

## A Guide to Key Regulatory Issues for Financial Institutions in Asia Pacific during the COVID-19 Outbreak

Financial Institutions Industry Group | Asia Pacific



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# HONG KONG



Key regulatory issues for financial institutions in Hong Kong during the coronavirus outbreak

In view of the novel coronavirus (COVID-19) outbreak in Asia (including Hong Kong), financial regulators and financial institutions have continued to be pro-active in monitoring the evolving situation and the implications on the market. It is important for financial institutions to have in place relevant measures to ensure continuity and sustainability.

Since the outbreak of Severe Acute Respiratory Syndrome (SARS) in Hong Kong back in 2003, financial institutions in Hong Kong have been cautious in reinforcing their preventive measures, contingency procedures, and recovery equipment and facilities to ensure they are effective in handling an outbreak of communicable disease.

At the time of SARS, the regulators in Hong Kong including the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) issued various guidance and recommendations. In the COVID-19 situation, the HKMA and the SFC have issued further guidance. We will discuss below the regulatory expectations, the risk areas financial institutions should watch out for and the steps to take.

## Regulatory Standards and Best Practice

The "best practices" suggested by both the HKMA and SFC in the event of an outbreak of a serious communicable disease are broadly similar and we summarise the recommendations as follows<sup>1</sup>:

### Activation of Business Continuity Plan (BCP)

- Determine the bare minimum services that should continue to be provided to customers in a worst-case scenario
- Make relevant staff arrangements such as work from home, and for each critical operation area, identify a small team of skeleton staff and send them to work in an alternative location

1 | <https://www.sfc.hk/edistributionWeb/gateway/EN/circular/intermediaries/licensing/openFile?refNo=H289>;  
<https://www.sfc.hk/edistributionWeb/gateway/EN/news-andannouncements/news/doc?refNo=03PR86>  
[https://www.hkma.gov.hk/eng/regulatory-resources/regulatoryguides/circulars/2003/04/circu\\_20030402-1/](https://www.hkma.gov.hk/eng/regulatory-resources/regulatoryguides/circulars/2003/04/circu_20030402-1/);  
[https://www.hkma.gov.hk/eng/regulatory-resources/regulatoryguides/circulars/2003/10/circu\\_20031008-1/](https://www.hkma.gov.hk/eng/regulatory-resources/regulatoryguides/circulars/2003/10/circu_20031008-1/)

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- Make alternative internal plans to ensure continuity of services such as making arrangements with head office and other overseas offices to cover certain activities (e.g., dealing room activities) in case of need
- Check with critical suppliers and major outside service providers to ensure their capability to continue to provide services in contingency situations

## Information technology, capability and cybersecurity

- Encourage customers and staff to use telephone or online facilities
- Ensure mobile computing equipment and computer networks including any telephone recording systems can support "work from home" and "split operations" for a prolonged period
- Review system capacity to cater for the potential upsurge in transaction volume via electronic channels
- Ensure adequate back-up facilities, mobile computing/communication devices and network bandwidth
- Ensure that the additional cyber-security risks (e.g., scams, phishing and ransomware attacks) are properly managed

## Work environment, monitoring and reporting of infection cases

- Maintain a high level of environmental hygiene and ensure adequacy of face masks, hand gloves, disinfectant, etc., and consider retaining medical practitioners to provide advice on latest developments
- Establish a clear command, control and communication structure (including a command centre for information sharing, corporate decision making and revising arrangements) to effectively monitor the latest developments of the pandemic and manage any possible incidents
- Track any abnormal sickness and suspected infection of staff
- Report all confirmed or suspected cases of infection to the internal command centre, which should decide on the actions to be taken (e.g., release of staff members who sit close to, or have frequent contact with the infected staff)
- Notify the regulator(s) promptly if there is any confirmed or suspected case, and ensure continued communications with them on the developments

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## Communications with customers and counter-parties

- Clearly communicate with customers and counter-parties on any limitation or interruption on the service offerings and also the alternative arrangements that are made available to them

### Latest Guidance

#### Latest SFC guidance

On 5 February 2020,<sup>2</sup> the SFC reminded the market that licensed corporations, applicants and other market participants are generally expected to make all reasonable efforts to maintain "business as usual" in respect of regulatory obligations, including the meeting of deadlines. These market players should promptly communicate with the SFC if they encounter specific difficulties arising from the coronavirus situation.

#### Latest HKMA guidance

On 6 February 2020, the HKMA issued a letter on the temporary relief measures that authorised institutions (AIs) are encouraged to implement to mitigate the financial impact of the coronavirus outbreak on the AIs' customers.<sup>3</sup> In particular, the HKMA welcomes initiatives such as principal moratorium for mortgages, fees reduction for credit card borrowing and restructuring of repayment schedules for corporate loans.

The HKMA has advised the banking industry to take a proactive approach and adopt a sympathetic stance in dealing with customers facing financial stress due to the coronavirus situation. AI's should, to the extent permitted by prudent risk management principles, consider requests for temporary relief arrangements favourably and ensure its staff are aware of such policies.

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2 | <https://www.sfc.hk/edistributionWeb/gateway/EN/news-andannouncements/news/doc?refNo=20PR10>

3 | <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-andcircular/2020/20200206e1.pdf>

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## Actions to consider

As the situation develops and the impact of the outbreak remains evolving, financial institutions are advised to ensure compliance by:

- assessing how the business could be disrupted by coronavirus and activate BCP
- evaluating staff arrangements and the working environment and consider / implement temporary closures of office, work from home, and/or other alternative arrangements
- evaluating operations and resources arrangement and consider the need to obtain support from head office or other offices
- evaluating technology needs and ability to support increased demand and address potential cybersecurity risks
- evaluating existing contracts and arrangements with customers, suppliers and service providers, consider / implement alternative arrangements to ensure continuity and where appropriate consider force majeure provisions to suspend / terminate relationships and have a back-up plan
- continuing to communicate with customers and counter-parties on the developments, and
- assessing any practical difficulties in complying with regulatory deadlines (e.g., filing deadlines) and continue to communicate with the regulators.

Financial institutions are also reminded of the importance of keeping abreast with the latest developments and monitoring any further guidance that may be issued by the SFC, the HKMA or other relevant home or regional regulators. Failure to do so has the potential to create not only regulatory gap risk but also client derived complaints and litigation.

If you have any questions on the matters covered or need further clarification on any particular issue, please do not hesitate to get in touch with your usual contact at Baker McKenzie, or the lawyers listed in this client alert.

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# JAPAN



Key regulatory issues for financial institutions in Japan during the coronavirus outbreak

In view of the novel coronavirus ("COVID-19") outbreak in Asia (including in Japan), the financial regulator, the Financial Services Agency of Japan (JFSA), and financial institutions have continued to be proactive in monitoring the evolving situation and the implications for the market. It is important for financial institutions to have in place relevant measures to ensure continuity and sustainability.

In line with the basic policy and relevant guidance from the national government (Headquarters for Novel Coronavirus Disease Control)<sup>1</sup>, JFSA issued guidance and recommendations for financial institutions that will reinforce their preventive measures and contingency procedures to ensure they are effective in handling a COVID-19 outbreak. We will discuss below the regulatory expectations, as well as the risk areas financial institutions should watch out for and the steps to take.

## Regulatory Standards and Best Practice

The summary of the best practices suggested by JFSA to address the outbreak of COVID-19 and supports provided by JFSA are as follows:

### Information gathering

- Maintain close cooperation and gather information on how the national government (including the Ministry of Health, Labour and Welfare (MHLW) and the Ministry of Foreign Affairs) and local governments respond to the situation.

### Work environment, monitoring and reporting of infection cases

- Maintain a high level of environmental hygiene (be thorough about cleaning and sterilizing workplaces) and ensure adequacy of the number of face masks and hand gloves, as well as disinfectant, etc. (including asking employees to take general infection prevention measures such as hand washing and covering their mouths when coughing).

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- Encourage employees to take leave if they have fever or other flu-like symptoms, and promote teleworking and staggering commuting hours, in order to reduce the opportunities for contact with patients and infected persons.
- Track any abnormal sickness and suspected infection of staff and report all confirmed or suspected cases of infection to the internal command centre, which should decide on the actions to be taken.
- Notify the regulator(s) promptly if there is any confirmed or suspected case, and ensure continued communications with them on the developments.

## Communications with customers

- In order to support customers, in cooperation with relevant parties, provide enough business consultations with customers and be flexible in handling requests from them in relation to new money lending and/or amendment of terms and conditions of existing loan agreements
- When customers are quarantined in facilities with potential infection of COVID-19 and they need financial services, provide flexible services to them.

## Cancellation or postponing of events

- Avoid gathering in groups in areas with poor ventilation where people gather closely together.
- Consider the necessity of holding any event, whether big or small, due to the high risk of infection posed by spaces with poor ventilation, and environments where people communicate at close range.
- When holding an event, take precautionary measures to avoid creating spaces with poor ventilation

## Support by JFSA

- JFSA has added a new subpage to its website to provide one-stop access to COVID-19-related information.<sup>2</sup>
- JFSA established a phone line for "Free Telephone Consultation Service for COVID-19" mainly to respond to COVID-19-related-inquiries from consumers, such as inquiries for COVID-19-related points of contacts of the respective financial institutions and consultations or complaints regarding transactions with financial institutions<sup>3</sup>

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2 | <https://www.fsa.go.jp/ordinary/coronavirus202001/press.html>

3 | <https://www.fsa.go.jp/news/r1/20200228/soudan.html>

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- JFSA has announced that COVID-19-affected corporations may extend the filing due dates of their annual securities reports, internal control reports, quarterly securities reports, and securities reports if there is an unavoidable reason, such that they are forced to suspend the auditing of their subsidiaries in the People's Republic of China (PRC) due to the effects of COVID-19 infection<sup>4</sup>

## Latest guidance from the JFSA

On February 7<sup>5</sup>, 19<sup>6</sup> and 25<sup>7</sup> 2020, JFSA published requests to financial institutions in relation to the COVID-19 outbreak, which are covered by Section 1 above.

## Actions to consider

As the situation develops and the impact of the outbreak continues to evolve, financial institutions are advised to ensure compliance by accomplishing the following:

- Continue to gather information from national and local governments and closely monitoring the development of the situation including further instructions from JFSA.
- Monitor any further guidance that may be issued by JFSA and/or relevant regulators in foreign jurisdictions where the financial institutions' branches or subsidiaries operate.
- Assess how the business could be disrupted by coronavirus and activate BCP by:
  - Determining the bare minimum services that should continue to be provided to customers in a worst-case scenario
  - Checking with critical suppliers and major outside service providers to ensure their capability to continue to provide services in contingency situations

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4 | <https://www.fsa.go.jp/news/r1/sonota/20200210.html>

5 | <https://www.fsa.go.jp/news/r1/ginkou/20200207.html>

6 | <https://www.fsa.go.jp/news/r1/ginkou/20200219.html>

7 | <https://www.fsa.go.jp/news/r1/ginkou/20200225.html>

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- Establish a clear command, control and communication structure (including a command centre for information sharing, corporate decision making and revising arrangements) to effectively monitor the latest
- Evaluate staff arrangements and the working environment and consider/implement temporary closures of offices, work from home, and/or other alternative arrangements.
- Assess technology needs and ability to support increased demand.
- Evaluate existing contracts and arrangements with customers, suppliers and service providers, and consider/implement alternative arrangements to ensure continuity and where appropriate, consider force majeure provisions to suspend/terminate relationships and have a back-up plan.
- Continue to communicate with customers and counter-parties on the developments, including clear communication with customers and counter-parties on any limitation or interruption on the service offerings and the alternative arrangements that are made available to them as well.

## Key contacts



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## COVID-19: Key Considerations for Malaysian Financial Institutions

Due to the global outbreak of the novel coronavirus (COVID-19) and with the implementation of the Restriction of Movement Order (**Order**) on 18 March 2020, Malaysian financial institutions will need to adapt their 'business as usual' practices. It is imperative for financial institutions to take appropriate measures and actions to ensure business continuity and their ability to comply with regulatory requirements. This alert highlights the key regulatory considerations for Malaysian financial institutions.

### Regulatory requirements

Financial institutions must ensure they can comply with all regulatory requirements set by the Central Bank of Malaysia (**BNM**) including:

- maintaining the minimum capital funds and/or liquidity ratios prescribed by BNM and capital adequacy level that commensurates with their risk profiles at all times; and
- ensuring that their directors and officers remain fit and proper under the current situation. To the extent that the directors and/or officers are unable to continue to discharge his/her respective functions for health reasons, notification should be made to BNM and discussions may be necessary to appoint another officer to hold the relevant role, or alternative measures that may include cessation from office by the relevant officer.

BNM should be notified immediately if the financial institution anticipates that there will be difficulty or delay in fulfilling any of the regulatory requirements.

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## Board and management

Financial institutions must ensure that their board of directors (**Board**) and management are kept informed of the impact and latest developments of the COVID-19 crisis on their businesses. The Board and management must continuously assess the threats and risks on the financial institution.

This includes considering the impact of the Order on its customers, suppliers and other contractual counterparties. Specifically, they will need to assess if these counterparties have the ability to avoid its obligations:

- (a) pursuant to a force majeure clause (i.e., to seek reprieve from having to perform its obligations due to circumstances beyond its control);
- (b) by claiming that it is released from its obligations as the contract has been frustrated (i.e., there has been a supervening event that is not the fault of either party such that the change to the rights / obligations under the contract is not within contemplation and therefore parties should be relieved from performing the contract); or
- (c) otherwise seek to negotiate the inclusion of a material adverse change clause for pandemics or epidemics (i.e., the occurrence of an event that results in a material adverse change that would enable the parties to be relieved from being bound by the contractual terms).

## Business continuity planning and communication

Financial institutions should ensure that appropriate business continuity plans (**BCP**) and disaster recovery plans (**DRP**) for all critical business functions are in place to address the likely disruption. Financial institutions need to ensure that the following are in place:

- (a) procedures to be followed in response to a major operational disruption;
- (b) escalation, declaration and notification procedures;
- (c) conditions for the activation of BCP and authorised individuals empowered to declare a disaster and grant permission to execute recovery processes;

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- (d) list of all resources required to cover critical business functions;
- (e) relevant information about the alternate and recovery sites; and
- (f) procedures for restoring normal business operations.

Communication is of the utmost importance especially during a business disruption or a crisis. Accordingly, financial institutions should include in their BCP a communication plan for notifying all relevant and external stakeholders such as home and host regulators, counterparties, key service providers, media and the public, following a major operational disruption.

Banks<sup>1</sup> are regarded as providers of an essential service under the Order and the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) Regulations 2020 have clarified that the number of personnel and patron at the premises used for the provision of essential service must be kept at the minimum. Banks will therefore not be able to have its full team of employees on the ground to carry out its operations. The BCP and DRP, together with the communication strategies will need to be modulated as employees will likely be working in split teams across different locations and work-from-home arrangements. There will also need to be crowd containment measures at the various branch offices.

## Cybersecurity

Under the Guideline on Risk Management in Technology, financial institutions must ensure the adequacy of their IT and cybersecurity strategic plans. Such plans must, amongst others, address the complexity of the institution's operations and changes in the risk profile as well as business environment.

As alternative working arrangements would have been implemented, financial institutions should ensure that they are appropriately equipped to manage any cybersecurity risks that may arise as a result of employees working from various locations (including from their homes). In particular, sensitive data such as customer information and digital/electronic business data must continue to be protected during work-from-home arrangements.

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1 | Insurers are not regarded as providers of essential service.

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## Developments in Malaysia

Since the issuance of the Order, the Prime Minister, the National Security Council and various Ministries have issued clarifications to provide further colour to the Order and the restrictions. These supplemental explanations can guide financial institutions in their discussions with their contractual counterparties and employees. Our client alerts contain details of these clarifications and can be read on our [website](#) and [LinkedIn](#) pages.

It is uncertain whether the Order will be extended beyond 31 March 2020 and financial institutions will need to monitor these developments closely. Insurers are not regarded as providers of essential service.

## Supplemental Alert on COVID-19: Key Considerations for Malaysian Financial Institutions

Since the issuance of the Movement Control Order (**MCO**), numerous clarifications and press releases have been issued by the relevant ministries and government agencies. This includes a press release by the National Security Council that supplements the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) Regulations 2020 (**Regulations**). The Regulations have prescribed that "banking and finance" are essential services and the NSC press release has supplemented this with greater granularity around the banking and financial services (i.e., ATM services, call centre, management of ATM and cheque machines, counter services) and stock exchange activities that can be carried out as part of the essential services. The carrying out of an insurance business was notably absent.

Bank Negara Malaysia has however issued a press release to indicate that insurance would be an essential service.

The imposition of the MCO is unprecedented. In these complex times, financial institutions will need to monitor these developments closely and the directives or clarifications that are issued from time to time.

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A Guide to Key Regulatory Issues for Financial Institutions in Asia Pacific during the COVID-19 Outbreak

The Prevention and Control of Infectious Diseases Act (Measures within the Infected Local Areas) Regulations 2020 came into force on 18 March 2020 to curb the outbreak of COVID-19. As a result, no person may make any non-essential journey within Malaysia. This restriction will be in place until 14 April 2020 (**Control Period**).

Since the issuance of the regulations, the National Security Council of Malaysia, the Ministry of Finance and Bank Negara Malaysia (**BNM**) have issued press releases and guidance to provide clarity in respect of services that must remain accessible and the manner in which those services are provided during this period.

Banks, development financial institutions, insurers, takaful operators, certain remittance and money-changing providers, and e-wallet providers are essential services and can continue operating through physical branches and online or mobile methods.

Financial institutions must therefore take appropriate measures and actions to ensure their business continuity during the Control Period. We have set out below the key regulatory requirements that Malaysian financial institutions should pay particular attention to.

## Regulatory Standards and Best Practices

### Business operations

- Ensure that all appropriate business continuity plans (**BCP**) and disaster recovery plans for critical business functions are in place to address the disruption.
- Keep to a minimum the number of personnel and patrons at the business premises used for the provision of essential services. These include self-service terminals, electronic/mobile banking/channels, remittance and money changing, insurance and takaful claims processing and management, issuance of guarantee letters and renewal of annual policies.
- Provide limited counter services and reduce operating hours throughout the Control Period.

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- Implement effective crowd containment measures and ensure social distancing is observed at branch offices and premises.
- Implement alternative working arrangements (e.g., remote working) for personnel performing non-essential services. Personnel involved in critical functions but have remote access work capabilities are also encouraged to work remotely.
- Ensure that online and telephone banking services remain fully operational during the Control Period, and encourage members of the public to utilise these channels instead of journeys to premises and/or branch offices.
- Banks and development financial institutions must be ready to provide restructuring and rescheduling facilities to borrowers suffering financial distress.

## Work environment and monitoring

- Ensure that directors and officers remain fit and proper under the current situation and notify BNM if the directors and/or officers are unable to continue to discharge their functions for health reasons.
- Continuously assess the threats and risks, including the impact of the restriction of movement on its customers, suppliers and other contractual counterparties.
- Notify BNM immediately of any anticipated difficulty or delay in fulfilling any of the regulatory requirements.

## Information technology and cybersecurity

- Have in place adequate IT and cybersecurity strategic plans to address the operations, changes in the risk profile and business environment.
- Ensure appropriate management of cybersecurity risks as a result of employees working remotely.
- Ensure that sensitive data such as customer information and digital or electronic business data remain protected during alternative working arrangements.

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## Recovery plan

- Conduct strategic analysis to identify the group structure, business model, core business lines, critical functions, critical shared services, intra-group and external dependencies and systemic interconnectedness.
- Establish a recovery indicator framework that sets out defined criteria, thresholds, procedures and governance arrangements to facilitate timely monitoring, escalation, activation and implementation of the recovery plan.
- Develop and maintain a set of recovery options to restore financial soundness and preserve long-term viability.
- Establish sound governance arrangements to oversee and manage the recovery planning process.
- Include a clear communication and disclosure plan for notifying all relevant stakeholders promptly and adequately following a major operational disruption.

## Active Monitoring

The movement control order is unprecedented in Malaysia and it is uncertain whether the Control Period will be extended beyond 14 April 2020. As the environment remains fluid, financial institutions are advised to closely monitor the latest developments in the COVID-19 outbreak as well as further clarifications or guidance issued by the Malaysian Government and regulators (including regulators in foreign jurisdictions where the financial institutions have branches or subsidiaries).

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Response plan to COVID-19 epidemic for Financial Institution and Operators of Payment Systems

## Developments

The Bangko Sentral ng Pilipinas (the **BSP** or the Philippines' central bank and monetary authority) has issued Memorandum No. M-2020-006 (**Memorandum**<sup>1</sup>) dated 11 March 2020 on response plan to COVID-19 for BSP-supervised financial institutions (**BSFIs**) and operators of payment systems (**OPS**).

Under the Memorandum, BSFIs and OPS are expected to adopt and implement appropriate response plans and mechanisms to ensure the health and safety of their employees and customers while delivering continued financial services to the general public. Following the response plans, trigger events such as the current COVID-19 epidemic, must allow for alternate work arrangements or remote access capabilities, as may be deemed practicable and/or necessary. Further, BSFIs and OPS must implement clear communication protocols covering all relevant internal and external stakeholders. Such institutions must also ensure that their employees are properly guided on limiting or reducing the risk of being affected by the COVID-19 epidemic through timely and continuous cascades of relevant information.

The BSP also advised BSFIs and OPS to constantly monitor and gather relevant information on the COVID-19 epidemic, both locally and globally, and continuously assess the impact of these events on their response strategies.

## Actions to Consider

BSFIs and OPS must ensure compliance with the requirements under the Memorandum. We will closely monitor any further issuances of the BSP in connection with the COVID-19 epidemic and provide updates in subsequent alerts.

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Regulatory relief for BSP-supervised financial institutions affected by COVID-19

## Developments

The Bangko Sentral ng Pilipinas (the **BSP** or the Philippines' central bank and monetary authority) has approved the granting of temporary regulatory and rediscounting relief measures to address the impact of the COVID-19 outbreak on the operations of BSP-supervised financial institutions (**BSFIs**).

Under BSP Memorandum No. M-2020-008 (**Memorandum**<sup>1</sup>), all BSFIs are eligible to avail of the regulatory relief package within one year from 8 March 2020. Such period may be extended depending on the developments of the COVID-19 situation.

Under the Memorandum, BSFIs may apply for the availment of regulatory relief package by submitting the following requirements to the BSP:

- letter to the BSP stating the BSFI's intention to avail of the regulatory relief package specifying, at the minimum, the specific relief measures to be availed and the affected offices of the BSFI
- resolution of the board of directors authorizing the BSFI to avail of the regulatory relief package

The BSP will evaluate applications on a case-by-case basis.

Further, to enable consumers to facilitate banking transactions during the COVID-19 situation, the BSP encourages BSFIs to temporarily suspend all fees and charges imposed on the use of online banking platforms or electronic money (including those imposed on the use of Instapay or PesoNet electronic fund transfer) during the period of availment of regulatory relief.

## Actions to Consider

BSFIs affected by the COVID-19 outbreak may consider availing of the regulatory relief package under BSP Memorandum No. M-2020-008.

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DORSCON Orange: MAS' new business continuity plan advisory, MOM's Leave of Absence support for employers during the COVID-19 pandemic

Following the raising of the Disease Outbreak Response System Condition (**DORSCON**) alert level from Yellow to Orange, the Monetary Authority of Singapore (**MAS**) has issued an updated [advice to Financial Institutions](#)<sup>1</sup> (FIs) on aspects of their business continuity plans, which support their staff and customers and ensure security standards.

These measures are in addition to those recommended by the Ministry of Health Ministry and the Ministry of Manpower (with its tripartite partners - the National Trades Union Congress and the Singapore National Employers Federation) in the [general advisory to employers and workplaces](#) on continued operations while minimising risks of community spread of the COVID-19.

For outlines on employer obligations and important considerations across the Asia Pacific region, please see our [Asia Pacific Regional Update – Coronavirus Outbreak](#).

In addition to summarising MAS' advice, we also report on the Ministry of Manpower's Leave of Absence Support Programme.

## Staff and customers

In addition to FIs as employers stepping up their business continuity plans to prepare for widespread community transmission, MAS requires the FIs to ensure the following:

- to continue maintaining of effective internal controls across their operations should split team arrangements be implemented
- to anticipate, and be prepared to manage, any increase in demand for certain financial services, such as cash withdrawal or online financial services

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- to anticipate, and be prepared to manage, any increase in demand for certain financial services, such as cash withdrawal or online financial services
- to inform customers promptly of the availability of services and operating hours, and
- to monitor and support staff morale.

To the staff and customer support measures taken by banks and insurers in Singapore, MAS welcomes support that is aligned with the guidelines on corporate debt restructuring by the Association of Banks in Singapore, such as:

- moratoriums on repayments
- extension of payment terms for trade finance facilities, and
- additional financing for working capital.

## Security standards

MAS has cautioned cyber threats and scams which take advantage of the COVID-19 situation, such as:

- conducting email scams, phishing and ransomware attacks, and
- scammers impersonating contact tracing officials and requesting for financial information.

## Leave of Absence Support Programme

All employees, including staff of FIs, with travel history to mainland China are required to go on a 14-day leave of absence (LOA) and be quarantined at home. How the employer considers this LOA may determine whether it can participate in the [recently announced Ministry of Manpower LOA Support Programme](#).

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# SINGAPORE



Eligible employers:

- can apply for SGD 100 daily per affected worker for the required duration of paid LOA granted to the employee, and
- will automatically qualify for levy waiver for affected foreign workers for the LOA period.

Affected workers include Singapore Citizens, Permanent Residents, and Work Pass holders who travelled to mainland China on or before 31 January 2020, and who were placed on LOA upon their return to Singapore on or after 31 January 2020.

An employer is eligible if it meets the following criteria:

- the employer granted additional paid leave to the affected worker for the entire duration of LOA period, without requiring the worker to use his/her original paid leave entitlements provided under the terms of employment, or treating the duration of LOA as hospitalisation leave (i.e., the employer continued pay salaries to the affected worker during period of LOA and did not require the affected worker to use his/her paid leave entitlements or required him/her to compensate the employee or anyone else in any way)
- the affected worker must not have breached LOA requirements
- the affected worker must have obtained MOM's prior approval for workers on Work Pass to enter Singapore after 23:59 hours on 8 February 2020
- the affected worker should not be able to perform work remotely, and
- the affected worker must have been employed with the employer as at 31 January 2020.

The application form for LOA Support Programme (Employers) can be found [here](#), and must be supported with the following documents:

- Proof of employment for affected worker(s):
  - Itemised pay slip(s) for salary payment during LOA period, and
  - CPF Form 90 for December 2019 and January 2020 (only for locals)

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- Proof of affected workers' travel to mainland China:
  - For workers not from People's Republic of China (PRC): Scan of passport photo ID page, and entry and departure stamps from mainland China.
  - For workers from PRC: Air tickets and/or boarding passes for travel between Singapore and China (including transit stops).

We would be happy to assist you in advising you on your eligibility for the LOA Support Programme as well as assessing the sufficiency of your business continuity plans.

## Key contacts



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# TAIWAN



## Key regulatory issues for financial institutions in Taiwan during the coronavirus outbreak

As the COVID-19 epidemic deteriorates day by day, new policies and quarantine standards are being rolled out and updated by the government on a daily basis. The competent authority facing the COVID-19 epidemic in Taiwan varies, based on the subject matter of the issue. On 4 February 2020, the Financial Supervisory Commission ("**FSC**") that directly supervises financial institutions in Taiwan, asked financial institutions in Taiwan to: (i) plan and implement appropriate epidemic prevention measures and contingent plans; (ii) report to the FSC if any local or offshore employee is confirmed as positive; and (iii) report to the FSC if any local or offshore branch changes the way of work in response to epidemic. In addition, financial institutions in Taiwan should also keep an eye on the announcements and policies of Taiwan Centers of Disease Control<sup>1</sup>, Occupational Safety and Health Administration<sup>2</sup>, Ministry of Labor<sup>3</sup>, Ministry of Health and Welfare<sup>4</sup>, Municipality Governments, and County (City) Governments for policies and laws regarding disease prevention and employment.

### Regulatory Standards and Best Practice

For employment law, the overarching obligations of the employers are the duty to protect the employee, the duty to notify competent authorities of suspected patients, and the duty to cooperate with disease-prevention policies. The regulatory standards for employment law are set forth in the sanitation guideline for COVID-19 promulgated by the Occupational Safety and Health Administration ("**OSHA Guideline**") , which obliges employers to take necessary management measures including:

- Adopting temperature-taking measures, strengthening employee training on infection prevention, maintaining ventilation and clean in the workplace, and providing regular disinfection

1 | <https://www.cdc.gov.tw/En>

2 | <https://www.osha.gov.tw/enhome/>

3 | <https://english.mol.gov.tw/>

4 | <https://www.mohw.gov.tw/mp-2.html>

5 |

[https://www.mol.gov.tw/media/5761583/%E9%99%84%E4%BB%B6\\_%E5%9B%A0%E6%87%89%E5%9A%B4%E9%87%8D%E7%89%B9%E6%AE%8A%E5%82%B3%E6%9F%93%E6%80%A7%E8%82%BA%E7%82%8E-%E6%AD%A6%E6%BC%A2%E8%82%BA%E7%82%8E-%E8%81%B7%E5%A0%B4%E5%AE%89%E5%85%A8%E8%A1%9B%E7%94%9F%E9%98%B2%E8%AD%B7%E6%8E%AA%E6%96%BD%E6%8C%87%E5%BC%95.pdf](https://www.mol.gov.tw/media/5761583/%E9%99%84%E4%BB%B6_%E5%9B%A0%E6%87%89%E5%9A%B4%E9%87%8D%E7%89%B9%E6%AE%8A%E5%82%B3%E6%9F%93%E6%80%A7%E8%82%BA%E7%82%8E-%E6%AD%A6%E6%BC%A2%E8%82%BA%E7%82%8E-%E8%81%B7%E5%A0%B4%E5%AE%89%E5%85%A8%E8%A1%9B%E7%94%9F%E9%98%B2%E8%AD%B7%E6%8E%AA%E6%96%BD%E6%8C%87%E5%BC%95.pdf)

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- Having in place sufficient masks and not prohibiting employees from wearing them
- If not necessary, avoiding assigning employees to affected areas in China
- Taking necessary health tracking and management measures on employees who have recently traveled to the affected areas or returned from the same to the workplace

Employers should also watch the Q&As on a daily basis for the standards of quarantines, leaves and other sanitation equipment/measures updated on the websites of competent authorities. It is required by the Special Ordinance on Prevention and Relief of COVID-19 promulgated on 25 February 2020 ("**Ordinance**") that employers provide disease prevention quarantine leave for employees under quarantine<sup>6</sup>. Where the quarantine is on account of the employer, the employer shall fully pay for the leave, for example, where the employer assigns the employee to travel to high-risk countries such as China and Korea. The travel warnings are updated in real time, based on the development of the disease. On the other hand, where the quarantine is not on account of the employer, he has the discretion to decide whether to pay for the leave.

Considered best practice for corporations is the Guideline on Sustaining Operations for Corporations Facing COVID-19 announced by the Central Epidemic Command Center ("**CECC Guideline**")<sup>7</sup> and the COVID-19 Guidelines for Organizations and Corporations released by the Taiwan Environmental and Occupational Medicine Association ("**TEOMA Guideline**")<sup>8</sup>. According to the CECC Guideline, currently, the epidemic level of Taiwan is limited community transmission, and it is possible to deteriorate to widespread sustained (ongoing) transmission. The risks and best practice are as follows:

	Risks	Best Practice for Sustaining Operations
Limited community transmission	<ul style="list-style-type: none"> <li>▪ Quarantine of employees</li> <li>▪ Travel bans</li> <li>▪ Logistic delays</li> </ul>	<ul style="list-style-type: none"> <li>▪ Check the travel warning before assigning employees to travel.</li> <li>▪ Prepare operations plans and appoint personnel in charge.</li> </ul>

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6 | <https://law.moj.gov.tw/News/NewsDetail.aspx?msgid=153844>  
 7 | <https://www.mohw.gov.tw/dl-59752-1570750a-2b7b-4093-b208-ee5f43f18763.html>  
 8 | <http://www.eoma.org.tw/upload/NewsData/file/2501/2324.pdf>

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	Risks	Best Practice for Sustaining Operations
Limited community transmission	<ul style="list-style-type: none"> <li>Quarantine of employees</li> <li>Travel bans</li> <li>Logistic delays</li> </ul>	<ul style="list-style-type: none"> <li>Prepare alternative mechanisms for decision making, key technique and personnel.</li> <li>Prepare plans for remote working, different location back-up, alternative supply chain, etc.</li> <li>Utilize government resources for relief</li> </ul>
Widespread sustained (ongoing) transmission	<ul style="list-style-type: none"> <li>Shut down due to insufficient manpower</li> <li>Suspension of business</li> <li>Suspension of operation</li> </ul>	<ul style="list-style-type: none"> <li>All of the above and the following:</li> <li>Digitalization of business</li> <li>Provide training to employees</li> <li>Work from home and remote meetings</li> </ul>

## Latest Guidance from Taiwan's Competent Authority

The latest guidance is the CECC Guideline above, which was announced on 5 March 2020.

## Actions to Consider

Please refer to the chart of the CECC Guidelines above.

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# THAILAND



AGM 2020 and dealing with COVID-19: What now for listed companies?

As the Annual General Meeting (AGM) season is approaching and with the outbreak of Coronavirus Disease 2019 (COVID-19), many listed companies have concerns over their upcoming AGMs. Holding physical meetings containing a large number of shareholders may risk the spreading of the disease. Therefore, many authorities including the Office of the Securities and Exchange Commission (the "**Office of the SEC**"), the Stock Exchange of Thailand (the "**SET**") and the Department of Business Development, Ministry of Commerce (the "**MOC**") have issued guidelines and measures to deal with the COVID-19 situation and the limitations for listed companies to hold an annual general meeting of shareholders.

Key summary of the guidelines and measures are as follows:

## The Office of the SEC

- To grant proxies to independent director(s) instead of physical attendance. This should be stated in the AGM notices if the notices have not been sent out. If the notices have been sent out, companies may notify their shareholders by electronic mails. In both cases, this should also be disclosed on SET Link.
- Listed companies must follow the guideline of the Department of Disease Control re: prevention of COVID-19 in relation to conventions, seminars or similar activities (the "**COVID-19 Guideline**"), and any other measures/guidelines to be issued in the future.
- In case companies wish to use electronic meetings or teleconferences (to the extent permissible), must use reliable system as prescribed in the guideline of the Ministry of Digital Economy and Society. Note that a public limited company may use electronic meetings or teleconferences for board or shareholders meetings if it is specified in the company's articles of association

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## The SET

- Listed companies may consider using the following measures as appropriate to facilitate shareholders who cannot physically attend the AGMs
  - broadcasting the AGMs via online channels such as Facebook live, WEB Ex, Zoom, Webinar;
  - allowing shareholders to send questions in advance and recording the answers to the questions in the minutes.
- Listed companies should follow the COVID-19 Guideline and should state the measures that they will use in their AGM notices and disclose the same via their website or SET Link
- The suggested measures are merely to facilitate the shareholders but listed companies are still required to hold AGMs in accordance with the law (the quorum will need to be no less than 25 number of shareholders and no less than one-third of the issued shares).

## The MOC

Companies that have been affected by the COVID-19 outbreak and therefore cannot hold meetings (including AGMs) within the deadline prescribed by the law can submit a clarification letter to the MOC on a case-by-case basis once the meetings are held.

## What can listed companies do now?

Per the above, listed companies are encouraged to use a proxy method and the available measures to prevent the spread of the disease. If such measures are to be used, they should be stated in the AGM notice and disclosed on SET Link.

Please also note that the deadline for submission of the financial statements to the MOC is one month from the date on which the shareholders meeting approve the financial statements. Therefore, if the AGM is legitimately delayed, the deadline for submission of the financial statements should also be postponed. However, it is important to wait and see if other authorities would relax their relevant rules regarding the financial statements as well, e.g., the Revenue Department.

Other measures/guidelines for listed companies in dealing with this COVID-19 outbreak may be issued by the relevant authorities in accordance with the current situation. We will keep you informed of any further updates

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# VIETNAM



Key regulatory issues for financial institutions in Vietnam during the Coronavirus outbreak

In recognition of the growing complexity and unpredictability of the Coronavirus (COVID-19) pandemic worldwide and locally, the State Bank of Vietnam ("**SBV**") has issued guidance and various recommendations for credit institutions and branches of foreign banks ("**FIs**").

## Regulatory Standards and Best Practices

### 1. Business continuity

- Annual key targets for the economy in general and for the banking and finance sectors in particular shall remain unchanged, especially regarding the stabilization of the financial market, inflation control, growth support and restructuring together with resolution of nonperforming loans of FIs. Accordingly, the Government maintains average inflation below 4%, increasing credit limit of 14% and the increasing total payment means of 13% in 2020. In addition, so far the State Securities Commission confirmed that the stock exchanges of Vietnam will be open per normal regardless of Coronavirus.
- Online banking and virtual conferences are encouraged.
- Prepare business continuity plans to procure the ongoing operation of banking services.

### 2. Cutback interest rates

- The SBV reduced several interest rates to boost the economic activity in responding the revolution of the Coronavirus pandemic:
  - Refinancing rate being cut from 6.0% p.a to 5.0% p.a.
  - Discount rate being reduced from 4% p.a to 3.5% p.a.
  - Overnight lending rate in the interbank market being decreased from 7% p.a to 6% p.a. The overnight interbank interest rate updated on 19 March 2020 is 1.95% p.a.

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- Maximum VND lending interest rate for short-term loans being lowered from 6% p.a to 5.5% p.a.
- Interest-rate cap for VND deposits with maturities of one month to less than 6 months being trimmed down from 5% p.a to 4.75% p.a.

### 3. Debt repayment term restructure, exemption and reduction of borrowing interest, debt group maintenance and credit extension for business stabilization

The key legal basis includes Circular No. 01/2020/TT-NHNN of SBV dated 13 March 2020.

- Customers who are (i) under obligation to repay the principals and/or interest arising between 23 January 2020 and the following day after 03 months from the date the Prime Minister announces the end of the Covid-19 pandemic; and (ii) are unable to pay the debts and/or interest in due time because of decreases in revenues and incomes caused by the impacts of Covid-19 pandemic are entitled to the credit support by FIs ("**Covid-19 Affected Customers**"):
  - Exempt or reduce interest: FIs to waive or reduce the interest applicable to the Covid-19 Affected Customers in alignment with the FIs' internal regulations for the outstanding loans arising from credit extension operations (except for activities of buying and investing in corporate bonds);
  - Maintain classification with regard to the debt balances subject to loan repayment rescheduling, interest and/or fee exemption and reduction of the eligible debts affected by the Covid-19 outbreak. FIs should review and set up risk provisions for the restructured terms; but no need to escalate to the debt groups with higher risk levels.
  - Provide credit extension for business stabilization in accordance with the laws. However, the extension for each loan should not be over 12 months as from the original maturity date.
- FIs shall have great flexibility in determining customers being affected from the Covid-19 Affected Customers, including among others, the criteria regarding the customers' revenues and incomes reduced because of Covid-19 pandemic. For the time being, the SBV has no further instructions on the key criteria for such assessment.

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## 4. Communications with Customers

Until the termination of the Covid-19 outbreak as announced by the competent authorities:

- FIs do not require customers to unwear face masks as required under Official Letter No. 7777/NHNN-PHKQ dated 16 October 2018 of the SBV on strengthening the prevention of robbery crime at the bank, maintenance of treasury safety and cash payment, while conducting necessary measures to ensure the same. This does not apply during customer verification process which is mandatory for certain transactions.
- Bank staffs may wear masks when conducting transactions with customers.
- Increase online credit activities, cut down unnecessary procedures to reduce travelling and direct contact with customers.

## 5. Information technology, capability and cybersecurity

- Take initiatives to ensure business continuity during the Covid-19 outbreak, especially the personnel plan necessary for the maintenance of the operation, security and safety of the information technology system and network management.
- Conduct online meetings rather than physical gatherings to the furthest extent as possible.
- FIs take the initiative in cooperating with the SBV provincial branches to get recommendations from the provincial competent authorities regarding the organization of the general meeting of shareholders/members' council meeting.

## 6. Work Environment, Monitoring and Reporting of infection cases

- Conduct regular sterilization at the work place, especially areas with high risks of infection such as meeting rooms and frequently used equipment.
- Require all staff to strictly comply with the instructions on medical reporting and self-quarantine; promptly report to the medical institutions and work place in case of suspected infection.
- Conduct examination of body temperature for staff and customers before entering the premises by relevant methods; require cases of infection, cough and fever to promptly get treatment from medical institutions; track the suspected infection cases and promptly report to the competent authorities.

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- Consider to temporarily terminate travel to foreign countries and infected countries and areas, as well as recommend staff not to travel abroad (even for personal purposes).

## 7. Treasury activities

- Conduct regular sterilization in cash transaction areas, treasuries and ATMs, cash collected before being stored at the end of the day or sent to the SBV.
- Provide face masks, hand gloves, disinfectant and personal protective equipment for staffs who directly contact cash at points of transactions of the FIs.
- Promote and develop online banking products to promote non-cash payment and reduce cash payment.
- In order to promote non-cash payment and electronic payment for public services, payment service providers are instructed to urgently develop plans for the exemption and reduction of electronic payment service fees in order to directly support the service customers and in line with the NAPAS's Program for Exemption and Reduction of Service Fees as follows:
  - Exemption for online payment transactions of public services via the national, ministerial and provincial Public Service Gateway. As of 4 March 2020, there have been 32/45 member banks of the NAPAS participating in the program of exemption and reduction of interbank money transfer fees for customers.
  - Remittance fee reduction for urgent and small value Transactions

### Actions to consider

Due to the growing complexity and unpredictability of the Covid-19 outbreak, the SBV requires FIs to:

- Read the most updated official information about the outbreak and explicitly follow the instructions from the competent authorities (i.e., the above discussed) to take initiatives in conducting measures to effectively prevent and combat the outbreak.

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- Continue to implement solutions to support enterprises and individuals suffering from the Covid-19 outbreak as per the instructions from the Government, the Prime Minister (especially Directive No. 11/CT-TTg), the SBV Governor and relevant ministries and local authorities.
- Given that each bank would have different conditions for eligible Covid-19 Affected Customers, businesses should contact and followup with banks for the details criteria and necessary statistic for applying the entitlements, especially the revenues and incomes impacted by the pandemic.

It is expected that the SBV may have further instructions or adjustments on implementing the action plan addressing the Covid-19 outbreak from time to time depending on the movement of the pandemic.

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