

# Regulatory Update

APAC, June 2025

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# Regulatory Updates June 2025 – APAC Region

## Singapore

### 26 June 2025 – Governance and Management of Variable Capital Companies (VCC)

The Monetary Authority of Singapore (MAS) carried out a thematic review on VCCs and their managers in 2024 via information obtained from lodgements and surveys of VCC managers. A summary of the findings from the thematic review was published in circular IID 04/2025 issued to financial institutions.

The following are areas where VCCs and/or VCC managers are not fully compliant with regulatory requirements:

- a) **Custody arrangement** – A small number of VCCs did not have proper custody arrangements despite investing into listed equities and fixed income instruments. VCC managers should ensure that assets under management are subject to proper custody arrangements, unless the assets are private equity / venture capital in nature.
- b) **Appointment of Directors** – Some VCCs appointed Directors who are not Directors and/or Representatives of the VCC manager. VCC managers are reminded to ensure that these individuals should be appointed as Representatives if they conduct regulated activities.
- c) **Substantive Fund Management Activity** - The expectation for all fund management companies is that the firm must conduct substantive fund management activity. The review noted that a small number of VCC managers had VCC structures but merely provided a conduit for customers to structure their investments or assets without any actual investment activity.

VCC managers are reminded that they have to be involved in all aspects of investment and risk management of the VCC – including portfolio construction, investment due diligence and analysis.

- d) **AML/CFT** – VCCs have to comply with the relevant Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) related notices and guidelines. VCCs are reminded to maintain sufficient oversight over the eligible financial institution (EFI) appointed to perform AML/CFT related checks.

As a result of the thematic review, the MAS will conduct supervisory reviews of specific managers to determine if further supervisory interventions or regulatory actions are warranted. MAS reminds all VCC managers to review their management of VCCs and take the appropriate steps to ensure compliance.

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

## 27 June 2025 – MAS Imposes Composition Penalties against Five Major Payment Institutions

On 27 June 2025, the MAS imposed composition penalties amounting to S\$960,000 in total on five Major Payment Institutions (MPIs), which are licensed to provide cross-border money transfer services, for breaches of MAS' Anti-Money Laundering and Countering the Financing of Terrorism requirements.

These breaches were observed during MAS's examination of the MPIs' AML/CFT related policies and procedures, and they were found to have inadequate AML/CFT controls in place. The nature of these breaches included the following:

- a) Failure to enquire into the beneficial owner of its customers
- b) Failure to include wire transfer originator information in the message or payment instructions for cross-border wire transfers, as the ordering institution
- c) Failure to screen customers, connected parties and beneficial owners
- d) Failure to verify the identity of customers using reliable, independent source data

MAS expects the senior management of financial institutions to play an active role in overseeing the implementation of adequate AML/CFT controls. The above-mentioned firms have established plans to remediate the findings, and MAS will monitor their progress closely. All financial institutions are reminded to ensure that proper AML/CFT related controls are implemented.

To view details of the enforcement, please click [here](#).

## Hong Kong

### 06 June 2025 – Prevention and Handling of Unauthorised Trading Incidents

On 06 June 2025, The Securities and Futures Commission's (**SFC**) issued a circular on rising unauthorised trading incidents at licensed corporations (**LCs**), causing client losses. It targets the prevention of phishing SMS attacks stealing credentials and 2FA data for unauthorised trades (**circular**).

LCs must join the SMS Sender Registration Scheme for “#” prefixed messages, warn clients against phishing links, promote Scameter, and provide reporting channels to the Hong Kong Police Force.

LCs should monitor unusual trading, verify suspicious activities, report to Joint Financial Intelligence Unit (JFIU) and SFC, and enhance cyber security with robust 2FA and fake website detection, effective immediately.

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

### 06 June 2025 – Review of Internal Controls on Client Asset Protection

On 06 June 2025, The Securities and Futures Commission's (**SFC**) issued a circular on client asset misappropriation, based on its 2024 review of brokers' controls, noting fraudsters and staff exploiting weak systems via forged instructions or unauthorised payments (**circular**).

The SFC requires LCs to verify client amendments, scrutinize email requests, restrict third-party transactions, secure bank accounts with multiple signers, monitor dormant accounts, and educate clients on safeguarding information.

Senior management must ensure robust controls to protect client assets. Repeated failures may trigger SFC actions, including license restrictions, effective immediately.

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

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In Singapore and Hong Kong, Waystone brings over 20 years of experience, working with clients regulated by the Monetary Authority of Singapore and the Securities and Futures Commission. Our team is well-equipped to provide bespoke, risk-focused, and cost-effective solutions. With extensive experience, we deliver the expertise you need while adding value to your corporate governance standards.

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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.