	
10	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.
11	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	
12	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.