

The background is a nighttime photograph of a cityscape, likely Hong Kong, featuring illuminated skyscrapers and a street with traffic. A large, semi-transparent purple overlay covers the left and center portions of the image. Overlaid on this purple area is a white grid pattern that resembles a wireframe or a data visualization. The text is positioned on the left side of the purple overlay.

SLAUGHTER AND MAY
Hong Kong Financial
Regulatory brochure

Our Financial Regulatory practice

Slaughter and May has a leading specialist Financial Regulatory practice. The team advises on a broad range of financial services and regulatory matters, both contentious and non-contentious.

We have detailed knowledge of and contacts with the key Hong Kong financial market regulators, as well as competition and other regulatory bodies focusing on the financial sector.

We advise many financial institutions and corporates - including established industry players and new-entrant challenger businesses - on the scope of the Hong Kong regulatory regime. We provide initial feasibility planning through to transactional execution for group reorganisations, start-ups, M&A, joint ventures, digital transformation, portfolio

rebalancings, sales and purchases and new business lines. We give practical advice on the scope of the Hong Kong regulations in the context of market practice and with the benefit of our knowledge of international standards and best practice.

We advise on responses to regulatory investigations and inquiries by the Hong Kong Securities and Futures Commission (SFC), the Hong Kong Stock Exchange (HKSE), the Hong Kong Monetary Authority (HKMA), the Hong Kong Competition Commission (HKCC), the Office of the Privacy Commissioner for Personal Data Hong Kong (PCPD), the Hong Kong Independent Commission Against Corruption (ICAC), the Joint Financial Intelligence Unit (JFIU) and the Hong Kong Police Force (HKPF).

Our regulatory advice extends to data privacy, both in an Asian and European context.

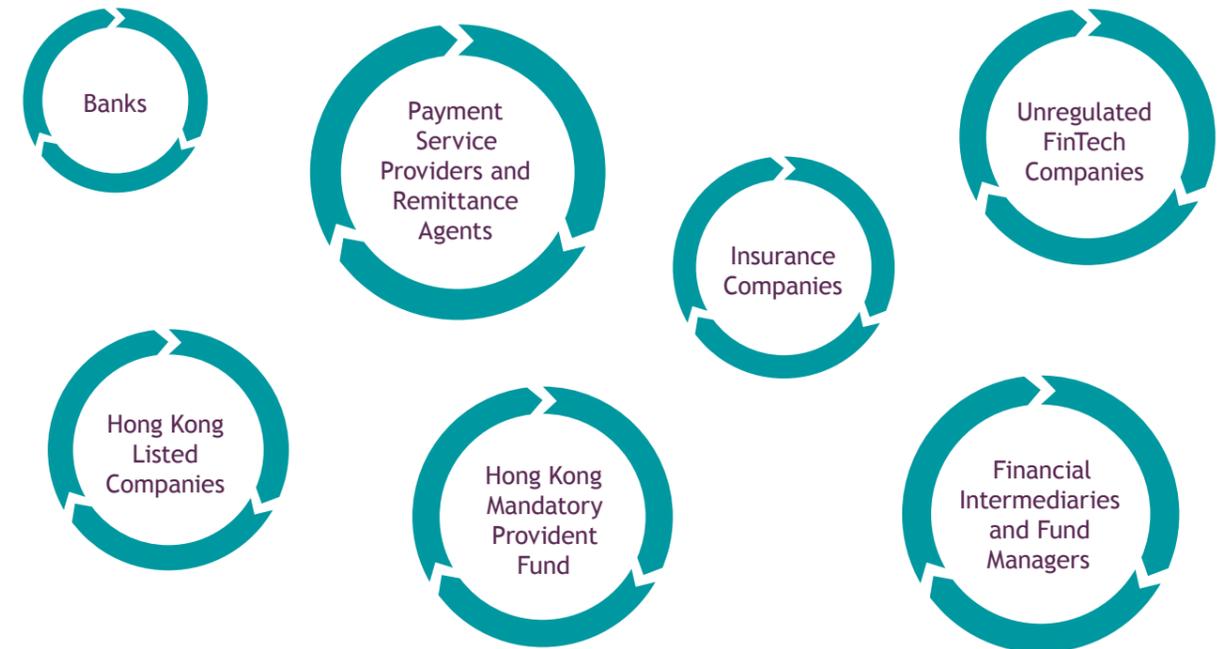
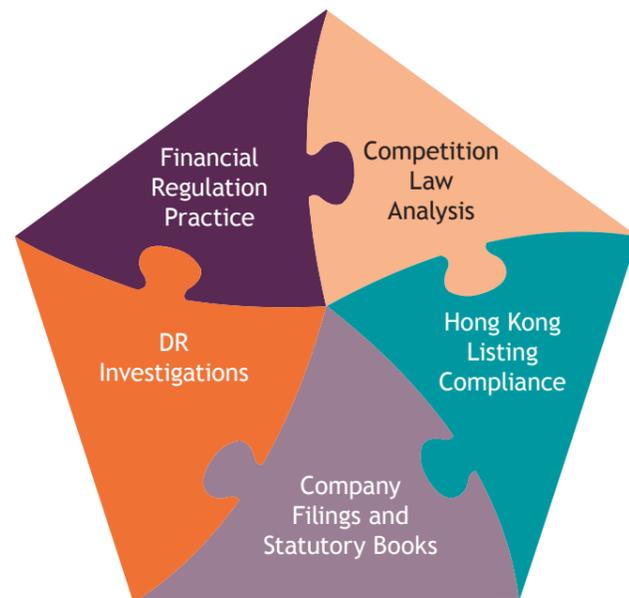
The financial institutions we advise include banks, financial intermediaries and fund managers, insurance companies, infrastructure providers, payment services providers and remittance agents, and the Hong Kong Mandatory Provident Fund. We advise corporates ranging from blue chip Hong Kong listed companies to unregulated FinTech companies.

We also offer a leading Hong Kong and Asian cross-border M&A practice.

In addition, we advise on Hong Kong, PRC and Asian competition law and on compliance issues under the HKSE Listing Rules.

Our in-house regulated company secretarial service team assists on regulatory requirements for Hong Kong companies, such as the significant controllers register which was introduced in March 2018.

We therefore provide a seamless service across a range of disciplines that cover the contentious and non-contentious regulatory landscape, including data privacy and competition law, HKSE Listing Rules compliance and company secretarial compliance.



A snapshot of our key non-contentious regulatory experience

Our lawyers' experience includes advising:

- **Standard Chartered** on its strategic joint venture to build a new standalone digital retail bank in Hong Kong. From the original 30 applications submitted in mid-2018, the JV is among the first three successful applicants to receive a virtual bank licence from the Hong Kong Monetary Authority. The licence was issued on 27 March 2019. SCBHK is the majority shareholder in the joint venture with a 65.1% shareholding, with PCCW Limited, HKT Limited and Ctrip.com (Hong Kong) Limited holding 10%, 15% and 9.9%, respectively
- a number of leading international **FinTech** businesses, including:
 - **Stripe** on its multifaceted payment processing business
 - **Ingenico** on its payment processing business
 - **Flywire** on its payment services business
 - **PayActiv** on its liquidity services
 - **LiquidX** on its trade finance receivables e-marketplace

- **Standard Life** on the Hong Kong regulatory approvals required for its merger with Aberdeen Asset Management, which involved assets under management with an aggregate value of GBP670 billion
- **Prudential plc** on the proposed demerger of its UK & Europe business (M&G Prudential) from Prudential plc, resulting in two separately-listed companies. On completion of the demerger, Prudential plc will be a leading international insurance group focused on high-growth opportunities in Asia, the US and Africa, headquartered in London and retaining its premium listing on the London Stock Exchange, its primary listing in Hong Kong, and other listings in Singapore and New York

The Hong Kong regulatory work for this matter includes:

- working with the Securities and Futures Commission and the Insurance Authority to effect the various intra-group transfers and the wider demerger

- Prudential plc becoming subject to group-wide regulatory supervision by the Insurance Authority. Until group-wide supervisory insurance legislation is brought into effect in the next few years, in the interim period a separate regulatory framework is being settled between the Prudential group and the Insurance Authority. Prudential plc will become only the third insurance group subject to group-wide supervision by the Hong Kong Insurance Authority
- obtaining approval from the Hong Kong Stock Exchange for the spin-off of M&G Prudential, a wholly-owned subsidiary of Prudential plc, by way of a separate listing on the London Stock Exchange
- **Standard Chartered** on its establishment of a Hong Kong hub entity structure that will enhance capital and liquidity utilisation across the Standard Chartered group. Substantive regulatory applications were required to be made to the Hong Kong Monetary Authority, as well as notifications to the Securities and Futures Commission and other Hong Kong regulators. The work also involved a number of other international regulators: (i) UK

Prudential Regulation Authority and Financial Conduct Authority; (ii) PRC China Banking and Insurance Regulatory Commission and State Administration for Industry and Commerce); (iii) Taiwan Banking Bureau under the Financial Supervisory Commission; and (iv) Korean Financial Supervisory Service and Financial Services Commission

- **Marsh & McLennan** (Marsh) on the Hong Kong regulatory approval and notification requirements resulting from its US\$5.6 billion acquisition of Jardine Lloyd Thompson (JLT) (which completed on 1 April 2019), whose group includes certain Hong Kong registered insurance agents, authorized insurance brokers and MPF intermediaries; and on the regulatory approval and notification requirements resulting from Marsh's subsequent disposal (by way of asset transfer) of the global aerospace insurance broking business of JLT to Arthur J. Gallagher (a condition to the European Commission clearing Marsh's acquisition of JLT)



- **Yuanta Commercial Bank (YCB)** on the Hong Kong regulatory aspects of its merger with Ta Chong Bank (TCB). YCB and TCB, both incorporated in Taiwan, merged pursuant to a statutory merger under Taiwan law, with YCB being the surviving entity. The Taiwan merger was recognised in Hong Kong under the doctrine of universal succession. The HKMA transferred TCB's banking licence to YCB. This is the first transfer of a banking licence since 2007. The merger and the transfer of the banking licence completed on 1 January 2018
- **OCBC bank** on its acquisitions of:
 - National Australia Bank's (NAB) Private Wealth business in Singapore and Hong Kong. The acquisition comprised a US\$1.7 billion mortgage portfolio of mainly residential mortgage loans, and a US\$3.05 billion deposit portfolio in a mix of currencies. The acquisition was subject to regulatory approval and completed in the last quarter of 2017
 - (via Bank of Singapore) Barclays wealth and investment business in Singapore and Hong Kong, of AUM around USD13 billion. The acquisition was subject to regulatory approval and completed in November 2016
- **Union Bancaire Privée, UBP SA (UBP)** on the corporate and regulatory aspects of its application for a Hong Kong banking licence and subsequent acquisition of the Hong Kong banking and wealth management business of Coutts & Co. AG (Coutts) from The Royal Bank of Scotland plc. The acquisition completed in April 2016
- **Standard Chartered** in relation to:
 - the sale of its consumer finance businesses in Hong Kong and Shenzhen, being PrimeCredit Limited and Shenzhen PrimeCredit Limited, to a consortium comprising China Travel Financial Holdings Co., Limited, Pepper Australia Pty Limited and York Capital Management Global Advisors, LLC. The transaction was ranked as Standout in the Corporate & Commercial Internationally headquartered firm category in the FT Asia-Pacific Innovative Lawyers 2015 report published by the Financial Times
 - the withdrawal of Primecredit Limited's HKMA authorization in connection with the above sale
 - the acquisition of American Express Bank, which involved 47 jurisdictions, primarily to re-enter the private banking business
- **Liu Chong Hing Investment** and its subsidiary, **Chong Hing Bank**, a Hong Kong-based commercial bank, on the US\$1.5 billion acquisition by municipality-owned and Guangzhou-based Yue Xiu Enterprises. This deal was ranked as Standout and received the highest score in the Corporate & Commercial (Internationally Headquartered Firms) category in the FT Asia-Pacific Innovative Lawyers 2014 report published by the Financial Times
- **CIMB Group**, a financial services group operating in South-East Asia, on its acquisition of certain cash equities, equity capital markets, corporate finance and sector businesses of The Royal Bank of Scotland in Hong Kong, China, India, Australia, Taiwan, Thailand, Malaysia, Singapore and Indonesia
- **Australia & New Zealand Banking Group (ANZ)** in relation to its US\$550 million acquisition of the retail and commercial assets of The Royal Bank of Scotland in Hong Kong, including retail, wealth and commercial businesses in Taiwan, Singapore, Indonesia and institutional businesses in Taiwan, the Philippines and Vietnam
- various SFC registered companies on their ongoing licensed corporation regulatory work, including internal compliance processes and applications for additional SFC regulated activity permissions.



A snapshot of our key contentious regulatory experience

Our lawyers' experience includes advising:

- an investment bank in relation to investigations in multiple jurisdictions into the setting of various interbank benchmark rates including global IBOR investigations and HKMA's HIBOR investigation in Hong Kong
- a Hong Kong-listed company in respect of an investigation by the ICAC into the activities of certain employees in relation to overseas contracts and in respect of a subsequent prosecution of former employees
- a former chairman of a leading meat product manufacturer in China which is listed in Hong Kong in a SFC investigation into alleged insider dealing. The investigation ended with no enforcement action taken
- a director of a PRC wine manufacturer, which is listed on the Hong Kong Stock Exchange, in a SFC investigation concerning allegations of disclosure of false or misleading information
- a news publisher in an SFC investigation into alleged dissemination of false or misleading information inducing transactions, which raised complex issues of constitutional law balancing the freedom of the press and the SFC's power to compel production of journalistic materials. A resolution was reached with the SFC
- the Independent Committee of the Board of Directors of one of the largest electrical appliance retailers in China in respect of the settlement of proceedings commenced by the SFC against the client's former officers, resulting in payment of compensation of over HK\$400 million to the client. This case involved liaising with the SFC and The Stock Exchange of Hong Kong (SEHK)
- an asset management company and its proprietor in a judicial review against the SFC, the grounds of the review being that it was unlawful or unconstitutional for the SFC to share information which was obtained in Hong Kong by compulsion with a foreign counterpart
- various employees of an investment bank in a cross border investigation relating to the bank's hiring practices including advising clients in relation to investigations by the ICAC
- a Chinese SOE listed on the HKSE in an ongoing SFC investigation into alleged criminal and administrative breaches of the SFO concerning the timing and content of a profit warning announcement. This case also involves complex jurisdictional issues and negotiation with the SFC and the CSRC in respect of evidence gathering outside Hong Kong
- a Chinese bank as well as a number of senior employees in respect of a SFC investigation into its role as sponsor of a company listed in Hong Kong
- a French listed corporation in a SFC investigation concerning an allegation of insider dealing arising from an acquisition of shares in a HK listed company
- a Hong Kong listed company in relation to a Hong Kong Stock Exchange investigation for breaches of the Listing Rules arising from insufficient public float
- various Hong Kong financial services and listed clients in respect of investigations by the SFC into allegations of market manipulation, insider dealing and other breaches of the Securities and Futures Ordinance. These matters have included subsequent criminal prosecutions
- a listed company in Hong Kong which manufactured and distributed health related products in the mainland in a SFC investigation into alleged disclosure of false or misleading information inducing transactions in the shares of the company. The investigation was concluded in the company's favour, no enforcement action was taken. Also acting for the same company in another investigation involving a search operation conducted by the SFC officers of the client's premises
- a senior executive in an investigation by the Independent Commission Against Corruption
- an eye-wear retailer regarding a complaint to the Officer of the Privacy Commissioner for Personal Data
- a number of individuals in a SFC investigation concerning market manipulation
- an insurer in respect of an inquiry by the Office of the Commissioner of Insurance.
- FCPA and UK Bribery Act audits for a US manufacturer with the operations in Bangkok and China



Our Financial Regulatory senior practitioners include:



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Peter Lake advises companies, financial institutions and fund management groups. He is a member of The Law Society of Hong Kong's Investment Products and Financial Services Committee and is listed in the 2019 edition of *Who's Who Legal Banking: Finance* in Hong Kong, and as a Highly Regarded Lawyer in the *IFLR1000 Asia-Pacific 2019* for Banking in Hong Kong. He is also recommended in *Chambers Asia-Pacific 2019* for Banking & Finance: Hong Kong-based (International Firms) – China, and Financial Services: Non-contentious Regulatory (International Firms) – China.



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Wynne Mok is a partner in our investigations and dispute resolution practice in Hong Kong, focusing on regulatory investigations and inquiries, commercial litigation, and securities investigations. Wynne was a Director of Enforcement of the SFC where her principal responsibilities included managing litigation involving the Enforcement Division. Prior to the SFC, Wynne was a dispute resolution partner at a global law firm where she handled cases in a broad range of areas with a particular focus on commercial litigation, securities investigations, business ethics and anti-corruption, contentious trust and probate, and employment disputes. Wynne is an appointed Solicitor Advocate in Hong Kong and has been granted Higher Rights of Audience before the High Court and the Court of Final Appeal in civil proceedings in Hong Kong.



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Chris McGaffin is a partner covering all aspects of our corporate practice, including mergers and acquisitions and equity capital markets, in Hong Kong and across Asia-Pac. He advises global and Hong Kong-based corporates, funds and financial institutions. His recent work includes matters for Prudential, Aviva, FWD, Standard Chartered, and SoftBank Vision Fund. In the 2019 edition of *IFLR1000 Asia-Pacific*, Chris is recognised as a 'Rising star' for M&A. He is listed in *The Lawyer's Hot 100 2017* and was voted second in the *Financial News' Partner of the Year Award 2017*. Prior to joining our Hong Kong office, Chris spent 12 years working from our London office, including six months on secondment as an investment banker at Barclays in 2011.



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Mike Ringer is a senior associate in our Hong Kong office. He is involved in a wide range of regulatory, financing and corporate work, advising companies, financial institutions and asset managers. Prior to joining our Hong Kong office, Mike was based in our London office, where he specialised in corporate tax. He is admitted as a solicitor in England and Wales and in Hong Kong.



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Ben Heron is a senior associate in our Hong Kong office. He is involved in a wide range of regulatory and corporate work, advising corporates, insurers and financial institutions, notably in the areas of bancassurance and digital banking. Ben has also been seconded to Prudential and has co-authored the Hong Kong chapters of *The Asset Management Review* and *Hedge Funds, Jurisdictional Comparisons*. He is admitted as a solicitor in England and Wales and in Hong Kong.



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Kevin Warburton is a counsel in our Hong Kong office's investigations and dispute resolution practice. He is experienced in advising clients in relation to investigations and inquiries by regulatory authorities in Hong Kong, the UK and US as well as having recent experience in the UK Supreme Court involving judicial review proceedings against regulatory decisions. Kevin is also an expert in matters of data protection and privacy. Prior to joining our Hong Kong office, Kevin spent 9 years in our London office.

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For further information, please speak to your usual Slaughter and May contact.

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