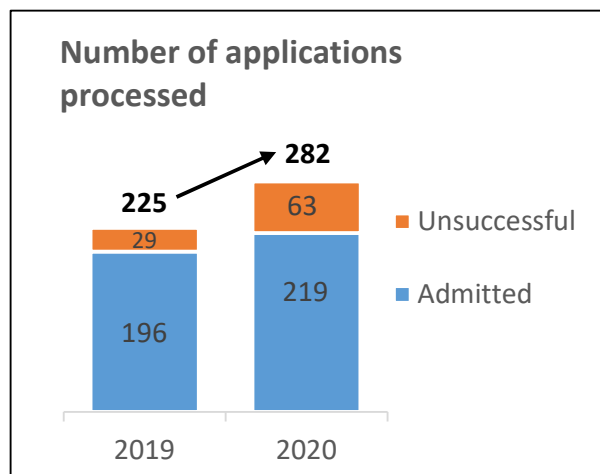


2020 Licensing & Registration Report for Capital Markets Intermediaries

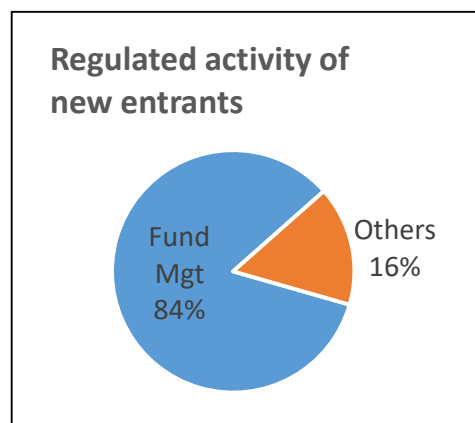
A. MAS processed 25% more applications than the previous year.

In 2020, MAS processed 282 applications from capital markets intermediaries¹. This was 25% more than the 225 processed in 2019.



B. The majority of new entrants applied to conduct fund management activity.

84% of new entrants applied to conduct fund management activity in Singapore. Of these, about 40% were venture capital and private equity managers. They formed the largest group of fund management applicants.

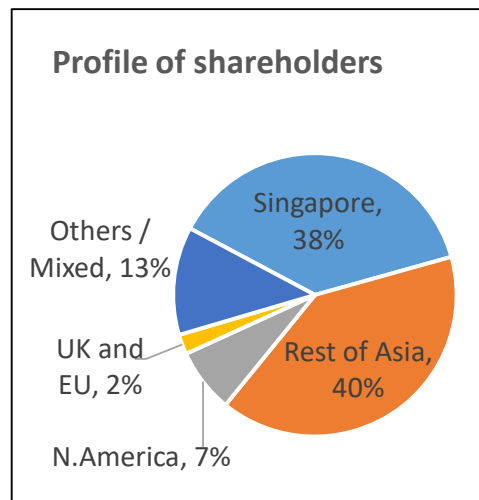


¹ Capital markets intermediaries refer to holders of Capital Markets Services (CMS) licences (e.g. REIT managers, managers operating under the VC manager regime, broker-dealers), Financial Advisers, Trust Companies, Registered Insurance Brokers, Approved Trustees and Registered Fund Management Companies. They exclude applicants to the MAS FinTech Regulatory Sandbox.

For the remaining 16% of new entrants, the majority applied to deal in capital markets products.

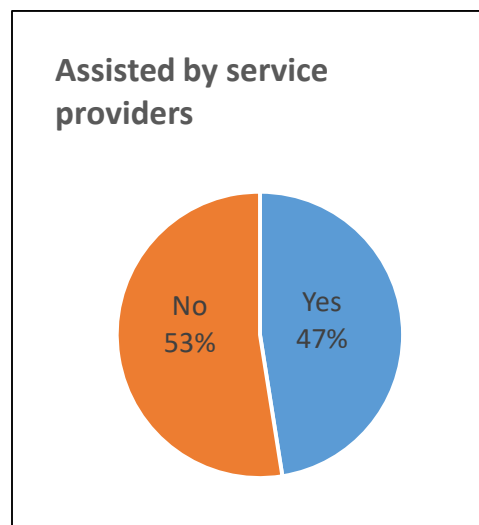
C. The bulk of foreign applicants had shareholders from Asia.

About 40% of new entrants had shareholders that were Singapore citizens or corporations. A similar proportion had shareholders from other countries in Asia, such as China, India and Japan. The majority of new entrants were started by individuals, many of whom had prior working experience at financial institutions either in Singapore or overseas.



D. More applicants used service providers in 2020.

In 2020, more new entrants engaged service providers for their applications. Service providers assisted with 47% of applications, compared to 37% in 2019. Service providers included specialist compliance service providers, law firms and accounting firms. Generally, these applications were more complete and had fewer errors. This helped reduce the time taken to process the applications.



E. Poorer quality applications increased processing time.

MAS is committed to a 4-month timeframe for processing corporate licence and registration applications. The actual processing time for applicants could vary in practice, depending on the profile and business model of the applicant as well as quality of the applications. Generally, applicants with an established track record, and well-articulated business and staffing plans were processed well within the 4-month timeframe. In 2020, there was an increase in the number of applicants that did not have prior track record in financial services, while some did not appear to have coherent business plans or had shareholders and directors with adverse records. These applications required additional engagement with applicants to clarify details of their business plans or to restructure their boards and shareholders, which raised the average processing time.

Type	Capital Markets Services Licence Holder ²	Financial Adviser, Licensed Trust Company, Registered Insurance Broker, and Approved Trustee	Registered Fund Management Company
Service Standard	4 months		
2020			
Admitted	103	12	54
Median Time Taken	3.6 months	3.2 months	4.2 months
Mean Time Taken	4.0 months	3.2 months	4.3 months
2019			
Admitted	90	11	52
Median Time Taken	3.7 months	3.3 months	3.9 months
Mean Time Taken	4.1 months	3.2 months	4.0 months

² Excludes applications made under the VC manager regime. For 2020, MAS approved 50 such applications. Median processing time was 5.9 weeks; mean time taken was 7.2 weeks.

F. 22% of applications were unsuccessful.

22% of the applications received in 2020 were unsuccessful in obtaining licensing or registration. The common reasons for unsuccessful applications included:

(i) Lack of track record and anchoring of key personnel

To protect the interests of investors, it is important that a regulated entity has a stable management team with the experience and track record to carry out the regulated activity, and who are committed to the long-term sustainability of the business. MAS turned away applicants whose board of directors lacked adequate experience, or that did not demonstrate sufficient anchoring of key personnel to the company, such as having meaningful shareholding stakes. This was especially relevant when ownership of the applicant was separate from the senior management team.

(ii) Serious adverse records of shareholders, directors and staff

MAS requires all the shareholders, directors and staff of an applicant to be fit and proper. Applicants should fully disclose all significant adverse records such as principals who have been sanctioned by previous employers or by other regulators. There were applicants who were turned away because they did not disclose these records or only provided partial disclosures.

(iii) Fund management applicants did not demonstrate an intention to conduct substantive fund management activity in Singapore

To warrant a licence or registration for fund management, an applicant must conduct substantive fund management activity such as portfolio management, investment research and trade execution. MAS will not grant a licence or registration to applicants that:

- merely provide a conduit for customers to structure their assets in the form of fund units, without the applicant providing any substantive inputs into investment suitability, or assuming responsibility for investment performance;
- are effectively managing their own proprietary assets and seeking licensing or registration solely to qualify for tax incentives or to make use of fund structures that require the manager to be licensed. Applicants need to demonstrate that they have credible plans to manage third party moneys within six months of being issued a licence or registration;
- set up fund structures solely to raise capital for their operating businesses; or
- purely engage in funds marketing and/or client servicing.

All applicants should review their intended business activity and ensure that they fully meet all admission criteria. They must ensure that their applications are complete and free from error. This will facilitate the review of submissions.

June 2021