



Asia-Pacific Regulatory Priorities for 2025 – Predictable Unpredictability

The Global environment continues to be filled with risks and uncertainties relating to future US policy proposals, global growth prospects, evolving geopolitical tensions and technological development.

Asia-Pacific regulators remain alert to these global challenges, responding in an agile manner whilst also seeking opportunities and creating policy headroom.

“As the continuing trend of wealth creation in Asia drives demand for more sophisticated savings and investment offerings, regulators across Asia are increasingly focused on regulations that are designed to cater to this demand while also keeping a watchful eye on protecting investor interests.

This coupled with a greater focus on operational resiliency and risk management, and given evolving geopolitical developments, makes what follows in this article a timely, thoughtful, and informative read.”

Edmond Ng, Greater China Fund Services Head, Citi

The Asia-Pacific economy is expected to [grow around 4%](#) in 2025 and is projected to be the fastest growing region in the world. This makes it even more important for Asian markets to collaborate more closely to address common global themes such as bolstering market resilience and investor protection, diversifying investor bases and promoting intra-regional and cross-border investments, embracing financial innovation such as the development of crypto and mobilising transition and adaptation finance to meet climate targets.

In this article we do a deep dive on regulatory trends and priorities in Asian markets such as Hong Kong, Singapore,

South Korea and Australia over the next couple of years, across different market segments.

Hong Kong

The Hong Kong Monetary Authority (HKMA) is currently [focused](#) on areas such as:

- Credit, liquidity and market risks;
- Operational and technology risks;
- Combatting money laundering and terrorist financing;
- Wealth management and Mandatory Provident fund-related business;
- Implementation of Basel standards in Hong Kong;
- Sustainability; and
- Other supervisory policies and risk management.

The priorities for 2025 will be detailed in the upcoming HKMA Annual Report 2024, which has at the time of writing this article, yet to be published.

The Securities and Futures Commission (SFC) published its strategic priorities for [2024-2026](#) looking to focus on:

- Maintaining market resilience and mitigating serious harm to Hong Kong markets;
- Enhancing the global competitiveness and appeal of Hong Kong capital markets;
- Leading financial market transformation through technology and ESG; and
- Enhancing institutional resilience and operational efficiency.

We consider some of those areas in more detail below:

Virtual Assets

On 13 December 2024, the Hong Kong Government informed the Global Forum on Transparency and Exchange of Information for Tax Purposes of the Organisation for Economic Co-operation and Development (OECD) of Hong Kong's [commitment](#) to implementing the Cryptoasset Reporting Framework (CARF) for enhancing international tax transparency and combating cross-border tax evasion.

The Hong Kong Government notes that it is committed to implementing CARF on a reciprocal basis with appropriate partners that meet the required standards for protecting data confidentiality and security. Based on the latest timetable set by the Global Forum, the Government plans to commence the first automatic exchanges with relevant jurisdictions under CARF from 2028, based on the initial plan that the necessary local legislative amendments can be put in place by 2026.

Further, on 19 February 2025, the SFC [outlined](#) twelve major initiatives to enhance the security, innovation and growth of Hong Kong's virtual asset market under a five-pillar 'ASPIRe' [Roadmap](#), which stands for 'Access, Safeguards, Products, Infrastructure and Relationships'.

Under the Roadmap, the SFC says that new frameworks for regulating virtual asset over the counter and virtual asset custodian services will be developed, while virtual asset product and service offerings will be expanded. Other measures mentioned by the SFC encompass the optimisation of operational requirements for virtual asset trading platforms, combatting illicit activities, investor education and proactive stakeholder engagement.

Banking

In a [speech](#) delivered by Arthur Yuen, Deputy Chief Executive, HKMA, on 22 January 2025 he discussed 2024 in review and priorities for 2025.

Work Priorities for 2025 discussed in the speech, include:



Source: [HKMA 2024 Year-end Review and Priorities for 2025](#)

In another 'tech' area, on 18 February 2025, the HKMA issued an [Adoption Practice Guide on Greentech](#) in the Banking Sector. This practice guide explores the adoption of Greentech and its potential to facilitate Authorized Institutions' (AIs) transitions to net zero, for both internal operations and financed emissions.

As part of the "Fintech 2025" strategy, the HKMA has been promoting cross-sectoral adoption of Fintech under the "All banks go Fintech" initiative, with Greentech being a key area of focus.

The HKMA practice guide provides insights into the role of sustainable practices in enabling AIs to mitigate the risks and how Greentech solutions can facilitate their net zero transitions. The guide also offers practical guidance on how to leverage Greentech solutions to address real-world challenges faced by AIs.

Also in the banking sector, the HKMA published a [revised version of its supervisory policy manual](#) (SPM) module 'CA-G-5: Supervisory Review Process' as a statutory guideline under section 7(3) of the Banking Ordinance on 25 January 2025.

The HKMA says that it has revised the SPM module primarily to align it with the Basel III final reform package as incorporated in the Banking (Capital) (Amendment) Rules 2023. HKMA further says that the other changes in the revised module are to reflect the latest policy requirements (e.g. regarding climate-related financial risks) as well as to clarify the policy intent of certain provisions.

The revised SPM module took effect from 24 January 2025, excluding those provisions that refer to climate-related financial risks, whose effective date will be deferred to a date no earlier than 1 January 2026 and will be announced by the HKMA in due course.

Capital Requirements

On [13 December 2024](#), the HKMA revised SPM modules consequential to implementation of Basel III final reform package. The revised modules took effect on 1 January 2025, and the HKMA explained that they mainly include updates to cater for the implementation of the Banking (Exposure Limits) (Amendment) Rules 2023 and Banking (Liquidity) (Amendment) Rules 2023 that will come into effect on the same day and incorporate some refinements to improve the clarity or better reflect the policy intent of some existing provisions in the relevant rules.

Also on 13 December 2024, the HKMA issued a [circular](#) regarding the Basel Committee on Banking Supervision (BCBS) guidelines for counterparty credit risk management. The circular notified AIs that the BCBS published its final guidelines for counterparty credit risk (CCR) management on 11 December 2024.

According to HKMA, the latest guidelines introduce key practices critical to resolving long-standing industry weaknesses in CCR management, further explaining that the key practices include: (a) conducting comprehensive due diligence of counterparties both at initial onboarding and on an ongoing basis; (b) developing a comprehensive credit risk mitigation strategy to effectively manage counterparty exposures; (c) using a wide variety of complementary metrics to measure, control and limit CCR; and (d) building a strong CCR governance framework.

The HKMA notes that it will update its supervisory policy manual module CR-G-13: Counterparty Credit Risk Management in due course to reflect the sound practices introduced by the guidelines.

In the meantime, HKMA says that AIs are encouraged to review their CCR management policies and procedures in the light of the guidelines and take appropriate actions to address any material gaps identified.

Funds

Money Market Funds

The SFC issued a [circular](#) on 17 December 2024 to highlight its requirements and expectations for management companies of SFC-authorized money market funds (MMFs).

The SFC circular requires managers to maintain and implement effective liquidity risk management policies and procedures to monitor the liquidity risk of the MMFs under their management. In particular, the SFC reminds managers that they should refer to the SFC's guidance on liquidity risk management of SFC-authorized funds set out in the circular to management companies of SFC-authorized funds on liquidity risk management dated 4 July 2016.

Examples of good practices for managing the liquidity risk of MMFs are set out in the [appendix](#) to the circular.

Listed structured funds

On 23 January 2025, the SFC issued a [circular](#) to set out new regulatory requirements for product issuers, which they explain is with a view to broadening the range of listed structured funds that may be offered to the public in Hong Kong.

The SFC circular notes that these include listed products using a fund structure that aims to deliver a daily return equivalent to a multiple of a single stock's price return (Single Stock L&I Products) and those using options-based strategies to obtain long exposure to an underlying asset with capped upside potential in exchange for downside protection (Defined Outcome Listed Structured Funds).

The SFC circular supplements the structured fund related requirements in 8.8 of the Code on Unit Trusts and Mutual Funds (UT Code). It also sets out the additional requirements under which the SFC would consider authorising listed structured funds for public offerings in Hong Kong, particularly for specific types of listed structured funds. The framework set out in the SFC circular comprises general requirements for listed structured funds and additional safeguards applicable to specific types of listed structured funds.

Recognised Funds

The SFC [welcomed](#), on 20 December 2024, the publication of the revised provisions on the administration of recognised Hong Kong funds by the China Securities Regulatory Commission (CSRC) and the revised operating guidelines jointly published by the People's Bank of China (PBoC) and the State Administration of Foreign Exchange (SAFE), for the purpose of implementing the enhancements to the mutual recognition of funds (MRF) scheme.

The SFC announcement specifies that the enhancement to the MRF scheme is one of five measures on capital market cooperation with Hong Kong announced by the CSRC on 19 April 2024.

According to the SFC, for Hong Kong funds approved by the CSRC for public offering in Mainland China, the relaxation of the sales limit should increase their maximum potential sales value in Mainland China by three times. Also, the SFC says that relaxation of overseas delegation restriction will provide more opportunities for international asset managers to leverage their expertise and knowledge of global markets to offer more offshore solutions and products to Mainland China investors. The rollout of MRF 2.0 in January 2025 introduced policy changes leading to market interests such as:

- *Relaxation of the Sales Proportion Limit:* The "Regulations on the Management of Hong Kong Mutual Recognition Funds" issued by the CSRC on 20 December 2024, took effect on 1 January 2025. The limit of the local sales proportion of Hong Kong mutual recognition funds has been relaxed from 50% to 80%;
- *Easing of Sub-delegation Restrictions:* Hong Kong mutual recognition funds are allowed to sub-delegate their investment management functions to overseas affiliated institutions within the group, giving full play to the global investment advantages of cross-border asset management groups; and
- *Reserved Space for Product Expansion:* It reserves space for more conventional types of products to be included in the scope of Hong Kong mutual recognition funds in the future, increasing the flexibility of the regulatory system.

MPF investment funds

On 14 February 2025, the Mandatory Provident Fund Schemes Authority (MPFA) revised its [Code on mandatory provident fund \(MPF\) investment funds](#) (the Code).

Amongst other things, the Code revisions included an illustration of principles for considering inclusion in permissible asset classes for investment by MPF funds in the Code to enhance transparency and updates or clarifications of certain requirements in view of the latest regulatory and market developments.

The revised Code was effective from 14 February 2025.

Asset and Wealth Management Activities Survey

Then on 20 February 2025, the SFC invited firms to [participate](#) in its Asset and Wealth Management Activities Survey 2024 (AWMAS). The SFC explain that the purpose of the AWMAS is to collect information about asset and wealth management activities in Hong Kong for regulatory and market facilitation purposes and to develop a better understanding of the state of the asset and wealth management industry in Hong Kong.

Firms need to have the questionnaire completed and returned to the SFC by 22 April 2025 (through the online submission system).

Operational Resilience

The HKMA issued a [circular](#) on 20 January 2025 to share good industry practices for the implementation of operational resilience frameworks in accordance with supervisory policy manual (SPM) module OR-2 on operational resilience, which was issued on 31 May 2022.

Through its ongoing engagement with the industry to track implementation progress, the HKMA has found that all AIs have developed operational resilience frameworks and are on track to meet the SPM module OR-2 requirements by May 2026.

According to the HKMA, most AIs are currently in the second critical stage of their operational resilience implementation, namely the mapping and scenario testing exercises. Insights from the sharing session and good industry practices observed through various engagements have been summarised in the [Annex](#) to the circular.

HKMA is encouraging AIs to consider applying the good practices for mapping, testing and remediation of relevant vulnerabilities, in a manner commensurate with the scale and scope of their operations and risk profiles.

Going forward, AIs are required to prioritise the remaining tasks for becoming operationally resilient and track progress through self-assessments and achieve full compliance with the SPM module OR-2 requirements by May 2026.

OTC derivatives

On 20 December 2024, the SFC and HKMA jointly published a revised version of [frequently asked questions](#) (FAQs) on the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) Rules on 20 December 2024.

Concurrently, the HKMA has issued a revised version of supplementary reporting instructions (SRI) for OTC derivative transactions to provide further guidance and reporting instructions for over-the-counter (OTC) derivatives trade reporting.

The revised FAQs and SRI have been published in furtherance of the consultation conclusions issued by the SFC and the HKMA in September 2024 on the mandatory use of unique transaction identifier, unique product identifier, the reporting of critical data elements and the adoption of the ISO 20022 standard.

Both the revised FAQs and revised SRI will take effect from 29 September 2025. Licensed corporations that may be subject to mandatory reporting obligation are advised to refer to both the revised documents.

Corporate governance

On 19 December 2024, the Stock Exchange of Hong Kong Limited (SEHK) published the conclusions to its June 2024 consultation on proposed enhancements to the Corporate Governance Code (CG Code) and related Listing Rules. It is explained that the new measures aim to reflect the HKEX's continued focus on improving board effectiveness and ensuring that new and diverse experiences and perspectives are available in the boardroom.

Having considered respondents' views, the SEHK say they will adopt the consultation proposals, with certain modifications and clarifications as set out in the consultation conclusions, with effect from 1 July 2025.

The new requirements will apply to corporate governance reports and annual reports for financial years commencing on or after 1 July 2025, with transitional arrangements for the cap on 'over-boarding' and the cap on independent non-executive director tenure as set out in the consultation conclusions.

The SEHK intends to publish updated guidance in the first half of 2025 to assist issuers' compliance with the new requirements.

New public fund depositaries regime

In October 2024, SFC published updated codes, guidelines, forms and checklists as well as new frequently asked questions for implementing the new Type 13 regulated activity (RA 13) regime governing public fund depositaries, which came into effect on 2 October 2024.

Under the new regime, depositaries of SFC-licensed collective investment schemes are required to be licensed by or registered with the SFC to conduct RA 13. Ms Julia Leung, the SFC's Chief Executive Officer, highlighted the new RA 13 regime forms a vital part of the SFC's strategy to enhance their regulation of public funds to align with international practice and enhance investor protection.

Updated codes, guidelines and other regulatory information are accessible on the [SFC website](#).



In addition, for the new regime, on 27 December 2024 the SFC published a revised [Business and Risk Management Questionnaire](#) (BRMQ) for licensed corporations (LCs) and associated entities (AEs) and an analysis of scheme assets for associated entity of an intermediary licensed or registered for RA 13 in relation to the carrying on by an RA 13 intermediary.

Hong Kong market impacts arising from key regulatory changes

Edmond Ng, Greater China Fund Services Head, Citi, discusses some of the most influential impacts from regulatory change in the Hong Kong local market below.

With regard to asset tokenization, the HKMA launched the Project Ensemble sandbox in August 2024 to facilitate the testing of asset tokenization, including investment funds. The SFC also issued guidelines to provide safeguards for retail investors participating in the trading of tokenized traditional securities.

Several prominent financial institutions have joined Project Ensemble, participating as “non-community members,” leveraging the sandbox to examine practical use cases for tokenization in fixed income and investment funds.

China Asset Management (Hong Kong) launched Asia-Pacific’s first tokenized fund for retail investors in Hong Kong at the end of February 2025.

In terms of industry reaction, by the end of 2024, there were 41 Hong Kong mutual recognition funds, involving 21 institutions. With the implementation of new regulations, this creates significant room for future scale growth.

“The demand for cross-border investment among mainland investors is rising. Against the backdrop of tight QDII quotas and other factors, the mutual recognition of funds as a cross-border investment channel is attracting increased attention.

Currently, a majority of Hong Kong mutual recognition funds are bond funds investing in Hong Kong. In the future, the policy will provide support to more investment markets and strategies.

Edmond Ng, Greater China Fund Services Head, Citi.

Singapore

The Monetary Authority of Singapore (MAS) has highlighted that the responsible use of Artificial Intelligence (AI) will continue to be encouraged, and it will continue to monitor its economy using monetary policy as a tool. In addition, MAS has announced plans to advance tokenization in financial services, which are on their way.

We discuss some of these regulatory areas in more detail below.

AI

On 5 December 2024, as part of the MAS incremental efforts to ensure responsible use of AI in Singapore’s financial sector, MAS published recommendations on AI model risk management in an information paper following a review of AI-related practices of selected banks.

MAS stressed that the good practices highlighted in the information paper should apply to other financial institutions. There were three key focus areas that MAS expects banks and financial institutions to keep in mind when developing and deploying AI, which cover: (1) oversight and governance of AI; (2) key risk management systems and processes for AI; and (3) development, validation and deployment of AI.

Asset Tokenization

On 4 November 2024, MAS announced plans to advance tokenization in financial services. These plans include forming commercial networks to deepen liquidity of tokenized assets, developing an ecosystem of market infrastructures, fostering industry frameworks for tokenized asset implementation and enabling access to common settlement facility for tokenized assets.

Banks

On 7 January 2025, the [Protection from Scams Bill](#) (the Bill) was passed in the Singapore Parliament. The Bill is intended to empower the police to issue restriction orders to banks in Singapore to restrict an individual’s banking transactions if there is reasonable belief that the individual will make money transfers to scammers.

The Bill will come into operation on a date that the Minister appoints by notification in the Gazette.

Funds

On 10 December 2024, the MAS revised Guidelines on Licensing and Conduct of Business for fund Management Companies (SFA 04-G05) to provide examples of mitigating conflicts of interest and good practices for mitigating those conflicts.





Insurance (Recovery and Resolution)

MAS published on 30 December 2024 its responses to the feedback it received on its October 2023 consultation on new guidelines on its Notice 134 on recovery and resolution planning.

Following the consultation feedback, the MAS has also published the final guidelines, which provide guidance to notified insurers and notified DFHC (Licensed Insurer(s)) on recovery and resolution planning requirements under the MAS Notice 134. The guidelines, together with the MAS Notice 134, were effective from 1 January 2025.

Digital Assets

MAS launched on 15 January 2025 the Global-Asia Digital Bond Grant Scheme, which is intended to catalyse the issuance and broader market adoption of digital bonds in Singapore.

Under the scheme, MAS is offering the grant to companies and non-bank financial institutions with an Asian nexus (qualifying issuers). Digital bonds issued by qualifying issuers will be eligible for the scheme provided certain conditions are met.

Under the scheme, qualifying issuers can apply for up to 30% of the total eligible expenses per issuance, subject to a cap of: (a) SGD 450,000 where the initial principal amount issued is SGD 200 million (or its equivalent in another currency), or (b) SGD 250,000 where the initial principal amount issued is SGD 100 million (or its equivalent in another currency). Eligible expenses include arranger fees, audit fees, credit rating fees, legal fees, listing fees, and platform fees.

Funding under the scheme will be provided for up to two qualifying digital bond issuances. The scheme is valid until 31 December 2029. Applicants to the scheme are required to submit their applications no later than three months after the issue date.

MAS' Powers

On 24 January 2025, the [Financial Institutions \(Miscellaneous Amendments\) Act 2024](#) (the Act) took effect which enhances and rationalises the investigative, reprimand, supervisory, and MAS across six Acts, namely the Financial Advisors Act 2001, Financial Services and Markets Act 2022, Insurance Act 1966, Payment Services Act 2019, Securities and Futures Act 2001, and Trust Companies Act 2005.

The Act enhances and widens the investigative powers of MAS. Among other things:

- MAS may conduct such investigation as it considers necessary or expedient to perform any of its functions and duties under the relevant Act, to ensure compliance with the relevant Act, and to investigate an alleged or suspected contravention of any provision of the relevant Act or any written direction issued under the relevant Act;
- A person is not excused from disclosing information when required to do so during an investigation under the relevant Act on the ground that the disclosure might tend to incriminate him/herself;
- New provisions to provide for the examination of persons by MAS for its investigations; and
- New provisions empowering MAS to obtain documents and information and access data in computers for its investigations.

Equities Markets Review

On 21 February 2025, the Equities Market Review Group announced its [first set of measures](#) which are aimed at strengthening the competitiveness of Singapore's equities market. This includes three tax incentives announced by the Prime Minister and Minister of Finance at the Singapore Budget 2025 on 18 February 2025.

The announcement specifies that the first set of measures include:

Increasing Investor Interest (Demand): Seeking to deepen trading liquidity and strengthen capabilities in the local fund management and equity research ecosystem.

Improving Attractiveness to Quality Listings (Supply): To attract companies with operations in Singapore and fund managers to tap Singapore's equities market for their capital raising.

Pro-enterprise Regulatory Stance and Measures to Strengthen Investor Confidence: Regulatory measures aimed at moving Singapore decisively towards a more disclosure-based regime. The Review Group has also recommended adopting a more pro-enterprise regulatory stance, alongside other measures to strengthen investor confidence.

The announcement also says that in the next phase of work; to be completed by end-2025, the Review Group will consider other proposals beyond those already announced.

“The regulatory focus areas of MAS include Artificial Intelligence, Asset Tokenization and Digital Assets as well as utilising its enhanced investigative and supervisory powers over the financial sector.

These are initiatives designed to assist and strengthen Singapore’s position as an international asset and wealth management hub and to ensure Singapore stays ahead of future developments in the market.”

Ramesh Selva, Head of Citi Trustee & Fiduciary Services, North Asia (ex Korea) and South Asia.

All MAS documents referenced in this article can be accessed via the MAS homepage: [Monetary Authority of Singapore](https://www.mas.gov.sg/).

South Korea

AI

South Korean Lawmakers Passed the “[AI Basic Act](#)” in December 2024, with the regulatory framework expected to be fleshed out in 2025.

In terms of a possible framework, South Korea is considering:

1. **A Regulatory Framework:** Which establishes a structured approach to AI governance, requiring a national AI strategy and periodic reviews;
2. **Ethical Standards:** Emphasizing the importance of AI ethics, safety, and reliability, mandating measures to mitigate risks associated with AI technologies; and
3. **Institutional Support:** Creating bodies like the National AI Committee and AI Policy Center to oversee and implement AI policies.

South Korea is the first market in Asia to establish a comprehensive AI Framework, following in the footsteps of the EU AI Act. The AI Basic Act is set to take effect in January 2026.

Digital Assets

South Korea’s Financial Services Commission (FSC) also wants to draft the second phase of its crypto regulatory framework in the second half of 2025.

The country’s first crypto regulatory framework came into effect in July 2024 and introduced robust investor protections. Key measures included requiring exchanges to keep at least 80% of user funds in cold storage, separate from their own reserves.

In the second phase, the FSC aims to take a “comprehensive and systematic approach”, addressing not only service providers but also market operations and user protections.

Of course, such concerns are not unique, at a global level the FSB is also committed to promoting implementation of the [FSB’s Global Regulatory framework for crypto-assets](#) and engaging beyond G-20 jurisdictions.

The objective of the FSB review is to examine progress made by FSB member and select non-member jurisdictions in implementing the FSB’s global regulatory framework, including any lessons learnt.

Feedback needed to be submitted by 28 March 2025, with a peer review report expected to be published in October 2025.

Local industry developments

“Korea’s first alternative exchange launched on 4 March, so investors in South Korea have an additional platform for stock trading, other than the current Korea Exchange.

This is because the country’s first alternative trading system – Nextrade¹ – has extended trading hours to 12 hours a day vis-à-vis the current 6.5 hours.

It is expected that competition between the two exchanges is likely to bring benefits to general investors such as lower transaction costs. For instance, Nextrade has lowered trade execution fees by 20%–40% in comparison to the Korea Exchange.

Public authorities in South Korea believe these changes will promote improvement in the country’s capital market infrastructure.”

Sung-Wook Han, Head of Citi Trustee & Fiduciary Services, Korea.

Australia

ASIC Enforcement Priorities

On 14 November 2024, the Australian Securities and Investment Commission (ASIC) published a [media release](#) announcing its enforcement priorities for 2025, outlining where it will be directing its resources and experience over the next year.

According to the Media Release, protecting Australian consumers from financial harm due to ‘cost of living’ pressures and targeting those who exploit these consumers will be top priorities on ASIC’s enforcement radar.

¹ Nextrade, backed by major Korean securities companies and tech giants will operate as an electronic trading platform that matches buy and sell orders. Although not a stock exchange, it functions similarly.

The full list of enforcement priorities for 2025 are:

- Misconduct exploiting superannuation savings;
- Unscrupulous property investment schemes;
- Failures by insurers to deal fairly and in good faith with customers;
- Strengthening investigation and prosecution of insider trading;
- Business models designed to avoid consumer credit protections;
- Misconduct impacting small businesses and their creditors;
- Debt management and collection misconduct;
- Licensee failures to have adequate cyber-security protections;
- Greenwashing and misleading conduct involving ESG claims;
- Member services failures in the superannuation sector;
- Auditor misconduct; and
- Used car finance sold to vulnerable consumers by finance providers.

In addition to the above, ASIC will continue to target some enduring enforcement priorities, which include:

- Misconduct damaging market integrity, including insider trading, continuous disclosure breaches and market manipulation;
- Misconduct impacting First Nations people;
- Misconduct involving a high risk of significant consumer harm, particularly conduct targeting financially vulnerable consumers;
- Systemic compliance failures by large financial institutions resulting in widespread consumer harm;
- New or emerging conduct risks within the financial system; and
- Governance and directors' duties failures.

Operational risk and business continuity planning

Coming into effect on 1 July 2025, the Australian Prudential Regulation Authority (APRA) released its finalised [prudential practice guide \(CP 230\)](#) to help banks, insurers and superannuation trustees strengthen their management of operational risk and improve business continuity planning.

APRA has reconfirmed its focus on the resilience of critical operations and uplift in third-party risk management, while also announcing a range of changes to the new guidance.

Key changes include:

- That guidance has been shortened and is more tightly focused on how to meet expectations set by the standard;
- Entities that are classified as non-Significant Financial Institutions have an additional 12-months to comply with certain requirements in CPS 230 relating to business continuity and scenario analysis;
- APRA has included a “day-one” checklist for entities to assist in their implementation of CPS 230; and
- APRA has provided a three-year forward plan of its intended approach to supervising CPS 230 to assist industry with implementation and planning.



Increased transparency of super fund expenses

APRA released, on 30 October 2024, its inaugural publication of the fund-level data on expenditure covering a broad range of categories, including investment-related expenses, as well as administration and other expenditure, such as advertising, sponsorship and payments to industrial bodies.

The publication of this data was foreshadowed in a [letter](#) released to superannuation trustees on 22 October 2024, which also outlined APRA's intensified supervision of fund level expenditure. The letter notes that APRA will take a targeted approach in relation to expenditure, partly informed by the new fund level data on expenditure.

The fund-level expenditure [data](#) was published in January 2025 for the financial year 2023-24.

Data transformation

APRA undertook a multi-year project to upgrade the breadth, depth and quality of its superannuation data collection (SDT).

Phase 1 of the SDT addressed critical gaps in the current reporting framework and expanded APRA's data collection to capture data across all superannuation products, investment menus and investment options.

Phase 2 of the SDT increased the level of detail of superannuation data APRA collects.

Consultation on proposals for the collection of data on investments (including indirect investment costs), registrable superannuation entity (RSE) and RSE licensee profile and RSE licensee financials closed on 31 March 2024.

The first response package for this consultation (indirect investment costs and RSE licensee financials) was released on 20 September 2024, with a second release package (investments and RSE and RSE licensee profile) released on 6 December 2024.



Valuation governance and liquidity risk management

APRA released [findings](#) in December 2024 from a review into superannuation trustees' progress in implementing enhanced valuation governance and liquidity risk management requirements. The findings are designed to help trustees in aligning their practices with *Prudential Standard SPS 530 Investment Governance* (SPS 530), including in relation to the use of independent external asset valuations and the effective management of potential conflicts.

These findings highlighted the need to further lift practices across the industry. APRA advised that it will directly engage with those trustees identified as having deficiencies and will expect them to formulate appropriate and timely remediation plans. APRA expects all trustees to review the findings, assess themselves against the prudential standard, and enhance their valuation governance and liquidity risk frameworks where needed. APRA will take further action within its regulatory remit to enforce the provisions of SPS 530 and related regulatory requirements, where necessary.

APRA published its annual superannuation statistics publications for 2024 on 30 January 2025. For the first time, these annual publications include fund-level expenditure and detailed insurance data which will form part of the publications going forward. The first [release](#) of expenditure data occurred in October last year.

As outlined in a [letter](#) to trustees in October 2024, APRA is using the data to review and scrutinise expenditure across the industry where member benefits may not be evident. APRA will provide updates on its work in this area over the coming months.

The new data, for the first time, also includes fund-level insurance information, covering claims, coverage, premiums, and member engagement metrics. The resulting transparency from this additional data will help to increase the value insurance brings to superannuation and support timely claims processing.

Geopolitical Risks

On 25 November 2024, APRA published a [speech](#) by its Chair John Lonsdale to the European Australian Business Council in Sydney.

In “Forewarned and forearmed”, Mr Lonsdale spoke about how financial regulators globally, including APRA, are increasing their focus on the potential for geopolitical events to impact the financial and operational soundness of banks, insurers and superannuation funds.

Sustainable Finance (Disclosures)

Australian legislation requiring certain large entities to make climate-related financial disclosures from 1 January 2025 has already commenced. So, 2025 will mark the first year of mandatory climate risk reporting in Australia for entities that meet certain thresholds, as part of annual financial reporting requirements.

ASIC has released guidance to the effect that it will take a ‘pragmatic and proportionate approach’ to enforcement of the Climate-related Financial Disclosures (CRFD) regime.

As a reminder, the timeline for disclosures under the CRFD regime is split into three groups:

Group 1: First reporting year is the financial year commencing on or after 2025 and relates to companies, registered schemes, registered superannuation entities, and disclosing entities that meet either of the following:

a. Entities that meet at least two of the following three criteria:

- The entity (and the entities it controls) have at the end of the financial year, ≥ 500 employees;
- Value of consolidated gross assets at the end of the financial year of the entity and any entities it controls is $\geq \text{AUD\$1 billion}$; and
- Consolidated revenue for the financial year of the company and any entities it controls is $\geq \text{AUD\$500 million}$.

b. Entities that:

- Are a registered corporation (or are required to register) under the National Greenhouse and Energy Reporting Scheme (NGER) Act; and

- Meet the threshold for publication by the Clean Energy Regulator under that Act (i.e. the ‘publication threshold’).

Group 2: First reporting in the financial year commencing between 1 July 2026 and 30 June 2027 and applies to companies, registered schemes, registered superannuation entities, and disclosing entities that meet either of the following:

a. Entities that fulfil two of the following three criteria:

- The entity (and the entities it controls) have at the end of the financial year, ≥ 250 employees;
- Value of consolidated gross assets at the end of the financial year of the entity and any entities it controls is \geq AUD\$500 million; and
- Consolidated revenue for the financial year of the company and any entities it controls is \geq AUD\$200 million.

b. Entities that are a registered corporation (or are required to register) under the NGER Act.

c. Entities where the value of its assets (and the entities it controls) at the end of the financial year is \geq AUD\$5 billion.

Group 3: First reporting year is the financial year commencing on or after 1 July 2027, capturing companies, registered schemes, registered superannuation entities, and disclosing entities that meet at least two of the following three criteria:

- The entity (and the entities it controls) have at the end of the financial year, ≥ 100 employees;
- Value of consolidated gross assets at the end of the financial year of the entity and any entities it controls is \geq AUD\$25 million; and
- Consolidated revenue for the financial year of the company and any entities it controls is \geq AUD\$50 million.

Also, relating to sustainability reporting and published on 23 January 2025, the Australian Government issued a [consultation paper](#) ‘Positioning Australia’s financial reporting system for the future’. Responses were open until 21 February 2025. The consultation paper invites views on proposals to create a body combining the Australian Accounting Standards Board, Auditing and Assurance Standards Board and the Financial Reporting Council.

The paper seeks feedback on the proposed:

- Body’s structure.
- Model of making standards for:
 - Accounting;
 - Sustainability; and
 - Auditing and assurance.
- Transparency measures for the board and committees’ roles.
- Board and committees’ candidates’ independence from industry.

- Ways to strengthen governance and oversight arrangements.

Australian Treasury also planned roundtable discussions for mid-February 2025.

Prudential Framework

APRA confirmed on 18 February 2025 two further steps to simplify its prudential framework.

First, APRA rescinded the 2018 Information Paper “Outsourcing Involving Cloud Computing Services” in light of [Prudential Standard CPS 230 Operational Risk Management \(CPS 230\)](#).

CPS 230 comes into effect 1 July 2025 (replacing existing standards 231 Outsourcing and 232 Business Continuity Management) and includes formal supervisory coverage for entities with cloud service provider arrangements.

Based on industry feedback, the withdrawal of the information paper aims to reduce regulatory burden and improve clarity about the expected approach for material service provider arrangements.

APRA regulated entities will be expected to comply with CPS 230 requirements when using cloud services to appropriately manage associated risks and ensure operational resilience.

Second, APRA ceased the collection of “ARF 923.0 Covid-19 Capital and Credit” with the last submission being the period ending 31 January 2025. This collection was initiated in 2020 as part of measures to help banks support customers impacted by COVID-19. The decision was part of APRA’s regular review of its ad hoc data collection and follows some cessations in 2023 and 2024.

APRA will continue to consider opportunities to sharpen and simplify the prudential framework, building upon its work for a [modern prudential architecture](#).

“Citi is actively working on many of these regulations where it has legal entities that are APRA and/or ASIC regulated or provides services to clients that are APRA and/or ASIC regulated. Citi is also engaged in the industry drive for consistent interpretation and application of the regulations.”

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HKMA is in no way affiliated with any commentary, analysis, or views etc. applied to such data or information in the Hong Kong section of this article.



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