

## FinTech Global FS Regulatory Round-up – w/e 18 August 2023

### CATEGORIES

This post is part of the following categories:

AI, ASIA, CRYPTO,  
CRYPTO, CYBER  
SECURITY, DATA  
PROTECTION AND IT, EU,  
EUROPE, FINTECH,  
FINTECH ROUND-UP, IT &  
TECHNOLOGY,  
PAYMENTS,  
REGULATORY, UK, USA

AUGUST 23, 2023



In this weekly post, we round-up FinTech-related financial services regulatory developments for the week ending **18 August 2023**.

### ICYMI

- [Biden Administration announces new US-China outbound investment sanctions](#)
- [July Data Wrap: A snapshot of key regulatory developments](#)
- [A cautious approach: What does the EU-US adequacy decision actually mean for international data transfers?](#)
- [Commercial Court takes rare decision to refuse enforcement of arbitration award on public policy grounds in crypto case \(UK\)](#)

### UK

#### FCA: Expectations for UK cryptoasset businesses complying with the Travel Rule

The FCA has [outlined](#) its expectations for cryptoasset businesses that need to comply with a change in money laundering legislation. From 1 September 2023, cryptoasset businesses in the UK will be required to collect, verify and share information about cryptoasset transfers, known as the 'Travel Rule'. The Travel Rule aligns practices for cryptoasset businesses sending and receiving transactions, with those common in other areas of financial services. The FCA has been working with industry, the Joint Money Laundering Steering Group (JMLSG) and HM Treasury (HMT), on guidance to help firms comply with the Travel Rule. Firms have until 25 August 2023 to [input to the guidance](#). [17 Aug 2023]

[#Cryptoassets](#) [#TravelRule](#)

### EU

#### EC: Open finance framework – enabling data sharing and third party access in the financial sector

The European Commission (EC) has [updated](#) its website to indicate that the deadline for providing feedback on the adopted open finance proposal has been extended to 12 October 2023. [17 Aug 2023]

[#OpenFinance](#) [#Data](#)

#### ESMA Chair comments on MiCA in interview

In an [interview](#) published in the European Central Bank's (ECB's) Banking Supervision Newsletter, the

Chair of the European Securities and Markets Authority (ESMA), Verena Ross, spoke about a range of issues, from the impact of the March banking turmoil on the single-name credit default swaps (CDS) market to environmental, social and governance matters.

Commenting on the introduction of the Markets in Crypto-Assets Regulation (MiCA), Ms Ross noted that MiCA is intended to provide consumer protection, enhance market integrity and promote financial stability. However, while consumers will have more information about crypto products and the risks involved, the ESMA Chair warned that 'there will be no such thing as a safe crypto-asset'. [16 Aug 2023]

[#cryptoassets](#) [#MiCA](#)

### **ECB publishes occasional paper on CBDCs and financial stability**

The ECB has [published](#) an occasional paper which looks at how central bank digital currencies (CBDCs) impact the balance sheets of banks and central banks. The abstract to the paper explains that the authors modelled the impact of a fictitious digital euro being introduced in Q3 of 2021. They found that, 'a €3,000 digital euro holding limit per person [...] would have been successful in containing the impact on bank liquidity risks and funding structures and on the Eurosystem balance sheet, even in extremely pessimistic scenarios'. [16 Aug 2023]

[#CBDCs](#)

## **Hong Kong**

### **HKMA invites selected licensed banks to participate in interbank account data sharing initiative pilot programme**

The Hong Kong Monetary Authority (HKMA) has issued a [circular](#) to invite selected licensed banks to participate in the pilot programme for the Interbank Account Data Sharing (IADS) initiative, which allows customers to securely and efficiently share their bank account data with other banks subject to their consent.

The HKMA's Fintech Facilitation Office (FFO) recently completed a preliminary study of the IADS initiative in collaboration with the Hong Kong Association of Banks and the selected licensed banks. The findings suggest that sharing customer bank account data between banks may help digitalise banking operations, strengthen risk management, and enhance the customer experience. The rules and standards facilitating interbank customer-consented data sharing were developed through the study, paving the way for operationalising the IADS initiative. In the IADS pilot programme, select use cases and implementation issues will be examined to help formulate a possible implementation approach.

The HKMA's Banking Supervision Department has been consulted and is supportive of the IADS initiative. Licensed banks who have received the HKMA's [circular](#) are expected to participate in the pilot programme, and complete all necessary preparations by the end of 2023. The FFO will provide further details to facilitate the banks' participation in the pilot programme. [15 Aug 2023]

[#IADS](#) [#data](#)

### **HKSCC issues circular regarding connectivity test to prepare for FINI market rehearsal sessions**

The Hong Kong Securities Clearing Company Limited (HKSCC) has issued a [circular](#) regarding a brief connectivity test on 19 August 2023 (from 10am to 12pm), to facilitate preparation for the market rehearsal sessions for the Fast Interface for New Issuance (FINI) scheduled for 26 August and 2 September 2023 (see our previous updates [here](#) and [here](#)).

The HKEX strongly encourages all FINI users to [log into FINI](#) during the specified timeframe on 19 August 2023 to verify their user account setup and connectivity prior to the market rehearsal sessions. During the connectivity test, FINI users will be able to access the FINI homepage. There will be no IPO data setup during the test, and no further action is required from FINI users following successful login.

FINI users who have not yet completed their user account and user teams setup within the [HKEX Access Management Portal](#) are reminded to do so on or before 21 August 2023. Further guidance is provided in the [HKEX Access Management User Guide](#).

FINI users are reminded to participate in the market rehearsals on 26 August 2023 and 2 September 2023. FINI banks are required to join both sessions, whilst HKSCC participants have the option of joining one or both sessions. Other FINI users will be invited by email to participate in a pre-assigned test case and session. [15 Aug 2023]

[#markets](#) [#platform](#) [#listing](#) [#IPO](#) [#FINI](#)

## **Singapore**

### **MAS responds to call to increase the FAST limit**

The Monetary Authority of Singapore (MAS) has [published](#) a response to a letter published in the Straits Times calling on it to review the daily Fast and Secure Transfers (FAST) limit as cheque use declines; the letter suggested that the daily limit should be raised beyond the current \$200,000. In its response, the MAS notes that the FAST transaction limit serves as one of the safeguards against

fraud and scams and that raising it would require, in conjunction with the banking industry, careful consideration of the risks and the additional mitigating measures that would need to be put in place. The MAS also points out that bank customers who wish to transfer amounts above \$200,000 may use Interbank GIRO or MEPS+ to do so. [15 Aug 2023]

[#Payments](#)

### MAS: Finalisation of stablecoin regulatory framework

The MAS has [finalised](#) a new regulatory framework that seeks to ensure a high degree of value stability for stablecoins regulated in Singapore. The regulatory framework takes into account feedback from an October 2022 public consultation. The MAS stablecoin regulatory framework will apply to single-currency stablecoins (SCS) pegged to the Singapore Dollar or any G10 currency that are issued in Singapore. Issuers of such SCS will have to fulfil key requirements relating to:

- value stability;
- capital;
- redemption at par; and
- disclosure

Stablecoin issuers must fulfil all requirements under the framework to be able to apply to MAS for their stablecoins to be recognised and labelled as 'MAS-regulated stablecoins'. Under the new regulatory framework, those who misrepresent a token as a 'MAS-regulated stablecoin', may be subject to penalties. [15 Aug 2023]

[#Stablecoins](#)

## India

### RBI announces launch of Public Tech Platform pilot

The Reserve Bank of India (RBI) has [announced](#) the launch of the pilot project for the Public Tech Platform for Frictionless Credit, with effect from 17 August 2023. The Platform is being developed by Reserve Bank Innovation Hub (RBIH), a wholly owned subsidiary of RBI.

The Platform is intended to enable delivery of frictionless credit by facilitating a seamless flow of required digital information to lenders. The end-to-end digital platform will have an open architecture, open Application Programming Interfaces (APIs) and standards, to which all financial sector players can connect seamlessly in a 'plug and play' model. It is being rolled out as a pilot project in a calibrated fashion, both in terms of access to information providers and use cases.

During the pilot, the Platform will focus on products such as Kisan Credit Card loans up to ₹1.6 lakh per borrower, Dairy Loans, MSME loans (without collateral), Personal loans and Home loans through participating banks. The platform shall enable linkage with services such as Aadhaar e-KYC, land records from onboarded State Governments (Madhya Pradesh, Tamil Nadu, Karnataka, Uttar Pradesh, and Maharashtra), Satellite data, PAN Validation, Transliteration, Aadhaar e-signing, account aggregation by Account Aggregators (AAs), milk pouring data from select dairy co-operatives, house/property search data and more. Based on the learnings, the scope and coverage would be expanded to include more products, information providers and lenders during the pilot. [14 Aug 2023]

[#platforms](#) [#data](#) [#APIs](#) [#credit](#)

## US

### CFPB Director announces plans to develop rules for data brokers

Consumer Financial Protection Bureau (CFPB) Director Rohit Chopra has [announced](#) that the CFPB will be developing rules to prevent misuse and abuse by data brokers that track, collect, and monetize information about people. Speaking at a Whitehouse Roundtable, Director Chopra commented: "Today, 'artificial intelligence' and other predictive decision-making increasingly relies on ingesting massive amounts of data about our daily lives. This creates financial incentives for even more data surveillance."

In September, the CFPB will publish an outline of proposals and alternatives under consideration for a proposed rule under the Fair Credit Reporting Act (FCRA) which will address business practices used by companies that assemble and monetize data. It will then propose the rule for public comment in 2024.

The CFPB has published [frequently-asked-questions](#) (FAQs) which set out its work in this area and next steps. [15 Aug 2023]

[#Data](#) [#AI](#)

### FDIC publishes 2023 Risk Review

The Federal Deposit Insurance Corporation (FDIC) has [published](#) its 2023 Risk Review. The 2023 Risk Review provides a comprehensive summary of key developments and risks in the U.S. banking system; this edition includes a new section focused on crypto-asset risk. The report focuses on the effects of key risks on community banks in particular, as the FDIC is the primary federal regulator for

the majority of community banks in the U.S. banking system.

The FDIC's Risk Review is an annual publication and based on year-end banking data from the prior year. This year's expanded report incorporates data and insights related to the recent stress to the banking sector through first quarter 2023. FDIC intends to publish its next Risk Review in the spring of 2024. [14 Aug 2023]

#Cryptoassets



**Karen Anderson**  
Partner  
+44 20 7466 2404



**Cat Dankos**  
Regulatory Consultant  
+44 20 7466 7494



**Rashid Ahmed**  
FSR & CCI Professional  
Support Paralegal  
+44 20 7466 2315



**Vasuki Balasubramaniam**  
FSR & CCI Professional  
Support Paralegal  
+44 20 7466 3722



## Disclaimer

Herbert Smith Freehills LLP has a Formal Law Alliance (FLA) with Singapore law firm Prolegis LLC, which provides clients with access to Singapore law advice from Prolegis. The FLA in the name of Herbert Smith Freehills Prolegis allows the two firms to deliver a complementary and seamless legal service.

**AI, CBDC, CFPB, DATA, DIGITAL BANKING, ECB, ESMA, FDIC, FINI, HKMA, HKSCC, HONG KONG, INDIA, MAS, OPENBANKING, OPENFINANCE, RBI, STABLECOIN**

0

**PREVIOUS**

**SUBSCRIBE**



### RELATED LINKS

Banks and other financial institutions

Financial buyers

Technology media and telecommunications

## LEAVE A REPLY

Your email address will not be published. Required fields are marked \*

Comment

Name \*

Email \*

Post Comment

[HOME](#)  
[ABOUT](#)  
[TEAM](#)  
[SUBSCRIBE](#)  
[MORE BLOGS](#)  
[HSF WEBSITE](#)

STAY CONNECTED



Herbert Smith Freehills LLP is authorised and regulated by the Solicitors Regulation Authority.

The articles published on this website, current at the dates of publication set out above, are for reference purposes only. They do not constitute legal advice and should not be relied upon as such. Specific legal advice about your specific circumstances should always be sought separately before taking any action.