

REPEAL OF REGULATORY REGIME FOR REGISTERED FUND MANAGEMENT COMPANIES

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The Monetary Authority of Singapore ("MAS") issued a consultation paper on 24 October 2023 seeking feedback on the repeal of the regulatory regime for Registered Fund Management Companies ("RFMC"). The response to the consultation paper was published on 28 March 2024.

Transitional Arrangements

MAS is targeting to repeal the existing RFMC regime on 1 August 2024. Existing RFMCs which intend to continue to conduct fund management activities must therefore apply to be an Accredited or Institutional Licensed Fund Management Company ("A/I LFMC") by submitting the prescribed Form 1AR between 1 April 2024 and 30 June 2024. MAS will inform these RFMCs on the outcome of their application within a month and expects to issue a Capital Market Services ("CMS") licence to all the successful applicants by end July 2024. RFMCs should 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.

MAS will consider various factors in approving an RFMC's application to be an A/I LFMC such as whether the RFMC has (a) managed assets attributable to third-party investors in the six months immediately preceding the submission of the form to MAS; (b) submitted Form 1AR within the stipulated timeline; and (c) satisfactorily furnished any supporting documents to MAS, if requested.

RFMCs which do not obtain a CMS licence before the repeal date will no longer have a valid regulatory status to carry out fund management once the RFMC repeal takes effect. Unless an existing licensing exemption applies, they will be in breach of regulatory requirements if they continue to carry out any regulated activity prescribed under the Securities and Futures Act 2001.

Further, RFMCs which have not conducted fund management activity for a continuous period of six months will cease to be registered as RFMCs. These RFMCs will thus not obtain any CMS licence and will also have no avenue to appeal this decision.

Specific Restrictions and Requirements

As the transition process has been simplified, MAS will also impose a cap of S\$250 million on the Assets Under Management ("AUM") of these newly licensed fund management companies via a licence condition. The fund management company may subsequently apply to MAS for this cap to be lifted. MAS will consider various factors, in particular the applicant's (a) compliance track record; (b) internal controls, risk management and compliance arrangements; (c) stability of its board of directors and senior management team; and (d) the extent and nature of any changes to the business model and investment strategy. However, MAS will not impose the AUM Cap on applicants that apply to be A/I LFMCs via the regular application process (via Form 1A).

Further Resources

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It is recommended that existing RFMCs familiarise themselves with A/I LFMC regulatory requirements. Resources available on MAS' website include:

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

To provide further guidance on the transition process, MAS will conduct a virtual briefing in April 2024 for existing RFMCs. MAS' response to the feedback can be accessed at this [link](#).

This requirement does not apply if the RFMC has been registered for six months or less as at the submission date.

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