

Regulatory Update

APAC, May 2026

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Regulatory Updates – May 2026

Singapore Regulatory Updates: MAS, FATF and Financial Crime Developments

This month's Singapore regulatory developments focus on anti-money laundering, countering the financing of terrorism, counter-proliferation financing, product disclosure requirements, fund management governance and enforcement activity.

6 May 2026 – FATF Mutual Evaluation Report on Singapore's AML/CFT/CPF Framework

On 6 May 2026, the Financial Action Task Force (FATF) published its peer evaluation report on Singapore, strongly affirming that Singapore has a robust and effective framework to counter money laundering (ML), terrorism financing (TF), and proliferation financing (PF).

Key Findings

- Singapore has been upgraded from "enhanced follow-up" to "regular follow-up" – its best-ever FATF monitoring result
- FATF rated Singapore as having substantial effectiveness across 8 of 11 Immediate Outcomes, including risk identification, international cooperation, supervision, financial intelligence, and asset recovery
- Singapore's financial crime challenges were assessed as being met by a competent and coordinated regime that is willing to try new solutions

Areas for Improvement

- Moderate effectiveness was noted in three areas: transparency and beneficial ownership, ML investigations and prosecutions, and proliferation financing
- Only 682 of 11,189 ML investigations resulted in prosecution — a rate below 10%, and no assets were frozen under the UN Al-Qaeda and ISIS sanctions regime despite identified exposure

MAS has noted that it will carefully study FATF's recommendations and assess how they can be adopted in Singapore's context in a risk-proportionate manner.

Please refer to the FATF report and press release at this [link](#).

15 May 2026 – MAS Response on Product Highlights Sheet Requirements and the Complex Products Framework

On 15 May 2026, the Monetary Authority of Singapore (MAS) published its response to feedback received on proposed enhancements to the Product Highlights Sheet (PHS) requirements and the Complex Products Framework.

The changes are relevant to financial institutions (FIs) selling investment products to retail investors in Singapore.

The key changes are as follows:

1. Redesigned Product Highlights Sheets

- Colour-coded headers: yellow for non-complex, red for complex products, with "This is a COMPLEX product" displayed prominently
- Mandatory fee diagrams to illustrate the impact of charges on investments
- Disclosure of key financial ratios and asset/revenue profiles for bonds and equities

2. New PHS for Investment-Linked Policies (ILPs)

- A new standardised ILP-PHS will be introduced, focused on fees, charges, and risks
- All ILPs will be classified as complex products regardless of the complexity of their underlying sub-funds

3. Simplified Complex Products Framework

- EIP and SIP labels replaced with simpler "non-complex" and "complex" terminology
- CKA and CAR merged into a single unified CKA
- New Product Knowledge Assessment (PKA) introduced as a product-specific alternative to the CKA

MAS will publish finalised legislative amendments at a later date. FIs should begin assessing the operational impact on their PHS documentation, client onboarding processes, and staff training ahead of the transition period.

Please refer to the consultation and MAS responses at this [link](#).

29 May 2026 – MAS Information Papers on Valuation and Risk Management Practices for Fund Management Companies

On 29 May 2026, the Monetary Authority of Singapore (MAS) published two information papers covering Valuation Practices and Risk Management Practices.

These information papers set out MAS' supervisory expectations for effective governance structures, frameworks, policies and procedures, and controls for overseeing and managing the investment and valuation processes. The expectations are based on key findings from thematic inspections of selected FMCs.

FMCs are expected to ensure the following are in place:

- Strong governance and oversight by senior management
- Clear, updated policies and procedures
- Continuous, independent risk monitoring
- Complete documentation and audit trails
- Accurate and transparent investor disclosures

FMCs are encouraged to review the information papers and adopt relevant good practices.

Please refer to the information papers on [valuation](#) and [risk management](#).

May 2026 – MAS Enforcement Actions and Regulatory Penalties

MAS Enforcement Actions – May 2026

The Monetary Authority of Singapore (MAS) issued a series of enforcement actions in May 2026, reflecting its continued commitment to upholding regulatory standards across the financial industry.

1. AML/CFT — Composition Penalty (Padang Trust Singapore Pte. Ltd.)

MAS imposed a composition penalty of S\$300,000 on Padang Trust Singapore Pte. Ltd., a licensed trust company, for breaches of its AML/CFT obligations. The breaches included failures to adequately scrutinise transactions with no apparent economic or lawful purpose, and a failure to file Suspicious Transaction Reports in a timely manner.

2. Payment Services — Licence Revoked (Bsquared Technology Pte Ltd)

MAS revoked the Major Payment Institution Licence of Bsquared Technology Pte Ltd following an onsite inspection that identified serious regulatory breaches, including material weaknesses in risk management practices and conflict of interest controls. Notably, MAS found that the firm had provided false and misleading information to the regulator on multiple occasions, commencing from the time of its licence application.

3. Capital Markets — Composition Penalty and Reprimand (Havenport Investments Pte Ltd)

MAS imposed a composition penalty of S\$40,000 on Havenport Investments Pte Ltd (HIPL) and issued reprimands to its Chief Executive Officer and Executive Director for failing to discharge their duties and ensure the firm's compliance with MAS regulations. HIPL's breaches included the failure to maintain an adequate risk management framework, a breach of its base capital requirement, and the launch of a new product without prior regulatory approval. The firm has since ceased its retail fund management business.

4. Capital Markets — Individual Convictions under the Securities and Futures Act

In separate proceedings, two individuals, Mr Tan Chun Yong and Mr Xie Jianfeng, were convicted under the Securities and Futures Act: one for abetting false trading and facilitating unauthorised trades, and the other for insider trading after transacting in securities while in possession of material non-public information.

Please refer to details of MAS enforcement reports at this [link](#).

Hong Kong Regulatory Updates: SFC Circulars, Virtual Assets and Stablecoins

Hong Kong regulatory activity in May 2026 focused on account-opening controls, SFC-authorized funds with virtual asset exposure, Relevant Stablecoin services and related licensing expectations for virtual asset trading platforms and licensed corporations.

22 May 2026 – SFC Circular on Account Opening Controls and Client Relationship Management for Licensed Corporations

On 22 May 2026, the Securities and Futures Commission (SFC) issued a circular following its review of 12 licensed securities brokers. The review identified serious deficiencies in account-opening due diligence and

monitoring of cross-border correspondent relationships (**CBCR**), including the acceptance of questionable or forged documents. The SFC has stated that it has zero tolerance for such practices and will take supervisory and enforcement action against non-compliant licensed corporations (**LCs**). Senior management remain ultimately responsible for maintaining robust controls and compliance (**Circular**).

For more information, including key findings, expected standards and additional measures for Chinese Mainland investors, please refer to [the article](#) we published.

For assistance or if you have any enquiries about this circular, please contact Waystone.

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

27 May 2026 – SFC Revised Circular on SFC-Authorised Funds with Virtual Asset Exposure

On 27 May 2026, the Securities and Futures Commission (**SFC**) issued a revised circular setting out the requirements for authorising funds with virtual asset (**VA**) exposure exceeding 10% of NAV for public offering in Hong Kong. This supersedes [the April 2025 version](#) and reflects the expanding virtual asset product landscape.

The circular covers funds seeking direct exposure (spot VA tokens accessible on SFC-licensed virtual asset trading platforms (VATPs)) and/or indirect exposure (VA futures on regulated exchanges or other exchange-traded products). It does not apply to Relevant Stablecoins or tokenised deposits.

Key requirements:

- Management companies must have a strong compliance record and at least one staff member with VA experience; subject to additional SFC terms.
- Only VA tokens accessible on SFC-licensed VATPs are eligible.
- No fund-level leverage. VA futures must be traded on regulated exchanges with adequate liquidity and manageable roll costs; futures-based funds should adopt active strategies.
- Transactions and custody must use SFC-licensed VATPs or HKMA-compliant AIs (or subsidiaries), with asset segregation, predominant cold storage, and secure Hong Kong-based key management.
- Spot VA valued using a reputable volume-based benchmark index.
- Offering documents and KFS must clearly disclose investment limits and key risks (price, custody, cybersecurity, fork for spot VA; roll costs and operational risks for futures). Investor education required before launch.

VA-related activities (including staking)

Permitted via SFC-licensed VATPs if aligned with the fund's objective, supported by robust risk controls, due diligence, and clear disclosure. Material changes require prior investor notice and may need shareholder approval. Reports must disclose committed VA holdings (% of NAV), revenue and expenses.

Prior Consultation

Prior consultation is required for any fund seeking or increasing VA exposure above 10% of NAV, or planning to engage in staking or other VA activities. Requirements generally do not apply to Undertakings for Collective

Investment in Transferable Securities (**UCITS**) and recognised jurisdiction schemes, except for the consultation obligation.

For assistance or if you have any enquiries about this circular, please contact Waystone.

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

Summary of Key Changes from the 7 April 2025 Circular:

Aspect	April 2025 Position	May 2026 Revised Position	Key Change / Refinement
Scope & Stablecoins	VA exposure >10% NAV; staking introduced	Same core scope; explicitly excludes Relevant Stablecoins & tokenised deposits	Added clear exclusion of HKMA-regulated stablecoins
Management Companies	Good compliance track record + VA-experienced staff	Strong compliance record + at least one VA-experienced staff + confirm service providers are competent	Stronger emphasis on compliance record & explicit confirmation of service providers
Futures Strategies	No fund-level leverage; futures on regulated exchanges	No leverage; futures need adequate liquidity & manageable roll costs; futures-based funds to use active strategies	Added specific expectations on liquidity, roll costs and active management
Custody & Key Management	Custody via licensed VATP or HKMA-compliant AI; predominant cold storage	Same + detailed requirements: HK-based secure key storage, multi-signature/key sharding, restricted access, backups	More prescriptive on Hong Kong-based key management and security controls
Staking & VA Activities	Permitted via VATPs/AIs with SFC prior approval, risk controls & disclosure	Framework maintained and aligned with ASPIRe roadmap; enhanced disclosure in KFS and periodic reporting	Staking carried forward with clearer disclosure and reporting obligations
Disclosures & Reporting	General risk disclosure in offering documents/KFS	Explicit examples of key risks + specific requirements for VA-activity disclosure and interim/annual report content	More detailed risk examples and mandatory reporting on VA activities
Prior Consultation	Required for >10% VA exposure or staking	Required for seeking/increasing >10% exposure or engaging in staking/VA activities	Explicitly covers staking plans in the consultation trigger

27 May 2026 – SFC Circular on Relevant Stablecoin Services by Virtual Asset Trading Platforms and Licensed Corporations

On 27 May 2026, the Securities and Futures Commission issued a circular setting out the expected standards for licensed virtual asset trading platforms (**VATPs**) and licensed corporations when conducting activities in Relevant Stablecoins. The circular also clarifies the application of the VATP Guidelines and the Joint Circular to Relevant Stablecoins (**Circular**).

Relevant Stablecoins are defined as those that:

- Qualify as “specified stablecoins” under section 4 of the Stablecoins Ordinance (Cap. 656)
- Are issued by an entity licensed under the Stablecoins Ordinance and authorised under that licence.

The SFC recognises that Relevant Stablecoins have a different risk profile from other virtual assets due to HKMA oversight (including reserve backing and redemption arrangements). Accordingly, several existing VA requirements are relaxed or clarified for Relevant Stablecoins.

Key Clarifications and Relaxations

- Liquidity and index requirements (for retail trading) under the VATP Guidelines and Joint Circular do not apply to Relevant Stablecoins.
- VA knowledge assessment is not required for clients who only trade Relevant Stablecoins (“Relevant Stablecoin-only clients”).
- Exposure limit calculation: Holdings of Relevant Stablecoins are excluded when determining a client’s virtual asset exposure.
- Suitability: Still applies when a solicitation or recommendation is made. VATPs and licensed corporations must consider the client’s use case, available alternatives, and must not base recommendations primarily on commission or other benefits.
- Disclosure: Must include clear information on the Relevant Stablecoin’s stabilisation mechanism and redemption arrangements.

Specific Requirements for Licensed Corporations

- Licensed corporations may now partner directly with HKMA-licensed stablecoin issuers (in addition to VATPs) to provide dealing services in Relevant Stablecoins.
- Licensed corporations may partner with VATPs that are subject to a Professional Investor-Only licensing condition when providing services to retail clients via omnibus accounts (previous restriction in the Joint Circular is removed).
- Licensed corporations may now receive or withdraw clients’ Relevant Stablecoins directly from segregated accounts maintained with the relevant HKMA-licensed stablecoin issuer (in addition to VATPs or authorised financial institutions).

Ongoing Notification

VATPs and licensed corporations are not required to obtain the SFC’s prior written approval before adding, suspending or removing a Relevant Stablecoin. However, they must notify the SFC in writing in advance of any plan to admit, suspend or remove any Relevant Stablecoin for client trading.

Licensed corporations whose licences do not yet include the relevant virtual asset-related licensing conditions must follow existing licensing procedures to add such conditions before commencing activities.

Revised Licensing Conditions and Terms & Conditions

The SFC has updated the licensing conditions for VATPs (Appendix 1) and the Terms and Conditions for licensed corporations (Appendices A1/A2 and B1/B2) to reflect the above changes. VATPs and licensed corporations should review and update their internal policies, procedures and disclosures accordingly.

For assistance or if you have any enquiries about this circular, please contact Waystone.

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

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About Waystone

Waystone is a leading global provider of institutional governance, administration, risk, and compliance services to the asset management and financial services industry. Our global Compliance Solutions team helps clients navigate the regulatory landscape with confidence, aligning investment strategies and operational processes with compliance requirements. With over 100 compliance specialists based across Asia, the Middle East, Europe, and North America, we offer a comprehensive range of solutions, from company registration and licensing to compliance programmes and ongoing support.

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.

If you would like to discuss the themes raised in this guide with one of our [APAC Compliance Solutions](#) team members and learn how we can assist you, please contact us using the details below.

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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.