

Singapore regulatory outlook and trends

Business Continuity Management Guidelines

The Monetary Authority of Singapore's (MAS) revised Business Continuity Management Guidelines are applicable to all financial institutions (FIs) and emphasise the need for all FIs to maintain their business continuity and resilience against disruptive events such as cyber attacks and pandemic outbreaks. As part of the revised requirements, FIs should ensure that their first BCM audit is completed by 6 June 2024. Please click [here](#) for further information on the key requirements.

Repeal of the RFMC regime

MAS is set to repeal the regulatory framework for Registered Fund Management Companies (RFMCs) by 1 August 2024, aiming to streamline regulations in the fund management sector. Existing RFMCs must transition to Licensed Fund Management Companies (LFMCs) under the Capital Markets Services (CMS) framework by 30 June 2024, to maintain operations. The transition involves applying for an A/I LFMC license between 1 April and 30 June 2024, with MAS assessing eligibility based on managing third-party investor assets, timely submission of Form 1AR, and provision of supporting documents. RFMCs can operate during the application process but must adhere to existing regulations until receiving their licenses, after which A/I LFMC regulations apply immediately. MAS emphasises the need for RFMCs to familiarise themselves with these requirements in advance and encourages communication with investors regarding the transition plans. Additionally, there is a new S\$250 million assets under management (AUM) cap for newly-licensed A/I LFMCs, subject to potential review and lifting by MAS, based on regulatory compliance, internal controls, board stability, and business model changes.

Click [here](#) to learn more about converting from RFMC to LFMC.

Revised reporting requirements for OTC derivatives contracts

MAS has published the revised OTC derivatives reporting requirements under the Securities and Futures (Reporting of Derivative Contracts) Regulations 2013 ("Regulations"). The revised requirements will take effect from 21 October 2024.

On 5 July 2021, MAS issued a Consultation Paper on '[Proposed Amendments to the Securities and Futures \(Reporting of Derivative Contracts\) Regulations](#)' ("Consultation Paper") to adopt changes to be aligned with technical guidance, published by the Committee on Payments and Market Infrastructures and the International Organisation of Securities Commissions (CPMI-IOSCO). On 16 May 2023, MAS published its [Response to Feedback Received on the Consultation Paper](#) to address the feedback obtained and confirm the finalised requirements.

Learn more about the key amendments that will take effect from 21 October 2024 [here](#).

Updates to guidelines on outsourcing

On 11 December 2023, MAS introduced a new set of outsourcing guidelines and notices to regulate engagements between Singapore's financial institutions and third-party service providers. These include specific guidelines for banks and merchant banks (outlined in the '2023 Bank Guidelines'), as well as updated guidelines for the updated 'Guidelines on Outsourcing for Financial Institutions other than Banks'.

These guidelines will be effective from 11 December 2024 and set out MAS' expectations of an institution that has entered into any outsourcing agreement or is planning to outsource its business activities to a service provider.

Click [here](#) for more information on the key elements of the updated outsourcing guidelines.

Expanded scope of regulated payment services

On 2 April 2024, MAS announced amendments to the Payment Services Act (PS Act) and its subsidiary legislation to broaden the regulatory scope of payment services overseen by MAS. These changes aim to enhance user protection and bolster financial stability-related requirements for digital payment token (DPT) service providers.

The amendments, effective in stages and commencing on 4 April 2024, bring several activities under regulation, including custodial services for DPTs, facilitating DPT transmission and exchange, and cross-border money transfers. MAS will enforce requirements pertaining to anti-money laundering, user protection, and financial stability on DPT service providers.

Transitional arrangements are provided for entities currently engaged in activities covered by the expanded PS Act. The entities that are covered under such transition were to notify MAS within 30 days of the transition notice and are required to submit a license application within six months from 4 April 2024, to continue activities temporarily while MAS reviews their applications.

The application must include an attestation report on the entity's activities and compliance with anti-money laundering regulations, completed by a qualified external auditor within nine months from 4 April 2024. Entities failing to meet these requirements must cease activities when the amendments take effect.

Additionally, amended payment services regulations concerning the safeguarding of customers' assets by DPT service providers will take effect six months from 4 April 2024. These regulations mandate segregating customers' assets in trust accounts, maintaining proper records, and implementing robust systems and controls to protect customers' assets, integrity and security.

Revised notices on competency requirements for representatives under FAA and SFA

On 28 September 2023, MAS released revised notices, effective 1 April 2024, regarding competency requirements for representatives in the financial sector. These notices include [SFA 04-N22](#) for CMS license holders and exempt FIs, and [FAA-N26](#) for financial advisers.

These notices set out the revised obligations of FIs for entry, examination and continuing professional development requirements in relation to their representatives, financial advisers and exempt financial advisers respectively.

Updates to notice numbers within MAS' Notice on Technology Risk Management

The Financial Services and Markets Act (FSMA) is a comprehensive legislation regulating financial services and markets. Enacted on 5 April 2022, it aims to oversee the entire financial sector. The first phase of implementation occurred on 28 April 2023, while the next phase, focusing on new technology risk management provisions, began on 10 May 2024.

Under the second phase of the FSMA, MAS has revoked existing technology notices and reissued them with new notice numbers under the FSMA. Despite this change, there are no substantial alterations to the requirements outlined in the reissued technology notices.

The technology notices have been reissued under the Financial Services and Markets Act (FSMA) with a new notice number.

Notice SFA 04-N23 on Fund Data Submission Requirements for Managers of Specified Collective Investment Schemes (CIS)

MAS has issued this Notice under section 101(1) of the Securities and Futures Act 2001. It applies to:

1. holders of a capital markets services license for fund management who manage one or more Specified Collective Investment Schemes (CIS)
2. individuals exempted under section 99(1)(a), (b), (c), or (d) of the Act for fund management and who manage one or more Specified CIS.

Effective from 30 September 2024, this Notice outlines the obligations concerning data submission requirements for Specified CIS. The relevant FMC is required to:

- submit fund data on a monthly basis, as stated in Table A of the circular by not later than 15th day of every month starting from the submission commission date
- submit data on a daily basis as stated in Table B of the notice starting from the submission commission date
- submit a list of all fund holidays of specified CIS for the year, along with any changes to the fund holidays
- a notification must be provided by the relevant FMC to MAS at least 14 days prior to:
 - the launch of the new specified CIS
 - a change in service providers of existing specified CIS.

Updates to Guidelines on Fair Dealing

On 30 May 2024, MAS released the updated Guidelines on Fair Dealing, incorporating feedback from the consultation paper. These guidelines emphasise the importance of fair dealing principles throughout a product's lifecycle or services rendered by FIs. The board and senior management are tasked with ensuring fair dealing outcomes for customers.

The revised guidelines now apply to all FIs across all products and services offered to customers. This expanded scope recognises fair dealing principles beyond advisory services and investment products. FIs are expected to apply the guidelines proportionately, considering their business models, product nature, and potential harm to customers.

FIs must initiate system or process enhancements to comply with specific areas of the revised guidelines promptly and are encouraged to adapt the guidelines to their unique circumstances while upholding fair dealing principles.

How Waystone Compliance Solutions can help

Waystone Compliance Solutions has extensive experience assisting firms to navigate MAS compliance requirements and works with clients to mitigate potential risks by providing guidance, support, and strategic advice. If you have any questions about these updates or would like to find out more about how Waystone can assist you, please reach out to your usual Waystone representative or to our APAC Compliance Solutions team today.