

Enhanced Regulatory Regime for Fund Management Companies

– Helping you get ready and operational

In August 2012 the Monetary Authority of Singapore (“MAS”) implemented an enhanced regulatory regime for fund management companies (“FMCs”). Under the enhanced regulatory regime, companies that conduct a business in fund management in Singapore are required to either register with the MAS as a Registered FMC (“RFMC”) or apply for a capital markets services licence (“CMSL”) to conduct fund management as a Licensed FMC (“LFMC”).

Enhanced business conduct and capital requirements were also introduced. These include rules requiring independent custody and valuation of investor assets, as well as requirements for FMCs to undergo independent annual audits by external auditors and having an adequate risk management framework commensurate with the type and size of investments managed by the FMCs.

1 How do I get ready?

Plan for Regulation 13 internal audit

Engage your internal auditor to understand their expectations and plan in advance to facilitate timely completion of the annual certification.

Preparation of registration or licensing forms

Determine information requirements and sources. Prepare Forms 1A, 3A, 11, or 22A as applicable.

Review business conduct & operations

Assess if the operational procedures have adequately addressed business conduct requirements. The MAS has specific requirements around custody of assets, valuation and reporting, and disclosure of various practices.

Assess risk management framework

Assess existing risk management practices, considering whether the MAS’ minimum expectations around governance, identification and measurement of risks associated with customer assets, monitoring and reporting of risks have been addressed and documented.

Determine the regulatory regime (RFMC or LFMC)

Analyse existing and targeted clientele and investors to determine the level of assets under management as well as the type and number of qualified investors.

Assess the competency of key individuals

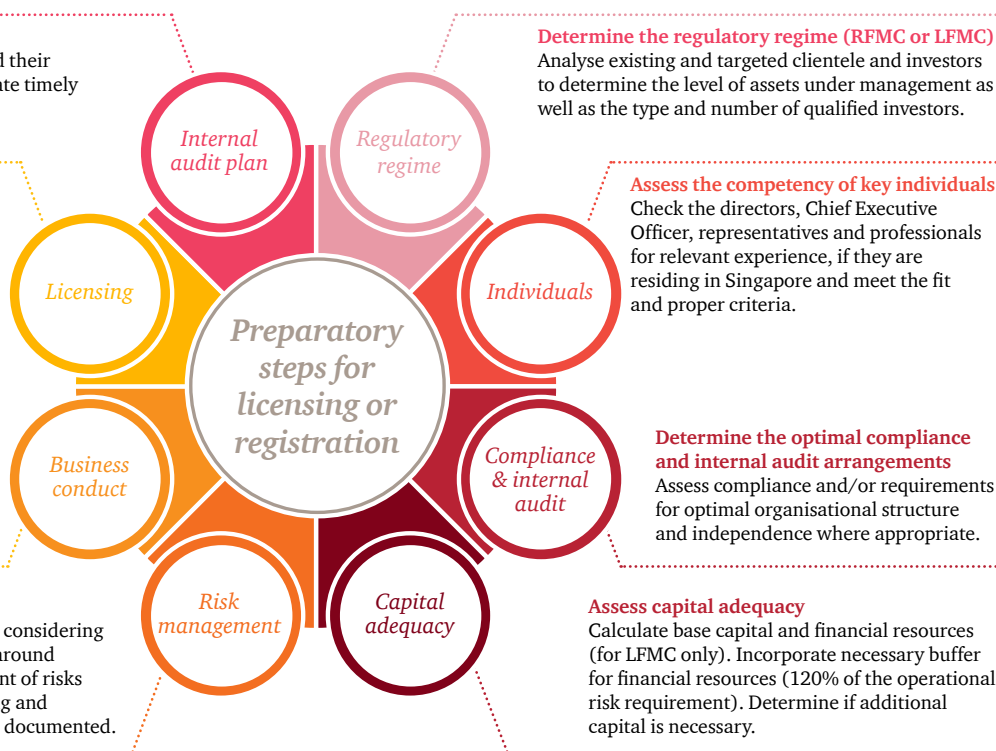
Check the directors, Chief Executive Officer, representatives and professionals for relevant experience, if they are residing in Singapore and meet the fit and proper criteria.

Determine the optimal compliance and internal audit arrangements

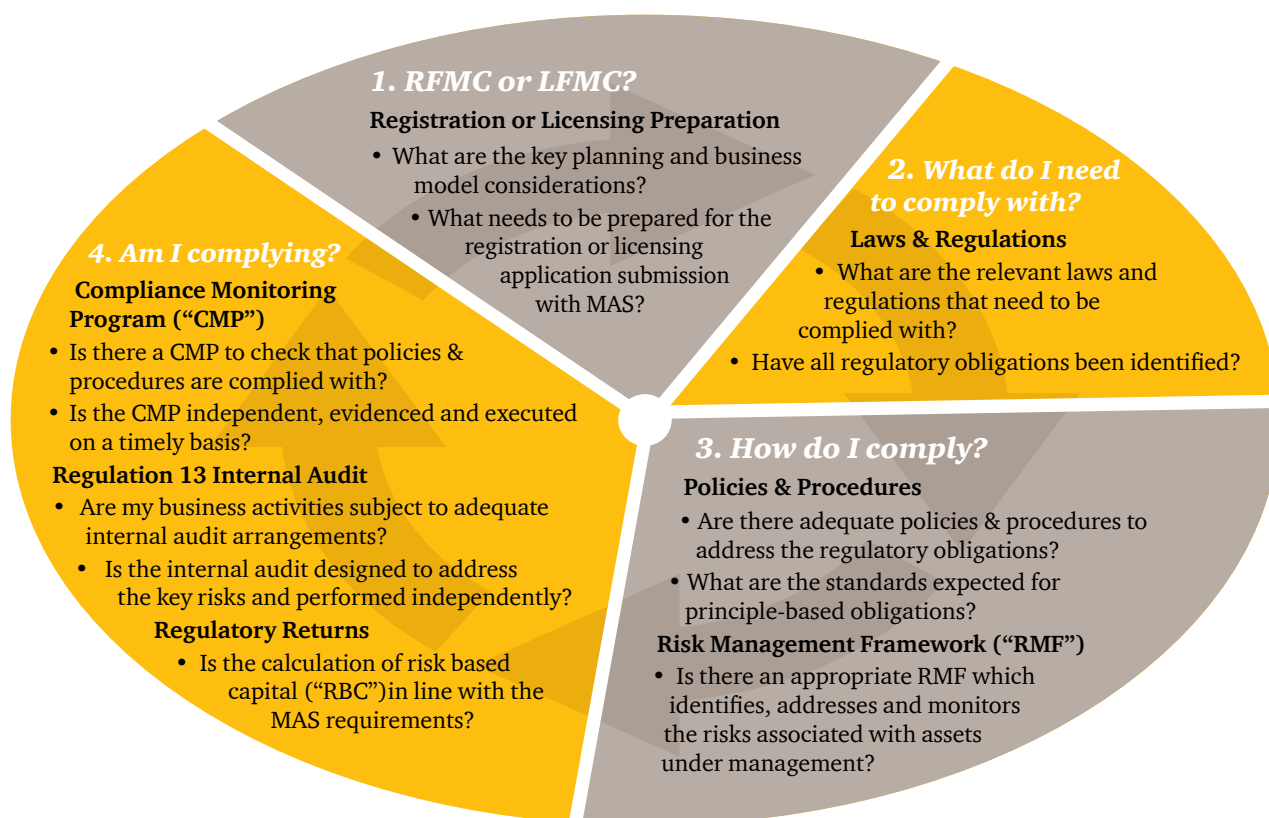
Assess compliance and/or requirements for optimal organisational structure and independence where appropriate.

Assess capital adequacy

Calculate base capital and financial resources (for LFMC only). Incorporate necessary buffer for financial resources (120% of the operational risk requirement). Determine if additional capital is necessary.



2 What are my key considerations for ensuring compliance with the regulations?



3 How we can help?

1 Review of registration or licensing application	<ul style="list-style-type: none"> • Outline the preparatory steps for licensing or registration • Assist with reviewing the draft submission of the application
2 Obligations register	<ul style="list-style-type: none"> • Provide a register of the relevant regulatory requirements for a holder of a CMSL conducting fund management.
3 Compliance audit	<ul style="list-style-type: none"> • Perform a pre-inspection audit on known hot topics and areas of interest to identify gaps where existing operational processes are not aligned with MAS requirements
4 Risk management framework	<ul style="list-style-type: none"> • Assist with drafting or reviewing your existing risk management framework to ensure this is aligned with MAS requirements
5 Review of selected policies and procedures	<ul style="list-style-type: none"> • Assist with reviewing selected policies and procedures to identify gaps where these are not aligned with MAS requirements
6 Review of regulatory returns	<ul style="list-style-type: none"> • Review the basis of computation for regulatory returns
7 Compliance support	<ul style="list-style-type: none"> • Assist on the set up of compliance framework (key obligations register, review of compliance policies and procedures) • Assist in the design and/or execution of a periodic compliance monitoring program • Meet with management periodically to discuss compliance matters • Conduct training sessions on new regulations and compulsory training, such as AML/KYC • Provision of ongoing ad hoc support on compliance queries
8 Regulation 13 internal audit	<ul style="list-style-type: none"> • Conduct an internal audit of key business activities, with a focus on key risk areas, including compliance with laws and regulations.

Contact us

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