



Monetary Authority of Singapore

Consultation Paper
P015 – October 2023

Consultation Paper on Repeal of Regulatory Regime for Registered Fund Management Companies



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1. Preface

- 1.1. MAS intends to repeal the regulatory regime for Registered Fund Management Companies (“RFMCs”), as part of continual enhancements to the regulatory regime for fund management companies (“FMCs”) in Singapore. This consultation paper seeks feedback on the proposed transitional arrangements for existing RFMCs that intend to continue operating fund management businesses following the repeal.
- 1.2. MAS invites interested parties to provide their comments and feedback.
- 1.3. **Please note that all submissions received will be published and attributed to the respective respondent unless they expressly request MAS not to do so. As such, if respondents would like:**
 - (a) their whole submission or part of it (but not their identity), or**
 - (b) their identity along with their whole submission,**

to be kept confidential, please expressly state so in the submission to MAS. MAS will only publish non-anonymous submissions. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libelous or offensive.
- 1.4. Please submit written comments by 31 December 2023 via the following link – <https://go.gov.sg/rfmc-repeal>.
- 1.5. If you encounter any technical difficulties in your submission, please send your enquiry to mas_cp_rfmc@mas.gov.sg.



2. Overview of RFMC Regime

- 2.1. The RFMC regime was introduced in 2012 following the repeal of the Exempt Fund Manager (“EFM”) regime. EFMs in existence at that time had the option to apply to become either a licensed fund management company (“LFMC”) or an RFMC. The repeal of the EFM regime was aimed at enhancing MAS’ regulatory oversight of fund managers and raising the standard of conduct across the fund management industry. At that time, there was also a recognition of the diversity of fund managers operating as EFMs. Therefore, the RFMC regime was calibrated to facilitate the transition of some of the EFMs into a fully regulated regime.
- 2.2. The admission criteria and business conduct requirements (in areas such as risk management, asset custody, and asset valuation) that serve to safeguard the interests of investors are aligned for both RFMCs and LFMCs that are restricted to serving accredited or institutional investors (“A/I LFMCs”)¹. The main differences between the A/I LFMC and RFMC regimes, apart from the lower fees payable by RFMCs, lie in the frequency and granularity of reporting requirements. Table 1 sets out more fully the key admission criteria and ongoing requirements for A/I LFMCs and RFMCs.
- 2.3. Under the RFMC regime, RFMCs are restricted to:
 - (a) carrying out fund management for not more than 30 accredited or institutional investors²; and
 - (b) managing not more than S\$250 million of assets.

Currently, RFMCs seeking to grow their fund management businesses beyond the above limits may apply to become A/I LFMCs.

¹ There are more stringent admission requirements for LFMCs serving retail investors. Conduct requirements are the same for all regulated FMCs other than venture capital fund managers.

² Of the 30 accredited or institutional investors, not more than 15 can be collective investment schemes, closed-end funds or limited partnerships as defined under paragraph 5(3) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (“SF(LCB)R”).



Table 1 – Key admission criteria and ongoing requirements for A/I LFCs and RFMCs

	A/I LFC	RFMC
Financial requirements		
Base capital requirement	S\$250,000	
Risk-based capital requirement	Financial resources at least 120% of total risk requirement	Not applicable
Reporting frequency for financial returns	Quarterly	Annual
Staffing and ownership		
Minimum number of directors, representatives and relevant professionals	2 directors (at least one with an executive role), 2 representatives and 2 relevant professionals	
Competency of CEO, directors and relevant professionals	At least 5 years of relevant experience, including managerial experience for CEO and directors	
Appointment of CEO, directors and representatives, and changes in controllers	Ex-ante approval required	Ex-post notification
Business conduct and audit requirements		
Risk management, internal controls and mitigation of conflicts of interest	Adequate and effective arrangements required at all times	
Compliance and internal audit	Adequate and effective arrangements required at all times, commensurate with nature and scale of activities	
Custody and valuation of assets	Required to be conducted independently	
External audit	Annual independent audit required	
Fees		
Application fee	S\$1,000 plus S\$200 per representative	None
Annual fee	S\$4,000 plus S\$200 per representative	S\$1,000



3. Repeal of RFMC Regime

- 3.1. Since the introduction of the RFMC regime, the fund management industry has matured and grown in terms of number of players and breadth of fund offerings. Most former EFMs that are still in operation as RFMCs have adapted to the regulatory regime. Many of them have upgraded to become A/I LFCs as their businesses grew. Most new entrants seeking to conduct fund management in Singapore tend to apply to be A/I LFCs rather than RFMCs. The population of RFMCs has therefore remained relatively stable³ in recent years. MAS considers that the RFMC regime has served its purpose of transitioning EFMs, and that it is timely to simplify the regulatory regime and harmonise requirements for fund managers by repealing the RFMC regime.
- 3.2. A simplified regulatory regime with harmonised requirements for all fund managers will also serve to support sustainable growth of the fund management industry in the longer term. MAS will continue to work with the fund management industry to facilitate the transition of existing RFMCs and the admission of serious and committed new entrants during the transitional period.
- 3.3. Sections 4 and 5 of this paper set out the proposed transitional arrangements for RFMCs and the implementation process respectively.

³ Between 2015 and 2022, the RFMC population hovered between 260 and 290. Over the same period, the LFC population grew from about 300 to over 700.



4. Transitional Arrangements

Application to be A/I LFMC

- 4.1. To continue carrying on fund management activities after the RFMC regime is repealed, an existing RFMC must apply for and be granted a CMS licence for fund management prior to the repeal. The prescribed application form for this purpose (the “Form”) is set out in Annex 1 of this consultation paper. In the application, the RFMC will amongst other things, be required to provide latest available information on its business activity and confirm that it will be able to comply with the requirements specified in the Form.
- 4.2. MAS will grant a CMS licence to RFMCs that:
 - (a) have carried on business in fund management activities⁴ in the six months immediately preceding the submission of the Form; and
 - (b) have submitted an application via the Form within the stipulated timeline.
- 4.3. MAS will respond to all applications from RFMCs within a month of submission. Successful applicants will be issued a CMS licence upon the repeal of the RFMC regime. Their exempt representatives will be transitioned to appointed representatives. Where there are known concerns with an RFMC’s regulatory history or the fitness and propriety of the RFMC, its directors, shareholders or staff, MAS will review its licensing status and may impose additional restrictions or conditions.
- 4.4. To facilitate the transition, RFMCs applying to become A/I LFMCs during the prescribed application window will not have to pay any application fee for the corporate entity, nor any fee for the notification of their existing representatives⁵. Upon being licensed, the prevailing CMS annual corporate licence fee and representative fees will apply on a pro-rated basis⁶, to such A/I LFMCs and their representatives. Currently, the annual corporate licence and representative fees for CMS licence holders are S\$4,000 and S\$200 per representative respectively.

⁴ As defined in the Second Schedule of the Securities and Futures Act 2001 (“SFA”), “fund management” means managing the property of, or operating, a collective investment scheme, or undertaking on behalf of a customer (whether on a discretionary authority granted by the customer or otherwise) —

(a) the management of a portfolio of capital markets products; or

(b) the entry into spot foreign exchange contracts for the purpose of managing the customer’s funds, but does not include real estate investment trust management.

⁵ Representatives of RFMCs are currently representatives of exempt persons under section 99B(1)(d) of the SFA.

⁶ From the date of licensing till 31 December.



- 4.5. MAS will provide further instructions with respect to the application process, such as the timeline and the mode of submission of the Form in due course.
- 4.6. For the avoidance of doubt, RFMCs that do not submit applications by the stipulated deadline will be considered to have opted to cease fund management activities upon the repeal of the RFMC regime.

Question 1. MAS seeks comments on the proposed process for existing RFMCs to become A/I LFCMs.

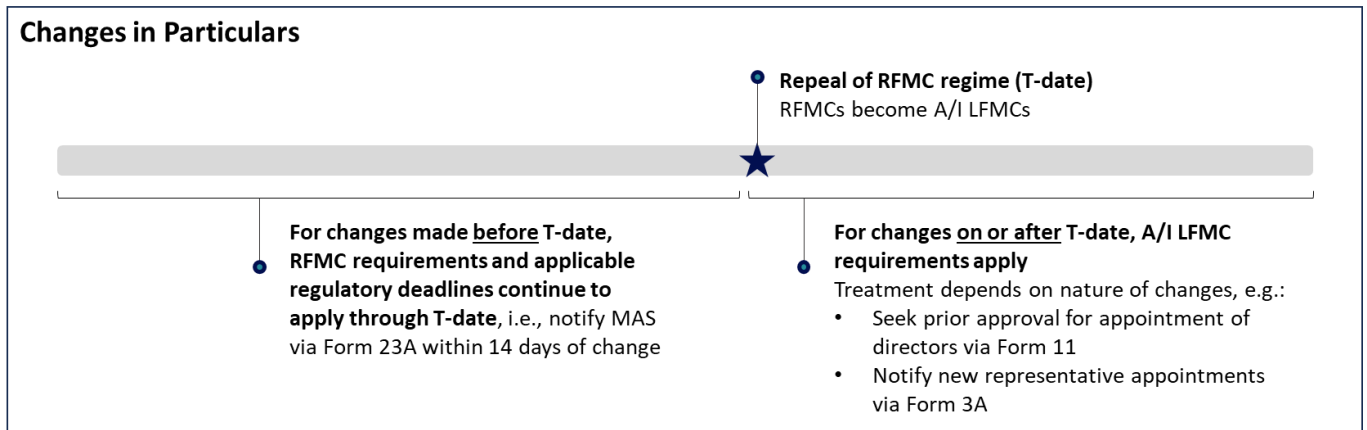
Specific Restrictions and Requirements on A/I LFCMs Transitioned from RFMCs

- 4.7. As RFMCs' internal controls and staffing arrangements tend toward managing smaller pools of assets, MAS will continue to impose licence conditions on RFMCs that transition to A/I LFCMs to restrict their managed assets⁷ to S\$250 million. These A/I LFCMs may engage MAS to review the licence condition, should they plan to manage more than this amount of assets. There will be no cap on the number of investors or funds managed.
- 4.8. These A/I LFCMs will have to comply with the reporting requirements applicable to typical A/I LFCMs. They will have to seek MAS' prior approval for certain changes, such as their shareholders and key appointment holders. They are strongly encouraged to familiarise themselves with the regulatory requirements applicable to typical A/I LFCMs. The Compliance Toolkit for Licensed Fund Management Companies provides guidance on these requirements. All FMCs that do not have in-house compliance support are advised to engage professional compliance service providers to assist them in complying with the applicable regulatory requirements.
- 4.9. These A/I LFCMs will be subject to the following reporting requirements that span the repeal date. Diagrams 1 and 2 illustrate the requirements:
 - (a) Changes in particulars that occur before the repeal date

The FMC must comply with existing RFMC requirements by submitting Form 23A within 14 days of the change, even if the 14-day period crosses the repeal date. For changes in particulars occurring after the repeal date, requirements applicable to A/I LFCMs will apply, which include seeking prior approval for director appointments.

⁷ As defined in paragraph 5(7K) of the Second Schedule to the SF(LCB)R.

Diagram 1 – Reporting of changes in particulars

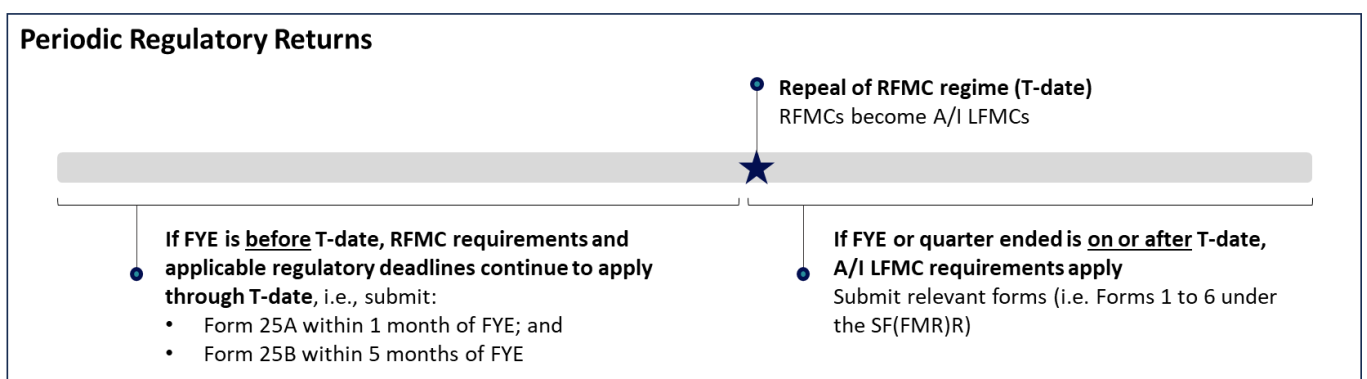


For avoidance of doubt, MAS reviews all notified changes, including submissions for changes occurring before the repeal date. MAS may direct the FMC to remove the individuals who do not meet eligibility criteria or who are not fit and proper.

(b) Submission of annual regulatory returns for financial year ending before repeal date

The FMC must comply with existing RFMC requirements by submitting (i) an annual declaration via Form 25A within one month from financial year end (“FYE”), and (ii) an auditor’s report via Form 25B no later than 5 months from financial year end, even if the respective submission periods cross the repeal date. Having submitted Forms 25A and 25B, the FMC does not have to additionally submit regulatory returns required of an A/I LFMC⁸ for the same financial year already covered by the two forms.

Diagram 2 – Submission of periodic regulatory returns



⁸ This refers to forms specified under the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (“SF(FMR)R”).



4.10. A small number of RFMCs have been issued written directions⁹ and/or have specific conditions¹⁰ imposed on their regulatory status due to specific circumstances at these RFMCs. These directions and conditions would have been formally communicated to the relevant RFMCs. These directions and conditions will continue to apply even after these RFMCs become A/I LFMCs. Where the directions issued by MAS relate to the remediation of deficiencies, the A/I LFMC will be required to complete the remediation within the timeframe set by MAS. Transitional provisions for this purpose are set out in Annex 2.

Question 2. MAS seeks comments on the specific restrictions and requirements for A/I LFMCs transitioned from RFMCs.

⁹ Refers to directions issued under section 101 of the SFA.

¹⁰ Refers to conditions imposed under section 99(4) of the SFA.



5. Legislative Amendments & Implementation Plan

- 5.1. MAS will implement the repeal of the RFMC regime after it has considered industry feedback to this consultation paper and finalised the legislative amendments. Annex 3 sets out legislative amendments for the repeal.
- 5.2. To minimise the number of RFMC applications by the time of the repeal, MAS will stop accepting new RFMC applications from 1 January 2024. From 1 January 2024 onwards, applicants seeking to conduct fund management can apply for a CMS licence for fund management, after ensuring that they are able to meet all admission and ongoing requirements. MAS will continue to review any RFMC application that remains outstanding after 1 January 2024, with a view to registering all successful applicants before the repeal date.

Question 3. MAS seeks comments on the proposed legislative amendments and implementation plan.



6. List of Questions

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7. Annex 1 – Draft Application Form

DISCLAIMER: THIS VERSION OF THE APPLICATION FORM IS A DRAFT FOR ILLUSTRATIVE PURPOSES ONLY, AND MAY BE SUBJECT TO CHANGES.

<p>SECURITIES AND FUTURES ACT 2001</p> <p>SECURITIES AND FUTURES (LICENSING AND CONDUCT OF BUSINESS) REGULATIONS (Rg 10)</p> <p>APPLICATION FOR A CAPITAL MARKETS SERVICES LICENCE FOR FUND MANAGEMENT UNDER SECTION 84(1) OF THE SECURITIES AND FUTURES ACT 2001</p>	<p>FORM 1AR</p>
<div style="border: 1px solid black; height: 25px; width: 100%; background-color: #e6f2ff;"></div> <p>(Name of applicant as per ACRA's record) *</p>	
Explanatory Notes	
<p>Please note that Form 1AR is for a Registered Fund Management Company (“RFMC”) which is applying to the Monetary Authority of Singapore (“MAS”) for a capital markets services licence (“CMSL”) for fund management, pursuant to the repeal of the RFMC regime.</p> <ul style="list-style-type: none">As set out in the Consultation Paper dated 24 October 2023 the RFMC regime under paragraph 5(1)(i) read with paragraph 5(7) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations, will be repealed. RFMCs that intend to lodge Form 1AR with MAS to apply for a CMSL for fund management should do so before dd/mm/yyyy (the “Final Submission Date”).RFMCs that do not submit Form 1AR by the Final Submission Date or that are unsuccessful in their CMSL applications will not be permitted to carry on regulated fund management activity from the dd/mmy/yyyy (the “Repeal Date”), unless it is able to rely on another exemption from the requirement to hold a CMSL. These RFMCs will be removed from the MAS Financial Institutions Directory (“FID”) on the Repeal Date, and will no longer be referred to as RFMCs.	



- Applicants that have carried on business in fund management^[1] in the six months immediately preceding the submission of the Form and have submitted a fully completed Form 1AR by the Final Submission Date will receive an email from MAS within a month.
- RFMCs will not be charged a fee for the Form 1AR application and for the grant of a CMSL pursuant to this application.

1. Please read the Guidelines on Licensing, Registration and Conduct of Business for Fund Management Companies (SFA 04-G05) (“Guidelines for FMCs”) before completing this Form.
2. All terms used in this Form shall, except where expressly defined in this Form or where the context otherwise requires, have the same meaning as defined in the Securities and Futures Act 2001 (the “Act”) or the Securities and Futures (Licensing and Conduct of Business) Regulations (the “Regulations”).
3. Total Assets Under Management (“AUM”) in this Form refer to:
 - (a) moneys and assets contracted to or drawn down by the RFMC, and are under the discretionary authority granted by the customer to the RFMC and in respect of which it is carrying out fund management;
 - (b) moneys and assets contracted to and under the non-discretionary authority granted by the customer to the RFMC and in respect of which the RFMC is carrying out fund management; and/or
 - (c) moneys and assets contracted to the RFMC, but which have been sub-contracted to another party and for which the other party is carrying out fund management, whether on a discretionary authority granted by the customer or otherwise.
4. Please check the appropriate boxes in the Form and answer all questions. If a question is not applicable, please check the “N.A.” box.
5. If there are any changes in the information furnished in the application prior to the issuance of the licence, please notify MAS immediately.
6. Please submit the following together with this application:
 - a copy of the RFMC’s Declaration in Section 4 when submitting Form 1AR application electronically. The Declaration must be signed by either two directors or a director and a company secretary of the applicant; and
 - a written undertaking to MAS that the RFMC shall:
 - (a) maintain a sound financial position at all times;
 - (b) maintain a high level of professional expertise and provide adequate training for staff; and
 - (c) render such services as MAS may reasonably request that would contribute to the enhancement of financial expertise in Singapore.
7. Please note that all attachments should be provided in PDF format.
8. It will take an estimated 60 minutes to complete this Form, if all the relevant information and supporting documents are available.
9. All fields must be filled.
10. Upon completion of this Form, please submit this Form online [link to be provided].

^[1] As defined in the Second Schedule of the Securities and Futures Act 2001, “fund management” means managing the property of, or operating, a collective investment scheme, or undertaking on behalf of a customer (whether on a discretionary authority granted by the customer or otherwise) —

(a) the management of a portfolio of capital markets products; or
(b) the entry into spot foreign exchange contracts for the purpose of managing the customer’s funds, but does not include real estate investment trust management.



SECTION 1: APPLICATION IS HEREBY MADE FOR A CAPITAL MARKETS SERVICES LICENCE

To conduct: Fund management, serving only accredited and/or institutional investors

SECTION 2: CONTACT

State the name and designation of the CEO or an executive director of the applicant (the “Company”). This individual should be resident in Singapore and will be the contact person for all matters relating to the Company:

Name of CEO or executive director	
Designation	
Contact number	
Email address	

SECTION 3: INFORMATION ON THE COMPANY

State the total AUM managed by the Company as at dd/mm/yyyy, and the breakdown of the AUM as set out in the table.

1. Breakdown of Total AUM by Clientele Type:	Number of underlying investors in funds/mandates	Total AUM S\$	Proprietary assets ^[2] S\$
a. Institutional clients			
b. Individual clients			
2. Breakdown of Total AUM by Fund Type	Number of funds/mandates	Total AUM S\$	Proprietary assets S\$
a. Funds contracted and under discretionary management (includes related corporations)			
b. Funds contracted and under advisory service (includes related corporation)			
c. Funds contracted that are not managed or advised, but managed by another corporation (includes related corporations)			
- <i>By corporations located in Singapore</i>			
- <i>By corporations located outside Singapore</i>			

SECTION 4: DECLARATION

I, _____

^[2] Proprietary assets refer to assets or monies contracted from the Company’s shareholders and related entity(s), regardless of whether the shareholder is an individual, corporation or body unincorporated. The amount of proprietary assets should be included in the total AUM of the Company.



(Name of Director) (Identification No. _____), as director of

(Name of Company)

declare that:

The Company is fully aware of sections 329(1), (3) and (4) of the Act (as set out in the box below).

“ANY PERSON WHO FURNISHES THE AUTHORITY WITH ANY INFORMATION UNDER THIS ACT SHALL USE DUE CARE TO ENSURE THAT THE INFORMATION IS NOT FALSE OR MISLEADING IN ANY MATERIAL PARTICULAR. ANY PERSON WHO -

(a) SIGNS ANY DOCUMENT LODGED WITH THE AUTHORITY; OR

(b) LODGES WITH THE AUTHORITY ANY DOCUMENT BY ELECTRONIC MEANS USING ANY IDENTIFICATION OR IDENTIFYING CODE, PASSWORD OR OTHER AUTHENTICATION METHOD OR PROCEDURE ASSIGNED TO HIM BY THE AUTHORITY,

SHALL USE DUE CARE TO ENSURE THAT THE DOCUMENT IS NOT FALSE OR MISLEADING IN ANY MATERIAL PARTICULAR.

ANY PERSON WHO CONTRAVENES SUBSECTION (1) OR (3) SHALL BE GUILTY OF AN OFFENCE AND SHALL BE LIABLE ON CONVICTION TO A FINE NOT EXCEEDING \$50,000 OR TO IMPRISONMENT FOR A TERM NOT EXCEEDING 2 YEARS OR TO BOTH.”

We are fully aware that under section 86(4)(h) of the Act, the Authority may refuse the application for a capital markets services licence if the applicant fails to satisfy the Authority that the applicant including its officers, employees and substantial shareholders are fit and proper persons.

We have read the requirements and Licence Conditions that will be imposed on the Company upon grant of the CMS licence, and as set out in Section 5 of this Form. We confirm that we are able to comply with the ongoing requirements and Licence Conditions set out in Section 5 of the Form.

We have read the Guidelines on Fit and Proper Criteria [Guideline No. FSG-G01] (“the Guidelines”) issued by the Authority and in submitting this form, we are satisfied that the applicant (including its officers, employees and substantial shareholders) are fit and proper based on the criteria stated in the Guidelines.

All information given in this Form is true and correct.

SECTION 5: POST-LICENSING AND ONGOING REQUIREMENTS

Ongoing Requirements as a CMS Licence Holder

1. Upon the grant of the CMS licence, the Company shall be subject to applicable provisions in the Act at all times, including but not limited to the maintenance of base capital and financial resources, collectively termed as “financial requirements”^[3]. The Company must maintain adequate buffers to ensure that the financial requirements are met at all times^[4]. The Company shall, in addition to the provisions contained

^[3] Information on these requirements is set out in the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services) Regulations (Rg 13), and the Notice on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences (SFA 04-N13).

^[4] In calculating the base capital, the Company has to deduct interim losses and declared dividends.



in the Act, the subsidiary legislation promulgated under the Act and any other relevant laws in Singapore, be required to comply with the licence conditions set out in the list “Licence Conditions” below. Holders of a CMS licence may also be required to respond to MAS or other government agencies on periodic surveys and data requests^[5].

2. Prior to appointing any individual as an appointed, provisional or temporary representative in respect of any type of regulated activity, the Company is required to lodge a notification of intent with MAS.
3. If the Company intends to provide any financial advisory service, it may be required to file Form 26 [Notice of Commencement of Business/Additional Financial Advisory Service(s) by Persons Exempt from Holding a Financial Adviser’s Licence under section 23(1)(a), (b), (c), (d) and (e) of the Financial Advisers Act], pursuant to regulation 37(1) of the Financial Advisers Regulations (Rg 2).
4. In addition to the applicable provisions in the SFA, the Company shall be subject to the applicable provisions in the Monetary Authority of Singapore Act 1970 and the Financial Services and Markets Act 2022. The Company is required to adhere to all requirements relating to AML/CFT as set out in MAS’ AML/CFT Notices and Guidelines. To facilitate adherence to these requirements, the Company should refer to the Guidance Notes^[6], which set out MAS’ supervisory expectations of sound AML/CFT practices for CMS licence holders.
5. The Company is required to file a suspicious transaction report with the STRO if any suspicious transactions are encountered. This reporting requirement is stipulated in section 45 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992.

LICENCE CONDITIONS

1. The licensee shall obtain the prior approval of the Monetary Authority of Singapore [“MAS”] for any change of its members or shareholdings of its members which will result in any person, alone or acting together with any connected person, being in a position to control not less than 20% of the voting power in the licensee or to hold interest in not less than 20% of the issued shares of the licensee. The licensee shall immediately notify the MAS of any other changes of its members or shareholding of its members.
2. The licensee shall inform MAS of (i) the resignation of its Chief Executive Officer or any of its directors; (ii) any change in the nature of appointment or country of residence of the Chief Executive Officer or any of its directors; and (iii) any change in the business interests or shareholdings of its Chief Executive Officer or any of its directors provided to the MAS in Form 11.

^[5] For example, under the Statistics Act, a quarterly income and expenditure statement is collected from all holders of a CMS licence.

^[6] Please access the following link for AML/CFT Guidance Notes: https://www.mas.gov.sg/regulation/regulations-and-guidance?content_type=Guidance&page=1&topics=Anti-Money%20Laundering



3. The licensee shall not acquire or hold, whether directly or indirectly, an interest of 20% or more of the share capital of any corporation or establish any branch (whether in Singapore or elsewhere), without first obtaining the prior approval of MAS. For the purpose of this condition "corporation" has the same meaning as in section 2 of the Securities and Futures Act 2001["SFA"] but excludes a corporation which is incorporated for the purpose of arranging a closed-end fund or a collective investment scheme.
4. The licensee shall immediately inform MAS of any matter which may adversely affect its financial position to a material extent.
5. The licensee must ensure that the total value of the managed assets must not at any time exceed \$250 million. For the purpose of this condition, "managed assets", in relation to the licensee, means all of the following:
 - (a) moneys and assets contracted to or drawn down by the licensee, and are under the discretionary authority granted by the customer to the licensee, and in respect of which the licensee is carrying out fund management;
 - (b) moneys and assets contracted to the licensee, and are under the non-discretionary authority granted by the customer to the licensee, and in respect of which the licensee is carrying out fund management;
 - (c) moneys and assets contracted to the licensee, but which have been sub-contracted to another party and for which the other party is carrying out fund management, whether on a discretionary authority granted by the customer or otherwise.

For the avoidance of doubt, moneys and assets are contracted to a licensee if they are the subject matter of a contract for fund management between the licensee and its customer. If the licensee becomes aware that the total value of the managed asset is likely to exceed \$250 million, it shall immediately notify the MAS and cease any increase in positions, and not accept assets for fund management, until such time as advised by the MAS.
6. The licensee shall conduct its business in such a manner as to avoid conflicts of interests; and should such conflicts arise, shall ensure that they are resolved fairly and equitably.
7. The licensee shall immediately inform the MAS when it becomes aware:
 - (a) that it or any of its officers or representatives is the subject of an investigation or when any civil or criminal proceedings are instituted against it or any of its officers or representatives, whether in Singapore or elsewhere;
 - (b) of any offence committed by or disciplinary action taken against it or any of its officers or representatives, whether in Singapore or elsewhere;
 - (c) of any breach of any laws or regulations, business rules or codes of conduct, whether in Singapore or elsewhere; or
 - (d) of any other matter that would affect its or any of its officers' or representatives' ability to meet the criteria set out in the Guidelines on Fit and Proper Criteria issued by MAS.



8. The licensee shall produce its books to independent auditors to be selected by the MAS to conduct any audit on the licensee. All expenses arising from such audit shall be borne by the licensee.
9. The licensee shall give written notice to MAS seven (7) days prior to the execution of an agreement for the purchase, sale, merger or any other business combination of all or any part of the business (where such part could operate as a viable business enterprise if it were a stand-alone entity) in a regulated activity under the SFA for which its capital markets services licence is granted. Where any transaction, as described in the foregoing, is not documented in an agreement, the licensee shall give written notice to MAS seven (7) days prior to the execution of the transaction.
10. The licensee shall ensure that any person it employs or appoints to act as its representative in respect of any regulated activity for which the licensee is licensed to provide is an appointed, temporary or provisional representative in respect of that regulated activity.
11. The licensee shall not carry on any money lending without the prior approval of the MAS.
12. The licensee shall inform MAS promptly when it has fewer than 2 full-time appointed representatives in respect of each relevant regulated activity under the SFA.
13. (I) The licensee shall only carry on business in fund management for one or more of the following customers:
 - (a) an accredited investor, as defined in section 4A of the SFA;
 - (b) an institutional investor, as defined in section 4A of the SFA, other than a collective investment scheme;
 - (c) a collective investment scheme or closed-end fund, the units of which are the subject of an offer or invitation for subscription or purchase made only to accredited investors, or investors in an equivalent class under the laws of the country or territory in which the offer or invitation is made, or institutional investors, or both;
 - (d) a limited partnership, where the limited partners comprise solely of accredited investors or investors in an equivalent class under the laws of the country or territory in which the partnership is formed, or institutional investors, or both;
 - (e) an investment professional employed by:
 - (i) the licensee; or
 - (ii) an entity or trust that is related to the licensee and is in the business of fund management.(II) – (1) For the purpose of paragraph (I)(e)(ii), an entity or trust is related to a licensee if:
 - (a) in the case of an entity that is a corporation, the licensee is related to the entity in accordance with section 6 of the Companies Act;
 - (b) in the case of an entity other than a corporation, the licensee is:
 - (i) a subsidiary of the entity;
 - (ii) a holding corporation of the entity; or
 - (iii) a subsidiary of a holding corporation, holding entity or holding trust, of the entity;



- (c) in the case of a trust, the licensee is:
 - (i) a subsidiary of the trust;
 - (ii) a holding corporation of the trust; or
 - (iii) a subsidiary of a holding corporation, holding entity or holding trust, of the trust.

(2) For the purpose of paragraphs (II)(1)(b) and (c), a licensee is a holding corporation of an entity (other than a corporation) or trust if the licensee:

- (a) controls more than half of the voting power of the entity or the trust, as the case may be; or
- (b) holds more than half of the issued equity interests of the entity or issued units of the trust, as the case may be.

(3) For the purpose of paragraphs (II)(1)(b) and (c), a licensee is a subsidiary of a holding corporation, holding entity or holding trust, of an entity or a trust, if the holding corporation, holding entity or holding trust:

- (a) has control over more than half of the voting power of the entity or trust, as the case may be; or
- (b) holds more than half of the issued equity interests of the entity or issued units of the trust, as the case may be;

(III) For the purpose of paragraphs (I), (II) and the definitions in this paragraph –

“equity interest”, in relation to an entity, means any right or interest, whether legal or equitable, in the entity, by whatever name called, and includes any option to acquire any such right or interest in the entity;

“investment professional” means a person who is in the management of, research on, or the trading of investment products.

- 14. The licensee shall provide MAS with a Letter of Responsibility, Letter of Undertaking, Banker's Guarantee and/or Professional Indemnity Insurance, as may be required by MAS and in such form as MAS may require. The licensee shall ensure that such Letter of Responsibility, Letter of Undertaking, Banker's Guarantee and/or Professional Indemnity Insurance, as may be required by MAS, remain(s) in force as long as the licence remains valid.
- 15. Prior to the cessation of its business in regulated activities for which it is licensed, the licensee shall ensure that its liabilities and obligations to all customers have been fully discharged or provided for.



8. Annex 2 – Draft Transitional Provisions

DISCLAIMER: THIS VERSION OF THE PROPOSED AMENDMENTS TO THE REGULATIONS IS IN DRAFT FORM AND SUBJECT TO CHANGE. IT IS ALSO SUBJECT TO REVIEW BY THE ATTORNEY-GENERAL'S CHAMBERS.

Proposed transitional provisions to be included in the Amendment Regulations

Saving and transitional provisions

x. —(1) Paragraph 5(7I)(a) of the Second Schedule to the old Regulations continues to apply to a Specified Fund Management Company in respect of any change in the particulars in the notice lodged by the Specified Fund Management Company under paragraph 5(7) of the old Regulations which occurred before [effective date].

(2) Paragraph 5(7I)(c) of the Second Schedule to the old Regulations continues to apply to a Specified Fund Management Company in respect of any financial year which ended before [effective date].

(3) Paragraph 5(7J) of the Second Schedule to the old Regulations continues to apply to a Specified Fund Management Company in respect of any financial year which ended before [effective date].

(4) Regulation 55(b) of the old Regulations applies where any person contravenes paragraph 5(7I) or (7J) of the Second Schedule to the old Regulations as applied in paragraphs (1), (2) and (3).

(5) Any direction issued by the Authority to a Specified Fund Management Company—

(a) as a Registered Fund Management Company under paragraph 5(7H) of the Second Schedule to the old Regulations; or

(b) as an exempt person under section 101(1) of the Securities and Futures Act 2001, and in force immediately before [effective date] shall be deemed to be a direction issued to it as a holder of a capital markets services licence under section 101(1) of the Securities and Futures Act 2001.

(6) In this regulation—

(a) “old Regulations” means the Securities and Futures (Licensing and Conduct of Business) Regulations that is in force immediately before [effective date];

(b) “Specified Fund Management Company” means a person who—

(i) immediately before [effective date], was a Registered Fund Management Company within the meaning of regulation 2 of the old Regulations; and

(ii) on [effective date], is a holder of a capital markets services licence for fund management.



9. Annex 3 – Draft Amendments to the Securities and Futures (Licensing and Conduct of Business) Regulations

DISCLAIMER: THIS VERSION OF THE PROPOSED AMENDMENTS TO THE REGULATIONS IS IN DRAFT FORM AND SUBJECT TO CHANGE. IT IS ALSO SUBJECT TO REVIEW BY THE ATTORNEY-GENERAL'S CHAMBERS.

Proposed amendments to the Securities and Futures (Licensing and Conduct of Business) Regulations

PART I PRELIMINARY

Definitions

2. In these Regulations, unless the context otherwise requires —

“Registered Fund Management Company” means a corporation which is exempted from holding a capital markets services licence under paragraph 5(1)(i) of the Second Schedule;

[S 385/2012 wef 07/08/2012]

Fees

6. — (4A) For the purposes of section 99A(4) of the Act, where the annual fee referred to in paragraph 5(7) of the Second Schedule or item 9 of the Third Schedule is not paid, a late payment fee of \$100 for every day or part thereof that the payment is late, subject to a maximum of \$3,000, shall also be payable.

PART II LICENSING, REPRESENTATIVE NOTIFICATION AND RELATED MATTERS

Holders of capital markets services licences and representatives, etc., to be fit and proper persons

14A.—(2) For the purposes of section 99(4) of the Act —

- (b) a Registered Fund Management Company, a corporation that is exempted from holding a capital markets services licence under paragraph 3(1)(d) or 3A(1)(d) of the Second Schedule, or a person who is exempted from holding a capital markets services licence under paragraph 7(1)(b) of the Second Schedule shall ensure that —
 - (i) he is a fit and proper person to carry on business in the regulated activity for which he is exempted;



PART VI MISCELLANEOUS

Registered Fund Management Companies

54A.—(1) Sections 102(1) to (4), 104(1), 104A, 106, 107(1), (2) and (5) and 112(1) of the Act and Divisions 1, 2 and 3 of Part III (other than regulations 19, 30 and 31) of these Regulations and regulations 13, 13B, 39, 40, 43, 46, 46AA, 46AB, 46AC, 46AD and 46A shall, with the necessary modifications, apply to each Registered Fund Management Company in respect of its business in fund management as those provisions apply to the holder of a capital markets services licence and, where applicable, shall, with the necessary modifications, apply to a representative of a Registered Fund Management Company when acting as such, as those provisions apply to the representative of the holder of a capital markets services licence.

[S 170/2013 wef 28/03/2013]

[S 381/2018 wef 09/07/2018]

(2) As a condition under section 99(4) of the Act, a Registered Fund Management Company must remove its chief executive officer or any of its directors if the Authority is of the opinion that the chief executive officer or the director has failed to ensure compliance by the Company with any of its duties under regulations 13 and 13B, as applied to the Company under paragraph (1).

[S 170/2013 wef 28/03/2013]

[S 385/2012 wef 07/08/2012]

Offences

55. Any person who contravenes any of the following provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000:

- (a) regulation 4(1), (2) or (3), 5(1), (2) or (3), 7(2A), 11(2), (3) or (4), 11A(2) or (3), 13, 13B, 13D(4) or (5), 13E, 14(4), (4A) or (6), 16(1), (2), (3) or (5), 17(1), (3), (4) or (5), 18(1) or (2), 18A, 20(2), 20A, 21(1) or (2), 22(2), 26(1), (2) or (5), 27(1), 27A, 28, 29, 31, 32, 33(2), (4) or (5), 34, 34A, 35(1) or (2), 37(1), (2), (3), (4), (5) or (6), 38(1), 39(1), (2) or (3), 40(1), (1B), (2) or (3), 41, 43(1) or (2), 45(1), (3), (4), (5), (6) or (7), 46(1) or (8), 46AC(1) or (2), 46AD(1), 47, 47BA, 47DA(1) or (2) or 48(1);
- (b) paragraphs 3(4)(c), (d), (e)(ii) or (f), 3A(4)(c), (d), (e)(ii) or (f) or (5), 5(7A), (7G), (7I) or (7J) or 7(6) of the Second Schedule;
- (c) a direction issued by the Authority under regulation 51 or paragraph 5(7H) of the Second Schedule.

[S 667/2018 wef 08/10/2018]

SECOND SCHEDULE

Regulation 14

EXEMPTIONS FROM SECTIONS 82(1) AND 99B(1) OF ACT

[S 709/2010 wef 26/11/2010]

Definitions

“qualified investor” means —

- (a) an accredited investor, other than —
 - (i) one who is a participant in a collective investment scheme mentioned in paragraph (b);



- (ii) one who is a holder of a unit in a closed-end fund or in an arrangement mentioned in paragraph (aa) of the definition of “closed-end fund” in section 2(1) of the Act as mentioned in paragraph (c);
 - ~~(iii) one which is a corporation mentioned in section 4A(1)(a)(ii) of the Act or an entity mentioned in regulation 3(c) of the Securities and Futures (Classes of Investors) Regulations 2018 (G.N. No. S 665/2018) —~~
 - ~~(A) which is related to or controlled by a person exempted from the requirement to hold a capital markets services licence to carry on business in fund management under paragraph 5(1)(i), or a key officer or substantial shareholder of such person; and~~
 - ~~(B) the shares or debentures of which are, after 28 May 2008, the subject of an offer or invitation for subscription or purchase made to any person who is not an accredited investor;~~
- or

Exemption from requirement to hold capital markets services licence for fund management

5.—(1) The following persons shall be exempted from the requirement to hold a capital markets services licence to carry on business in fund management, subject to the conditions and restrictions specified:

~~(i) a corporation —~~

- ~~(i) which carries on business in Singapore in fund management on behalf of not more than 30 qualified investors, of which not more than 15 are collective investment schemes, closed-end funds, or limited partnerships referred to in sub-paragraph (3)(c); and~~
- ~~(ii) which is registered with the Authority in accordance with sub-paragraph (7) and the registration is and continues to be published on the Authority’s website;~~

~~[S 385/2012 wef 07/08/2012]
[S 667/2018 wef 08/10/2018]~~

(2) For the purposes of sub-paragraph (1) —

- (a) a person otherwise exempted under sub-paragraph (1) shall not be or shall cease to be so exempted if he also carries on business in fund management other than in accordance with sub-paragraph (1)(a), (b), (c), (e), (f), (h), ~~(i)~~ or (j), as the case may be;

~~[S 385/2012 wef 07/08/2012]
[S 667/2018 wef 08/10/2018]~~

- ~~(b) a person who is exempted under sub-paragraph (1)(a) or (b) may, in ascertaining the number of qualified investors for the purpose of exemption under sub-paragraph (1)(i), exclude those persons on behalf of whom he carries on business in fund management under sub-paragraph (1)(a) or (b);~~

~~[S 170/2013 wef 28/03/2013]~~

- ~~(bb) a person otherwise exempted under sub-paragraph (1)(i) shall not be or shall cease to be so exempted if —~~

- ~~(ii) it is the holder of a capital markets services licence in respect of any regulated activity;~~
- ~~(iii) it has not commenced business in fund management in accordance with sub-paragraph (1)(i) within 6 months from the date of its registration by the Authority as a Registered Fund Management Company under sub-paragraph (7); or~~

~~[S 385/2012 wef 07/08/2012]~~



~~(iii) it has ceased to carry on business in fund management in accordance with sub-paragraph (1)(i), and has not resumed business in the same regulated activity in accordance with that sub-paragraph, within a continuous period of 6 months from the date of cessation.~~

~~[S 373/2005 wef 01/07/2005]~~

~~[S 385/2012 wef 07/08/2012]~~

~~(c) a person who is otherwise exempted under sub-paragraph (1)(i) and is also exempted under regulation 27(1)(d) of the Financial Advisers Regulations (Rg 2) from the requirement to hold a financial adviser's licence under the Financial Advisers Act (Cap. 110) in respect of providing any financial advisory service, other than —~~

~~(i) [Deleted by S 667/2018 wef 08/10/2018]~~

~~(ii) arranging contracts of insurance in respect of life policies,~~

~~shall not be or shall cease to be exempted under sub-paragraph (1)(i) if the number of qualified investors on behalf of whom he carries on business in fund management and the number of accredited investors to whom he provides financial advisory services exceed 30 in total.~~

~~[S 385/2012 wef 07/08/2012]~~

(3) In this paragraph, each of the following persons, schemes and funds shall be considered as one qualified investor:

(a) an accredited investor, other than —

(i) one who is a participant in a collective investment scheme referred to in sub-paragraph (b);

(ii) one who is a holder of a unit in a closed-end fund, or an arrangement mentioned in paragraph (aa) of the definition of "closed-end fund" in section 2(1) of the Act, referred to in sub-paragraph (c);

~~[S 667/2018 wef 08/10/2018]~~

~~(iii) one which is a corporation referred to in section 4A(1)(a)(ii) of the Act or an entity referred to in regulation 2(b) of the Securities and Futures (Prescribed Specific Classes of Investors) Regulations 2005 (G.N. No. S 369/2005) —~~

~~(A) which is related to or controlled by a person referred to in sub-paragraph (1)(i), or a key officer or substantial shareholder of such person; and~~

~~[S 385/2012 wef 07/08/2012]~~

~~(B) the shares or debentures of which are, after 28th May 2008, the subject of an offer or invitation for subscription or purchase made to any person who is not an accredited investor; or~~

(5) A corporation otherwise exempted under sub-paragraph (1)(a), (b), or (h) ~~or (i)~~ shall not be or shall cease to be so exempted if —

(a) the corporation or its substantial shareholder is in the course of being wound up or otherwise dissolved, whether in Singapore or elsewhere;

(b) execution against the corporation or its substantial shareholder in respect of a judgment debt has been returned unsatisfied in whole or in part;

(c) a receiver, a receiver and manager, a judicial manager or such other person having the powers and duties of a receiver, receiver and manager or judicial manager, has been appointed whether in Singapore or elsewhere in relation to, or in respect of, any property of the corporation or its substantial shareholder;

(d) the corporation or its substantial shareholder has, whether in Singapore or elsewhere, entered into a compromise or scheme of arrangement with its creditors, being a compromise or scheme of arrangement that is still in operation; or

(e) the corporation or its substantial shareholder has been convicted of a relevant offence.

~~[S 385/2012 wef 07/08/2012]~~



[S 170/2013 wef 28/03/2013]

~~(6) A person who is exempted under sub-paragraph (1)(i) shall —~~

- ~~(a) take reasonable measures to verify that the persons on behalf of whom he carries on business in fund management are qualified investors; and~~
- ~~(b) ensure that proper records are kept of any document evidencing the status of such persons.~~

[S 385/2012 wef 07/08/2012]

~~(7) A corporation which seeks to be exempted under sub-paragraph (1)(i) shall register with the Authority as a Registered Fund Management Company by lodging with the Authority a notice of commencement of its business in Form 22A prior to the commencement of its business in fund management, accompanied by a non-refundable annual fee which shall be paid in the manner specified by the Authority in writing.~~

[S 385/2012 wef 07/08/2012]

~~(7A) A corporation shall not represent itself as a Registered Fund Management Company, unless —~~

- ~~(a) it has fulfilled all the requirements in sub-paragraph (1)(i); and~~
- ~~(b) the registration of the corporation as a Registered Fund Management Company is and continues to be published on the Authority's website.~~

[S 385/2012 wef 07/08/2012]

~~(7B) The Authority may refuse to register a corporation under sub-paragraph (7) unless the corporation has demonstrated to the Authority's satisfaction that —~~

- ~~(a) it is able to fulfil the requirements under sub-paragraph (1)(i)(i) and regulation 13 or both regulations 13 and 13B (as the case may be) as applied to a Registered Fund Management Company under regulation 54A(1);~~
- ~~(b) if it is incorporated in Singapore, its base capital, or if it is a foreign company, its net head office funds, is not less than \$250,000;~~
- ~~(c) it employs at least 2 persons, each of whom has at least 5 years' experience that is relevant to the fund management activities it intends to carry out; and~~
- ~~(d) the total value of its managed assets does not exceed \$250 million.~~

[S 170/2013 wef 28/03/2013]

[S 385/2012 wef 07/08/2012]

~~(7C) The Authority may cancel the registration of a corporation under sub-paragraph (7) if the corporation is issued with a capital markets services licence in fund management.~~

[S 385/2012 wef 07/08/2012]

~~(7D) A Registered Fund Management Company shall not cause or permit —~~

- ~~(a) where it is incorporated in Singapore, its base capital; or~~
- ~~(b) where it is a foreign company, its net head office funds, to fall below \$250,000.~~

[S 385/2012 wef 07/08/2012]

~~(7E) A Registered Fund Management Company shall at all times employ at least 2 persons, each of whom has at least 5 years' experience that is relevant to the fund management activities it is carrying out.~~

[S 385/2012 wef 07/08/2012]



~~(7F) The total value of the managed assets of a Registered Fund Management Company shall not at any time exceed \$250 million.~~

~~[S 385/2012 wef 07/08/2012]~~

~~(7G) If a corporation which carries on business in fund management in reliance on sub-paragraph (1)(i) fails to meet the criterion in sub-paragraph (1)(i)(i) or to comply with sub-paragraph (7D), (7E) or (7F), or becomes aware that it will likely fail to meet any of those criteria or to comply with sub-paragraph (7D), (7E) or (7F), it shall —~~

- ~~(a) immediately notify the Authority; and~~
- ~~(b) cease any increase in positions, and not accept assets for fund management, until such time as advised by the Authority.~~

~~[S 385/2012 wef 07/08/2012]~~

~~(7H) If the Authority becomes aware that a corporation which carries on business in fund management in reliance on sub-paragraph (1)(i) fails to meet any criterion in sub-paragraph (1)(i)(i) or to comply with sub-paragraph (7D), (7E) or (7F), the Authority may direct the Registered Fund Management Company to operate its business in such manner and on such conditions as the Authority may impose, and the corporation to whom such direction is issued shall comply with the direction.~~

~~[S 385/2012 wef 07/08/2012]~~

~~(7I) A Registered Fund Management Company shall lodge with the Authority —~~

- ~~(a) a notice of change of particulars in Form 23A providing any change in the particulars in the notice lodged under sub-paragraph (7), not later than 14 days after the date of the change;~~
- ~~(b) a notice of cessation of business in Form 24A at any time prior to the cessation of its business in fund management; and~~
- ~~(c) an annual declaration in Form 25A within one month after the end of each of its financial years.~~

~~[S 385/2012 wef 07/08/2012]~~

~~(7J) A Registered Fund Management Company shall submit an auditor's report in Form 25B, no later than 5 months after the end of each of its financial years.~~

~~[S 385/2012 wef 07/08/2012]~~

~~(7K) In this paragraph, "managed assets", in relation to a corporation (including one that is a Registered Fund Management Company), means all of the following:~~

- ~~(a) moneys and assets contracted to, drawn down by or are under the discretionary authority granted by the customer to the corporation and in respect of which it is carrying out fund management;~~
- ~~(b) moneys and assets contracted to the corporation, and are under the non-discretionary authority granted by the customer to the corporation, and in respect of which the corporation is carrying out fund management;~~
- ~~(c) moneys and assets contracted to the corporation, but which have been sub-contracted to another party and for which the other party is carrying out fund management, whether on a discretionary authority granted by the customer or otherwise.~~

~~[S 385/2012 wef 07/08/2012]~~

~~(7L) In sub-paragraph (7K), moneys and assets are contracted to a corporation if they are the subject matter of a contract for fund management between the corporation and its customer.~~

~~[S 385/2012 wef 07/08/2012]~~

(8) Every person exempted under sub-paragraph (1)(a), (e), or (h) ~~or (i)~~ shall furnish to the Authority, at such time and in such manner as the Authority may direct, all such information concerning his business in fund management as the Authority may reasonably require.



[S 385/2012 wef 07/08/2012]

**THIRD SCHEDULE
FEES**

	<i>First column</i>	<i>Second column</i>	<i>Third column</i>	<i>Fourth column</i>
<i>No.</i>	<i>Provision of Act</i>	<i>Matter</i>	<i>Amount</i>	<i>Manner and time of payment</i>
9.	Section 99A (1)	Annual fee payable by Registered Fund Management Company for the year of commencement of business	Amount derived from the formula: $B/365 \times \$1,000$ where: "B" is the number of days between 1st April 2013 or the date of commencement of business (whichever is the later), and 31st December of the same year, both dates inclusive	Payable by the date and in the manner specified by the Authority in the fee advice.
		Annual fee payable by Registered Fund Management Company for any year following the year of commencement of business	\$1,000	Payable by the date and in the manner specified by the Authority in the fee advice.