



## Kai Zhang

### Special Counsel

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## OVERVIEW

Kai Zhang is a special counsel and a member of the Payments, Banking Regulation, and Consumer Financial Services practice and a member of the Asset Management and Investment Funds practice.

His primary focus is the payment services and e-money regulation including PSD2 and EMD. Kai has extensive experience in advising on issues within the full spectrum of payments/e-money regimes ranging from authorisation, conduct of business requirements, open banking requirements, to operational compliance support. He also advises FinTech firms, payment gateway operators, technology providers, cryptocurrency businesses in relation to payment/e-money related matters, and other issues such as FSMA authorisation requirements.

In addition, Kai also focuses on the relevant requirements relating to asset management and investment funds, including AIFMD, MiFID II, and the Investment Firm Prudential Regime, with respect to issues such as cross-border AIF marketing, investment firm authorisation, client categorization, prudential requirements, and remuneration codes.

He also advises on the general financial services regulatory framework such as financial promotion, FSMA licensing, change in control, as well as the anti-money laundering requirements.

## PROFESSIONAL BACKGROUND

Prior to joining the firm, Kai was an associate director at an international law firm. Kai focuses on financial services regulation. He focuses his practice on the payments and e-money regulatory frameworks including the Payment Services Directive, Wire Transfer Regulation and Electronic Money Directive. He has extensive experience in advising a variety of payment service firms (including banks, nonbank payment firms and FinTech firms) in respect of issues within the full spectrum of payments and e-money regulations such as authorisation, conduct of business requirements, the open banking regime and operational compliance issues as well as cryptocurrency-related matters. He also advises on the general regulatory frameworks such as the regulatory capital requirements for banks and investment firms, the anti-money laundering requirements for regulated firms, and the regulatory perimeter issues in relation with the Financial Services and Markets Act 2000 and the FCA Handbook.

## PROFESSIONAL / CIVIC ACTIVITIES

- Member of the Legal Task Force for Pay.UK (which is the UK retail payments authority responsible for the new UK domestic payment infrastructure).

## SPEAKING ENGAGEMENTS

- “A Global Tour of Digital Assets Regulation - EMEA,” 10 November 2021, *AIMA*
- Speech on PSD2 open banking at OpenBanking Expo (13 November 2019, London).
- Panel speaker on PSD2 Open Banking requirements at Open Banking World Congress 2019
- Speech on payments regulation at Commercial Payments International Europe Summit (6 March 2018, London).

## EDUCATION

- Postgraduate Diploma in Legal Practice, University of Oxford, 2007
- B.A., University of Oxford, 2006
- B.A. , University of International Business and Economics, 1994 *Beijing, China*

## ADMISSIONS

- Solicitor of the Senior Courts of England and Wales

## LANGUAGES

- Chinese (Mandarin)
- English

## THOUGHT LEADERSHIP POWERED BY HUB

- 08 June 2023, Europe: Public Marketing of Cryptocurrencies in the UK–The End is (Nearly) Nigh
- 23 March 2023, Cryptoasset Regulatory Update: HM Treasury Publishes Consultation Paper on the Future of the Financial Services Regulatory Regime for Cryptoassets
- 3 February 2023, UK Regulation of Cryptoassets–Another Glimpse but Still None the Wiser
- 29 November 2022, MiCA – Overview of the New EU Crypto-Asset Regulatory Framework (Part 3)
- 21 November 2022, MiCA – Overview of the New EU Crypto-Asset Regulatory Framework (Part 2)

- 15 November 2022 , MiCA – Overview of the New EU Crypto-Asset Regulatory Framework (Part 1)
- 12 July 2022, Challenges for Challengers – the FCA Shares Its Expectations for Financial Crime Controls at Disruptor Banks and Provides Lessons for All
- 12 July 2022, Lessons to be Learned – FCA Fines JLT Specialty Limited £7.8 Million for Financial Crime Control Failings
- 8 July 2022, Europe: Systemically Important Outsourced Service Providers, eg Cloud Services, to be Identified and Regulated in the UK
- 29 June 2022, Change Is Constant\* and There's a Lot of Regulatory Change Happening in the UK – Impacting Fintechs and Crypto Asset Companies
- 28 June 2022, UK Regulator Ready to Take on Visa and MasterCard Payment Networks
- 7 April 2022, UK's Increased Regulatory Interest in Cryptoassets
- 28 March 2022, Pressure Grows on UK Regulated Firms to Manage Cryptoasset-Related Risk
- 20 January 2022, Do Consumers Really Need More Financial Protections? The UK Government Says Yes!
- 18 January 2022, AML Scrutiny in the UK: The Trend Towards Culture of Compliance
- 19 November 2021, UK Payments Landscape Review
- 1 June 2021, New Operational Resilience Requirements for Payment Firms
- 11 May 2021, New UK Insolvency Regime For Payment Institutions and Electronic Money Institutions
- 15 April 2021, Fintech Forward: Payments Across the Globe Miniseries - Trends in the UK
- 2 March 2021, It's Happening in the UK: UK Treasury to Regulate Stablecoins
- 17 February 2021, UK Payments Regulation – Changes Are Coming
- 2 February 2021, It's Groundhog Day for Payments! A New US Administration, a New UK Brexit: The Continuing Cycle of Change Keeps Banks and Fintechs on their Toes!
- 20 January 2021, New UK Requirements on Cross-Border Payments – "Onshoring" and Practical Issues
- 29 December 2020, Brexit: Payment Regulations on a Temporary Standstill

## OTHER PUBLICATIONS

- PSD2 Open Banking: Allocation of Liabilities, The Fintech Times, Edition 32
- PSD2 Open Banking - TPP Identification: To Check or Not To Check, Lexology
- PSD2 Allocation of Liabilities: Customers v. ASPSPs v. PISPs, Lexology; Payments Cards & Mobile
- AML and E-Money: FCA Thematic Review, Practical Law, 12 October 2018

- Brexit – Potential Impact on the Payment and E-Money Sector, SA Financial Regulation Journal, 21 September 2018
- The FCA: Level Playing Field or More Enforcement, Payments Cards & Mobile
- Securitisation: Regulatory Framework and Reforms, co-author; Practical Law, July 2018
- Payment Systems and Electronic Money Chapter in the Butterworths Financial Regulation Service (Loose-Leaf), Contributing editor, pre-2017

## NEWS & EVENTS

- 19 December 2023, K&L Gates Advises Balderton Capital on Investment in Scalable Capital
- 3 October 2022, 2022 K&L Gates Asset Management and Investment Funds Conference - London
- 3 March 2022, K&L Gates Advises Vertical Bridge in \$1.4 Billion Asset-Backed Securitization
- 10 November 2021, AIMA Digital Asset Series: A Global Tour of Digital Assets Regulation, hosted by AIMA

## MEDIA MENTIONS

- Quoted in “Plus ça change for UK payment firms on Brexit Part 1 and 2, Vixio PaymentsCompliance, 24 and 25 November 2020
- Quoted in “UK Regulator's Definition Of E-Money Firms As Trustees Sparks Debate,” Vixio PaymentsCompliance, 20 July 2020
- Quoted in “Testing times: COVID-19 puts SME and APP fraud dispute resolution schemes under scrutiny,” Thomas Reuters – Regulatory Intelligence, 22 April 2020
- Quoted in “Open banking impact may force regulators to reconsider prudential measures”, Global Risk Regulator (part of the Financial Times), 4 November 2019

## AREAS OF FOCUS

- Payments, Banking Regulation, and Consumer Financial Services
- Anti-Money Laundering (AML)
- European Regulatory
- Financial Institutions and Services Litigation

## INDUSTRIES

- Digital Assets, Blockchain Technology and Cryptocurrencies

- Financial Services
- Fintech
- Technology

## REPRESENTATIVE EXPERIENCE

### Payments/Fin Tech-related

- Advised one of the largest banks in the world with respect to their corporate card program (for UK issues and working with local counsel local requirements in over 100 countries).
- Advised a number of UK e-money institution and payment institutions in relation to PSD2 compliance.
- Advised Chinese payment firms on the UK licensing requirements for payment services in relation to their expansion into the UK market.
- Advised a US cryptocurrency trading firm on the UK regulatory requirements (including payment services regulations and general financial services regulatory implications) and various other matters including preparation of crypto leasing and crypto lending agreements and the AML registration of its UK affiliate with the FCA.
- Advised a US firm in relation to certain PSD2 open banking requirements and related issues in the context of conducting due diligence on an acquisition by the client.
- Advised a couple of DeFi platforms with respect to the UK financial promotion requirements and regulatory licensing requirements.

### Asset management-related

- Advised a large fund manager in relation to various issues under the AIFMD including cross-border marketing and remuneration requirements.
- Advised a number of large US investment managers in relation to various issues for their UK subsidiaries (authorised as CPMIs) including the relevant remuneration requirements, conduct of business requirements, categorisation and prudential requirements (under the new Investment Firm Prudential Requirements regime).
- Advised a US crypto firm with respect to their proposed application for FCA authorisation as a MiFID investment firm.
- Advised a number of investment firms in relation to MiFID II-related requirements such as client categorisation and outsourcing.

### General regulatory

- Advised on change in control regime relating to UK regulated firms including in the context of international merger/acquisitions.
- Advised various clients on the UK financial promotion requirements and the regulated activities regime under FSMA.

- Advised clients on UK anti-money laundering requirements including registration requirements for certain trusts.