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- **HKMA publishes revised guidelines on anti-money laundering and counter-financing of terrorism in gazette**
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## **Green finance: ESAs put forward common understanding of greenwashing and warn on risks**

The European Supervisory Authorities (ESAs), comprising the [European Banking Authority](#) (EBA), the [European Securities and Markets Authority](#) (ESMA) and the [European Insurance and Occupational Pensions Authority](#) (EIOPA), have published their progress reports on greenwashing in the financial sector. The ESAs understand greenwashing as a practice where sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial services, thus potentially misleading consumers, investors, or other market participants. The reports highlight that sustainability-related misleading claims can occur and spread either intentionally or unintentionally and in relation to entities and products that are either within or outside the remit of the EU regulatory framework.

The national competent authorities (NCAs) and ESAs are working to meet expectations from stakeholders to ensure consumer and investor protection, support market integrity and maintain a trusted environment for sustainable finance.

The ESAs will publish final greenwashing reports in May 2024 and will consider final recommendations, including on possible changes to the EU regulatory framework.

## **DORA: ESAs launch discussion paper on criteria for critical ICT third-party service providers and oversight fees**

The ESAs have published a [joint discussion paper](#) seeking stakeholders' input on aspects of the Digital Operational Resilience Act (DORA). The discussion paper follows the EU Commission's request for technical advice on the criteria for critical ICT third-party providers (CTPPs) and the oversight fees to be levied on them.

The discussion paper is separated into two parts:

- proposals covering the criteria to be considered by the ESAs when assessing the critical nature of ICT third-party service providers, in particular a number of relevant quantitative and qualitative indicators for each of the criticality criteria, along with the necessary information to construct such indicators; and

- proposals in relation to the amount of the fees levied on CTPPs and the way in which they are to be paid, in particular the types of expenditure that shall be covered by fees as well as the appropriate method, basis and information for determining the applicable turnover of the CTPPs, which will form the basis of fee calculation. The ESAs are also seeking input on the fee calculation method and other practical issues regarding the payment of fees.

Comments are due by 23 June 2023. The feedback collected in the consultation will inform the technical advice that the ESAs will deliver to the Commission by 30 September 2023.

## **Benchmarks Regulation: ESMA publishes final draft RTS for benchmark administrator applications**

ESMA has published its [final report](#) on its review of the regulatory technical standards (RTS) on the information to be provided in an application for authorisation and registration under the EU Benchmarks Regulation.

This follows a consultation launched in November 2022 on ESMA's review and proposed RTS. The draft RTS are intended to safeguard equal treatment between EU and non-EU benchmarks administrators by aligning the information requested in applications from EU administrators with the information requested in recognition applications from non-EU administrators. Based on the feedback received, ESMA has not further amended the RTS.

The EU Commission has three months to decide whether to endorse the RTS.

## **EMIR: ESMA launches fifth stress test for CCPs**

ESMA has launched its [fifth stress test exercise](#) for central counterparties (CCPs) under the European Market Infrastructure Regulation (EMIR).

The framework for the stress test was developed in cooperation with NCAs and the European Systemic Risk Board (ESRB), and covers:

- credit stress, to assess the sufficiency of CCPs' resources to absorb losses under market price shocks and member default scenarios;
- concentration risk, to assess the impact of liquidation costs derived from concentrated positions;
- liquidity stress, to assess the sufficiency of CCPs' liquid resources under a combination of market price shocks, member or liquidity provider default scenarios and additional liquidity stress assumptions;
- climate risk, to assess the degree to which CCPs' business models are affected by the transition to a carbon-neutral economy, the consequences of the transition on collateral posted by clearing members, and the impact of physical risk on CCPs; and
- reverse stress which involves increasing the severity of the contemplated scenarios and identifies breaking points of the eco-system for credit, concentration and liquidity risks.

Fourteen CCPs authorised in the EU and two Tier 2 UK CCPs are expected to partake in the stress test. ESMA intends to publish the results of the test in H2 2024.

## **CCPRRR: ESMA publishes guidelines on failing CCPs and early intervention measures**

ESMA has published two sets of guidelines advising competent authorities (CAs) on how to act in the event of failing a CCP and [guidelines](#) on the consistent application of the triggers for the use of early intervention measures under the Central Counterparty Recovery and Resolution Regulation (CCPRRR).

The [first guidelines](#) advising CAs on how to act in the event of failing a CCP set out the application of the circumstances under which a CCP is deemed to be failing or likely to fail under Article 22(6) of the CCPRRR. They list a set of objective elements that should support the determination that a CCP is failing or likely to fail and are intended to promote the convergence of supervisory and resolution practices with respect to how and when resolution should be triggered.

The [second guidelines](#) set out the circumstances for imposing temporary restrictions in the case of a significant non-default event in accordance with Article 45a of EMIR. The guidelines provide details for CAs on the circumstances under which they should consider requiring a CCP to refrain from undertaking certain restricted actions to protect their capital resources, by identifying indicators and elaborating on circumstances prompting the consideration of whether to impose requirements on the CCP.

The [guidelines](#) on the consistent application of the triggers for the use of early intervention measures under the CCPRRR seek to provide guidance on the situations in which NCAs should consider the application of early intervention measures to CCPs, including indicators on the application of triggers prompting the consideration of whether to apply early intervention measures. They do not introduce new requirements for CCPs in addition to the ones specified in EMIR or the relevant technical standards. They relate to the common procedures and methodologies for the supervisory review and evaluation process (SREP) pursuant to Article 21 of EMIR and aim to establish consistent, efficient and effective supervisory practices within the European System of Financial Supervision (ESFS).

All three guidelines apply from 1 August 2023.

## **EBA consults on extending guidelines on money laundering and terrorist financing risk factors to cryptoasset service providers**

The EBA has launched a [consultation](#) on amendments to its guidelines on money laundering and terrorist financing (ML/TF) risk factors.

The proposed changes extend the scope of the guidelines to cryptoasset service providers (CASPs). The EBA proposes to amend the guidelines to set common regulatory expectations of the steps CASPs should take to identify and mitigate risks effectively.

The amendments introduce new sector-specific guidance for CASPs and highlight factors that may indicate a CASP's exposure to higher or lower ML/TF risk. The guidance sets out how:

- CASPs should consider these factors when carrying out the ML/TF risk assessments of their business and customers at the outset and during the business relationship;

- CASPs should adjust their customer due diligence in line with those risks; and
- other credit and financial institutions should consider these risks when engaging in a business relationship with a CASP or when they are otherwise exposed to cryptoassets.

Comments are due by 31 August 2023.

## **CRD5/CRR2: EBA consults on RTS and ITS on supervisory colleges**

The EBA has launched a [consultation](#) on draft RTS and draft implementing technical standards (ITS) on supervisory colleges under the Capital Requirements Directive (CRD4).

The EBA intends to replace the current RTS and ITS on colleges of supervision to implement the requirements set out in CRD5 and the Capital Requirements Regulation (CRR2), as well as to reflect observations from the EBA's ongoing college monitoring activity on the functioning of supervisory colleges.

The draft RTS on the general conditions of the functioning of supervisory colleges under Articles 51(4) and 116(4) of CRD4 and the draft ITS on the operational functioning of supervisory colleges under Articles 51(5) and 116(5) introduce changes relating to:

- enhanced information exchange within the college, as well as with observers, in going concern and in emergency situations;
- effective identification of emerging risks in case of an event of adverse material impact on the risk profile of the group or its entities; and
- appropriate use of the possibility for 'entrustment of tasks and delegation of responsibility' when it facilitates efficient and effective supervision of cross-border banking groups.

A public hearing on the consultation will take place on 28 June 2023.  
Comments are due by 30 August 2023.

## **Green finance: NGFS publishes stocktake on financial institutions' transition plans**

The Network for Greening the Financial System (NGFS) has published a [report](#) taking stock of emerging practices relating to financial institutions' climate transition plans and assessing the role of central banks and supervisors in relation to transition plans. The report sets out six key findings:

- there are multiple definitions of transition plans reflecting their use for different purposes;
- distinguishing transition planning (the process to design a transition strategy) from a transition plan (transparency to a specific audience) has merits;
- existing frameworks speak to a mix of objectives, audiences and concerns for transition plans but predominantly relate to climate-related corporate disclosures;

- transition plans could be a useful source of information for micro-prudential authorities to develop forward-looking views of risks and risk management frameworks;
- there are common elements to all transition plans which are relevant to assessing safety and soundness; and
- the role of micro-prudential authorities needs to be situated in context of the actions of other financial and non-financial regulators.

## **Market Abuse: Insider Dealing (Securities and Regulated Markets) Order 2023 made**

[The Insider Dealing \(Securities and Regulated Markets\) Order 2023](#) (SI 2023/582) has been made.

The Order amends the scope of the securities and markets for the criminal insider dealing offence set out in the Criminal Justice Act 1993 to broadly align it with the securities and markets in scope of the UK's civil market abuse offence set out in the UK Market Abuse Regulation (UK MAR).

The Order comes into force on 15 June 2023.

## **FCA publishes feedback statement on US dollar LIBOR decisions**

The Financial Conduct Authority (FCA) has published a [feedback statement](#) (FS23/2) on its decisions regarding US dollar LIBOR.

This follows a consultation (CP22/21) launched in November 2022 on the FCA's proposals to:

- require LIBOR's administrator, ICE Benchmark Administration Limited (IBA), to publish the 1-, 3-, and 6-month US dollar LIBOR settings using a synthetic methodology for a temporary period until end-September 2024;
- use the relevant CME Term SOFR Reference Rate plus the respective ISDA fixed spread adjustment as the methodology for a synthetic US dollar LIBOR;
- permit all legacy contracts other than cleared derivatives to use a synthetic US dollar LIBOR.

FS23/2 provides the FCA's response to the feedback received to CP22/21. The FCA announced its decision not to make any changes to its proposals on 3 April 2023.

The FCA has also published two technical notices under [Article 23B](#) and [Annex 4](#) of the UK Benchmarks Regulation as part of the implementation of its decisions. The FCA intends to publish further formal legal notices on 1 July 2023.

The FCA reminds participants to be prepared ahead of the 30 June 2023 deadline for:

- the overnight and 12 month-US dollar LIBOR settings to cease after final publication on 30 June 2023;
- the 1-, 3-, and 6-month US dollar LIBOR settings to be published in synthetic form from 3 July 2023 until end-September 2024, for use in legacy contracts only (other than in cleared derivatives); and

- all new use of remaining US dollar LIBOR settings to be prohibited. This overrides the exemptions permitted to the restriction on new use imposed from 1 January 2022, and as such all new use will be prohibited under the UK Benchmarks Regulation from 1 July 2023.

## FCA publishes Quarterly Consultation No. 40

The FCA has published its latest [quarterly consultation paper](#) (CP23/14) on proposed amendments to the FCA Handbook.

The FCA proposes to:

- make corrections and clarifications to MIFIDPRU 7 and SUP 16;
- introduce a post-trade transparency deferral for exchange traded fund (ETF) transactions executed at net asset value (NAV); and
- clarify the scope of the ban on offering retail clients incentives to invest in high-risk investments.

Comments are due by 10 July 2023.

## Joint Money Laundering Steering Group consults on amendments to guidance

The Joint Money Laundering Steering Group (JMLSG) has launched a [consultation](#) on proposed revisions to Part I of its guidance on the prevention of money laundering and combating terrorist financing.

The proposed revisions relate to:

- discrepancy reporting, as introduced by The Money Laundering and Terrorist Financing (Amendment) (No. 2) Regulations 2022 (affecting Part I Chapter 5 Paragraph 5.3.129A); and
- the mitigation of impersonation risk (affecting Part I Chapter 5 Paragraph 5.3.89).

Comments are due by 26 June 2023.

## New Cryptoasset Transfer Ordinance enters into force

The [Crypto Asset Transfer Ordinance](#) (KryptoWTransferV) of 22 May 2023 has been published in the German Federal Law Gazette. The KryptoWTransferV entered into force on 27 May 2023, thereby replacing the previously applicable ordinance of 24 September 2021, and will expire on the date on which the recast Regulation (EU) 2015/847 on information accompanying transfers of funds begins to apply.

The new KryptoWTransferV is intended to reduce the risk of ML/TF in the context of cryptoasset transfers by stipulating increased due diligence obligations for obliged entities pursuant to section 1 para 1 no 1 and 2 of the German Anti-Money Laundering Act (GwG) which carry out transfers of cryptoassets within the meaning of section 1 para 29 GwG. These obligations (which include the analogous application of certain provisions of the Wire Transfer Regulation (Regulation (EU) 2015/847)) relate to the collection, storage and verification of information in respect of the payer and/or the payee in order to improve the traceability and transparency of cryptoasset transfers.

## **CSSF issues circular letter on communication means for requests and reporting to CSSF**

The Luxembourg financial sector supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), has issued [Circular 23/833](#) on communication means for requests and reporting to the CSSF.

The circular is addressed to all professionals subject to CSSF supervision and applies with immediate effect.

The circular repeals CSSF circular letters 08/334 on encryption specifications for reporting firms and 08/344 on provisions relating to the transmission of reporting files to the CSSF.

The CSSF has indicated that as of now, depending on the proceeding or reporting concerned, professionals may use the following communication means:

- eDesk;
- API interface provided by the CSSF;
- MFT; and
- external transmission channels (currently eFile & Sofie).

## **CSSF issues circular letter on mandatory use of IMAS Portal for certain supervisory processes**

The CSSF, has issued [Circular 23/834](#) on the mandatory use of the IMAS Portal for certain supervisory processes.

The use of the IMAS Portal allows a more efficient processing of files at the Single Supervisory Mechanism (SSM) level and increases the transparency of the different processes and related communications. In this context, the CSSF has, upon recommendation of the European Central Bank (ECB) and like other NCAs within the SSM, decided to make the use of the IMAS Portal mandatory for supervisory processes within the scope of the circular.

The circular applies to all credit institutions incorporated under Luxembourg law for the following supervisory processes:

- for significant and less significant institutions: acquisition of qualifying holdings, passporting notifications (initial and subsequent changes), licensing procedures and voluntary withdrawals of licensing authorisations;
- for significant institutions only: appointments of the members of the management body, in their executive and supervisory (non-executive) functions, authorisation procedures for (mixed) financial holding companies, credit quality on-site inspection, internal models (non-material model changes and extensions), notification of outsourcing arrangements.

The IMAS Portal should not be used in the following supervisory processes:

- applications for third-country branches;
- licence lapsing notifications;
- fit and proper assessments in the following cases: notification of key function holders (who are not expected to also become members of the management body), notification of renewals (without any change in the executive or nonexecutive nature of the mandate) and communication of



new material facts regarding appointees previously assessed and approved.

Following the introduction of the IMAS Portal, the submission of original documents is no longer required for supervisory processes within the scope of the circular. However, the relevant parties must ensure that the documents sent electronically constitute a true copy of the original and that the original documents are available upon the CSSF's request.

The CSSF has stressed that the relevant parties must use the IMAS Portal not only for the submission of their initial applications but also for any subsequent exchange of information. E-mails outside the IMAS Portal may be necessary; however, the communication required to complete the documentation and advance the process must be done within the IMAS Portal.

The registration and use of the IMAS Portal are free. A link to the IMAS Portal and details for registration and account activation can be found in the circular.

The circular repeals and replaces Circular CSSF 20/763 and Circular CSSF 21/781 on the same topic.

## **CSSF issues circular letter on raising 2023 ex-ante Single Resolution Fund contributions**

The CSSF has issued [Circular CODERES 23/16](#) on raising the 2023 ex-ante contributions according to Articles 69 and 70 of Regulation (EU) No 806/2014 (SRMR) for the Single Resolution Fund (SRF).

Pursuant to Article 2 of the law of 18 December 2015 implementing the agreement on the transfer and mutualisation of contributions to the SRF, all credit institutions subject to the SRMR (concerned banks) have to transfer, upon instruction by the CSSF, the requested amounts to an account of the Fonds de résolution Luxembourg, which in return will transfer the collected amounts to the SRF. The amounts for the 2023 contributions are due by 15 June 2023.

Details of the calculation of the amount to be paid are described in the circular's Annex 1, which can be found on the relevant CSSF webpage referred to in the circular. The CSSF will distribute the individual invoices to institutions in the coming days after issuance of the circular.

The conditions concerning irrevocable payment commitments (IPC) compared to the 2022 contribution cycle remain similar: Article 8(3) of the Council Implementing Regulation (EU) 2015/81 of 19 December 2014 (CR) provides that during the initial period, under normal circumstances, the Single Resolution Board (SRB) shall allow the use of IPC upon request from a concerned bank. For the 2023 contribution period, the SRB has decided that concerned banks are allowed to provide IPC equal to an amount of 22.5% of the amount to be paid (2022: 15.0%). The SRB has, furthermore, decided that these IPC must be fully backed by collateral exclusively in the form of cash collateral in euro. Even if the concerned bank has already applied in previous years to use IPC, this application has to be renewed for 2023.

Only a fully completed and duly signed application package consisting of an application form and an IPC agreement can be considered as a valid request. An Excel copy of the completed application form labelled '[CSSF No. (NOSIG)]2023\_Application Form' has to be sent by COB on 9 June 2023 at the latest via email to the CSSF at [res@cssf.lu](mailto:res@cssf.lu). In addition, the application

form and signed IPC agreement have to be sent either to the physical address of the SRB or by e-mail to [SRB-IPC@srb.europa.eu](mailto:SRB-IPC@srb.europa.eu).

Failure to comply with the requirements set out above will preclude the concerned bank from using IPC for the 2023 contribution period. By 31 July 2023 at the latest, the SRB will return the countersigned IPC agreement to the concerned bank at the address provided in the application form. The process above applies only for this year.

## **Luxembourg bill on transposition of certain provisions of AMLD 5 published**

A [bill](#) amending the law of 7 March 1980 on the organisation of the judiciary (1980 Law) to ensure the transposition of certain provisions of Directive (EU) 2018/843 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of ML/TF (AMLD 4) and amending Directives 2009/138/EC and 2013/36/EU (AMLD 5) (Bill No. 8215) has been lodged with the Luxembourg Parliament.

The Bill introduces two new paragraphs in Article 74-5 of the 1980 Law:

- a new paragraph 7 aims to specify the terms of mutual assistance and of the exchange, dissemination and use of information between the Financial Intelligence Units (FIU) of the EU, in case the definition of ‘associated predicate offence’ differs between national laws; and
- a new paragraph 9 aims to specify the conditions for refusing to disseminate information and documents to a FIU of an EU Member State. This proposed addition is intended to meet the requirements of Article 55(2) AMLD 4, as replaced by Article 1(35) AMLD 5.

The lodging of the Bill with the Luxembourg Parliament constitutes the start of the legislative procedure.

## **Dutch Ministry of Finance consults on implementation of DORA**

The Dutch Ministry of Finance has launched a [consultation](#) on the implementation of Directive 2022/2556 on digital operational resilience for the financial sector, which, together with the accompanying DORA to improve the cyber and information communication technology (ICT) resilience of the financial sector by imposing obligations regarding the ICT infrastructure of financial institutions. It also gives supervisory powers to the European Supervisory Authorities (ESAs) over critical third-party service providers that provide ICT-related services to financial institutions (such as cloud platforms or data analytics services). The aim for financial institutions is to make that sure they can withstand, respond to, and recover from all types of ICT-related disruptions and threats.

The consultation will result in amendments to the Financial Supervision Act (Wet op het financieel toezicht) and is particularly relevant to banks, investment firms, payment services providers, collective investment institutions, insurance and reinsurance companies, and institutions for occupational retirement provision. The consultation documents consist of a draft bill and accompanying explanatory notes.

Comments are due by 26 June 2023.

## Swiss Federal Council consults on introduction of liquidity backstop for systematically important banks

The Federal Council has [initiated](#) a consultation on the introduction of a public liquidity backstop (PLB) for systemically important banks (SIBs) in the Banking Act (BankA).

On 16 March 2023, the Federal Council had used emergency law to introduce the framework for a PLB in order to prevent a disorderly bankruptcy of Credit Suisse. These provisions, and other measures in connection with the subsequent takeover of Credit Suisse by UBS, flowed into the proposed amendments to the BankA which are subject to the consultation. To prevent an expiration of the emergency measures, the Federal Council must submit draft legislation to Parliament within six months.

Due to the urgency, the consultation period will last until 21 June 2023.

## HKMA publishes revised guidelines on anti-money laundering and counter-financing of terrorism in gazette

The Hong Kong Monetary Authority (HKMA) has published in the gazette its revised guidelines on anti-money laundering and counter-financing of terrorism (AML/CFT Guidelines) applicable to [authorised institutions](#) (AIs) and [stored value facility](#) (SVF) licensees, respectively.

Earlier in 2023, the HKMA conducted an industry consultation on proposed amendments to the AML/CFT Guidelines and it published the [consultation conclusions](#) on 16 May 2023. The revised AML/CFT Guidelines take into account the latest international standards set by the Financial Action Task Force (FATF) as well as comments from respondents and other relevant authorities. Amongst other things, the key comments of the consultation conclusions relate to the following:

- the HKMA has clarified that adding digital identification systems to section 2(1)(a) of Schedule 2 to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO) as an alternative means for identity verification does not affect current industry practices of remote customer on-boarding. The HKMA has also confirmed that the guidance on remote on-boarding provided in recent years remains applicable;
- in addressing the industry's concerns over the new definition of 'beneficial owner' in the AMLO in relation to trusts or other similar legal arrangements, the HKMA has provided additional guidance on class of beneficiaries and reasonable measures to verify trust beneficiaries in its revised AML/CFT Guidelines;
- the respondents welcomed the greater flexibility in the treatment of former politically exposed persons (PEPs) who are no longer entrusted with a prominent public function, allowing AIs to take a risk-sensitive approach in determining if enhanced due diligence (EDD) measures need to be applied. The HKMA has calibrated the proposal by removing the regulatory requirement for senior management approval when AIs decide to disapply EDD measures to former PEPs;
- to help implement the FATF standards on virtual assets and virtual assets service providers (VASPs), the Securities and Futures Commission is introducing a licensing regime for, and imposing statutory AML/CFT obligations on, VASPs. The HKMA has reminded the industry that AIs,

including registered institutions, should continue to comply with the AML/CFT Guidelines published by the HKMA, whereby Footnote 1 provides that RIs and associated entities that are AIs are required to have regard to the SFC Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations and SFC-licensed Virtual Asset Service Providers); and

- the HKMA has clarified that the proposed amendments in relation to bearer shares, nominee directors and nominee shareholders are technical in nature and should not affect the way customer due diligence is conducted. As far as nominee directors are concerned, the proposed amendment does not add an expectation for AIs to make proactive checks on whether directors are nominee directors.

The revised HKMA AML/CFT guidelines are effective from 1 June 2023.

### **SFC issues circulars on transitional arrangements and regulatory requirements for new licensing regime for virtual asset trading platforms**

The Securities and Futures Commission (SFC) has published circulars to set out the [regulatory requirements](#) and [transitional arrangements](#) to implement the new licensing regime for virtual asset trading platforms (VATPs) under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO).

The new licensing regime came into effect on 1 June 2023. Under the new regime, all VATPs carrying on a business of operating a virtual asset exchange (VA service) in Hong Kong or actively marketing their services to Hong Kong investors will need to be licensed by the SFC.

The transitional arrangements aim to provide reasonably sufficient time for VATPs which were providing a VA service in Hong Kong before 1 June 2023, and are prepared to comply with the SFC's standards, to apply for a licence and to review and revise their systems and controls to comply with the applicable legal and regulatory requirements. Those who do not plan to apply for a licence are expected to proceed to an orderly closure and cease any active marketing of their services to Hong Kong investors.

Further, the SFC has clarified that the transitional arrangements apply only to VATPs providing trading services in non-security tokens. There is no transitional arrangement for compliance with the Securities and Futures Ordinance (SFO). VATPs that intend to provide trading services in security tokens will be subject to the securities laws of Hong Kong and should commence their businesses in providing trading in security tokens only upon obtaining the relevant licence under the SFO.

In the circular on implementation of new licensing regime for VATPs, the SFC has highlighted documents and information which can assist licence applicants and provide guidance on the new regulatory requirements. These include the following:

- Guidelines for Virtual Asset Trading Platform Operators;
- Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations and SFC-licensed Virtual Asset Service Providers);

- Prevention of ML/TF Guideline issued by the Securities and Futures Commission for Associated Entities of Licensed Corporations and SFC-licensed Virtual Asset Service Providers;
- Licensing Handbook for Virtual Asset Trading Platform Operators;
- frequently asked questions on licensing matters and conduct-related matters; and
- licensing forms, financial returns and relevant documents, questionnaires, a dedicated e-mail for licensing enquiries, and a webpage for virtual asset activities.

### **MAS partners Google Cloud to advance capabilities in generative AI technology**

The Monetary Authority of Singapore (MAS) and Google Cloud have [signed](#) a memorandum of understanding (MoU) to collaborate on generative artificial intelligence (AI) solutions that are grounded on responsible AI practices.

The partnership is intended to explore technology opportunities to advance the development and use of responsible generative AI applications within the MAS, as well as cultivating technologists with deep AI skillsets. In particular, the MoU provides a framework for cooperation in technology and industry best practices to:

- identify potential use cases, conduct technical pilots, and co-create solutions in responsible generative AI for the MAS' internal and industry-facing digital services;
- co-operate on responsible generative AI technology application development and test-bedding of cutting-edge AI products for business functions and operations, in line with the MAS' technology plans and other areas of mutual interests; and
- support the technical competency development regarding responsible generative AI as well as deep AI skillsets for MAS technologists.

### **SGX Group launches first Singapore Depository Receipts under Singapore-Thailand DR Linkage**

The Singapore Exchange (SGX Group) has [launched](#) the first batch of Singapore Depository Receipts (SDRs) under the Thailand-Singapore DR Linkage. SDRs represent a beneficial interest in a security listed on an overseas exchange. The current Singapore-Thailand DR linkage provides investors access to Thai-listed companies via SDRs listed and traded on the SGX. According to SGX Group, the benefits of SDRs include: cost simplification; convenience of SGX market hours, trading and clearance; CDP custody; the ability to convert between SDRs and the underlying security; and transparency of information on the SGX and the SDR issuer's website.

SDRs are issued for trading on the SGX on an unsponsored basis by an intermediary (SDR issuer) that does not have a formal agreement with the issuer of the underlying security. Each SDR represents a specific number of securities listed on an overseas exchange, deposited with a custodian in the home market. The underlying securities are registered in the name of the custodian and held for the benefit of the SDR issuer. The SDR issuer issues SDRs for trading on the SGX-ST, in accordance with SGX-ST market rules.

The SDR and its underlying securities are fully convertible, facilitated by the SDR issuer.

Investors in SDRs will be entitled to certain benefits attached to the underlying securities, such as dividend and other cash distributions. It should be noted that SDR holders will not have any voting rights. SDR holders may exercise voting rights attached to the underlying securities by cancelling their SDR and taking delivery of the underlying securities.

The first batch of SDRs to be traded on the SGX are issued by Phillip Securities as SDR issuer and are Thai SDRs that represent interests in the underlying securities of some of Thailand's largest companies – Airports of Thailand (AOT), CP All (CPALL) and PTT Exploration & Production (PTTEP) – all of which are constituents of the benchmark SET50 Index.

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