Accredited and institutional investors

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The definition

The distinction between retail and A/I managers rests on the classes of investors defined in section 4A of the Securities and Futures Act. Chapter E.I sets out the definition and its history in detail. For the purposes of this chapter, its main elements suffice. An individual qualifies as an accredited investor with net personal assets above S$2 million, to which the net value of the primary residence may contribute at most S$1 million, with net financial assets above S$1 million, or with income of at least S$300,000 in the preceding twelve months. A corporation qualifies with net assets above S$10 million.[1] Institutional investors are mainly banks, insurers, licensed intermediaries, pension funds, government bodies and other professional counterparties listed in the Act.

MAS has clarified two points that matter for asset managers. Financial assets held with other institutions may be counted if the firm has taken reasonable steps to verify them. Related liabilities include margin accounts and credit lines that finance the portfolio.[2] The firm remains responsible for confirming that the client meets the statutory definition before it relies on any exemption.

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The opt-in regime

Since the reforms that took effect in 2018 and 2019, wealth alone no longer makes a client an accredited investor. The client must also opt in. The Securities and Futures (Classes of Investors) Regulations 2018, published on 8 October 2018, were to bring the opt-in regime into effect on 8 January 2019. At the industry's request MAS extended the transition by three months. Institutions had until 7 April 2019 to give existing clients the option to opt out. New clients onboarded from 8 April 2019 had to opt in expressly. Existing clients who did not opt out could be treated as accredited investors until 8 July 2020, after which their opt-in was needed as well.[3] An individual who meets the financial thresholds but does not opt in remains a retail client and cannot be served by an A/I manager.

The private bank or external asset manager therefore needs two things for each client: evidence that the thresholds are met and the client's consent to be treated as an accredited investor under regulation 3(3) of the Regulations. The firm must also monitor whether the client continues to meet the thresholds and review accounts periodically.[4] A sharp fall in markets can thus change the status of a client whose wealth lay close to the threshold.

What the status means for the manager

The client's status determines the manager's licence category. An A/I manager may serve only qualified investors. A narrow exception allows it to manage money for its own investment professionals, meaning staff engaged in portfolio management, research or dealing, even if they do not meet the accredited investor thresholds. Their participation must be voluntary and documented, and they must acknowledge in writing that they do not enjoy the safeguards of retail investors.[5]

The exception does not dispense with the rules on offers of investments. An A/I manager that offers its funds to such employees must still rely on an exemption from the prospectus requirements. According to MAS, these include the small offers exemption for amounts up to S$5 million in twelve months under section 302B, the private placement exemption for offers to no more than 50 persons in twelve

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months under section 302C, and the regime for restricted schemes under section 305.[6] The interplay shows a general feature of the Singapore regime. Licensing rules govern who may manage the money, while offering rules govern how a fund may be distributed. A manager must satisfy both.

Lighter rules, real obligations

Serving only accredited and institutional investors reduces the regulatory burden. An A/I manager needs less capital, fewer staff and, below S$1 billion in assets, a lighter compliance structure than a retail manager, as the next sections show. It does not escape the core obligations of independent custody, independent valuation, annual audit, disclosure, conflict management and anti-money laundering controls. The policy rests on the assumption that wealthy and professional investors can assess risks themselves, while they still deserve protection against loss through misappropriation, mispricing or concealed conflicts. Chapter E.I recalls the Lehman Minibonds episode, which showed what is at stake when complex products reach investors who cannot judge them.

Notes

1. Securities and Futures Act 2001, s. 4A(1)(a)(i)(A)–(C): net personal assets exceeding S$2 million, financial assets (net of any related liabilities) exceeding S$1 million, income in the preceding 12 months of not less than S$300,000; s. 4A(1)(a)(ii): a corporation with net assets exceeding S$10 million; s. 4A(1A): the primary residence counts at its value net of secured credit facilities, capped at S$1 million; text as compiled on lawplayer.com from the official source, synced 2 August 2026. ↩
2. Monetary Authority of Singapore, *FAQs on the Definition of Accredited Investor and Opt-In Process* (2019), Q1–Q2: assets held with other parties may be included if the FI has undertaken reasonable checks; “related liabilities” include a margin account and credit lines taken to finance an investment portfolio. ↩

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3. Monetary Authority of Singapore, *FAQs on the Definition of Accredited Investor and Opt-In Process* (2019), Q4: the Regulations were published on 8 October 2018 and come into effect on 8 January 2019; FIs have up to 7 April 2019 to give existing clients the option to opt out; "There will be no further extension after 7 April 2019"; Q8: explicit opt-in needed only from AI clients onboarded from 8 April 2019; Q11–Q12: existing clients who do not opt out may be treated as AIs until 8 July 2020, after which their opt-in is required. ↩
4. Monetary Authority of Singapore, *FAQs on the Definition of Accredited Investor and Opt-In Process* (2019), Q5: FIs serving AIs "are expected to monitor if an investor continues to meet AI thresholds and to have processes in place for periodic account reviews"; Q9–Q10 on the client's consent under regulation 3(3) of the Regulations. ↩
5. MAS Guidelines SFA 04-G05, paras 2.2.2–2.2.3 and footnote 1: "investment professionals" are persons performing portfolio management, research or dealing; safeguards include records, voluntary participation and a written acknowledgement that the investor "would not be accorded the regulatory safeguards as a retail investor". ↩
6. MAS, *FAQs on the Licensing of Fund Management Companies*, last updated June 2026, Q16: A/I FMCs may rely on section 302B (small offers not exceeding $5 million within any 12-month period), section 302C (private placements to no more than 50 persons within any 12-month period) or the carve-out in section 305 for restricted schemes. ↩

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