

# August 18 Legal and Regulatory Update

## Top stories

The Privacy Commissioner issued the revised **Best Practice Guide on Privacy Management Programme**, to assist organizations in constructing a comprehensive Privacy Management Programme (“PMP”). Given recent privacy leakage incidents and much heightened sensitivity surrounding privacy, the Guide is **very useful** in providing concrete **examples, templates** of various tools, and **checklists** for reference. (Click: [full Guide](#); [press release](#))

### *What you should know/do:*

- **Assess your privacy programme:** against PMP components, our summary below (P. 36 of the Guide):
  - i. Organizational commitment
    - Buy-in from the top
    - Appointment of **data protection officer**
    - Establishment of reporting mechanisms
  - ii. Programme controls
    - **Personal data inventory**
    - Internal policies
    - **Risk assessment tools**
    - Training
    - **Handling of data breach incident**
  - iii. **Ongoing assessment and revision**
- Should appoint a **designated privacy protection officer:** (i) a senior executive; (ii) responsible for designing and managing the PMP, including procedures, training, monitoring/auditing; (iii) assisted by a departmental privacy co-ordinator (section 1.2)
- Should maintain an **organization-wide personal data inventory**, as information may be kept in various departments (section 2.1)
- **Tools for risk assessment:** useful templates (section 2.3):
  - **Periodic risk assessment questionnaire for various departments**
  - **Privacy impact assessment checklist** — for new projects
- **Annual review of the programme:** useful **checklist** (section 3)

## Hot Trends

### - "5 ways to raise your board's digital IQ"

**"Refreshing the board" for the digital era** does not mean technology skills alone!

Disruptive effect of technology means that we need **directors that had experienced "significant changes in company business model" ...**

Other useful ideas:

- **"technology IQ assessment"** for boards
- **new board agenda?**
- **board training ideas**

[\[Link\]](#)

## Also in this issue

### Regulators

**(i) The Market Misconduct Tribunal's new "false trading" case (a form of market misconduct).** The former CEO of China AU Group Holdings Limited (the "Company"), and two close associates were found to have engaged in **"market misconduct"** by way of **"false trading"** in the shares of the Company. (s.274(1), Securities and Futures Ordinance; other common forms of "market misconduct" include "insider dealing") **(Click: [press release](#); [full report](#))**

The former CEO was found to have the overall direction of the scheme — whereby the other defendants bought and sold a substantial number of Company shares, to create the **false impression of "active trading" in such shares**, when the Company attempted a share placement exercise. The objective was to manipulate the share price, to demonstrate liquidity in the shares, thereby making them more attractive to potential investors.

#### *What you should know/watch out for:*

- **"False trading":** to ensure the **market reflects the forces of genuine supply and demand**

- While the **former CEO did not engage in trading** of the shares, she “**devised and directed**” the scheme including providing **provided funding** to the other defendants
- The other defendants (who were not known to each other) together used 14 trading accounts; bought and sold a substantial number of shares — “knowingly and actively assisted” the former CEO in false trading
- Need **actual intention or “reckless”** — as to whether the trading **has, or is likely to have the effect** of creating a **false or misleading appearance of “active trading”**, or regarding the **market for the securities or its price**

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