

# Regulatory Update

APAC, March 2025

Issued 8 April 2025



## Singapore

### **28 March 2025 – Issuance of Response to Consultation Paper on Proposed Legislative Amendments to the Requirements for Enhancing Pre and Post-Transaction Safeguards for Retail Clients**

In June 2021, the Monetary Authority of Singapore (**MAS**) issued a consultation paper to seek feedback on the proposed changes to enhance protection for retail clients who are purchasing products and services from financial advisors. The consultations were closed and the MAS provided feedback in August 2023. Following this, the MAS issued another consultation paper on proposed legislative amendments to the requirements for enhancing pre- and post-transaction safeguards for retail clients, covering the following notices and guidelines:

- (a) Notice on Recommendations on Investment Products – FAA N16
- (b) Notice on Requirements for the Remuneration Framework for Representatives and Supervisors (“Balanced Scorecard Framework”) and Independent Sales Audit Unit – FAA N20
- (c) Guidelines on the Remuneration Framework for Representatives and Supervisors (“Balanced Scorecard Framework”), Reference Checks and Pre-transaction Checks – FAA G14

On 28 March 2025, the MAS finalised its recommendations on the above and issued a set of draft notices, guidelines and FAQs which will be effective immediately on 29 December 2025:

- (a) MAS Notice FAA-N16 on Notice on Recommendations on Investment Products;
- (b) MAS Notice FAA-N20 on Notice on Requirements for the Remuneration Framework for Representatives and Supervisors (“Balanced Scorecard Framework”) and Independent Sales Audit Unit;
- (c) FAA-G14 on Guidelines on the Remuneration Framework for Representatives and Supervisors (“Balanced Scorecard Framework”), and Reference Checks;
- (d) FAQs on FAA-N16; and
- (e) FAQs on the Balanced Scorecard (BSC) Framework.

Financial advisory firms are strongly encouraged to consider early implementation of the requirements where possible.

To view the updated consultation, draft notices, guidelines and FAQs, please click [here](#).

## Hong Kong

### 20 March 2025 – New Guidelines for IPO Subscription and Financing Practices

On 20 March 2025, The Securities and Futures Commission's (**SFC**) issued a circular, following a review of risk management practices in IPO subscription and financing services among licensed corporations (LCs) (**circular**).

The circular highlighted deficiencies such as overly optimistic credit limits based on IPO subscription levels rather than clients' actual financial capabilities, leading to increased default risks, and inadequate management of subscription deposits.

In response, the SFC has set new guidelines requiring LCs to collect a minimum upfront subscription deposit of 10%, perform thorough financial assessments, and ensure proper segregation of subscription deposits.

The SFC will enforce these standards through continuous monitoring and inspections to enhance compliance and mitigate risks in IPO financing activities.

To view the circular, please click [here](#).

### 07 March 2025 – FATF Updates on Anti-Money Laundering and Counter-Financing of Terrorism

On 7 March 2025, The Securities and Futures Commission's (**SFC**) issued a circular related to FATF updates on Anti-Money Laundering and Counter-Financing of Terrorism (**circular**).

The circular outlined FATF's recent statements and plenary outcomes. The FATF's statement from 21 February 2025 reiterated the call for action on High-Risk Jurisdictions, highlighting the DPRK, Iran, and Myanmar for their ongoing deficiencies in their AML/CFT regimes, and stressing the need for robust implementation of UNSC sanctions and countermeasures.

Additionally, the FATF updated its list on Jurisdictions under Increased Monitoring, adding Lao PDR and Nepal, while removing the Philippines.

The outcomes from the February 2025 FATF plenary included the approval of changes to Recommendation 1 to support a risk-based approach and financial inclusion, and upcoming public consultations on payment transparency and proliferation financing. Licensed corporations are reminded to stay updated with FATF's latest statements and participate in the ongoing consultations.

To view the circular, please click [here](#).

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This Regulatory Update provides information about the consultative documents and publications issued by various regulators which are still current, proposed changes to the Rules and Guidance set out in Handbooks, actual changes to Rules and Guidance that have occurred in the months leading up to the update and other matters of relevance to regulated firms. This Regulatory Update is intended to provide general summarised guidance only, and no action should be taken in reliance on it without specific reference to the regulators' document referred to therein.

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