Compliance Solutions

Regulatory Update

APAC, August 2026

Issued 10 September 2026

Regulatory Updates – August 2026

Hong Kong Regulatory Updates – August 2026

SFC Circular on Mitigating Risks in Receiving Deposits through Simplified eDDA Arrangements (20 Aug 2026)

On 20 August 2026, the SFC issued a circular reminding the licensed corporations and SFC-licensed virtual asset service providers of the risks arising from the use of simplified eDDA arrangements for receiving client deposits. The circular also sets out the SFC's expectations on risk assessment and the mitigation measures firms should adopt.

Background – What is a Simplified eDDA?

Electronic Direct Debit Authorisation or eDDA is a Faster Payment System (FPS) service that allows a payer to pre-authorise direct debit payments from their own bank account, initiated by a payee. Under a standard eDDA arrangement, the client initiates the setup request through their own bank. By contrast, under a simplified eDDA arrangement, the licensed firm, as payee, initiates the setup request based on information provided by the client. This enables clients to fund their trading accounts directly through the firm's app or website. While this provides greater convenience, it also presents higher operational, fraud and AML/CFT risks.

Key SFC Concerns:

- Impersonation and unauthorised access risk – fraudsters may use stolen personal or bank account details, or hijacked trading accounts, to set up eDDA links without the true account owner's knowledge.
- Indemnity and financial risk – firms may be exposed to losses or claims arising from erroneous, unauthorised or fraudulent eDDA setups or deposits.
- AML/CFT risk – simplified eDDA may be misused for layering, particularly where deposits are quickly converted into virtual assets and withdrawn.

SFC Expectations:

Firms should:

- understand their contractual and indemnity obligations with banks;
- assess the fraud, operational and financial risks of simplified eDDA arrangements;
- verify the bank account owner's authorisation before processing new eDDA setup requests;
- review red flags, including repeated failed setup attempts, large or frequent deposits inconsistent with the client profile, and VA-related red flags such as quick conversion into virtual assets followed by withdrawal;
- decline setup requests, withhold suspicious deposits, investigate promptly, and report or notify relevant authorities where appropriate; and
- implement controls such as transaction limits, withholding periods, step-up authentication and client agreement updates.

If you have any questions regarding this circular or require assistance, please contact Waystone.

To view the circular, please click here.

Hong Kong Enforcement News – August 2026

SFC revokes Ernest Chan Tsz Kin's license and bans him for 10 years (24 Aug 2026)

Enforcement Snapshot

Case: Mr Ernest Chan Tsz Kin – Licence Revocation and 10-Year Ban	
Breach:	Liquid Capital Window Dressing and False FRR Submissions
Fine:	None
Suspension:	Licence revocation and 10-year ban
Regulator:	SFC

Summary of Facts

The SFC revoked the licence of Mr. Ernest Chan Tsz Kin, a former responsible officer of Keptain Securities and Asset Management Limited and banned him from re-entering the industry for 10 years for window dressing Keptain's financial resources.

Between June 2016 and March 2018, Chan:

- Caused Keptain to window dress its liquid capital on 15 occasions by depositing cheques issued by himself or his connected companies into Keptain's HSBC bank account at or around month-end – these cheques were subsequently dishonoured a few days later, before the relevant FRR returns were submitted to the SFC;
- Signed and submitted 15 FRR returns containing false or misleading information about Keptain's bank balance and liquid capital position;
- Caused Keptain to fail to maintain the required liquid capital (RLC) of $3 million for a total of 20 months, with actual deficits ranging from $731,000 to $3,473,000; and
- Failed to notify the SFC that Keptain's liquid capital had fallen below 120% of the RLC and that it was unable to maintain the RLC, as required under the SFO and FRR.

Chan was Keptain's RO, Manager-in-Charge (for Overall Management Oversight, Operational Control and Review, Risk Management, and Finance and Accounting) and a substantial shareholder during the relevant period. He admitted the dishonoured cheques were issued specifically to plug the liquid capital shortfall. The SFC found that his conduct was intentional and dishonest, casting serious doubt on his character, reliability and fitness to remain licensed.

Key Takeaways

- FRR compliance is non-negotiable: The Financial Resources Rules are a core statutory safeguard for investors. LCs must maintain the required liquid capital at all times, not just at month-end reporting dates.
- No window dressing: Artificially inflating liquid capital through last-minute deposits, related-party cheques or other cosmetic arrangements is a serious breach that undermines the entire FRR regime.
- Accuracy of FRR returns: ROs who sign FRR returns personally certify their accuracy. Submitting false or misleading returns is an offence and can attract severe sanctions.
- Duty to notify the SFC: Firms must notify the SFC as soon as reasonably practicable (and within one business day) when liquid capital falls below 120% of the RLC or when the firm is unable to meet the RLC.
- Senior management accountability: ROs and MICs, especially those overseeing Finance and Risk, are personally responsible for the firm's financial integrity. Deliberate misconduct or "turning a blind eye" will result in personal disciplinary action.
- Honesty and integrity matter: Even when a firm has no active clients or business (as was the case with Keptain), dishonest conduct calls into question an RO's fitness and properness and can lead to licence revocation and a lengthy industry ban.

To view the case, please click here.

Singapore Regulatory Updates – August 2026

FAQs on the misconduct requirements (24 August 2026)

The Monetary Authority of Singapore (MAS) has issued an FAQ to support implementation of the new misconduct reporting framework for financial institutions (FIs), which is scheduled to take effect on **1 January 2027**. The FAQ provides practical guidance on how FIs should assess, investigate, report, and update misconduct cases.

The FAQ is meant to serve as a guide on implementation and addresses the following key questions:

1. Clarification of reportable misconduct categories: MAS provides guidance on the misconduct categories applicable to different types of FIs and the principles for determining whether an act constitutes reportable misconduct.

2. Assessment of gross negligence and client impact: For financial advisers and insurance broking staff, MAS outlines factors to consider when assessing whether conduct amounts to gross negligence or has a material adverse impact on clients.

3. Accountability of supervisors: Individuals with supervisory responsibilities may themselves be considered to have committed misconduct where there is a failure to provide adequate oversight or supervision.

4. Ongoing fit and proper obligations: FIs are expected to have processes to continually assess and certify that their representatives or broking staff remain fit and proper to conduct regulated activities.

5. Only substantiated misconduct should be reported: Misconduct reports submitted to MAS should be based on substantiated findings. Allegations contained in investigation reports that have not been sufficiently established should not be reported as misconduct.

6. Requirement to provide updates: FIs should submit updates to MAS when there are significant developments relating to alleged or confirmed misconduct cases.

7. Correction or withdrawal of reports: Where previously reported misconduct is later found to be unsubstantiated, FIs should submit an update report to remove the misconduct from the record or withdraw the entire misconduct report if all reported misconduct is unsubstantiated.

8. Misconduct not substantiated: Additionally, FIs need not disclose in reference check responses that a misconduct report had previously been filed and subsequently withdrawn, where the misconduct was ultimately not substantiated. This is intended to ensure fair treatment of representatives and broking staff.

To view the FAQ, please click here.

Information Paper on Culture Capabilities for Effective Remediation and Sustainable Change (12 August 2026)

The MAS has issued a new Information Paper - Culture Capabilities for Effective Remediation and Sustainable Change, highlighting the critical role organisational culture plays in preventing the recurrence of serious risk events. The paper provides MAS' supervisory observations on how FIs can strengthen remediation efforts by addressing not only control deficiencies, but also the behavioural and cultural drivers that contribute to failures.

Four Capabilities for Effective Remediation

To support sustainable change, MAS identifies four culture capabilities that financial institutions should develop.

1. **Strong Board and Senior Management Leadership**

The Board and senior management are expected to take ownership of culture and drive change from the top. This includes setting a clear vision of the desired culture, providing effective oversight, allocating sufficient resources, and consistently demonstrating expected behaviours through leadership actions. MAS notes that effective culture change requires active engagement by leadership rather than delegation to control functions alone.

2. **Robust Culture Root Cause Analysis**

MAS encourages institutions to conduct a culture-focused root cause analysis (RCA) following serious risk events. Unlike traditional RCA exercises that focus primarily on policies, procedures or control failures, a culture RCA seeks to understand the behavioural patterns and underlying drivers that contributed to the incident. These drivers may be organisational, leadership-related or social in nature.

A robust RCA should establish clear linkages between culture drivers, employee behaviours and risk outcomes. MAS cautions against generic conclusions such as “poor culture” or “lack of accountability” without explaining how these factors influenced decisions and actions that ultimately resulted in the risk event.

3. **Targeted and Reinforcing Culture Interventions**

The Information Paper highlights that remediation measures should directly address the drivers identified through the RCA. Effective interventions extend beyond policy updates and training programmes to include changes in leadership behaviours, accountability frameworks, incentive structures, communication practices and team dynamics.

MAS also stresses the importance of ensuring interventions are mutually reinforcing. For example, tightening consequence management frameworks without addressing psychological safety may discourage escalation of issues and inadvertently worsen risk outcomes. Sustainable change requires interventions across organisational, leadership and social dimensions to work together.

4. **Culture Monitoring and Independent Validation**

To assess whether remediation efforts are achieving meaningful outcomes, MAS expects firms to monitor changes in behaviours and culture drivers rather than simply tracking action plan completion. Institutions should use a combination of quantitative and qualitative indicators, drawing insights from surveys, interviews, operational data, observations and audit findings.

Examples of indicators cited by MAS include psychological safety, leadership responsiveness, quality of challenge and escalation, trust in leadership, self-reporting of issues and repeat audit findings. Independent validation by internal assurance functions or external reviewers can further enhance confidence that culture change initiatives are appropriately designed and operating effectively.

To view the information paper, please click here.

Singapore Enforcement News – August 2026

Prohibition Order Against Lai Mei Lin (03 Aug 2026)

Enforcement Snapshot

Case: Ms Lai Mei Lin – Six-Year Prohibition Order

Breach:	Unauthorised System Access, Forgery and Misconduct for Personal Gain
Fine:	None
Suspension:	Six-year prohibition order
Regulator:	MAS

Summary of Facts:

MAS issued a six-year Prohibition Order against Ms Lai Mei Lin, a former representative and Unit Manager of Manulife Financial Advisers Pte. Ltd.

Between December 2019 and December 2020, Ms Lai obtained login credentials from two representatives under her supervision and used those credentials to access accounts within the firm's systems. She subsequently forged client and representative signatures to submit insurance policies and approved those policies in her supervisory capacity. MAS stated that the conduct was undertaken to increase commissions, boost team sales performance and obtain additional remuneration and benefits. Ms Lai also forged policy surrender forms using policyholders' signatures when premiums became due on these policies.

On 6 August 2024, Ms Lai was convicted of offences involving unauthorised access to computer material and forgery and was sentenced to eight months' imprisonment. MAS subsequently determined that she was no longer a fit and proper person under its Fit and Proper Guidelines and imposed a six-year PO.

To view the case, please click here.

Prohibition Order Against Low Jia Mei, Camie (12 Aug 2026)

Enforcement Snapshot

Case: Ms Low Jia Mei, Camie – Four-Year Prohibition Order

Breach:	Unauthorised Access to Customer Information
Fine:	S$12,000 court fine
Suspension:	Four-year prohibition order
Regulator:	MAS

Summary of Facts:

MAS issued a four-year Prohibition Order against Ms Low Jia Mei, Camie, a former relationship manager of Standard Chartered Bank (Singapore) Limited.

Ms Low used the computers of other bank employees on multiple occasions to access a customer's personal and transactional information without authorisation and for reasons unrelated to her work responsibilities.

On 26 February 2024, Ms Low was convicted of offences under the Computer Misuse Act and fined S$12,000. Following the conviction, MAS assessed that Ms Low was not a fit and proper person and issued a four-year PO prohibiting her from conducting regulated activities and holding management positions within financial institutions.

To view the case, please click here.

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In Singapore and Hong Kong, Waystone brings over 20 years of experience, working with clients regulated by the Monetary Authority of Singapore and the Securities and Futures Commission. Our team is well-equipped to provide bespoke, risk-focused, and cost-effective solutions. With extensive experience, we deliver the expertise you need while adding value to your corporate governance standards.

If you would like to discuss the themes raised in this guide with one of our APAC Compliance Solutions team members and learn how we can assist you, please contact us using the details below.

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