



Monetary Authority of Singapore

Response to Feedback Received

P015 – 2023 – 28 March 2024

Repeal of Regulatory Regime for Registered Fund Management Companies



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1. Preface

- 1.1. On 24 October 2023, MAS issued a consultation paper to seek feedback on the proposed transitional arrangements for existing Registered Fund Management Companies (“RFMCs”) that intend to continue operating fund management businesses following the repeal of the regulatory regime for RFMCs.
- 1.2. The consultation closed on 31 December 2023. MAS thanks all respondents for their contributions. The list of respondents is in Annex A, and the full submissions are in Annex B.
- 1.3. MAS has carefully considered the feedback received, which largely centred around the transitional arrangements for existing RFMCs, the limit on managed assets post-licensing, and the timelines associated with the forthcoming repeal. MAS will provide clarity on comments that are of wider interest in this paper.



2. Transitional Arrangements

Application to be an A/I LFMC

- 2.1. MAS sought comments on the proposed process to transition existing RFMCs to become licensed fund management companies (“LFMCs”) that are restricted to serving accredited and institutional investors (“A/I LFMCs”). The process involves the submission of a simplified application form, which requires the RFMC to provide information on its managed assets and to confirm that it will be able to comply with regulatory requirements that apply to A/I LFMCs.
- 2.2. Several respondents sought clarifications on the following aspects of the transition process:
 - (a) the timing of the repeal and the application process to be an A/I LFMC;
 - (b) the supporting documents to be submitted with the application form;
 - (c) the factors that MAS will consider when reviewing applications from RFMCs;
 - (d) whether RFMCs can continue their operations during the application process, as well as the regulatory requirements that apply during, and following the approval of the licence application; and
 - (e) the avenues for appeal in the event of an unsuccessful application.
- 2.3. One respondent suggested that MAS requires RFMCs to inform their clients about the transition process and their intention to be licensed.

MAS’ Response

Timing of repeal and application process

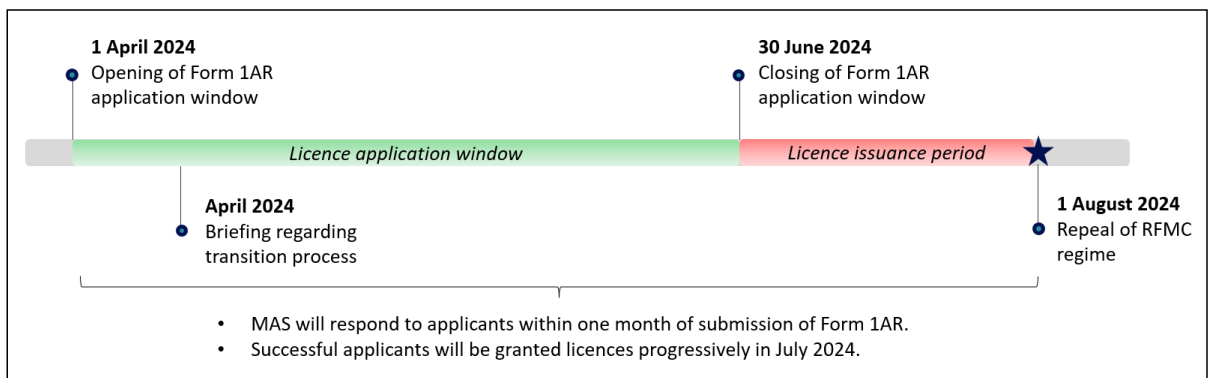
- 2.4. MAS targets to repeal the RFMC regime on **1 August 2024**. Existing RFMCs intending to continue with regulated fund management activity after this date must apply to be an A/I LFMC by completing and submitting the application form (“Form 1AR”) **between 1 April 2024 and 30 June 2024**.
- 2.5. MAS will inform RFMCs of the outcome of their Form 1AR application within a month of submission. RFMCs should continue to update MAS of any changes in particulars on a timely basis, in accordance

with prevailing RFMC requirements. MAS expects to issue capital markets services (“CMS”) licences to all successful applicants by **end July 2024**.

2.6. Exempt representatives¹ of RFMCs that are licensed will become appointed representatives² on the same date that the RFMC is licensed. MAS will publish the names of appointed representatives on the MAS Register of Representatives, based on the information provided by RFMCs in their Form 23A notifications to MAS. There is no need for the RFMC to file any additional documents in respect of their representatives. To ensure that the MAS Register of Representatives accurately reflects the particulars of these representatives, RFMCs are reminded to update MAS immediately of any changes to their representatives or to their particulars, prior to licensing. RFMCs should also ensure that all of their representatives meet the requirements of the Notice on Minimum Entry and Examination Requirements for Representatives of Holders of Capital Markets Services Licence and Exempt Financial Institutions (SFA 04-N09) prior to licensing.

2.7. Diagram 1 below depicts the timeline of events leading up to the repeal.

Diagram 1 – Timeline of events leading up to repeal of RFMC regime



Application form and supporting documents

2.8. RFMCs that wish to continue managing assets for their customers will need to apply to become an A/I LFMC by submitting Form 1AR during the stipulated application window via this link – <https://go.gov.sg/Form1AR>³. No supporting documents are required at the point of submitting Form 1AR. Nevertheless, applicants must be prepared to provide documentation in support of the

¹ Representatives of RFMCs are currently representatives of exempt persons under section 99B(1)(d) of the Securities and Futures Act 2001 (“SFA”).

² As defined under section 99D(1) of the SFA.

³ This link is only accessible during the application window.



declarations made in Form 1AR if requested by MAS. For reference, the latest version of Form 1AR is set out in Annex C of this paper.

Consideration factors in reviewing Form 1AR applications

2.9. MAS will approve an RFMC's application to be an A/I LFMC if the RFMC:

- (a) has managed assets attributable to third-party investors in the six months immediately preceding the submission of the form to MAS. This requirement does not apply if the RFMC is registered for six months or less as at the submission date;
- (b) submits Form 1AR within the stipulated timeline; and
- (c) satisfactorily furnishes supporting documents to MAS, if requested.

Continuity of operations and applicable requirements during and after application

2.10. Throughout the application process, RFMCs can continue operating without disruptions. RFMCs should continue to comply with the regulatory requirements applicable to RFMCs during this period, for example, filing of notifications and annual declarations. RFMCs are strongly encouraged to familiarise themselves with the additional requirements for LFMCs prior to being licensed. Upon being issued a licence, the regulatory requirements for A/I LFMCs will take immediate effect. These requirements include prior approvals for changes at the FMC and quarterly regulatory filings.

2.11. RFMCs should proactively familiarise themselves with A/I LFMC regulatory requirements. Resources available on MAS' website that provide guidance on A/I LFMC regulatory requirements include:

- (a) Compliance Toolkit for Approvals, Notifications and Other Regulatory Submissions to MAS for Fund Managers;
- (b) Guidelines on Licensing, Registration and Conduct of Business for Fund Management Companies; and
- (c) FAQs on the Licensing and Registration of Fund Management Companies.

2.12. RFMCs that are in the midst of addressing ongoing regulatory issues (remediating certain internal control deficiencies post-inspection, for example) can apply to be A/I LFMCs. For such RFMCs, MAS' approval of the application to be licensed as A/I LFMC shall not be taken to mean that the ongoing issues have been resolved. Neither does it mean that MAS is satisfied with the robustness of the RFMC's internal controls. These RFMCs will be required to complete the remediation of such ongoing issues post-licensing.



Unsuccessful Form 1AR applications

2.13. Under existing legislation⁴, RFMCs which have not conducted fund management⁵ activity for a continuous period of six months will cease to be registered as RFMCs. They would no longer be allowed to carry on regulated fund management activity. MAS will therefore not be issuing CMS licences to these entities upon the repeal of the RFMC regime. In line with the existing arrangement for the cessation of an RFMC's registration, there will not be an appeal process for these entities.

Communication with investors

2.14. All fund management companies ("FMCs") are expected to conduct their affairs in the best interest of their investors and to be transparent with their dealings with investors. To this end, RFMCs are advised to consider if it would be in their investors' interest to be notified of the RFMC's intentions ahead of the repeal of the regime.

2.15. RFMCs which do not obtain CMS licences before the repeal date will no longer have a valid regulatory status to carry out fund management when the repeal takes effect. Unless an existing licensing exemption applies, they will be in breach of regulatory requirements⁶ if they continue to carry out any regulated activity under the SFA.

2.16. Generally, FMCs which intend to cease their fund management business should ensure an orderly winding down of their business operations⁷. This applies to RFMCs which do not apply for, or obtain CMS licences when the repeal takes effect.

⁴ As set out under paragraph 5(2)(bb)(iii) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations.

⁵ As defined in the Second Schedule to the 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.

⁶ As set out under section 82 of the SFA.

⁷ As stated in item 25 of the FAQs on the Licensing and Registration of Fund Management Companies, this includes but is not limited to: (i) putting in place communication plans to ensure sufficient notice period has been given to its customers, business partners and other relevant stakeholders regarding its cessation; and (ii) discharging all customer obligations and ensuring that customer assets and/or moneys have been accounted for and returned to customers before it ceases.



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

- 2.17. MAS sought comments on the imposition of a limit of S\$250 million of managed assets (the “AUM Cap”) on RFMCs that are approved to become A/I LFMCs through Form 1AR applications.
- 2.18. Several respondents asked about the rationale for the AUM Cap, given that these A/I LFMCs would be subject to identical regulatory requirements as other A/I LFMCs. A few respondents highlighted the additional administrative burden and subjectivity involved when MAS has to assess requests to lift the cap post-licensing. One respondent asked if the AUM Cap will be imposed on other new LFMCs.
- 2.19. Respondents further sought clarity on the process involved and factors that MAS will consider when reviewing requests to lift the AUM Cap.

MAS’ Response

Clarification on AUM Cap

- 2.20. The application and review process for RFMCs has been simplified to facilitate the transition for over 200 RFMCs. MAS considered that most RFMCs are operating far below the AUM Cap and tend to be set up to handle smaller pools of assets, with corresponding simpler internal controls and staffing arrangements. The AUM Cap serves as a safeguard until MAS has assessed that the FMC is ready to handle a larger pool of assets. MAS will perform the review if an RFMC requests a lifting of the AUM Cap post-licensing.

Consideration factors in reviewing requests to lift AUM Cap

- 2.21. When assessing requests to lift the AUM Cap, MAS will consider factors that include but are not limited to:
- (a) The FMC’s regulatory compliance record which takes into account the frequency and severity of any past regulatory breaches, complaints made by investors or third parties against the FMC or its management, and the FMC’s receptivity and willingness to address regulatory issues that were highlighted to the FMC’s management;
 - (b) The FMC’s internal controls, risk management and compliance arrangements to support its intended business expansion. MAS may require independent audits should there be concerns over



the FMC's ability to maintain effective risk management and controls over its fund management activities;

- (c) Stability of the FMC's board of directors, Chief Executive Officer and senior management team; and
- (d) Extent and nature of changes to the FMC's business model and investment strategy.

We will publish the application form for A/I LFMCs to apply to MAS to lift the AUM Cap.

- 2.22. MAS will not by default, impose the AUM Cap on applicants that apply to be A/I LFMCs via the regular application process (via Form 1A). This is because the applicant would have made a detailed submission and be assessed on its ability to meet the admission criteria, based on its proposed business activities and the corresponding risk management and compliance arrangements to support the business. While the AUM Cap will not be imposed by default, MAS may in specific cases impose conditions to address risks associated with unique or novel business models proposed by these applicants.



3. Legislative Amendments & Implementation Plan

- 3.1. MAS sought comments on the proposed legislative amendments and implementation plan for the repeal.
- 3.2. Some respondents requested additional time to comply with A/I LFMC requirements, as well as information on the specific incremental requirements for an RFMC becoming an A/I LFMC.
- 3.3. One respondent sought clarity on how the forthcoming repeal and transition process will affect ongoing RFMC applications.

MAS' Response

Transition support

- 3.4. Paragraph 2.11 of this paper sets out resources available on MAS' website providing guidance on A/I LFMC regulatory requirements. Apart from using these resources, RFMCs are strongly encouraged to seek assistance from professional compliance service providers or legal advisers with relevant expertise, if they require assistance with the regulatory obligations of an A/I LFMC. RFMCs should also take immediate steps to enhance internal policies and processes to comply with incremental regulatory requirements such as the increased reporting frequency for A/I LFMCs.
- 3.5. To provide guidance on the transition process for existing RFMCs and to address further queries, MAS will conduct a virtual briefing in April 2024. All existing RFMCs will be invited. Relevant industry associations and stakeholders such as third-party compliance service providers, legal advisers and auditors of RFMCs, may indicate interest to attend the briefing via this link – <https://go.gov.sg/RFMCwebinar>.

Treatment of ongoing RFMC applications

- 3.6. MAS has stopped accepting new RFMC applications since 1 January 2024. MAS will continue to review RFMC applications submitted prior to that date. Successful applicants will be asked to submit Form 1AR, following which they will be licensed as A/I LFMCs with the AUM Cap, notwithstanding that they had originally applied to be RFMCs.



Annex A

List of respondents to the Consultation Paper on Repeal of Regulatory Regime for Registered Fund Management Companies

1. Accrete Capital Partners Pte. Ltd., which requested partial confidentiality of submission
2. Baker McKenzie.Wong & Leow, which requested confidentiality of submission
3. Deloitte & Touche LLP, which requested confidentiality of submission
4. Holland & Marie Pte. Ltd., which requested partial confidentiality of submission
5. Ingenia Consultants Pte. Ltd., which requested confidentiality of submission
6. IPP Financial Advisers Pte Ltd, which requested confidentiality of submission
7. IQ-EQ, which requested confidentiality of submission
8. Alternative Investment Management Association
9. Capital Dynamics (S) Pte Ltd
10. Curia Regis Pte. Ltd.
11. FPA Financial Corporation Pte Ltd
12. Gabriel Chen
13. Shook Lin & Bok LLP
14. Singapore Venture & Private Capital Association



15. Taproot Family Offices Pte Ltd
16. Unicorn Financial Solutions Pte Limited
17. Woodside Holdings Investment Management
18. Respondent A, which requested confidentiality of identity
19. Respondent B, which requested confidentiality of identity

Please refer to Annex B for the submissions.



Annex B

Submissions from respondents to the Consultation Paper on Repeal of Regulatory Regime for Registered Fund Management Companies

Note: The table below only includes submissions where respondents did not request confidentiality.

S/N	Respondent	Responses from respondent
1	Accrete Capital Partners Pte. Ltd.	<p>Question 1: [Requested confidentiality of submission]</p> <p>Question 2: No comments.</p> <p>Question 3: I will recommend for MAS, being a Regulator to schedule an in-person or virtual discussion to narrate the amendments and implementation plan. Thank you</p>
2	Holland & Marie Pte. Ltd.	<p>Question 1: No comments.</p> <p>Question 2: No comments.</p> <p>Question 3: [Requested confidentiality of submission]</p>
3	Alternative Investment Management Association	<p>Question 1: We understand from paragraph 4.1 of the Consultation Paper that an existing RFMC must apply for a capital markets services licence for fund management via Form 1AR, and further that the MAS will respond to all applications from RFMCs within a month of submission.</p> <p>We wanted to clarify if a successful application via Form 1AR will result in the grant of a capital markets service licence for fund management to the applicant, or if the applicant must subsequently submit a formal application in accordance with Table A4-1 to Appendix 4 of the Guidelines on Licensing, Registration and Conduct of Business for Fund Management Companies, or otherwise, before the licence is granted.</p>



		<p>In this regard, it would be helpful if your Authority could provide additional clarity on whether the application via Form 1AR is the only required application, and if the approval of that application will grant the applicant this licence.</p> <p>Additionally, we wanted to clarify if:</p> <ul style="list-style-type: none">(i) unsuccessful applicants are allowed to make remediation efforts and thereafter re-submit a Form 1AR application;(ii) and if so, whether there is a sufficient time gap between the Final Submission Date (as defined in the draft Form 1AR), and the envisaged repeal date (i.e. so as to allow unsuccessful applicants sufficient time to implement remediation efforts and make a resubmission, or in the alternative, to allow unsuccessful applicants to notify their respective investors and arrange for an orderly wind down of their business). <p>In this regard, it would be helpful if your Authority could provide additional clarity (including by way of examples) on the circumstances under which a Form 1AR application may be unsuccessful (i.e. if there are any factors apart from the applicant’s failure to carry on business in fund management in the six months immediately preceding the submission of the Form 1AR which would be taken into account), so as to facilitate business planning on the part of an applicant.</p> <p>Lastly, we wanted to clarify if the reference to “a. Institutional clients” in the category “1. Breakdown of Total AUM by Clientele Type” in Section 3 of the Form 1AR (as set out in Annex 1 of the Consultation Paper) is intended to refer to (and capture) all non-individual clients of the RFMC applicant, or if it is intended to only refer to institution-type clients (e.g. clients which fall within the definition of “institutional investors” under the Securities and Futures Act 2001 of Singapore).</p> <p>In this regard, it would be helpful if explanatory notes could be inserted in the Form 1AR to provide clarity on the scope of each category of clientele type under “1. Breakdown of Total AUM by Clientele Type” in Section 3 of the Form 1AR.</p> <p>Question 2:</p> <p>We understand from paragraph 4.7 of the Consultation Paper that the MAS will impose a licence condition (the “AUM Cap Condition”) on a RFMC which transitions to a holder of a capital markets services licence for fund management following a successful Form 1AR application that restricts its managed assets to a maximum of S\$250 million, and further that any such A/I LFMC may engage your Authority to review the AUM Cap Condition should it plan to manage more than this amount of assets.</p> <p>We observe that such A/I LFMCs would consequently be subject to more onerous obligations (as they would need to comply with the AUM Cap Condition in addition to the requirements applicable to all A/I LFMCs), and accordingly may be inclined to pursue a review of the AUM Cap Condition.</p>
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	<p>While we understand that any such engagement with and review by your Authority of a request to review the AUM Cap Condition will need to be carried out on a case-by-case basis depending on the facts, we are of the view that it would be helpful for your Authority to provide more visibility over:</p> <ul style="list-style-type: none">(i) the policy perspective affecting any such request for variation of the AUM Cap Condition (e.g. whether any such request will only be granted on an exceptional basis);(ii) the factors which would be relevant to your Authority’s determination as to whether to grant a variation of the AUM Cap Condition to such A/I LFMCs; and(iii) whether your Authority will prescribe any formal application process or steps (including any documentary requirements) in relation to the submission of a request for variation of the AUM Cap Condition (e.g. whether a Form 1A will need to be submitted). <p>Clarifications in this regard would be helpful in assisting any A/I LFMC in its preliminary assessment of its ability to fulfil the relevant conditions prior to its engagement with the MAS, and could facilitate the taking of steps to implement the appropriate measures. As such, we would be grateful if your Authority could provide more colour on the proposed engagement and review process.</p> <p>In this regard, we would be grateful if your Authority could also clarify if the licensing framework for fund management is intended to be updated to include a sub-category of A/I LFMCs (which are subject to the AUM Cap Condition) to accommodate certain entirely new applicants which may not be existing RFMCs, and if so, what the policy intent of introducing such a new sub-category is (e.g. whether to calibrate the degree of regulatory oversight appropriate to the A/I LFMC, or provide your Authority with an avenue to track the progression of AUM of A/I LFMCs in this sub-category).</p> <p>Further, and in a similar vein, if such a new sub-category is intended to be introduced, would this potentially result in their inconsistent treatment / categorization vis-à-vis existing A/I LFMCs which currently manage assets of less than S\$250 million (but are not likewise subject to the AUM Cap Condition)?</p> <p>In addition, we would be grateful if your Authority could also clarify if there is any intention for all relevant individuals currently under the employ of a RFMC to be reassessed against the latest eligibility, experience and fit and proper criteria (applicable to the relevant staff of an A/I LFMC) whenever any such RFMC is applying to transition to being an A/I LFMC.</p> <p>On a separate but related note, we would be grateful if your Authority could also clarify to what extent the MAS’ Guidelines on Licensing, Registration and Conduct of Business for Fund Management Companies will need to be complied with in respect of any such transition.</p> <p>This would include, inter alia, clarification on the internal audit requirement, namely, whether a RFMC which successfully transitions into an A/I LFMC may</p>
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		<p>continue to satisfy the internal audit requirement as long as there is a process for regular internal reviews on the effectiveness of internal systems and controls put in place with no need for an independent and dedicated compliance team or to engage an external service provider.</p> <p>In this regard, it would be helpful if your Authority could provide a list of changes in compliance requirements between RFMCs and A/I LFMCs to allow transitioning RFMCs to better identify and remedy aspects of their management system.</p> <p>Question 3: We assume that (to the extent applicable) corresponding changes will also be made to:</p> <ul style="list-style-type: none"> (i) the Financial Advisers Regulations of Singapore; (ii) the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore; (iii) the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore; (iv) the Limited Liability Partnerships Act 2005 of Singapore; and (v) the Companies Act 1967 of Singapore. <p>We assume that the MAS’ Guidelines on Licensing, Registration and Conduct of Business for Fund Management Companies will also be updated in due course to take into account corresponding changes.</p>
4	Capital Dynamics (S) Pte Ltd	<p>Question 1: (a) More time to be given to RFMCs for the transition to A/I LFMCs</p> <p>The timing of this policy is most inopportune. The last four years have been extremely challenging, what with the COVID-19 pandemic, US-China geopolitics, soaring inflation and interest rates, rising cost of doing business in Singapore and the depressed stock markets of many emerging economies, especially those related to Greater China. The smaller RFMCs were struggling with shrinking AUM and client bases and higher cost of doing business. 2024 would probably be the first year since 2020 that these RFMCs will have some chances of recovering their lost revenue and business. We would like to very strongly recommend that mas postpone this transition to a much later and hence more opportune time.</p> <p>This is as RFMCs’ transition to A/I LFMCs is a significant change that requires substantial adjustments and resources by the RFMCs. In particular, RFMCs will require time and resources to understand the requirements for transition to A/I LFMCs and put in place policies and procedures to comply with requirements for A/I LFMCs, etc. Additionally, in the event where MAS imposes additional conditions or restrictions after reviewing the RFMC’s application for transition to A/I LFMC, the RFMC will require time and resources to put in place policies, people and procedures to meet the said additional conditions as well.</p> <p>(b) More information to be provided by MAS on application process</p>



		<p>We suggest that MAS provide more information on the proposed application process to facilitate RFMCs’ understanding of MAS’ expectations as outlined in the consultation paper. This will help in ensuring that appropriate processes are put in place by RFMCs to comply with the application process when it takes effect.</p> <p>Specifically, we suggest that MAS provide more information on the following:-</p> <ol style="list-style-type: none"> 1. Whether there will be instances where MAS will not grant a CMS licence for fund management to a RFMC, even though it has carried on business in fund management activities in the six months immediately preceding the submission of the Form 1AR and has submitted an application via the Form 1AR within the stipulated timeline; 2. Whether RFMCs can write to MAS to appeal and request for a reconsideration of their application/enquire about reasons for the decision, in the event where RFMCs are unsuccessful in their CMS licence application; and 3. Whether there will be alternative options (for e.g. exemptions from the requirement to hold a CMS licence), in the event where RFMCs are unsuccessful in their CMS licence application. <p>Question 2: (a) Removal of licence condition restricting managed assets to S\$250 million</p> <p>We suggest that MAS remove the licence condition on RFMCs transitioning to A/I LFMCs, which restricts their managed assets to S\$250 million.</p> <p>This is as existing A/I LFMCs do not have this licence condition. If RFMCs that transition to A/I LFMCs are governed by the same set of laws, regulations and guidelines, both should also be subjected to the same licence conditions.</p> <p>(b) Additional support to be given to RFMCs for the transition to A/I LFMCs</p> <p>Further to the above, we suggest that MAS provide additional support (for e.g. additional resources/briefings) for RFMCs transitioning to A/I LFMCs. This is as an A/I LFMC has much more frequent and granular reporting/compliance requirements. Also, for smaller teams with more limited resources, additional support from MAS would be particularly helpful.</p> <p>Question 3: No comments.</p>
5	Curia Regis Pte. Ltd.	<p>Question 1: It is essential that the transition from the RFMC regime to the new framework is smooth and well-planned. To minimize disruption for existing RFMCs, we suggest that the Monetary Authority of Singapore (MAS) considers providing a proposed reasonable transition period during which RFMCs can adapt to the</p>



		<p>new regulatory framework. This will help ensure that established businesses are not unduly burdened by the changes and can continue to provide valuable services to clients. Moreover, we suggest that the Monetary Authority of Singapore provide suggested and alternative Final Submission Date(s) for Form 1AR and Repeal date(s) for when RFMCs must cease to operate. With clear deadlines, it will leave no room for confusion for RFMCs. This will allow RFMCs to plan their exit and transition accordingly. Furthermore, we suggest that it is essential for the Monetary Authority of Singapore to clarify if Form 1AR will serve as the comprehensive and sole document required for RFMCs to transition to the new regulatory framework, and if there are any changes during the transitory period, whether the RFMC would still be submitting its changes via the RFMC framework, or will there be a need to submit existing LFMC documents such as Forms 3A, 5 and 11. If RFMCs need to submit existing LFMC documents along with Form 1AR it should be clearly articulated in the regulatory guideline to ensure a seamless transition for RFMCs, and if not, then this too should be clearly spelt out.</p> <p>Question 2: We would suggest for the restriction on the AUM amount managed and number of investors for transitioning RFMCs to be removed once they transition to the LFMC regime via this repeal. Removing such restrictions encourages competition and will allow transitioning RFMCs to LFMCs to compete more effectively and this flexibility will assist transitioning RFMCs to better meet the needs of diverse markets of investors. In addition to that, we would suggest a reasonable transition time to be given to transitioning RFMCs to adapt and familiarize themselves to the new reporting frequency moving from annually to quarterly.</p> <p>Question 3: No comments.</p>
6	FPA Financial Corporation Pte Ltd	<p>Question 1: On the proposed process for existing RFMCs to become A/I LFMCs, our comments are that there should be detailed discussion on the rationale for the implementation of the new regulatory regime for RFMC. There should be a townhall discussion on this before the final implementation. In this respect, sufficient time should also be provided for further instructions with respect to the application process as in item 4.5 of the Consultation Paper dated 24 October 2023. On item 4.6, the stipulated deadline should be within a three-month period after the instructions with respect to the application process have been finalized.</p> <p>Question 2: (i) Regarding item 4.8 on reporting requirements, the reporting frequency of quarterly financial returns by the second week of the end of the quarter would seem onerous given that some RFMCs receive income on a quarterly basis from third parties. The income calculations are finalized during the second month of the following calendar quarter. On many occasions, it is not feasible</p>



		<p>to project the income to be received, especially when new clients are onboard, and the estimation of the income would not be accurate.</p> <p>(ii) Further, we would like to highlight that the Singapore Stock Exchange (SGX) has implemented semi-annual reporting for many of the listed companies. In this respect, we note that many of the SGX-listed companies that we have conducted extensive research into are only providing semi-annual reporting requirements. These include companies that have market capitalization in excess of \$1 Billion. Many investors who are retail investors do invest in these companies and the only option for them to exit their investments is to sell the shares in those companies accordingly. However, MAS would have extensive regulatory power over the management of the current RFMCs and would have far more oversight of the RFMCs’ management than that of retail investors regarding their investments in SGX-listed companies. On this basis, the requirement for quarterly reporting would seem to be contrary to the development of the financial sector in Singapore.</p> <p>(iii) While we note that there is a need to regulate RFMCs given the recent publicity over certain erroneous acts committed by certain firms, it would be contrary to the development of the financial sector in applying across-the-board onerous measures to stop or deter the likely wrongdoings of a few individual or firms. These wrongdoings may have been foreseen by intensively checking the profiles of these applicant firms or individuals before approving their applications to be RFMCs. In this respect, we would like to suggest that there should be a difference in regulating those directors or shareholders of firms who are not ordinarily based in Singapore. The national interests of the country are paramount to Singaporeans who are shareholders and directors of the current RFMCs. This may not be the case for those who are not ordinarily based here.</p> <p>Given our extensive comments on this issue, we would like to suggest that current RFMCs which have all shareholders and directors who are Singaporeans and are based here would still be able to adhere to the current regime of annual reporting frequency. We would like to highlight that the development of the financial sector in Singapore is paramount to those who are Singapore citizens. Further, those who are based here have significant vested interests in ensuring that all regulations are met. The implementation of onerous reporting requirements distracts many directors from developing the financial sector earnestly.</p> <p>Question 3: No comments.</p>
7	Gabriel Chen	<p>Question 1: No comments.</p> <p>Question 2: The proposal raises a logical inconsistency in paragraph 4.7, where the MAS acknowledges that RFMCs’ internal controls and staff arrangements tend</p>



		<p>toward managing smaller pools of assets, leading to the imposition of a license condition limiting managed assets to S\$250 million upon transitioning to A/I LFMCs.</p> <p>If the MAS acknowledges that RFMCs’ internal controls and staff arrangements are not geared for smaller asset management, why subject transitioned RFMCs to the same reporting requirements as typical A/I LFMCs, which would include, for example, quarterly forms (Form 1, Form 2, and the Quarterly Income Expenditure Form)? Adjusting the managed assets from S\$500 million to S\$200 million doesn’t necessarily reduce the compliance burden (e.g., Finance/Accounting headcount).</p> <p>The MAS has suggested that transitioned RFMCs can engage the MAS to review the license condition. However, it seems more efficient to eliminate such a license condition altogether. Having this condition shifts the responsibility to the MAS to assess whether transitioned RFMCs have the internal controls and staff arrangements for managing assets beyond the arbitrary S\$250 million threshold. This assessment may introduce variability and subjectivity. For instance, if a transitioned RFMC with S\$250 million managed assets has its application to remove the condition rejected, does it imply they pose a greater supervisory risk compared with typical A/I LFMCs with similar or slightly larger managed assets?</p> <p>Should the MAS still choose to retain this license condition approach, it is essential to establish clear and transparent criteria for reviewing license condition applications, accessible to all applicants. This would help ensure fairness and consistency in the assessment process.</p> <p>Question 3: No comments.</p>
8	Shook Lin & Bok LLP	<p>Question 1: Please consider granting a sufficiently long period during the prescribed application window, for instance at least 6 months.</p> <p>Where the Authority is aware of RFMCs that (a) are not suitably qualified for the CMS licence or (b) have material weaknesses, the Authority can consider notifying such RFMCs now to inform them that they will not be able to apply for the CMS licence or must adequately address all material weaknesses. This can allow such RFMCs sufficient time to either rectify and remediate to get themselves ready for the transition, or find alternative solutions or work towards a cessation of their fund management business and RFMC status. This would reduce the workload of the Authority and shorten the processing time during the transition period for the RFMCs that can comfortably qualify for the CMS licence.</p> <p>Question 2: The S\$250m cap on RFMCs that successfully transition to CMS licence might be artificial. There might be good and competent RFMCs that are managing close</p>



		<p>to S\$250m. There might be existing holders of CMS licence for fund management that manage small AUMs.</p> <p>If the Authority requires the RFMCs that transition to CMS licence to engage with the MAS on a case-by-case basis to lift the S\$250m cap, this creates an additional process and administrative burden for the Authority and such fund managers during or after the transition period.</p> <p>Question 3: No comments.</p>
9	Singapore Venture & Private Capital Association	<p>Question 1: Section 4.3 of the Consultation Paper refers to “Successful applicants”. Is it possible that an applicant to transition from RFMC to LFMC will be unsuccessful? If so, what will be the status of such an RFMC going forward?</p> <p>Section 4.3 of the Consultation Paper further mentions that for RFMCs where “there are known concerns” MAS may impose additional restrictions or conditions. Will such a RFMC become a LFMC subject to such restrictions or conditions or will it remain a RFMC?</p> <p>We seek clarity whether the email that applicants will receive from MAS in relation to their submission within the stated one-month timeline (as mentioned in paragraph 4.3 of the Consultation Paper and the third bullet point of the draft application form set out in Annex 1 (the “Application Form”)) is a substantive approval or rejection, or simply a holding response. If the former, please clarify if the RFMCs will be subject to the conditions as mentioned in paragraphs 4.7 to 4.10 (Specific Restrictions and Requirements on A/I LFMCs Transitioned from RFMCs) of the Consultation Paper with effect from (1) the date of repeal of the RFMC regime, (2) upon receipt of the approval via email, or (3) upon receipt of the CMS license (if a different date(s) from the foregoing). If the latter, we would like to clarify the timeline that MAS expects to take for processing an application.</p> <p>Further, we seek clarity on the specific time at which successful applicants will receive their CMS license. Paragraph 4.3 of the Consultation Paper only states that it will be issued “upon the repeal of the RFMC regime”. Please clarify the specific time which the CMS license will be issued in the aforementioned clarification of the timeline.</p> <p>Additionally, please consider and include an exhaustive list of restrictions and requirements applicable to A/I LFMCs who intend to transition/ have transitioned from the existing RFMC regime (beyond the timeline for a change in particulars and filing regulatory returns) to facilitate the transition process for existing RFMCs. Such clarifications should include whether the internal audit requirement for A/I LFMCs will be satisfied by the existing arrangement for RFMCs where regular internal reviews suffice with no need for an independent and dedicated compliance team or to engage an external service provider.</p>



		<p>In respect of section 3 (Information on the Company), sub-section 1 (Breakdown of Total AUM by Clientele Type) of the Application Form, please consider and include family offices or clarify whether family offices should be considered as “institutional clients” or “individual clients” for the purposes of the Application Form.</p> <p>In respect of section 3 (Information on the Company), sub-section 2 (Breakdown of Total AUM by Fund Type) of the Application Form, we seek clarity whether limb c. is intended to tie to 3(c) of the Explanatory Notes of the Application Form. If so, it might be helpful to use the same wording to avoid confusion.</p> <p>Question 2: It appears that the transitioned A/I LFMCs would be subject to more onerous obligations than for typical A/I LFMCs as, in addition to the usual requirements applicable to all A/I LFMCs, transitioned A/I LFMCs would still be restricted to S\$250 million in AUM. It may be helpful for MAS to provide more visibility over the policy perspective affecting the need for such additional condition.</p> <p>It is respectfully submitted that the S\$250 million cap be removed to allow the RFMCs that have transitioned to scale given that they would have enhanced their compliance systems as part of the conversion without imposing supervisory burden on MAS. We submit that this is unlikely to have an adverse impact as fund managers are unlikely to drastically increase their assets under management imminently post-transition such that their internal controls and staffing arrangements would be unable to handle the same, and there are considerations apart from regulatory restrictions in increasing their assets under management (e.g. investor/market sentiment, manager reputation).</p> <p>If MAS intends to proceed with the managed assets cap, we seek clarity (i) if there will be a formal process to apply to lift this restriction or if RFMCs will engage their OIC, and (ii) if MAS intends to issue any guidance on the factors it will consider to lift this restriction on application (other than what is publicly available and applicable to A/I LFMCs).</p> <p>In the alternative, it is proposed that the managed assets cap (if conceptually retained after the post-transition period) should at least be increased to a higher amount to adjust for (i) inflation since the RFMC regime was first introduced, and (ii) the fact the transitioned RFMC is complying with the higher standards of the LFMC regime. A higher cap of S\$500 million for the post-transition period is proposed.</p> <p>Question 3: No comments.</p>
10	Taproot Family Offices Pte Ltd	Question 1:



		<p>This is a timely and important initiative from MAS. This will further avoid the need to explain in certain funds jurisdiction the difference between a “registered” fund manager vs a “licensed” fund manager in Singapore.</p> <p>Upon repeal of RFMC Regime, the RFMC must promptly inform its fund management clients in writing, the fact that RFMC Regime has been repealed. Such written communication, should specify the RFMC’s intention to seek CMSL for fund management in Singapore (by following due process prescribed by the MAS) or if otherwise, its intention to exit from fund management business in Singapore. This applies to both managed accounts and investors of the fund entity managed by the RFMC.</p> <p>Question 2: In the prescribed Form 1AR, please consider including a declaration by the RFMC, to the effect that the RFMC has informed, all its fund management clients in writing, the fact that RFMC Regime has been repealed or is being repealed, and also stating the RFMC's intention (by following prescribed procedures) to seek CMSL for fund management from the MAS.</p> <p>Question 3: No comments.</p>
11	Unicorn Financial Solutions Pte Limited	<p>Question 1: The process is simple and this is a good move by MAS.</p> <p>Question 2: The requirements are reasonable.</p> <p>Question 3: It is good that MAS seeks practitioners’ comments and the implementation plan is reasonable.</p>
12	Woodside Holdings Investment Management	<p>Question 1: Paragraph 3.2 Please define "serious and committed".</p> <p>Paragraph 4.3 Given wording of this clause ("Where there are known concerns with an RFMC’s regulatory history or the fitness and propriety of the RFMC, its directors, shareholders or staff..."), third parties will now likely infer that a rejection of a CMS licence application is a removal of the regulatory status of the RFMC due to a breach of fitness and propriety standards. This could be seriously damaging reputationally to the RFMC directors, principals, executives, and shareholders.</p> <p>Question 2: As suggested in response to Question 1, if RFMCs are grandfathered through to LFMC status then restrictions on AUM seem fair and appropriate. Grandfathering would then only enable a great number of accredited investors (30) but would still restrict AUM and thus any potential systemic risk.</p>



		<p>Paragraph 4.7: Please clarify whether <S\$250m LFMCs will still be required to seek approval prior to crossing the S\$250m threshold, or whether such approval could occur after crossing the threshold.</p> <p>Question 3: No comments.</p>
13	Respondent A	<p>Question 1: With respect to the proposed requirement for existing RFMCs to apply for and be granted a CMS licence for fund management (i.e., become an A/I LFMC) prior to the repeal of the RFMC regime, in order to continue carrying on fund management activities after the RFMC regime is repealed, the Respondent seeks clarity as to how the proposed transitional arrangements in this respect are to apply to current applicants who are yet to be registered as RFMCs but have submitted applications to be so registered (“RFMC Applicants”).</p> <p>We note that the Authority has said that, “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”.</p> <p>In the event that RFMC Applicants are registered as an RFMC before the repeal date of the RFMC regime, the Respondent seeks clarity as to whether such newly-registered RFMCs will be subject to the same proposed timeline to file its application to become an A/I LFMC before the RFMC regime is repealed.</p> <p>In this regard, the Respondent humbly urges the Authority to consider whether newly-registered RFMCs will be allowed sufficient time to prepare a separate application to become an A/I LFMC before the stipulated deadline, or if a separate transitional arrangement may be necessary to allow newly-registered RFMCs to file their applications to become an A/I LFMC sometime after the RFMC regime is repealed. By way of example, it is possible that a RFMC Applicant may be registered as an RFMC a day before the repeal date. This would mean that the RFMC would only have one day to submit an application to “apply for and be granted a CMS licence for fund management prior to the repeal”. Depending on when the RFMC Applicant is registered as an RFMC prior to the repeal date, there may be insufficient time for such RFMC to make the subsequent application for a CMS licence.</p> <p>Additionally, with respect to the proposed condition for CMS licences to be granted to RFMCs that “have carried on business in fund management activities in the six months immediately preceding the submission of the Form”, the Respondent seeks clarity as to whether newly-registered RFMCs will be required to abide by this condition. If so, the Respondent seeks clarity as to whether the requirement is for newly-registered RFMCs to have commenced</p>



		<p>fund management business at any time within the six month period (regardless of how long this fund management activity has been going on for), or would the newly-registered RFMC have had to have commenced and carried on its business for at least six months before applying to be an A/I LFMC. The Respondent would reiterate that depending on when an RFMC Applicant is registered as an RFMC prior to the repeal date, there may be insufficient time for such RFMC to undertake a long duration of fund management activity (or any fund management activity for that matter) in order to satisfy this proposed condition.</p> <p>The Respondent also seeks clarity as to whether RFMC Applicants who are registered as RFMCs prior to the repeal of the RFMC regime will be allowed to commence and continue carrying on their business whilst making their application to become A/I LFMCs. In this regard, the Respondent notes that RFMC Applicants may be keen to commence business and humbly urges the Authority to consider a transitional arrangement, such as one where newly-registered RFMCs who are registered prior to the repeal of the RFMC regime may commence and continue carrying on its business as an RFMC until the expiry of a specified period after the repeal of the RFMC regime, or, if the newly-registered RFMC applies for a licence to become an A/I LFMC within a stipulated deadline, until the A/I LFMC application is either approved or rejected by the Authority, or such application is withdrawn.</p> <p>Question 2: As above.</p> <p>Question 3: As above.</p>
14	Respondent B	<p>Question 1: Sufficient time should be given to RFMCs who are in the midst of engaging clients who are in deep engagement in setting up a VCC.</p> <p>Question 2: In becoming a CMS, must a RFMC have an AUM of \$250m or more than 30 clients? Is there a minimum AUM that a RFMC needs to move to CMS?</p> <p>Question 3: A 6–9-month range should be fair for an RFMC to implement the changes to a CMS licence.</p>




Annex C

Form 1AR

DISCLAIMER: THIS VERSION OF THE APPLICATION FORM IS FOR ILLUSTRATIVE PURPOSES ONLY.

Form 1AR

 60 mins estimated time to complete

Instructions

Please note that Form 1AR is for a Registered Fund Management Company ("RFMC") which is applying to the Monetary Authority of Singapore ("MAS" or the "Authority") for a capital markets services ("CMS") licence for fund management, given the forthcoming repeal of the RFMC regime.

- 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 CMS licence for fund management should do so by 30 June 2024 (the "Final Submission Date").
- RFMCs that do not submit Form 1AR by the Final Submission Date or that are unsuccessful in their CMS licence applications will not be permitted to carry on regulated fund management activity when the RFMC regime is repealed (the "Repeal Date") unless it is able to rely on another exemption from the requirement to hold a CMS licence for fund management. These RFMCs will be removed from the MAS Financial Institutions Directory 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 CMS licence pursuant to this application.

Explanatory Notes

1. Please read the Guidelines on Licensing, Registration and Conduct of Business for Fund Management Companies (SFA 04-G05) 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.

5. If there are any changes to the information furnished in the application prior to the issuance of the licence, please notify MAS immediately.

6. Please submit a copy of the RFMC’s Declaration in Section 4 when submitting this Form. The Declaration must be signed by either two directors or a director and a company secretary of the applicant.

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.

Section 1: Purpose of Application

1. This application is hereby made for a CMS licence to conduct fund management, restricted to serving only accredited and/or institutional investors.

Yes

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.

2. Name of CEO or Executive Director

3. Designation

4. Contact Number



5. Email

An acknowledgement email will be sent to this address upon successful submission of Form 1AR.

Section 3: Information on the Company

Please provide information of the total AUM managed by the Company in the six months immediately preceding the submission of Form 1AR. AUM reported should be based on the latest available information (e.g., management accounts or audited financial statements of the funds).

6. Total AUM managed by the Company is as at:

Insert date (Note: Please do not submit projected AUM. Forms with future dates will be considered invalid).

7. Total AUM (S\$) managed by the Company:

Please note that the total AUM managed by the Company should reconcile with the total AUM reported in questions 8 and 9 of this Form.

8. Breakdown of total AUM by Clientele

"Institutional investor" and "accredited investor" are defined in section 4A of the Act.

Breakdown of total AUM by Clientele	Number of underlying investors of funds/mandates	Total AUM (S\$)	Proprietary Assets (i.e., 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.)
Institutional Investors			
Accredited Investors			

9. Breakdown of total AUM by Fund Type

Fund Type	Total AUM (S\$)	Proprietary Assets (i.e., 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.)
Funds contracted and under discretionary management (includes related corporations)		
Funds contracted and under advisory service (includes related corporation)		
Funds contracted that are not managed or advised, but managed by another corporation (includes related corporations), located in Singapore		
Funds contracted that are not managed or advised, but managed by another corporation (includes related corporations), located outside Singapore		

Section 4: Declaration

10. The Company is fully aware of sections 329(1), (3) and (4) of the Act as follows:
 “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.”
- Yes
11. 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.
- Yes
12. We have read the requirements and licence conditions that will be imposed on the Company upon grant of the CMS licence, set out in Section 5 of this Form. We confirm that we will comply with the requirements and licence conditions.
- Yes
13. We hereby undertake to (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.
- Yes
14. We have read the Guidelines on Fit and Proper Criteria [Guideline No. FSG-G01] (the “Fit and Proper 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 Fit and Proper Guidelines.

Yes

15. We have submitted Form 23A – Notice of Change of Particulars for an RFMC via MASNET CeL, to notify the Authority of all individuals who are existing representatives of the Company, prior to date of this Form (the “Existing Representatives”). On the basis of due diligence and enquiries made on the background of the Existing Representatives, we certify that we are satisfied that all Existing Representatives meet all the requirements under the Notice on Minimum Entry and Examination Requirements for Representatives of Holders of Capital Markets Services Licence and Exempt Financial Institutions [Notice No. SFA04-N09]. We will also ensure that the aforementioned requirements will be met in respect of any representative appointed after the submission of this Form.

Yes

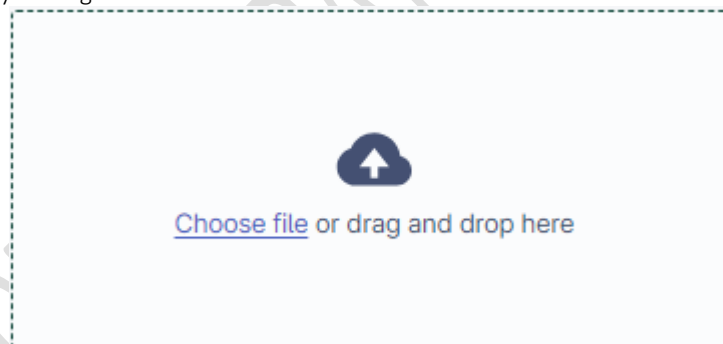
16. We declare that all information given in this Form is true and correct.

Yes

Upload Signed Declaration

17. The Company's signed declaration in respect of Section 4 of this Form.

Please upload a copy of the Company's Declaration in respect of Section 4 when submitting this Form electronically. The Declaration must be signed by either two directors or a director and a company secretary of the applicant. Electronic signatures may be provided in lieu of physical signatures.



Maximum file size: 10 MB

Section 5: 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”[2]. The Company must maintain adequate buffers to ensure that the financial requirements are met at all times[3]. The Company shall, in addition to the provisions contained 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 [4].
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 anti-money laundering/countering the financing of terrorism ("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, 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 Suspicious Transaction Reporting Office 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.
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.

Footnotes

[1] As defined in the Second Schedule to 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.

[2] 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).

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

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