Fund manager licensing and taxation

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A fund manager in Singapore must hold a capital markets services licence for fund management under the Securities and Futures Act 2001 or qualify for an exemption. Since 1 August 2024 the only licence categories are the licensed fund management company for accredited and institutional investors (A/I LFMC), the retail LFMC and the venture capital fund manager regime, after MAS abolished the registered fund management company category and transitioned its members.[1] A manager whose fund invests in payment tokens is managing "capital markets products" only to the extent the tokens are securities or derivatives. For pure payment tokens the manager is outside the fund management licence. It may instead be a DPT service provider under the Payment Services Act if it deals in or arranges the tokens for customers, which is the licensing crossroads described in Part K, Chapters I and II. Most Singapore crypto managers hold a CMS licence for fund management and structure their mandates so that token dealing is done by the fund and not by the manager.

The manager's own taxation follows the Financial Sector Incentive for fund management (FSI-FM), which taxes qualifying fee income at a concessionary rate of 10 per cent for an award period, subject to conditions on headcount and business

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spending. Budget 2024 introduced an additional tier of 13.5 per cent for certain FSI awards and extended the scheme.[2] A Swiss-owned manager that sets up in Singapore applies for FSI-FM through MAS once it has a licence and a business plan. The incentive is one of the reasons why the manager is often the first Singapore entity in a Swiss group's expansion.

Notes

1. Securities and Futures Act 2001, s. 82 and Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations; MAS, Guidelines on Licensing, Registration and Conduct of Business for Fund Management Companies (SFA 04-G05), as revised 2024. ↩
2. Income Tax Act 1947, s. 43J and the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) Regulations; MAS, FSI scheme guidelines as revised following Budget 2024. ↩

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