

PROPOSED TRANSITION ARRANGEMENTS FOR RFMCs IN SINGAPORE

On 24th October 2023, Singapore's Monetary Authority of Singapore ("MAS") issued a Consultation Paper seeking feedback on the proposed transitional arrangements for existing Registered Fund Management Companies ("RFMCs") that intend to continue operating fund management businesses following the repeal of the regulatory regime for RFMCs.

Introduction

The Registered Fund Management Company ("RFMC") regime was introduced in 2012 when the Exempt Fund Manager ("EFM") regime was repealed. This change was part of Monetary Authority of Singapore ("MAS") effort to enhance regulatory oversight and conduct standards by moving to a fully regulated industry regime.

MAS believes that the RFMC regime has fulfilled its purpose and envisages that a unified regulatory framework for all fund managers will support the long-term growth of the fund management industry. MAS is consulting for industry feedback to repeal the RFMC regime as part of enhancements for all fund management companies ("FMCs")

Consultation Paper on Repeal of Regulatory Regime for Registered Fund Management Companies

24th October 2024



Proposed Transition Arrangements

Current RFMCs will need to apply for and obtain a Capital Markets Services ("CMS") license in order to continue to conduct a fund management business in Singapore. RFMCs will need to provide information about their current business operations to MAS and confirm their ability to meet the necessary requirements.



Who Should Apply?

RFMCs who have been conducting fund management business in **the 6 months prior** and apply within the specified timeline.



What is the Specified Timeline?

RFMCs have until **1st January 2024**, to apply under the transition arrangements. **MAS** aims to respond within **one month**.



Would there be any Applicable Fees?

Application fees during the transition window shall be **waived**, however, corporate license fees shall be on a **pro-rata basis**.

What would be the consequences of an RFMC not applying under the transition window?



RFMCs who **fail to submit their application** within the Specified Timeline will be **deemed to have ceased fund management business** when the RFMC regime repeal comes into effect.

From **1st January 2024 onwards**, companies seeking to conduct fund management business in Singapore will need to **apply for a CMS license** and **meet all admission and ongoing requirements**.

Where MAS has concerns relating to an RFMC's regulatory history or the fitness and propriety of an applicant, the Authority may impose additional conditions.

MAS will also provide further advice on the timeline and mode of applications in due course.

Requirements and Restrictions on Transitioning RFMCs

Limitations on AUM

Transitioning RFMCs - typically having fewer internal controls and staff - will be limited to managing assets **up to S\$250 million**. RFMCs who wish to manage above this threshold may engage MAS to review the license condition. MAS will not impose a cap on the number of investors/funds such RFMCs could manage.

Reporting Obligations

Transitioning RFMCs will comply with reporting obligations similar to those for Accredited or institutional LFMCs (A/I LFMCs). This includes seeking pre-approvals for changes in shareholders and key appointment holders such as directors.

Annual Returns and Auditor's Report

Transitioning RFMCs must submit Annual Returns and Auditor's Reports. Where the due date falls before the repeal, they should **file annual returns within 1 month of the financial year end** and **conduct audits within 5 months of the financial year end**. After the repeal, the obligations of A/I LFMCs will take effect.

Compliance

All FMCs that do not have in-house compliance support are advised by MAS to **engage professional compliance service providers** to assist them in complying with the applicable regulatory requirements.

Changes in the Company

Transitioning RFMCs shall notify MAS **within 14 days of any changes** before the repeal date. After the repeal, notifications shall depend on the nature of the changes, with prior approval to be required for directorship appointments and only notifications for new representatives. MAS retains the authority to review and may request the removal of individuals who do not meet the fit and proper criteria, regardless of when the change occurred in relation to the repeal date.

MAS reserves the authority to remove individuals not meeting the fit and proper criteria, irrespective of if such changes prior or after the repeal. Transitioning RFMCs under specific conditions and written directions must ensure compliance in addressing remedies within MAS specifications.

This publication has been prepared for general guidance on matters of interest only. The comments raised within this article do not form a legal opinion nor should they be construed as being legal advice.



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Please feel free to contact us via info@pcacompliance.com if you need further clarity relating to regulatory compliance obligations in Hong Kong and Singapore.