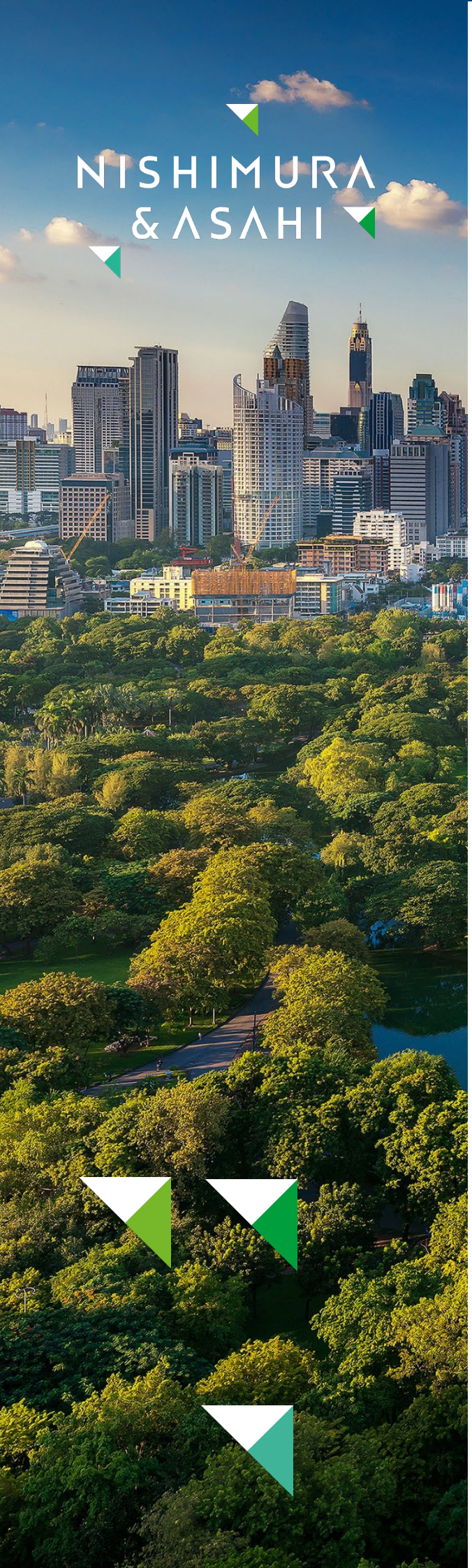

Asia Legal Update

Second Quarter 2025
(Apr. - Jun.)

Japan Authors: Hiroki Kaga and Aya Okada

Publication of the "Action Program for Corporate Governance Reform 2025"

On 30 June 2025, the Financial Services Agency of Japan ("**FSA**") published the "Action Program for Corporate Governance Reform 2025" ("**Document"**). The Document outlines the future direction of initiatives by the FSA and the Tokyo Stock Exchange on five key issues, with the aim of promoting meaningful corporate governance reform based on self-motivated changes in the mindsets of companies and investors, and to facilitate dialogue founded on a "relationship of cautious trust" that genuinely contributes to sustainable corporate growth and the enhancement of medium-to long-term corporate value. The necessary measures, including revisions to the Corporate Governance Code ("**Code**"), are expected to be implemented in due course, and future initiatives are being watched closely.

(i) Driving the capacity to create value

The Document notes that while a growing number of listed companies are engaging with shareholders and investors to enhance corporate value, there are concerns that efforts to ensure appropriate allocation of management resources to achieve sustainable growth remain insufficient. On that basis, the Document outlines the following future aspirations: (A) continuing to support companies' efforts to achieve management-level cost-consciousness of capital and stock prices, and to encourage dialogue between companies and investors, (B) considering revisions to the Code to promote more effective board oversight aligned with company strategies and challenges, as well as enhanced disclosures, and (C) requiring additional disclosures of human capital management strategies connected with each issuer's business strategy, policies on employee compensation, and year-over-year rates of change in average employee compensation in annual securities reports ("**ASRs**").

(ii) Enhancing the quality of disclosures and promoting dialogue with investors

The Document emphasizes that fostering medium-to long-term corporate value and sustainable growth through constructive and purposeful dialogue, without falling into short-termism, requires a "relationship of cautious trust" between companies and investors. This relationship should be built on highly reliable, detailed company disclosures and investors' in-depth analysis of companies, sometimes with support from innovative approaches that transcend conventional frameworks. The Document therefore outlines goals that include: (A) continuing to collect and share best practices, (B) considering revisions to the Code while following up on disclosure of ASRs prior to annual general meetings ("**AGMs**"), (C) working with relevant ministries to update legal frameworks for AGMs, including full digitalization of AGMs materials, and (D) reviewing the content of ASRs, including potential streamlining.

(iii) Improving board effectiveness

The Document emphasizes that in order to support swift and decisive decision-making by boards of directors, as well as effective, independent, and objective oversight of management and directors, it is important to engage in substantive discussions on the ideal form of the bord or directors. On that basis, the Document mentions that a consortium will be established to discuss the extended role of independent outside directors and the enhancement of the board secretariat, with aim of enhancing best practices related to board effectiveness.

(iv) Addressing issues in the market environment

The Document highlights the following issues in the market environment: (A) strategic shareholdings, (B) large shareholding reporting rules, and (C) parent-subsidiary listings. The Document mentions, as a future direction for strategic shareholdings, (a) continuing analysis of, and publications concerning, issues and good practices for disclosure of strategic shareholdings (including re-categorisation of the purpose of holding), and (b) in response to situations in which pressure is being exerted to prevent the sale of strategic shareholdings, measures (including how to ensure the effectiveness of the Code) will be considered to ensure practices remain aligned with intent. With regard to large shareholding reporting rules, the Document mentions that: (a) the FSA will strengthen its response to violations and consider increasing the penalties for violations of the large shareholding reporting rules, and (b) necessary measures will continue to be considered and implemented to enhance the fairness of the market and securities transactions. With regard to parent-subsidiary listings, the Document indicates that efforts will be made to promote discussions and disclosure of group management and minority shareholder protection, while also considering necessary enhancements to listing rules to ensure the independence of independent outside directors for listed subsidiaries and equity-method affiliated companies, and to protect the interests of minority shareholders.

(v) Encouraging management-level awareness of sustainability

Taking into account recent domestic and international developments in sustainability disclosures, the Document outlines the following future goals: (A) collecting and sharing case studies through the consortium to raise overall standards, (B) deepening discussions on sustainability disclosure and assurance standards to ensure international comparability while monitoring global regulatory trends, and (C) actively participating in and contributing to international discussions.

Korea Author: Won Yoon

Proposed Amendment to Commercial Act Passed by National Assembly

Following the election of President Lee Jae-myung on June 3, 2025, the amendment to the Commercial Act ("**Amendment**") proposed by the ruling party (Democratic Party) was approved at the plenary session of the National Assembly on July 3, 2025, after agreement was reached between the ruling and opposition parties. The Amendment includes the following changes: (1) expansion of the scope of directors' duty of loyalty, (2) mandatory electronic shareholders' meetings for large listed companies, (3) changing the title of outside directors of listed companies to "independent directors" and increasing the mandatory appointment ratio from 1/4 to 1/3, and (4) strengthening of voting rights restrictions on the largest shareholder in the appointment and dismissal of audit committee members (known as the "3% rule"). These changes are expected to have a significant impact on corporate governance and operations.

(i) **Expansion of the scope of directors' duty of loyalty**: The current version of the Commercial Act requires directors to perform their duties for the "company" faithfully, in accordance with laws and regulations and the articles of incorporation. However, the Amendment expands the scope of directors' duty of loyalty to include not only the "company" but also its "shareholders". This change requires directors to make management decisions that take into account not only the interests of the company, but also the potential adverse effects on all shareholders, including minority shareholders. In particular, it is necessary to demonstrate that transactions or actions involving the largest shareholder or its specially related persons will have no adverse effects on minority shareholders, or that company interests justify any adverse effects that may occur.
As a result, lawsuits are expected to be filed to hold directors liable in cases where shareholders suffer direct losses due to directors' decisions—for example, when the value of shares is impaired by corporate reorganizations such as mergers or divisions, when the merger ratio is considered unfair, when a subsidiary is listed following a spin-off, or when minority shareholders are excluded through a capital reduction
This is the most notable aspect of the Amendment. The relevant provisions will take effect immediately upon promulgation.

(ii) **Mandatory electronic shareholders' meetings for large listed companies**: The Amendment permits listed companies to hold electronic shareholders' meetings concurrently with general meetings held at the meeting venue, unless otherwise provided in the articles of incorporation. In particular, listed companies specified by presidential decree, based on factors such as asset size, are required to hold concurrent electronic shareholders' meetings. This is expected to facilitate participation by minority shareholders and strengthen oversight of corporate decision-making. The relevant provisions are scheduled to come into effect on January 1, 2027.

(iii) **Changing the title of outside directors of listed companies to "independent directors" and increasing the mandatory appointment ratio from 1/4 to 1/3**: The Amendment changes the title of outside directors of listed companies to "independent directors," and increases the mandatory appointment ratio of independent directors from 1/4 to 1/3. This is one of the measures designed to enhance the independence of listed companies' boards of directors. The relevant provisions are scheduled to come into effect one year after promulgation of the Amendment.

(iv) **Strengthening of voting rights restrictions on the largest shareholder in the appointment and dismissal of audit committee members (the "3% rule")**: The current version of the Commercial Act permits the largest shareholder to exercise up to 3% of voting rights, the same as other shareholders, when appointing or dismissing audit committee members who serve as outside directors. However, the Amendment applies the 3% cap to the combined shareholding of the largest shareholder and its specially related persons. This will increase the influence of minority shareholders and weaken the control of the largest shareholder. The relevant provisions are scheduled to come into effect one year after promulgation of the Amendment.

China Author: Yueting Lu

1. Enactment of the Private Sector Promotion Law

On 30 April 2025, at its fifteenth session, the Standing Committee of the Fourteenth National People's Congress adopted the *Private Sector Promotion Law of the People's Republic of China* ("**PSPL**"), which came into effect on 20 May 2025. As the PRC's first foundational statute devoted exclusively to the development of the private economy, it comprises nine chapters and seventy-eight articles. Its key provisions include:

(i) **Safeguarding Fair Competition.** Governments at all levels shall conduct fair-competition reviews when formulating policies that affect production and business operations, so as to ensure that private-sector enterprises can participate in market competition on an equal footing.

(ii) **Improving the Investment and Financing Environment.** The PSPL supports private-sector enterprises in participating in major national strategies and projects, and aims to improve market-oriented mechanism for risk-sharing in financing.

(iii) **Supporting Scientific and Technological Innovation.** The PSPL supports private-sector enterprises in participating in national science-and-technology breakthrough projects, and authorises qualified private-sector enterprises to take the lead in major national R&D missions.

(iv) **Emphasising Regulation and Guidance.** Private-sector enterprises engaged in production and business activities shall comply with applicable laws and regulations and improve their governance structures and management systems.

(v) **Optimising Administrative Services.** When enacting laws, regulations, or policies closely related to business activities, authorities shall solicit and consider the opinions and recommendations of private-sector enterprises. Administrative enforcement shall avoid—or, where unavoidable, minimise—interference with the normal operations of private-sector enterprises. The PSPL further supports and guides private-sector enterprises in conducting outbound investment and other business activities in compliance with applicable laws.

(vi) **Strengthening Protection of Rights and Interests.** The seizure, attachment, or freezing of assets must strictly distinguish between illegal proceeds, other case-related property, and lawful assets, as well as between the property of private-sector enterprises and the personal assets of their operators. Administrative or criminal measures shall not be used to interfere unlawfully in economic disputes.

(vii) **Reinforcing Legal Liability.** A dedicated chapter on legal liability is established to bolster sanctions for violations of the PSPL and to ensure the effective implementation of its provisions.

2. Amendments to the Anti-Unfair Competition Law

On 27 June 2025, at its sixteenth session, the Standing Committee of the Fourteenth National People's Congress adopted revisions to the *Anti-Unfair Competition Law of the People's Republic of China* ("**AUCL**"), which will take effect on 15 October 2025. AUCL was first promulgated in 1993 and amended in 2017 and 2019. Key amendments in the 2025 revision include:

(i) **Enhancing Regulation of Confusion-Inducing Acts.** Operators shall not, without authorisation, use the social media account name, app name, or icon of another entity with a certain level of influence, nor set another entity's product or enterprise name as a search keyword where such conduct is likely to cause confusion; nor assist others in such acts.

(ii) **Strengthening Governance of Commercial Bribery.** Building on the existing prohibition against offering bribes, the amended AUCL now expressly forbids any entity or individual from accepting bribes.

(iii) **Improving Oversight of Online Unfair Competition.** Platform operators must expressly stipulate fair-competition rules in their platform service agreements and trading rules, and—when they discover that business operators transacting on the platform have engaged in unfair-competition conduct—must take timely, lawful remedial measures. In addition, business operators shall not, whether directly or by instructing others, use data, algorithms, technology, or platform rules to carry out false or fictitious transactions or to engage in any other unfair-competition practice against other business operators.

(iv) **Prohibition of Abuse of Superior Bargaining Position.** Large enterprises shall not exploit advantages in capital, technology, or similar resources to impose manifestly unreasonable payment terms, breach-liability provisions or other trading conditions on SMEs, nor may they default on payments owed to SMEs.

(v) **Revising Supervision and Penalty Mechanisms.** Regulators may summon responsible persons for interviews, require explanations, and order corrective measures. Monetary fines for specified unfair-competition acts have been increased, and the statutory maximum penalties have been raised.

(vi) **Establishing Extraterritorial Application.** Unfair-competition acts committed outside the territory of PRC that disrupt competition within the PRC or injure the lawful rights and interests of domestic operators or consumers shall be handled in accordance with the AUCL and other related laws.

Hong Kong Author: Ryuichi Sakamoto

1. New “Continuous Contract” Requirement

On 18 June 2025, the Legislative Council passed the Employment (Amendment) Bill 2025, which revises the meaning of the "continuous contract" requirement set forth in the Employment Ordinance (Cap. 57). A summary of the new continuous contract requirement, which will be effective starting 18 January 2026, is as follows:

According to the current version of the Employment Ordinance, an employee who has been employed continuously by the same employer for four weeks or more, with at least 18 hours worked each week, is regarded as being employed under a continuous contract. Effective 18 January 2026, the working hours threshold for the "continuous contract" requirement will be revised to lower the weekly working hour threshold from 18 hours to 17 hours, and to provide an alternative calculation method, which uses the aggregate hours worked during a specified four-week period as a counting unit; using this new method, a week in which the employee works fewer than 17 hours still will be regarded as being engaged in a continuous employment period if the sum of the working hours for that week and the three weeks immediately preceding it total or exceed 68 hours. The amendment will not impact employees who met the current “continuous contract” requirements prior to the amendment taking effect.

This amendment will allow more employees to enjoy the benefits provided in the Employment Ordinance.

2. Company Redomiciliation Regime in Hong Kong

To strengthen Hong Kong’s position as a global business and financial hub, Hong Kong has introduced an inward company re-domiciliation regime (“**Regime**”) that allows companies domiciled elsewhere to transfer their domiciles to Hong Kong.

Pursuant to this new Regime, companies not originally incorporated in Hong Kong that successfully register as re-domiciled companies under the Companies Ordinance (Cap. 622) are able to preserve their legal identities and maintain business continuity. The Companies (Amendment) (No. 2) Ordinance 2025 was gazetted on 23 May 2025, and will amend the Companies Ordinance and other related ordinances to put the Regime in place in Hong Kong. Once re-domiciled, a re-domiciled company will be regarded as a company incorporated in Hong Kong and will be required to comply with all of the relevant requirements under the Companies Ordinance, unless otherwise specified.

To be eligible to apply for re-domiciliation to Hong Kong under the Regime, a non-Hong Kong corporation (“**Applicant**”) must satisfy or fulfil certain requirements or conditions, some of which are described below:

(i) Company type

The Applicant’s current form must be one of the following four types of companies, or a substantial equivalent thereto:

- private company limited by shares,
- public company limited by shares,
- private unlimited company with share capital; or
- public unlimited company with share capital.

(ii) Compliance with the laws of the place of incorporation

The law of the Applicant’s place of incorporation must allow the Applicant to transfer its domicile to Hong Kong.

(iii) Member consent

The Applicant’s members must consent to the re-domiciliation, in a manner compliant with the laws of the place of incorporation, the constitutional documents, or the Companies Ordinance.

(iv) Timing

The Applicant’s first financial year end since its incorporation must have passed by the application date.

Taiwan Authors: Sheng-Chieh Chang and Yen-Lun Huang

1. Amendment to the Industrial Innovation Statute

On 18 April 2025, the Legislative Yuan, the parliament of Taiwan, passed an amendment to the Industrial Innovation Statute ("**Amendment**"), which was promulgated on 7 May, 2025. The amended Industrial Innovation Statute continues the tax incentives to companies and limited partnerships investing in advanced technologies, such as smart machinery, 5G systems, and cybersecurity products, which originally were scheduled to expire at the end of 2024. The following is a brief introduction to, and some key takeaways from, the amendment.

(i) Expansion of Investment Tax Credits to Include AI and Carbon Reduction

In addition to retaining the relevant investment tax credits for eligible industries, such as 5G systems and cybersecurity products, and extending the effective period from **January 1, 2025** to **December 31, 2029**, the amendment makes two additional changes:

1. Artificial intelligence and energy savings/carbon reduction projects now are eligible for the investment tax credits.
2. The maximum eligible investment amount for tax deduction applications has been increased from NT$1 billion to NT$2 billion (Amendment, Art. 10-1).

(ii) Expansion of Investment Tax Credits for Startups

To advance the existing policy of encouraging investment in startups, the investment tax credits applicable to startups have been expanded:

For venture capital established pursuant to the Limited Partnership Act, the paid-in capital requirement has been reduced from NT$300 million to NT$150 million to encourage more such firms to invest in startups. From the third year onward, the amount or ratio of investment in startups also must increase, allowing capital to be injected into startups at an earlier stage (Amendment, Art. 23-1).

For high-risk startups, the applicable establishment period has been extended from "less than 2 years to less than 5 years," and the minimum investment threshold has been lowered from NT$1 million to NT$500,000. For startups that qualify as nationally prioritized development industries, the maximum amount deductible from personal income was raised from NT$3 million to NT$5 million, to guide additional capital into those ventures (Amendment, Art. 23-2).

(iii) Preventing Leaks of Key Technology

The current regulatory framework for outbound investments requires Taiwanese companies investing more than NT$1.5 billion overseas to obtain prior approval. After the amendment, the approval requirement will depend on the company or limited partnership's investment in specific countries or regions, specific industries or technologies, or the investment reaching a certain financial threshold (Amendment, Art. 22).

The amendment also grants the competent authority new powers to make objections, issue conditional approvals, and fine non-compliant companies or limited partnership (Amendment, Art. 22, 67-3).

The new regulatory framework will become effective only when relevant regulations regarding designated countries, regions, industries, or technologies are in place.

2. Amendment to the Electricity Act

On 9 May, 2025, the Legislative Yuan passed an amendment to the Electricity Act, which was promulgated on 28 May, 2025. Key changes include the following:

(i) the amendment substantially revokes the 2017 amendment, and maintains the Taiwan Power Company's current vertically integrated structure, allowing it to continue operating in the areas of generation, transmission, and distribution;

(ii) liberalization of the renewable electricity retail market, by allowing peer-to-peer trading among renewable electricity retailers, increasing industry flexibility and competition; and

(iii) formal regulation of energy storage projects as "specific electricity supply enterprises," and formal regulation of demand response mechanisms, providing a clear legal framework indicating the approvals/consents required for energy storage projects; also, introduction of regulations governing deadlines for existing energy storage projects to obtain certain licenses to continue participation in the electricity trading platform operated by Taiwan Power Company.

Indonesia Authors: Miriam Andreta and Jeanne Donauw

1. New Guidelines for Power Purchase Agreements (PPAs)

The Ministry of Energy and Mineral Resources Regulation No. 5 of 2025 on Guidelines for Power Purchase Agreements for Renewable Energy Power Plants ("**MEMR Reg. 5/2025**") adds new minimum provisions to PPAs, including: (a) electrical installation certification, (b) use of domestic products, (c) environmental attributes, such as carbon credits and renewable energy certificates, (d) refinancing, and (e) a language provision. The regulation also introduces several new regulatory requirements aimed at providing more 'bankable' PPAs in the renewable energy sector, as discussed below:

1. **PPA Structure**: Instead of the *restrictive* Build, Own, Operate, and Transfer (BOOT) scheme only, MEMR Reg 5/2025 now allows parties to adopt Build, Own, and Operate (BOO) as their PPA structures, as well as other *contractually agreed* structures.
2. **PPA Term**: The PPA term is now extendable for *more than* 30 years without considering the initial investment value, compared to the *restrictive* 30-year period from Commercial Operation Date (COD) under the previous regime.
3. **Deemed Dispatch**: PLN is now required to compensate the IPP for electricity that could not be delivered due to a Deemed Dispatch event, such as a curtailment imposed by PLN, based on the contractually agreed grace period set out in the PPA.
4. **Transfer of Shares Prior to COD**: Compared to the more restrictive share transfer requirements under the previous regime, MEMR Reg. 5/2025 introduces greater flexibility by allowing share transfers prior to COD, provided that the transfer is either to an affiliate or made in connection with an exercise of the lender's step-in rights and does not compromise the sponsor's required qualifications.
5. **Forex Risk**: MEMR Reg. 5/2025 expressly mandates that PLN assume the foreign exchange volatility risk.

Other differences between the previous regulation (MEMR Reg. 10/2017) and MEMR Reg. 5/2025 are as follows:

1. **Project Performance Bond**: Compared to the previous regulation, which did not provide a specific percentage or threshold for the performance bond, MEMR Reg. 5/2025 mandates that the bond must be no more than 10% of the total project cost and be divided into 3 stages, taking into account the maximum amount of liquidated damages.
2. **Refinancing**: MEMR Reg. 5/2025 permits IPP to carry out refinancing with lenders to support implementation of the project.
3. **Language**: MEMR Reg. 5/2025 requires the PPA to be written in Indonesian, with a foreign language version allowed if needed. The parties are allowed to contractually agree on the prevailing language.

While the introduction of MEMR Reg. 5/2025 provides greater clarity, there remain several areas for which further clarification would be beneficial, among others, more detailed guidance on the implementation of lenders' step-in rights and the specific criteria that PLN will apply when assessing sponsor qualifications.

2. Rules on Financial Conglomerates

OJK regulation No. 30 of 2024 on Financial Conglomeration and Financial Conglomerations Holding Companies expanded the definition of financial conglomerates to include all types of financial institutions, including pension funds, venture capital firms, and peer-to-peer lending companies (in addition to banks, multi finance companies, insurance firms, and securities companies, as established by the previous regime).

The regulation also mandates the establishment of a financial conglomeration holding company if a financial group meets one of the following criteria:

(a) Total consolidated assets of the Indonesian financial institutions within the same financial group: at least IDR 100 trillion, where there are *at least **two*** financial institutions in *different* financial sectors; OR

(b) Total consolidated assets of the Indonesian financial institutions within the same financial group: between IDR 20 trillion and IDR 100 trillion, where there are *at least **three*** financial institutions in different financial sectors.

Malaysia Authors: Wan May Leong and Ryan Heng

1. New Guidelines on Cross Border Personal Data Transfer

Following the passing of the Personal Data Protection (Amendment) Act 2024, with effect from 1 April 2025, data controllers may transfer personal data to a location outside Malaysia, provided that the destination (a) has laws substantially similar to the Personal Data Protection Act 2010 ("**PDPA**"), or (b) ensures an adequate level of personal data protection equivalent to the PDPA (Section 129(2) of the PDPA).

On 29 April 2025, the Personal Data Protection Commissioner introduced the Personal Data Protection Guidelines on Cross Border Personal Data Transfer ("**Guidelines**"), which clarify the compliance requirements for each condition under Section 129 of the PDPA and offer guidance to data controllers in identifying the applicable transfer condition.

The Guidelines set out the key requirements a data controller must satisfy in order to rely on the grounds under Sections 129(2) and 129(3) of the PDPA, including, among others:

(i) **Section 129(2)(a)**: A data controller may rely on this condition if it has conducted a Transfer Impact Assessment ("**TIA**") to review the relevant personal data protection laws of the receiving jurisdiction and determined that it is substantially similar to the PDPA. The findings of the TIA shall be valid for no longer than 3 years;

(ii) **Section 129(2)(b)**: A data controller may rely on this condition if it has conducted a TIA and determined that the receiving jurisdiction ensures an adequate level of protection for all the personal data transferred, at least equivalent to that of the PDPA. The findings of the TIA shall be valid for no longer than 3 years; and

(iii) **Section 129(3)(f)**: A data controller may rely on this condition if it has taken all reasonable precautions and exercised all due diligence to ensure compliance with the PDPA, such as through (a) binding corporate rules, (b) contractual clauses or (c) if the receiver possesses a valid recognised certificate.

In addition, the Guidelines further provide that a data controller shall, among others, (1) ensure that any contract entered into with a third party/data processor includes clauses governing the processing of personal data, including the security of personal data; and (2) maintain a record of the receiver of personal data, including details such as the receiver's information, the country to which the personal data is transferred to, and the types of personal data transferred.

2. Mandatory 2% EPF Contributions for Foreign Employees

The Employees Provident Fund ("**EPF**") is Malaysia's statutory retirement savings fund, with contributions from both employers and employees. Currently, the EPF contributions for foreign employees are voluntary.

On 14 May 2025, the Employees Provident Fund (Amendment) Act 2025 ("**Amendment Act**"), which amends the Employees Provident Fund Act 1991, was gazetted. The salient amendments introduced by the Amendment Act include:

(i) **Mandatory EPF contribution for foreign employees**: The Amendment Act makes EPF contributions mandatory for all non-Malaysian citizen employees working in Malaysia (excluding domestic servants) who hold a valid passport and an employment pass issued by the Immigration Department of Malaysia. The Amendment Act requires foreign employees to contribute 2% of their monthly wages to the EPF, and employers to contribute an additional 2%; and

(ii) **Conditions for withdrawal of EPF funds**: The Amendment Act further provides that the Employees' Provident Fund Board ("**Board**") may authorise the withdrawal of all amounts standing to the credit of the foreign employee if the foreign employee (a) has passed away; (b) is physically or mentally incapacitated from engaging in an employment; (c) is about to leave Malaysia and has no intention of returning to Malaysia; or (d) has attained the age of 55 years. This provision aligns with the withdrawal requirements for local employees.

On 25 June 2025, the EPF announced that employers are required to register and contribute for their foreign employees in accordance with the abovementioned rates from 1 October 2025.[1]

[1] https://www.kwsp.gov.my/en/employer/responsibilities/non-malaysian-citizen-employees

Myanmar Author[2]: Tomoko Nakashima

1. Directive on the Application of Private Security Service License or Permit

On February 18, 2025, the Private Security Service Law (the "**PSSL**") introduced a regulatory framework for private security companies[3]. The PSSL permits both local and foreign companies to operate private security services in Myanmar. To implement the PSSL, on June 18, 2025, the private security central committee (the "**Central Committee**") formed under the Law issued a directive with Notification No. 16/2025, which stipulates the procedures for obtaining and renewing licenses and permits (the "**Directive**"). The Law requires that the relevant individuals apply for a license and/or permit. A license is required to provide commercial private security services as well as training for private security service personnel. A permit is required for non-security businesses that employ more than ten (10) private security personnel. Together, the Law and the Directive establish a comprehensive regulatory framework for private security service operations in Myanmar. All entities who have obtained either a license or a permit must strictly follow the required procedures for licensing, permits, and associated reporting.

According to the Directive, to apply for a license, a company must submit Form A to the relevant supervisory committee ("**Supervisory Committee**")[4] with supporting documents, such as a board of directors' resolution, certificate of incorporation, list of directors, and proof of a deposit equivalent to MMK 100 million for local companies, and the equivalent in foreign currency for foreign companies. The Directive also stipulates that license renewal requires submitting Form B with supporting documents, such as a copy of the current license, the applicant's national registration card, tax clearance documents, etc. The renewal of the license must be filed at least three (3) months prior to the expiration date.

A company seeking to obtain a permit must submit Form D to the relevant Supervisory Committee with supporting documents. Separately, Form E must be submitted for the renewal of a permit, together with proof that the company still employs ten (10) or more personnel. Similarly to the license, permit renewals must be filed three (3) months prior to the expiration date. The Directive also outlines the procedures for dealing with lost or damaged licenses and permits, allowing companies to apply for reissuance by submitting the necessary documentation. In addition, the Directive obligates license and permit holders to report any changes, such as an increase or decrease in the number of security personnel to the Supervisory Committee.

If the licensee intends to utilize armed personnel in the provision of its security services, it must obtain prior approval from the Central Committee, and the licensee must strictly comply with the laws and regulations on arms management and associated protocols upon approval. The purchase and use of security equipment[5] also requires approval from the Central Committee.

2. Notification on the Reduction of Customs Duty for Electric Vehicles

The Ministry of Planning and Finance issued Notification No. 27/2025 dated March 31, 2025 (the "**Notification**"), regarding a reduction of the customs duty for electric battery vehicles and their parts imported with complete built up (CBU), complete knocked down (CKD) and semi-knocked down (SKD). The customs duty attached to the Notification is zero percent for road tractors for semi-trailers, buses (i.e., motor vehicles for the transport of ten or more persons, including the driver), trucks, motor vehicles for the transport of persons, three-wheeled vehicles for the transport of persons, three-wheeled vehicles for the transport of goods, electronic motorcycles, electronic bicycles, ambulances, prison vans, hearses, and their parts. The Notification will be in force from April 1, 2025 to March 31, 2026.

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2 We hereby thank Mr. Saw Nyan Htun from the K&A Legal Alliance, a Myanmar law firm, for his support in preparation of this article.

3 Please refer to Asia Legal Update First Quarter 2025 (January - March) for more details (link).

4 Supervisory Committee means the Region, State, or Union Territory private security service supervisory committee formed under the Law (Article 2(j) of the PSSL).

5 Security equipment means communication devices, technological security equipment and security-related accessories allowed by he Central Committee under the existing laws to use them in private security services (Article 2(g) of the PSSL).

Philippines Author: Michelle Marie F. Villarica

1. SEC Issues Rules to Regulate Crypto-Asset Service Providers in the Philippines

On 30 May 2025, the Securities and Exchange Commission ("**SEC**") issued Memorandum Circular No. 4, Series of 2025, wich establishes a regulatory framework for Crypto-Asset Service Providers ("**CASPs**") ("**SEC CASP Rules**"). To operationalize the SEC CASP Rules, the SEC issued SEC Memorandum Circular No. 5, Series of 2025 ("**CASP Guidelines**") (The CASP Guidelines and the SEC CASP Rules, collectively, "**SEC Issuances**"). Prior to the SEC Issuances, crypto-asset service providers were only subject to Central Bank of the Philippines ("**BSP**") Circular No. 1108, Series of 2021 ("**BSP VASP Circular**") regulating virtual asset service providers.

CASPs are defined as entities that engage in the business of offering or engaging in the provision of one or more crypto-asset services (e.g., offering crypto-assets to the public, operating a crypto-asset trading venue, crypto-asset intermediation activities), including by making a digital platform available that provides those services. CASPs are required to register as a domestic corporation with minimum paid up capital of at least PhP 100,000,000.00 in cash or property, excluding crypto-assets. Based on this requirement, although there currently are no foreign ownership restrictions on the operation of a CASP, it appears that foreign cryptocurrency exchanges currently operating in the Philippines will need a Philippine corporation to continue operating legally in the Philippines.

A CASP also is required to have a physical office in the Philippines and to staff that office during business hours. When registering with the SEC, an applicant now is required to submit a CASP Application Form, which requires the provision of detailed information on the governance, operations, products and investors, affiliates and third-party service providers, anti-money laundering measures, and segregation of customer funds of the CASP. In addition, a CASP is still required to register with the BSP pursuant to the BSP VASP Circular. Therefore, a CASP now needs to comply with the issuances from both the BSP and the SEC.

2. The Capital Markets Efficiency Promotion Act Amends the National Internal Revenue Code of 1997

Republic Act No. 12214, otherwise known as the Capital Markets Efficiency Promotion Act ("**CMEPA**") was signed into law on 29 May 2025, and takes effect on 1 July 2025. The CMEPA amends several provisions of the National Internal Revenue Code of 1997 to promote a simpler, fairer, and more regionally competitive tax system. Key developments implemented by the CMEPA include:

a. Tax Rates on Passive Income
   Interest income on deposits, bonds, and trust funds now is taxed at a uniform rate of 20% final withholding tax for Philippine resident individuals, citizens, nonresident aliens engaged in business in the Philippines, and domestic corporations. Previously, interest income was subject to different tax rates depending on the source. This new regulation increases the tax rate for foreign currency deposits, which previously were taxed at 15%, and interest on long-term deposits (i.e., more than 5 years), which previously was tax exempt.

b. Capital Gains Tax
   The CMEPA imposes a uniform capital gains tax of 15% on gains from the sale of shares in a domestic or foreign corporation. Previously, gains on sales of shares in a foreign corporation were included in regular taxable income, and taxed at 20% or 25% for corporations and up to 35% for individuals.

c. Documentary Stamp Tax
   The CMEPA reduced the documentary stamp tax on the original issuance of shares to 75% of 1% (or 0.75%) of the par value of the shares from PhP2.00 on each PhP200 (or 1%) of the par value of the shares.

The CMEPA is intended to create a more equitable tax system that encourages investments through easier tax compliance and planning.

Singapore Authors: Melissa Tan and Chin Su Xian

1. Enhanced Disclosure of Nominee Arrangements

Following on our the legal update we announced during the second quarter of 2024, the Companies and Limited Liability Partnerships ("**LLPs**") (Miscellaneous Amendments) Act 2024 ("**CLLPMA**") entered into force on 16 June 2025. The CLLPMA amends the Companies Act 1967 of Singapore ("**CA**") and the LLPs Act 2005 of Singapore to ensure Singapore's continued compliance with the Financial Action Task Force's (FATF) standards, which require companies, foreign companies, and LLPs to undertake measures to keep the particulars of their beneficial ownership up-to-date and accurate.

In addition to the key amendment requiring that an individual's status as a nominee director or nominee shareholder be made public, other changes include:

(a) 386ALB(7) of the CA widens the meaning of "nominee shareholder", which refers to a shareholder that fulfils either or both of the following criteria: (i) the shareholder is accustomed or under an obligation, formal or informal, to vote in accordance with the directions, instructions, or wishes of any other person with respect to shares of a company or foreign company of which the shareholder is the registered holder, and/or (ii) the shareholder receives dividends on behalf of any other person with respect to shares of a company or foreign company of which the shareholder is the registered holder. This is a change from the previous definition of "nominee shareholder", which required fulfilling both criteria.

(b) Under section 386AIA of the CA, read with regulations 4 and 8A, and the new Ninth Schedule of the Companies (Registers of Controllers, Nominee Directors, Nominee Shareholders, and Members of Foreign Companies) Regulations 2017 ("**Regulations**"), companies and LLPs will be required to check annually with every registrable controller as to whether there has been a change to their particulars or if their particulars are correct, by giving notice to the registrable controllers using the prescribed template. Registrable controllers are required to provide signed and dated confirmation of the relevant information.

(c) Under section 386AKA of the CA, read with regulation 9 of the Regulations, branches of foreign companies registered in Singapore will be subject to the requirement to maintain a register of nominee directors at their registered office or registered corporate service provider's office – this is in contrast to the previous requirement, pursuant to which local companies were required to do so. In addition, foreign companies that are exempt from maintaining a register of controllers, register of nominee directors, or register of nominee shareholders are required to make declarations as part of their annual filings with the Accounting and Corporate Regulatory Authority ("**ACRA**") concerning: (i) whether they are exempt from maintaining the registers, (ii) if they are exempt, the category of exemption they fall within, and (iii) if they are not exempt, the location where their registers are maintained.

Failure to comply with the relevant obligations in items (b) and (c) above will result in an increased maximum fine of S$25,000 being imposed on the company or foreign company (and every officer thereof) or the controller.

2. New Corporate Service Providers Act 2024

Effective 9 June 2025, pursuant to the new Corporate Service Providers Act 2024 of Singapore ("**CSP Act**"), persons acting as nominee directors by way of business will need to be arranged by registered corporate service providers ("**CSPs**"), after they have been assessed as fit and proper by the registered CSPs. The amendments aim to prevent misuse of nominee directorship arrangements by way of business through the creation of shell companies to facilitate money laundering. This situation is observed to be created largely by CSPs who arrange for unqualified individuals to act as nominee directors for their customers.

Under new Section 145A of the CA, a person must not act as a nominee director of a company by way of business, unless the appointment of the person as a nominee director of the company is arranged by a registered CSP. A person who breaches this requirement is guilty of an offence and upon conviction shall be liable for payment of a fine not to exceed S$10,000.

Under section 16 of the CSP Act, a registered CSP must not arrange for a person to act as a nominee director of a company unless the CSP is satisfied that the person is fit and proper. In determining whether a person is a fit and proper in this regard, the registered CSP must take reasonable steps to satisfy himself that the person is not disqualified from acting as a director of a company under any written law, and consider other factors prescribed in subsidiary legislation. A registered CSP who breaches this requirement is guilty of an offence and upon conviction shall be liable for payment of a fine not to exceed S$100,000.

Thailand Authors: Jirapong Sriwat and Apinya Sarntikasem

1. Thailand Introduces New Lease Control Rules for Residential Building Leases

On 30 May 2025, the Office of the Consumer Protection Board ("**OCPB**") issued the Notification of the Contracts Committee Re: Designating the Residential Building Lease Business as a Contract-Controlled Business B.E. 2568 (2025) ("**Lease Control Notification**"), which regulates residential lease contracts and will enter into force on 5 September 2025. The Lease Control Notification was issued to replace a 2019 version ("**2019 Notification**") in response to complaints the OCPB received about unfair terms in contracts used by residential building lease business operators, for example, clauses allowing the business operator to terminate the lease even if the lessee had not breached the contract, or to enter the leased premises and seize the leased property and/or personal properties of the lessees.

The Lease Control Notification largely mirrors the 2019 Notification, particularly in establishing essential terms that must, or cannot, be included in residential building lease agreements. For example, the Lease Control Notification continues to prohibit clauses that exempt the business operator from, or limit its, liability without reasonable cause, or that allow a business operator to terminate the contract despite the lessee not committing a material breach. However, unlike the 2019 Notification, the Lease Control Notification introduces a standard contract form, and requires business operators to use lease contracts that incorporate the essential terms and conditions set forth therein.

2. Thailand Amends the Emergency Decree on Digital Asset Business to Extend Jurisdiction Over Offshore Operators

On 12 April 2025, Thailand amended the Emergency Decree on Digital Asset Business B.E. 2561 (2018) ("**Decree on Digital Asset Business**") to extend its scope of applicability to offshore digital asset business operators (e.g., exchanges, brokers, dealers), who operate outside Thailand but provide services to persons in Thailand. These foreign operators now are subject to Thai regulatory requirements, including licensing obligations under the Decree on Digital Asset Business.

The amendment outlines specific criteria that indicate the provision of services to persons in Thailand, such as using Thai language Thai domain names, accepting payments in Thai Baht, applying Thai law, enabling access from Thailand, maintaining a local support presence, or other factors established by the Securities and Exchange Commission.

3. New Royal Decree Places Hire Purchase and Leasing Businesses under the Supervision of Bank of Thailand

On 5 June 2025, the Royal Decree Regulating the Business of Hire Purchase and Leasing of Motor Vehicles B.E. 2568 (2025) ("**Royal Decree on Vehicle Leasing**") was published; it will take effect on 2 December 2025. This new regulation was issued under the Financial Institution Business Act B.E. 2551 (2008), and brings automobile and motorcycle hire purchase and leasing businesses under the supervision of the Bank of Thailand ("**BOT**") to ensure consumer protection, promote responsible lending practices, and strengthen the stability of the financial system.

The Royal Decree on Vehicle Leasing empowers the BOT to regulate interest rates, fees and charges, contract terms, and disclosure requirements, to request that business operators submit periodic business reports and/or financial statements, to conduct inspections, and to enforce compliance. Violations may result in criminal penalties, fines, or both, with liability extending to directors, executives, and persons responsible for the business. However, it is worth noting that this Royal Decree does not apply to financial institutions, cooperatives, non-juristic persons, or other exempt entities designated by the Minister of Finance.

In the initial phase after this Royal Decree enters into force, the BOT plans to require business operators to register via an online platform and to submit specified business data. This step is intended to support information-gathering for the development of future regulations, as announced at the BOT press conference on 12 June 2025.

Vietnam Authors: Vu Le Bang and Nguyen Thi Thanh Huong

1. Series of legislation on restructuring administrative units and decentralization of authority of State agencies

Effective 1 July 2025, the National Assembly issued a series of pieces of legislation governing (i) the restructuring of provincial-level administrative units, pursuant to which Vietnam now has only 34 provincial-level administrative units, instead of 63, and (ii) termination of the operation of district-level administrative units; now, Vietnam has a three-layer governmental structure, comprised of the government, provincial-level administrative units, and communal administrative units, instead of the previous four layers. As a consequence, authorities, functions, rights, and obligations of authorities at each level shall be re-allocated pursuant to detailed guidance under relevant decrees, circulars, and decisions issued or to be issued. This marks a historic shift in governance structure and is expected to be a strategic move to modernize Vietnam's governance and position it for long-term growth.

2. Law amending and supplementing parts of the Law on Enterprises

The National Assembly officially passed the Law Amending the Law on Enterprises, which takes effect on 1 July 2025 (collectively, with the existing Law on Enterprises, "**Amended Law on Enterprises**"), which introduced two notable points:

(i) New concept of "*beneficial owners*" ("**BO**"): The BOs of an enterprise with legal entity status are defined as *"individuals who have actual ownership of the charter capital or have the right to control that enterprise*," except for representatives of the State or State-owned capital at State-owned enterprises. In particular, (a) an individual is deemed to have "*actual ownership of charter capital*" if he or she directly or indirectly owns 25% or more of the charter capital, or owns 25% or more of the total number of shares having voting rights in the enterprise, for which purpose "indirect ownership" means an individual owns 25% or more of the charter capital or of the total number of shares having voting rights in the enterprise via another enterprise, and (b) an individual is deemed to have the "*right to control an enterprise*" if he or she has the right to appoint, dismiss, or remove a majority of, or some, key managers, to amend/supplement the charter, to change the organizational structure, and/or to reorganize and dissolve the company. Information about BOs and updates to them must be declared to the competent authority as required by law. Notably, this new concept is intended to enhance transparency, align with international anti-money laundering standards, and identify the individuals who truly benefit from and control a company, among other matters.

(ii) New condition for private placements of bonds: Non-public companies issuing private bonds now must meet a maximum debt-to-equity ratio of 5:1, based on audited financial statements; exemptions apply to some entities, such as State-owned enterprises, real estate bond issuers, banks, insurers, and securities firms. The underlying reason for imposing this new condition is to advance a broader effort to align Vietnam's corporate bond market with securities laws and international regulatory standards.

3. Law on Personal Data Protection ("PDPL")

On 26 June 2025, the National Assembly officially passed the PDPL, with this landmark legislation set to take effect on 1 January 2026. A summary of some key provisions of the PDPL is as follows:

(i) Broad scope of application: The PDPL applies to: (a) Vietnamese agencies, organizations and individuals, (b) foreign agencies, organizations, and individuals in Vietnam, and (c) foreign agencies, organizations, and individuals directly involved in or related to the processing of personal data of Vietnamese citizens and people of Vietnamese origin whose nationality has not been determined, who are living in Vietnam and have been granted identity cards. In addition, the PDPL introduces various new statutory requirements for personal data protection in specified fields, including without limitation labor, insurance, banking and finance, advertising, social network and media services, big data, artificial intelligence, blockchain, the metaverse, and cloud computing services.

(ii) Severe administrative fines: Illegal trading in personal data is subject to a fine of up to 10 times of the revenue gained from the trading, cross-border transfers of personal data that violate applicable law are subject to a fine of up to 5% of the violator's revenue during the previous year, and other violations of personal data regulations are subject to a fine of up to VND 3 billion.

India Authors: Taeko Suzuki and Udhav Gulati

1. Relaxation of Rules Governing FPI Investments Via the General Route

On 8 May 2025, the Reserve Bank of India issued a circular amending the Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 to withdraw the following regulatory limits on investments by Foreign Portfolio Investors ("**FPIs**") in corporate debt securities under the general route, to enhance investment flexibility and improve debt market liquidity:

(i) **Short-term investment limit:** The cap of 30% of total corporate debt investment per FPI in short-term corporate debt investments with residual maturity of up to one year.

(ii) **Concentration limit:** Investments in corporate debt securities by an FPI (including its related FPIs) not exceeding 15% of the prevailing investment limit, in case of long-term FPIs, and 10% of prevailing investment limit for other FPIs.

2. SEBI Eases Framework for Rights Issues

On 8 March 2025, the Securities and Exchange Board of India ("**SEBI**") notified the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025 ("**Amendment**") which eases the framework for rights issues approved from 7 April 2025 onward under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**ICDR Regulations**"), among other changes.

The Amendment requires all provisions of the ICDR Regulations to apply uniformly to all rights issues regardless of the issue size. It also mandates completion of the entire rights issue process within 23 working days from the date of board approval of the rights issue. Finally, subject to adequate disclosures in the issue documents, promoters or promoter groups are permitted to renounce their entitlements under the rights issue in favor of any specific eligible investor.

3. Ministry of Finance notifies GSTAT Rules

On 24 April 2025, the Ministry of Finance notified the Goods and Services Tax Appellate Tribunal (Procedure) Rules, 2025 ("**GSTAT Rules**"), to operationalize the framework for functioning of the Goods and Services Appellate Tribunal ("**GSTAT**"). The GSTAT Rules establish specific procedures governing the conduct of proceedings before the GSTAT. The GSTAT will be fully digitized, with appeals filed through the GSTAT portal. The GSTAT Rules establish strict timelines for disposal of cases, with orders to be pronounced by the GSTAT within 30 days of the last hearing.

With the operationalization of the GSTAT, the overall timelines to resolve tax disputes are expected to increase, because previously taxpayers could approach the High Courts directly to seek appropriate remedies, but now they must file an appeal with the GSTAT, except in limited situations.

Pakistan Author[6] :Taeko Suzuki

Enactment of Tax Laws (Amendment) Ordinance, 2025

On May 2, 2025, the Pakistani federal government enacted the Tax Laws (Amendment) Ordinance, 2025 ("**Amendment Ordinance**") amending the Income Tax Ordinance, 2001 (XLIX of 2001) ("**IT Ordinance**") and the Federal Excise Act, 2005 ("**Federal Excise Act**"). Key changes are:

(i) Amending the IT Ordinance

- Earlier, the payment of a tax demand raised by an assessment order could be stayed or deferred pending appellate proceedings. The Amendment Ordinance alters the position for tax demands relating to an issue decided by a High Court or the Supreme Court, mandating that in such cases, the tax payable under an amended or original assessment order will become payable immediately or within the time specified in the notice issued by the income tax authority, irrespective of any time provided under any other provision or any decision or judgment of a court, forum or authority, including a stay or deferment. This amendment aims to reduce delays in tax recovery due to prolonged litigation.
- The Federal Board of Revenue ("**FBR**") and the Chief Commissioner, Inland Revenue are empowered to depute tax officials at the premises of taxpayers to monitor production, supply, and stock of unsold goods or the provision of services. Prior to this amendment, there was no explicit provision allowing the FBR to station officers directly at business premises for real-time monitoring of operations.

(ii) Amending the Federal Excise Act

Dutiable goods for non-affixation of or use of counterfeit tax stamps, barcodes, or labels are now liable to be confiscated and destroyed. Additionally, officers or employees of the Federal or Provincial Government can be authorized to exercise the powers of an Officer of Inland Revenue for enforcement in relation to goods subject to monitoring and counterfeit goods.

[6] We hereby thank Mr. Syed Ali Bin Maaz and Ms. Myra Nader Cowasjee from the Kabraji & Talibuddin, a Pakistan law firm, for their support in preparation of this article.

Sri Lanka Authors[7] :Taeko Suzuki and Akihiro Kawashima

Banking (Amendment) Act, No. 24 of 2024

The Banking (Amendment) Act, No. 24 of 2024 ("**Amendment**") came into effect on June 15, 2025 and introduces significant reforms to Sri Lanka's banking regulatory framework.

Major features include:

(i) **Subsidiarization of Foreign Banks**
The Amendment empowers the Central Bank to require foreign banking entities, including new applicants and existing branches, to convert into locally incorporated subsidiaries, based on their financial soundness, governance structures, capital adequacy, and liquidity.

(ii) **Ownership and Control**
Any acquisition of a "material interest" (defined as more than 10% of the voting shares[8]) in a licensed commercial bank now requires prior approval from the Central Bank. The Amendment introduces mechanisms by which the Central Bank can enforce divestment or restrict rights if shares are acquired without approval, including suspension of voting and distribution rights.

(iii) **Stricter Licensing and Eligibility Criteria**
The Central Bank now applies enhanced requirements, including minimum capital thresholds, verification of lawful funding sources, suitability of shareholders, and "fit and proper" assessments for major shareholders, directors, and key officers. The Amendment also mandates transparency in ownership and beneficial ownership structures.

(iv) **Governance and Audits**
The Amendment introduces mandatory periodic rotation of auditors (every six years) and engagement partners (every three years). It also enhances financial reporting standards, such as requiring consolidated financial statements.

(v) **Prudential Supervision**
The Central Bank is authorized to impose differentiated prudential requirements based on the size, complexity, and risk profile of each bank. Banks also may be required to maintain additional capital and liquidity buffers, as determined by the Central Bank.

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[7] We hereby thank D.L. & F. De Saram, a Sri Lankan law firm, for their support in preparation of this article.

[8] In addition to the threshold of more than 10% of the voting shares, a "material interest" may be deemed to exist where the Central Bank determines that a person has significant influence over a bank's governance, e.g., the ability to appoint or remove key executives or control policies.

Nepal Author[9]: Taeko Suzuki

Fourth Amendment to Nepal Rastra Bank Foreign Investment and Foreign Loan Management By-Laws, 2078 (2021)

On 18 June 2025, the Nepal Rastra Bank ("**NRB**"), Nepal's central monetary authority, enacted the Fourth Amendment to Nepal Rastra Bank Foreign Investment and Foreign Loan Management By-Laws, 2078 (2021)("**Amendment**"). Key changes introduced by amendment include:

(i) Deposit and Management of Foreign Investment Funds

Foreign investors with approved investments are now permitted to open accounts at Nepali banks, and deposit the investment amount in either convertible foreign currency or Nepali rupees, without prior approval from the NRB. These accounts may be used not only for depositing initial investment capital but also for holding earnings and returns.

(ii) Prior Approval for Foreign Loans, Early Repayment, and Debt Waivers

- The requirement to obtain prior approval from the NRB has been reinforced for Nepali individuals, companies, and institutions acquiring foreign loans. Early repayment of foreign loans also requires prior approval and may incur a prepayment fee of up to 0.25 percent of the principal loan amount.
- If a foreign lender agrees to waive debts, prior approval from the NRB is required.

(iii) Security for Foreign Loan

The borrowers of project loans from foreign financial institutions may mortgage movable or immovable property directly in the name of the lender.

[9] We hereby thank Ms. Shinja Bhandari from Abhinawa Law Chambers, a Nepal law firm, for her support in preparation of this article.

United Arab Emirates Authors: Ayush Sharma and Akihiro Hanoshima

1. New Abu Dhabi Global Market (ADGM) Employment Regulations

The ADGM issued the Employment Regulations 2024 ("**2024 Regulations**") which came into effect on 1 April 2025 and replace the ADGM Employment Regulations 2019 ("**2019 Regulations**"). The key changes introduced in the 2024 Regulations are summarized below:

(i) Employees can take sick leave, but with no entitlement to sick pay, during a probationary period.
(ii) Employers must provide a terminated employee with a repatriation flight within 30 days of termination, except for remote employees who do not reside in and do not perform work in the UAE, employees who obtain alternative employment in the UAE within 30 days of the cancellation of employee work permits, and other specified situations.
(iii) The new concept of "Remote Employees" is introduced, and it is clarified that an employee may work remotely or as part of a hybrid working pattern, in which the employee works at the employer's premises and other locations agreed upon with the employer. The employment contract must mention specifically that the employee is a Remote Employee.
(iv) Employers must pay all sums due to employees within 21 days of termination of employment.
(v) While the maximum working hours under 2019 Regulations and 2024 Regulations remain the same, i.e., forty-eight hours for each seven day period, the 2025 Regulations clarify that a employee may work more overtime hours than those stated if the employee's consent be obtained.
(vi) During Ramadan, daily working hours are reduced by 25% each day for Muslim employees, as opposed to the reduction of 2 hours per day in the 2019 Regulations.
(vii) The newly introduced "bereavement leave" entitles employees to five paid days of bereavement leave upon the death of a spouse, parent, child or sibling.
(viii) An employer now may be liable for any act or omission of an employee that occurs in the course of employment and violates the 2024 Regulations; the employer may be held vicariously liable for employee's acts or omissions in certain situation in which it is fair and just to hold the employer vicariously liable.
(ix) The new concept of "victimization of employees" prohibits an employer from subjecting an employee to a detriment (such as dismissal) due to the employee's protected acts, for example, giving evidence or making a formal allegation that the employer or another person is in contravention of the anti-discrimination provisions. If a violation occurs, the employee has the right to seek certain remedies, such as compensation from a court.

2. Dubai Multi Commodities Centre (DMCC) introduces two new business licenses

The DMCC (a freezone in Dubai), has launched two new special purpose vehicle ("**SPV**") and holding company licenses.

The SPV license enables businesses to establish non-operational entities to be used for specific financial or legal objectives, such as asset holding, securitization, or structured finance transactions. The holding company license enables businesses to manage their subsidiaries and investments more effectively within a single, unified corporate structure.

Neither the SPV license nor the holding company license requires the existence of a physical office, and these companies can be set up through a company limited by shares based on the DMCC Company Regulations or a company limited by guarantee based on the DMCC Company Limited by Guarantee Regulations.

Dubai hosts numerous free zones, and when establishing a presence within a free zone, it is necessary to consider the characteristics of each and to select the appropriate location carefully. With the introduction of this new licenses, DMCC also has become a strong candidate for the establishment of special purpose vehicles (SPVs) or holding companies.

Kingdom of Saudi Arabia Authors: Masao Morishita and Suguru Kuroda

1. New Commercial Registration Law and Trade Name Law

In Saudi Arabia, the new Commercial Registration Law ("**CR Law**") and Trade Name Law (together with the CR Law, "**Laws**") pursuant to Cabinet Decision No. 237/1446 and their respective implementing regulations (**"Regulations**") pursuant to Saudi Arabia Ministerial Decision No. 288/1446 came into force on 3 April 2025. The Laws and Regulations aim to streamline business operations and reduce regulatory burdens on companies operating in Saudi Arabia. The key updates in the Laws and Regulations are as follows:

(i) **Commercial Registration**

a. The CR Law replaces the regional registration system under which each regional commercial registry registered the business entities within its jurisdiction with a single national Commercial Registration ("**CR"**). Under the CR Law, companies can now register all the activities necessary for its business under a single CR, including diverse and unrelated activities.

b. The CR Law and its Regulation eliminate the requirement to maintain separate CRs for branches, allowing businesses to consolidate their activities under a single, unified commercial registration. The CR Law and its Regulation provide entities with existing branches a five-year grace period (by 2 April 2030) to align their registrations with the new requirements, by either:

•Converting branches into separate legal entities (e.g., establishing a new limited liability company);
•Transferring the branch commercial registration to another person who is not registered in the Commercial Register; or
•Cancelling branch registrations, enabling branch activities to continue under the main commercial registration.

c. The new entity must be registered in accordance with the Investment Law, which mandates that all foreign investments be recorded in the national investment register maintained by the Ministry of Investment.

d. The CR will no longer have an expiration date. Instead, companies are required to confirm their CR information annually.

e. The CR Law introduces alternative penalty measures, such as warnings and rectification orders, which may be applied instead of or in conjunction with financial penalties.

(ii) **Trade Name**

a. Trade names may be reserved in advance for a defined period, with the option to extend the reservation.

b. Trade names may be registered in Arabic or English.

c. The use of a reserved trade name without the owner's consent is prohibited.

d. Existing trade name holders can prevent others from registering or using confusingly similar names; unauthorized uses may incur fines and obligations to pay compensation.

e. Authorities have 10 business days to approve or reject (extendable to 30 days), as opposed to 30 days in the prior system.

f. Trade names must not violate public order, morality, or contain political, military, or religious references, or symbols of local, regional, or international organizations. Names that are misleading, deceptive, similar to existing trade names (regardless of activity), or similar to famous trademarks (without ownership) are prohibited.

2. New Executive Regulations for Labor Inspections

Saudi Arabia Ministerial Decision No. 120279/1446 Approval of the Implementing Regulation for the Control and Regulation of Labour Inspection Work concerning new executive regulations for labour inspections in Saudi Arabia was published in the official Gazette on 18 April, 2025, replacing the earlier executive regulation issued by Cabinet Resolution No. 642 dated 24/08/1441H. The key amendments are as follows:

(i) Only Saudi nationals with a relevant degree or at least two years' experience and specialized training may serve as labour inspectors ("**Labour Inspectors**").

(ii) Labour Inspectors can enter any establishment, during or outside of work hours, and examine employment contracts, payroll, attendance records, and other relevant documents.

(iii) Labour Inspectors can collect samples of materials or substances for safety analysis and verify compliance with occupational health and safety requirements.

(iv) Labour Inspectors can request the appearance of an employer or a representative to seek additional evidence or clarify findings.

(v) Employers are legally required to cooperate with Labour Inspectors and facilitate performance of their duties, provide accurate and complete documentation, designate a representative to accompany Labour Inspectors when requested, and avoid any obstruction, delay, or attempt to influence inspection outcomes.

(vi) Companies found to be in violation of labour rules will receive an electronic warning and must resolve the issue within three working days. Failure to comply will result in a formal report and penalties.

Turkey Author[10]: Taro Hirosawa

1. Turkey Adopts the Climate Law

The Climate Law, number 7552 ("**Law**") has been adopted by the Grand National Assembly of Turkey. It will come into force on the date of publication in the Official Gazette. The purpose of the Law is to combat climate change, in line with Turkey's 2053 net zero emissions target and green growth vision.

The Law categorizes climate action into two areas: reduction of greenhouse gas emissions and climate change adaptation. Emissions reduction measures must comply with Turkey's National Contribution Declaration, net zero emissions target, and strategies and action plans published by the Climate Change Presidency. The measures include improving resource efficiency, promoting clean energy, and implementing zero-waste systems. In addition, the Law requires public institutions to regulate their own climate change adaptation measures to minimize damages arising from climate change within the scope of their duties and responsibilities.

The Law also introduces key financing tools, including the creation of an insurance system to cover losses and damages arising due to climate change, development of green and sustainable capital markets instruments, and establishment of incentive mechanisms relating to reduction of greenhouse gas emissions and activities relating to climate change adaptation.

A major feature of the Law is the establishment of a national Emissions Trading System ("**ETS**"), which is a national and international market-based mechanism that will operate based on the principle of setting an upper limit on greenhouse gas emissions, to encourage the limitation of greenhouse gas emissions by trading allowances granted pursuant to the Law. Enterprises covered by the ETS must obtain emissions permits within three years from the date the Law enters into force (which can be extended for an additional two years by decision of Carbon Market Board). These allowances will be tradable and can be offset with carbon credits under a national credit system.

Administrative fines will be imposed for non-compliance; however, during the pilot phase that precedes full implementation of the ETS, these fines will be reduced by 80%. Overall, the Law marks a significant step toward fulfillment of Turkey's international climate commitments under the Paris Agreement, while reshaping corporate compliance and green finance in the country.

2. Executive-Level Misconduct and Separation

Executive-level employees have significant authority and access to information, which makes executive misconduct, such as conflicts of interest, unauthorized spending, or circumvention of controls, particularly damaging. Executive misconduct also gives rise to criminal liability, particularly for offenses such as abuse of trust. Although rare, executive fraud cases cause the highest financial losses, according to the Association of Certified Fraud Examiners 2024 Report to the Nations.

Termination of executive-level employees due to misconduct requires a deliberate, balanced approach that aligns with legal, compliance and corporate governance considerations. Misconduct constitutes just cause for immediate termination of employment contracts, without compensation, provided that the termination is effected within six working days from the date the employer becomes aware of the violation, even for unilateral termination of executive-levels employees. However, due to the sensitive roles played by executives, termination of executive-level employees can be structured amicably and strategically, through the use of separation agreements that define the severance terms, mitigate the risk of legal disputes, and establish clear post-termination obligations, including confidentiality, non-competition, non-solicitation and non-poaching clauses. The strategic use of separation agreements, combined with enforceable restrictive covenants, can help contain reputational and operational risks.

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10 This newsletter is prepared based on the publications of Paksoy, a major Turkish law firm, dated 04/07/ 2025 (*The Climate Law has been adopted by the Grand National Assembly of Türkiye*) and 01/07/2025 (*Executive-Level Misconduct and Separation: Labour Law Insights and Strategic Approaches*).

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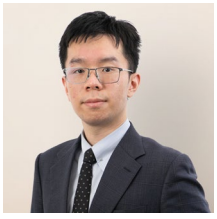

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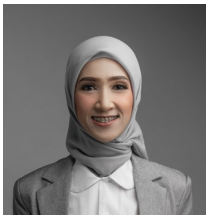

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