



2020 Asia Pacific Group Yearly Typologies Report

The FATF-style regional body, **Asia Pacific Group** (APG) released its annual typologies [study](#) at the end of 2020. Each year APG members and observers provide case studies, observations on trends, research, information on regulatory enforcement action and international cooperation. These typologies studies assist APG members to implement effective strategies to investigate and prosecute ML and TF, as well as design and implement effective preventative measures.

Hong Kong

The **Hong Kong Monetary Authority** (HKMA) is looking to strengthen rules for [digital wallets](#) from July 2021 by launching real name registration. Those users who do not register their real names will only be able to use limited functions and not be able to transfer money to other banks or e-wallets or make cross-border payments. For real name accounts, the identity verification and due diligence applied will also be more stringent. Customers must not only provide their name and ID card but also information such as their address.

HKMA has recently published its latest issue of [Regtech Watch](#), a newsletter aimed to promote the adoption of regulatory technology by the banking industry. The latest issue particularly focuses on technology adoption in the time of the Covid-19 pandemic. Specifically, how can businesses respond to the various operational challenges and maintain business continuity. The newsletter outlines four potential regtech use cases.

The **Hong Kong Financial Services and Treasury Bureau** (FSTB) has issued a [consultation paper](#) outlining changes to Hong Kong's anti-money laundering legislation that will bring operators of virtual asset exchanges within the formal regulatory remit of the Securities and Futures Commission (SFC). This is to align with FATF requirements to regulate virtual asset service providers (VASPs) for AML and CTF purposes. The proposed changes seek to regulate providers of non-securities virtual asset services, such as Bitcoin and other stable coins for the first time. Public consultation is open until 31 January 2021.

India

The **Securities and Exchange Board of India** (SEBI) recently proposed a separate KYC and account opening process in a bid to avoid duplication of process. The regulator proposes that client KYC should be done through KYC Registration Agencies (KRAs) including stock exchanges and depositories. See the report for public comment [here](#). Public consultation is open until 15 February 2021.

Singapore

Singapore released its [Terrorism Financing National Risk Assessment](#) in December 2020 which seeks to further deepen the understanding by law enforcement agencies, supervisors/regulators and the private sector of Singapore's key TF threats and vulnerabilities, so that appropriate prevention and mitigation measures may be taken.

In November 2020, Singapore introduced a [bill](#) into Parliament to amend the **Payment Services Act** to align the scope of the payment services regulation with FATF Standards on anti-money laundering and countering the financing of terrorism for VASPs. The proposed changes include broadening of licensable digital payment token (DPT) services, regulating additional cross-border money transfer services and introducing new MAS powers to regulate DPT service providers.

MAS [announced](#) that it will discontinue the issuance of the \$1000 (SGD) note from 1 Jan 2021. This is a pre-emptive measure to mitigate the higher money laundering and terrorism financing risks associated with large denomination notes.

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South Korea

South Korea's **Financial Services Commissions** (FSC) proposes new [rules](#) on anti-money laundering requirements for VASPs under the Act on Reporting and Using Specified Financial Transaction Information. The changes require VASPs to use real-name accounts in their financial transactions with customers, open real-name accounts with financial institutions, keep customers' deposits separate from their own, have no record of fines or other penalties within 5 years, manage customer transaction records and obtain a data security certification from the Korea Information Security Agency. VASPs are also required to follow the travel rule, stipulating that VASPs must pass on transaction information to other entities above a set value threshold.

Taiwan

Taiwan's Proposed Amendment looks to streamline the existing Payment Regulations by merging the Act Governing Issuance of Electronic Stored Value Cards with the Act Governing Electronic Payment Institutions, the two legal regimes governing Taiwan's payment institution and electronic money industries. The proposed [changes](#) expand the scope of business of Electronic Payment Institutions (EPIs), release EPIs from past restrictions, which will allow them to grow their business domestically and internationally, and give the Financial Supervisory Commission flexibility to set several standards, thresholds and limitations on a risk-based approach, as opposed to fixing such standards, thresholds and limitations.

Additionally, Taiwan is set to [lower payment thresholds](#) for customer notification to help curb the onset of increased financial fraud. Banks and e-payment firms must now send customers a transaction alert whenever they transfer more than TWD 10,000 via ATMs or spend more than TWD 5,000 via e-payment tools.

The Philippines

The **Philippines Senate** has approved the [proposed amendments](#) to the country's AML Act. The amendments expand the scope of covered persons including real estate developers and brokers, offshore gaming operators and service providers to make regular reports on their financial transactions. It also includes the commission of tax crimes and the proliferation of weapons of mass destruction and their financing, in the list of predicate offences. Lastly, the amendments exchange the investigative powers of the Anti-Money Laundering Council through express powers of deputisation, powers to apply for search warrants, powers to obtain information on ultimate beneficial ownership, and subpoena powers.



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