Licensing exemptions and supervisory expectations

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

Why single family offices are not licensed

Fund management is a regulated activity under the Securities and Futures Act 2001, for which a capital markets services licence is normally required. The licensing regime protects third-party customers. A single family office has no such customers, so MAS has consistently taken the view that it should not be licensed. In February 2025 Gan Kim Yong told Parliament that this approach corresponded to that of other major jurisdictions.[1]

Until 2026 the exemption rested on a provision that was not written for family offices. Paragraph 5(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations exempts a corporation that manages the assets of its related corporations. A family that held the office and the fund through a common holding company could rely on it. Families with other structures, for instance where individuals held the office and the fund directly, fell outside the provision and applied for individual exemptions.[2] The result was a patchwork in which some offices held letters from MAS and others relied on the general rule without any contact with the regulator.

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The consultation of 2023 and the response of 2024

On 31 July 2023 MAS published a consultation paper proposing a structure-agnostic class exemption for single family offices. After the consultation closed on 30 September 2023, the response followed on 6 November 2024. The paper named money laundering as the key risk associated with wealth inflows. It added that the risks posed by family offices were similar to those of other high-net-worth clients, which placed the burden on the financial institutions that serve them.[3]

The response adjusted the proposals in several respects. It allowed families to hold the office through trusts, foundations or other structures, provided the funding came exclusively from the family. It extended the notification period from seven to fourteen days and the annual reporting period from fourteen days after the calendar year to four months after the financial year end. The transitional period for existing offices was also lengthened from six months to one year. The response also limited the declaration on civil proceedings to proceedings brought by governmental and regulatory agencies, since private commercial disputes say little about the integrity of a family.[4]

The class exemption in force since 15 June 2026

The new exemption is set out in paragraph 5(1)(ba) of the Second Schedule to the Regulations. A single family office may manage funds only for family members, including family trusts and companies wholly owned by and for the sole benefit of the family, for charities funded exclusively by the family and for key employees. The key employees are the executive directors, chief executive officer, chief financial officer and investment professionals. Assets from non-family key employees may not exceed 10 per cent of the assets under management. The office must be incorporated in Singapore, and the office and each investment vehicle must hold an account with an MAS-licensed bank. Key employees who are not family members may hold a non-controlling stake of up to 10 per cent in the office and must divest within one year after leaving.[5]

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The definition of the family received particular attention. A family member is any lineal descendant of a common ancestor, including current and former spouses, adopted children, stepchildren, parents-in-law and siblings-in-law. The common ancestor may be no more than five generations removed from the youngest generation that established the office, although later generations may be served once the office exists. The generational limit answered an objection raised in the consultation. Without it, persons claiming descent from a remote ancestor could have presented themselves as one family and pooled their assets without a licence.[6]

A new office must file a notice of commencement of business within 14 days of starting operations, after its bank accounts have been opened. An existing office that was operating before 15 June 2026 under an individual exemption or under paragraph 5(1)(b) has until 15 June 2027 to satisfy the conditions and file the notice. The annual return is due within four months of the end of each financial year, and MAS has said it will grant no extension. Paragraph 5(1)(b) is no longer available to family offices. All of them must use the new framework.[7]

From legal opinions to declarations

The consultation paper had proposed that every family office obtain a legal opinion from a Singapore law firm confirming that it met the ownership and client conditions, and that it name the firm in its notification. The response of November 2024 still retained it and allowed only Singapore law firms to give the opinion. The framework that came into force in June 2026 dropped the requirement. A family office must satisfy itself that it meets all the conditions before filing, but it need neither seek legal advice nor furnish an opinion. The notification must instead be accompanied by a declaration signed by a family member who provided the assets and by a director of the office. A service provider may file on the client's behalf, although it cannot sign the declaration.[8]

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The shift from opinion to declaration places responsibility on the family itself. A false declaration cannot be blamed on an adviser's reading of the rules. Advisers will nevertheless continue to review structures, since an office that fails the conditions carries on an unlicensed fund management business and MAS has said that it will take regulatory action in such cases.[9]

Banks as gatekeepers

The central supervisory idea of the framework is indirect. MAS reaches the family offices through the banks that hold their accounts, which it supervises closely. The response to the consultation required the office and its fund vehicle to hold accounts with an MAS-regulated bank, narrowing an earlier proposal that would have accepted business relations with any of a list of MAS-regulated financial institutions. Advisory firms, MAS explained, may lack a full view of the client's activities. A foreign fund vehicle may instead bank with a regulated bank in a jurisdiction that applies anti-money laundering standards consistent with those of the Financial Action Task Force.[10]

The banks apply their ordinary customer due diligence and ongoing monitoring under the MAS notices, such as MAS Notice 626 for banks. The tax incentive goes further and requires a private banking account at application and throughout every basis period. Private banks thus perform the source-of-wealth checks on which the integrity of the regime depends. Chapter III of Part H describes the anti-money laundering framework that governs these checks.[11]

No endorsement and no regulatory status

MAS has repeatedly stressed that the exemption is not a seal of approval. The consultation paper stated that the class exemption did not mean that MAS was regulating or endorsing the offices, which must not represent that they have any regulatory status in Singapore. In April 2025 Gan Kim Yong reminded Parliament that family offices manage only their own family's wealth. Whether or not they hold

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a tax incentive, they need no regulation and no governance standards beyond those that apply to all companies. Their owners must put appropriate controls in place themselves.[12]

The award letter itself is confidential. It may be shown only to directors, officers and employees who need it, and to auditors and advisers on a strictly confidential basis. Disclosure to the public or the press requires the prior written approval of MAS.[13] A family office that markets its incentive to business partners as evidence of official standing therefore breaches its terms.

Common misconception

It is often said that Singapore "licenses" or "approves" family offices. The licensing exemption and the tax incentive are separate. A single family office operates under a class exemption that requires notification and annual returns but confers no regulated status. The fund it manages may hold a tax award from MAS, which is a fiscal decision subject to conditions. Neither the notification nor the award amounts to an endorsement, and neither may be presented as one.

Notes

1. MAS, written reply of 5 February 2025 to Assoc Prof Jamus Jerome Lim, as above: SFOs manage only their family's money and do not serve third-party clients, so they are not subject to licensing under the SFA, an approach similar to other major jurisdictions. ↩
2. MAS, Consultation Paper P009-2023, paras 3.2–3.3. ↩
3. MAS, Consultation Paper P009-2023, 31 July 2023, para 1.4 (comments by 30 September 2023) and para 2.4; MAS, *Response to Feedback Received on Proposed Framework for Single Family Offices*, 6 November 2024. ↩
4. MAS, *Response to Feedback Received on Proposed Framework for Single Family Offices*, 6 November 2024, paras 2.3, 4.3, 4.15 and 5.3; MAS, Response to Feedback, 6 November 2024, para 4.9. ↩

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5. MAS, *FAQs on Licensing Exemption Framework for Single Family Offices*, issued 12 June 2026, updated 31 July 2026, FAQ 1, referring to paragraph 5(1)(ba) of the Second Schedule to the SF(LCB) Regulations; MAS, FAQs on Licensing Exemption Framework for SFOs, 12 June 2026, FAQs 1 and 12. ↩
6. MAS, FAQs on Licensing Exemption Framework for SFOs, 12 June 2026, FAQ 2, referring to paragraph 5(1AF) of the Second Schedule to the SF(LCB) Regulations; MAS, Response to Feedback, 6 November 2024, paras 2.20–2.22. ↩
7. MAS, FAQs on Licensing Exemption Framework for SFOs, 12 June 2026, FAQs 3 and 4; MAS, FAQs on Licensing Exemption Framework for SFOs, 12 June 2026, FAQs 6 and 7; MAS, FAQs on Licensing Exemption Framework for SFOs, 12 June 2026, FAQ 13 (added in July 2026). ↩
8. MAS, Consultation Paper P009-2023, paras 3.5 and 4.2(a)(iv); MAS, Response to Feedback, 6 November 2024, para 4.6 (proposal retained, legal opinions only from Singapore law firms); MAS, FAQs on Licensing Exemption Framework for SFOs, 12 June 2026, FAQ 10; MAS, FAQs on Licensing Exemption Framework for SFOs, 12 June 2026, FAQ 9. ↩
9. MAS, Consultation Paper P009-2023, para 3.9. ↩
10. MAS, Consultation Paper P009-2023, para 3.5(d); MAS, Response to Feedback, 6 November 2024, paras 3.5–3.6; MAS, FAQs on Licensing Exemption Framework for SFOs, 12 June 2026, FAQ 11. ↩
11. MAS, FAQs on Licensing Exemption Framework for SFOs, 12 June 2026, FAQ 11; MAS, FDD Cir 05/2026, para 4.5(c). ↩
12. MAS, Consultation Paper P009-2023, para 3.4 and n. 1, announcing an amendment of Notice SFA 04-N07 on prohibited representations by exempt persons; MAS, written reply by Gan Kim Yong to a parliamentary question by Assoc Prof Jamus Jerome Lim, 8 April 2025 (mas.gov.sg, "Written reply to Parliamentary Question on family office"). ↩
13. MAS, FDD Cir 05/2026, Annex 13, para 4.1. ↩

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Author contact: Dr Alexander Ressos, TEP · contact@ressos.com