Licensing of fund management companies

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

From exempt managers to a licensed industry

For most of the period after the Securities and Futures Act 2001 came into force, a large part of Singapore's fund management industry operated without a licence. Firms that served only a limited circle of accredited or institutional investors could rely on an exemption and needed only to notify MAS. The exemption suited the hedge fund managers and boutique firms that the city sought to attract in the 2000s. It also meant that MAS knew little about many of the firms that described themselves as Singapore fund managers.

MAS began to close this gap with a consultation launched on 27 April 2010, which proposed revisions to the regulatory regime for fund management companies, among other changes to the exemptions for financial intermediaries. It published its response on 28 September 2010.[1] The new regime took effect on 7 August 2012, the date on which MAS issued its Guidelines for fund management companies (SFA 04-G05).[2] The exempt fund manager regime was replaced by a new category of registered fund management company, which could serve up to 30 qualified

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

investors and manage assets of up to S$250 million. All other managers had to obtain a licence, and existing exempt managers were given six months to apply for a licence or to register.[3]

The reform of 2012 brought every manager under business conduct rules. Licensed and registered managers alike had to arrange for the independent custody and valuation of client assets, submit to an annual external audit and maintain a risk management framework suited to the investments they managed. The registered category was designed as a step towards full regulation. MAS later recalled that it "was introduced in 2012 following the repeal of the Exempt Fund Manager (EFM) regime" and described its role as transitional.[4]

The repeal of the registered regime in 2024

The second step came twelve years later. On 24 October 2023 MAS consulted on the repeal of the registered fund management company regime. It stopped accepting new registrations from 1 January 2024 and published its response on 28 March 2024. Existing registered managers that wished to continue had to apply for a licence as an A/I licensed fund management company between 1 April and 30 June 2024.[5] The regime was repealed on 1 August 2024.[6] Managers that converted under this procedure kept the former ceiling of S$250 million in assets under management as a licence condition, which they could later apply to lift.[7]

The repeal was not a formality. MAS declined to license registered managers whose conduct fell short of the standard. One case shows the consequences. China Capital Impetus Asset Management, a registered manager, had failed to mitigate or disclose conflicts of interest and lacked an adequate risk management framework covering due diligence, monitoring, redemptions and the pursuit of claims owed to its fund. It had also failed to notify MAS of changes in its representatives and to file annual declarations and auditors' reports on time. MAS refused its application for a licence, reprimanded the firm and issued a prohibition order of two years against its former chief executive. Because of the repeal, the firm could no longer manage funds in Singapore from 1 August 2024, while its fund was placed in liquidation.[8]

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

The capital markets services licence for fund management

Fund management is one of the regulated activities defined in the Second Schedule to the Securities and Futures Act. A company that carries on business in fund management in Singapore must hold a capital markets services licence for that activity. The licence requirement itself is contained in Part 4 of the Act, which Chapter E.I describes in its general context.[9] The Guidelines that govern licensed managers are issued under section 321 of the Act and must be read with the Securities and Futures (Licensing and Conduct of Business) Regulations and the regulations on financial and margin requirements.[10]

The Guidelines now distinguish three categories. A retail licensed fund management company may carry on fund management with all types of investors. An A/I licensed fund management company may do so with qualified investors only. A venture capital fund manager may manage venture capital funds for qualified investors, subject to restrictions on investments and fund type. The A/I category is by far the most important for private wealth, since hedge fund managers, private equity managers and external asset managers serving wealthy individuals typically fall within it. MAS warns that A/I managers and venture capital managers should not reach retail investors through structures that circumvent the restriction on their clientele.[11]

Substantive fund management in Singapore

A licence is available only to a company that conducts substantive fund management activity in Singapore, such as portfolio management, investment research or trade execution. An adviser or sub-adviser to another manager may qualify where it can influence the composition of the portfolio. MAS considers, among other factors, whether the adviser helps to construct the portfolio, has access to its holdings beyond public information or is named in the fund's offering documents.[12] The requirement reflects the policy that Singapore should host investment teams. A brass-plate presence designed to give a fund a Singapore label does not satisfy it.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

The Guidelines list the companies that do not qualify. They include a company that merely provides a channel for customers to package their own assets as fund units, executes trades purely on customers' instructions, sets up funds solely to raise capital for its own operating businesses, acts as a conduit for funds managed by others, or engages only in marketing and client servicing. A company that ultimately invests in assets that are not capital markets products also falls outside the licence. Equally, a company that manages only its own money does not need a licence, and MAS will not grant one merely to allow access to tax incentives or to fund structures that require a licensed manager. Every applicant must present credible plans to manage third-party money. A licence lapses if the company has not begun fund management within six months.[13] This last point marks the boundary with the family office incentives examined in Chapter E.III.

People, ownership and office

MAS assesses the fitness and propriety of the firm, its shareholders, directors, representatives and employees under its general Guidelines on Fit and Proper Criteria. The firm itself must carry out reference checks on prospective representatives and, where a candidate is hired on the strength of a track record, verify that the record belongs to him, for instance through fund factsheets, prospectuses or back-testing. The competence of the chief executive and directors is the heart of the assessment. Together they must have experience in portfolio management and in support functions such as risk, operations and compliance, covering all the asset classes, markets and strategies in which the firm will invest.[14]

For external asset managers, the Guidelines specify that relevant experience may consist of managing wealth management portfolios for clients in the markets or asset classes the firm will target. Experience in marketing, client servicing or advice may count but is not sufficient on its own. MAS does not regard the management of one's own money or a family's money as relevant experience. It may also discount experience gained in multiple short stints or more than ten years earlier.[15] A relationship manager who leaves a private bank to found an external asset manager must therefore show that he actually managed portfolios, beyond selling products to clients.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

The minimum staffing requirements are set out in an appendix. An A/I manager needs a chief executive with at least five years of relevant experience, at least two directors with five years' experience each, of whom at least one is an executive director, at least two relevant professionals and at least two full-time representatives resident in Singapore. A retail manager needs a chief executive with ten years of experience and at least three relevant professionals and three representatives. The chief executive must work full-time in the company and live in Singapore, and at least one executive director must have five years of portfolio management experience relevant to the firm's investments. One person may hold several of these roles if he meets the requirements of each. Staff in control functions such as risk management, compliance, operations and finance should not be appointed as representatives.[16]

Ownership matters as much as competence. Where a manager is not part of an established business group, such as a regulated financial services group, and is owned by individuals, MAS expects the chief executive and executive directors to hold a controlling stake of more than 50 per cent of the effective voting interest, without arrangements that would allow others to control how they exercise it. Since September 2024 a manager may propose alternative measures to achieve the same alignment of interests, which MAS considers case by case. The firm must be incorporated in Singapore and have a permanent, dedicated and secure office there.[17] These rules are aimed at a familiar risk. A financier who places his name on a licence while the real decisions are taken by passive investors elsewhere offers clients little protection.

Capital, custody, valuation and audit

The base capital requirements depend on the clients served. A manager of collective investment schemes offered to retail investors needs S$1 million. A manager of segregated portfolios for retail customers needs S$500,000. All other managers, which in practice means A/I managers, need S$250,000. A licensed manager must also hold financial resources of at least 120 per cent of its total risk requirement under the risk-based capital rules.[18] MAS advises firms to keep an additional buffer above these minimum amounts.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Four business conduct rules protect the client's assets more directly than capital. The assets under management must be held by an independent custodian, such as a prime broker, a depository or a suitably authorised bank. They must be valued independently, either by a fund administrator or custodian or by an in-house valuation function segregated from portfolio management, and MAS stresses that the annual audit alone does not satisfy this requirement.[19] Each manager must submit to an annual audit by an independent auditor, whom MAS may require it to replace. Finally, it must disclose to clients its strategy, fees, valuation policy, leverage, service providers and the terms on which a fund or account may be terminated.[20]

The independent custody rule has one important exception. It does not apply to interests in closed-end private equity or venture capital funds that are not listed and are offered only to accredited or institutional investors. In that case, the manager must disclose the absence of independent custody to investors, obtain their acknowledgement and provide an annual audit report of the assets.[21]

Professional indemnity insurance is mandatory only where MAS imposes it as a licence condition on a retail manager. The minimum cover rises with assets under management, from S$2 million for a retail manager with less than S$100 million to S$25 million for one with S$10 billion or more. A/I managers are strongly encouraged to maintain adequate cover and must disclose their arrangements, or the absence of any, to clients.[22] The disclosure obligation gives the client of a small manager a simple question to ask before signing a mandate.

The licensing process

Applications are filed online through MAS's licensing system. MAS expects to take up to six months to review a complete application from an applicant that meets all admission criteria, and longer where the business model is complex or the file incomplete. A successful applicant first receives an in-principle approval and then has up to six months, extendable by three, to meet its conditions, typically by providing undertakings, increasing its share capital or completing key appointments.[23] For a retail licence, MAS also looks for a track record of at least five years in managing retail funds in a comparably regulated jurisdiction and for group

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

assets under management of at least S$1 billion.[24] This threshold explains why retail licences are held mainly by the subsidiaries of established international and regional asset managers.

Notes

1. Monetary Authority of Singapore, "Review of the Regulatory Regime for Fund Management Companies and Exempt Financial Intermediaries" (P008-2010), consultation page, mas.gov.sg (accessed November 2026): published 27 April 2010, closing date 31 May 2010; response to feedback published 28 September 2010. ↩
2. Monetary Authority of Singapore, "MAS implements enhanced regulatory regime for fund management companies", media release, 6 August 2012: the regime takes effect the following day. Monetary Authority of Singapore, *Guidelines on Licensing and Conduct of Business for Fund Management Companies* [SFA 04-G05], cover page: "Issue Date: 7 August 2012 (Last revised on 3 September 2025)". ↩
3. Monetary Authority of Singapore, "MAS implements enhanced regulatory regime for fund management companies", media release, 6 August 2012: registered fund management companies may serve up to 30 qualified investors and manage up to S$250 million; existing exempt fund managers have six months to apply for a licence or to register; all FMCs must meet requirements including independent custody and valuation of investor assets, annual audits by external auditors and a risk management framework suited to their investments. ↩
4. Monetary Authority of Singapore, "MAS Takes Enforcement Actions Against China Capital Impetus Asset Management, its Executive Director and Former CEO", 31 July 2024, mas.gov.sg (accessed November 2026): "The RFMC regime was introduced in 2012 following the repeal of the Exempt Fund Manager (EFM) regime"; the regime "has served its purpose of transitioning EFMs". ↩

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

5. Allen & Gledhill, “MAS issues response to feedback from consultation on repeal of regulatory regime for registered fund management companies”, 12 April 2024: consultation paper of 24 October 2023; response of 28 March 2024; no new RFMC applications from 1 January 2024; Form 1AR window from 1 April to 30 June 2024; MAS “targets to repeal the RFMC regime on 1 August 2024”; the S$250 million AUM cap is retained as a licence condition for RFMCs approved as A/I LFMCs, which may later apply to have it lifted. ↩

6. Monetary Authority of Singapore, release of 31 July 2024 on China Capital Impetus Asset Management (cited above): owing to the repeal of the RFMC regime, the firm can no longer carry on fund management in Singapore from 1 August 2024. ↩

7. Allen & Gledhill, 12 April 2024 (cited above). ↩

8. Monetary Authority of Singapore, release of 31 July 2024 on China Capital Impetus Asset Management (cited above): review of February to March 2023; failure to mitigate or disclose conflicts of interest, no adequate risk management framework, late notifications and late annual declarations and auditors’ reports; MAS refused CCIAM’s application to upgrade to a licensed fund management company (s. 86(4)(h) and (i) SFA); reprimand; two-year prohibition order against the former CEO and Executive Director under s. 101A(1)(d)(i) SFA; CCIAM “can no longer undertake fund management activity in Singapore” from 1 August 2024; the fund placed under liquidation. ↩

9. Securities and Futures Act 2001, s. 82(1) (Part 4, Division 1, “Need for capital markets services licence”): “no person may, whether as principal or agent, carry on business in any regulated activity” unless “the person is the holder of a capital markets services licence for that regulated activity”, subject to s. 82(2) and s. 99; text as compiled on lawplayer.com from the official source, synced 2 August 2026 (Singapore Statutes Online refused automated access). ↩

10. MAS Guidelines SFA 04-G05, paras 1.1 and 1.4: the Guidelines are issued pursuant to section 321 of the SFA and are to be read with the Securities and

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Futures (Licensing and Conduct of Business) Regulations (Rg. 10), the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (Rg. 13) and Notice SFA 04-N13; para. 2.1: "The activity of fund management is defined in the Second Schedule to the SFA. A company that carries on business in fund management in Singapore would need to hold a CMS licence for fund management." ↩

11. MAS Guidelines SFA 04-G05, para. 2.2: A/I LFMCs and VCFMs "should not target retail investors through the use of investment structures that circumvent clientele class restrictions"; para. 2.1, Table 1 ("Categories of FMCs"): Retail LFMCs, A/I LFMCs and Venture Capital Fund Managers. ↩
12. MAS Guidelines SFA 04-G05, para. 3.2. ↩
13. MAS Guidelines SFA 04-G05, para. 3.4: a company managing its own assets "does not require a fund management licence"; MAS "will not grant a licence to allow such a company to qualify for tax incentives"; applicants must provide credible plans to manage third-party moneys; the licence lapses if fund management does not commence within six months; paras 3.3.1–3.3.5 on companies that do not qualify. ↩
14. MAS Guidelines SFA 04-G05, para. 3.7: the CEO and directors "should collectively have experience in both portfolio management and support functions"; at least one Executive Director should have portfolio management experience in the asset classes or markets the FMC intends to invest in; para. 3.6 and its footnote on the validation of track records. ↩
15. MAS Guidelines SFA 04-G05, paras 3.7–3.8; para. 3.7.2: "External asset management – Relevant experience may include experience managing wealth management portfolios for clients focused on markets or asset classes which the FMC will target". ↩
16. MAS Guidelines SFA 04-G05, Appendix 1, note on representatives: individuals responsible for or involved in control functions or middle- and back-office functions "should not be appointed representatives of the FMC"; Table A1: CEO minimum relevant experience 5 years (A/I LFMC) and 10 years (Retail LFMC); at least 2 directors with 5 years' experience and at least 1

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Executive Director for both categories; relevant professionals at least 2 (A/I) and 3 (Retail), each with 5 years' experience; full-time representatives residing in Singapore at least 2 (A/I) and 3 (Retail); the CEO "has to be employed full-time in the day-to-day operations of the FMC and be resident in Singapore"; at least one Executive Director with 5 years of portfolio management experience; "the CEO can also be appointed as Executive Director, relevant professional and representative". ↩

17. MAS Guidelines SFA 04-G05, paras 3.11–3.12: the CEO and Executive Directors "are expected to collectively hold and maintain a controlling stake (>50% effective voting interest) in the FMC"; FMCs should be Singapore-incorporated with a permanent physical office; Monetary Authority of Singapore, *FAQs on the Licensing of Fund Management Companies*, last updated June 2026, Q20 (alternative measures, added in September 2024). ↩

18. MAS Guidelines SFA 04-G05, para. 3.14: financial resources "at least 120% of total risk requirement"; para. 3.13, Table 2 ("Base Capital Requirement"), summarising the SF(FMR)R: S$1,000,000 for fund management of a CIS offered to investors other than accredited or institutional investors; S$500,000 for non-CIS fund management for such customers; S$250,000 for other fund management. ↩

19. MAS Guidelines SFA 04-G05, paras 4.1.1–4.1.2: assets under management must be subject to independent custody; independent custodians include prime brokers, depositories and banks that are suitably licensed, registered or authorised; independent valuation by a third-party service provider or a segregated in-house function; "Taken on its own, the annual audit will not fulfil the requirement for independent valuation." ↩

20. MAS Guidelines SFA 04-G05, para. 4.1.4 (i)–(vii); para. 3.18 on independent annual audits. ↩

21. MAS, *FAQs on the Licensing of Fund Management Companies*, last updated June 2026, Q6, referring to regulation 13B(4) of the SF(LCB)R. ↩

22. MAS Guidelines SFA 04-G05, para. 3.19 and Appendix 3, Table A3-1: minimum PII of S$2 million for AUM below S$100 million rising to S$25

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

million for AUM of S$10 billion and above; deductible not exceeding 20 % of base capital; A/I LFMCs "are strongly encouraged to maintain adequate PII coverage" and should disclose their PII arrangements or their absence to customers. ↩

23. MAS, *FAQs on the Licensing of Fund Management Companies*, last updated June 2026, Q21: MAS "expects to take up to 6 months to review FMC applications which are complete"; applicants have up to 6 months to fulfil the requirements of the in-principle approval, which MAS may extend by a further 3 months. ↩

24. MAS Guidelines SFA 04-G05, para. 3.21.1. ↩

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

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