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Regulatory Update

APAC, October 2026

Issued 11 November 2026



Hong Kong Regulatory Updates

SFC Supplemental Circular on Liquidity Risk Management (28 October 2026)

On 28 October 2026, the SFC issued a supplemental circular enhancing the liquidity risk management requirements for SFC-authorised open-ended funds. Supplementing the SFC's 2016 circular and aligning with updated international standards, it focuses on consistency between asset liquidity and redemption terms, greater use of anti-dilution tools (ADTs), and effective governance of other liquidity management tools. Managers have a 12-month transitional period, ending 31 October 2027, to achieve full compliance.

Product Design and Liquidity Assessment:

- Managers must ensure that each fund's investment strategy, asset liquidity and redemption terms remain consistent under normal and stressed market conditions.
- Funds investing mainly (indicatively, more than 50% of AUM) in less liquid assets while offering daily dealing should apply ADTs to allocate subscription and redemption costs to transacting investors.
- Funds with significant exposure to illiquid assets (indicatively, more than 30% of AUM) should offer less frequent redemptions and/or impose appropriate notice or settlement periods.
- Assets should be classified as liquid, less liquid or illiquid, considering quantitative and qualitative factors, stress-testing results, investor concentration, redemption patterns and potential liabilities.

Liquidity Management Tools and Measures:

Managers should adopt an appropriate combination of:

- ADTs, including swing pricing, subscription or redemption fees, anti-dilution levies and dual pricing;
- Quantitative tools, including suspensions, redemption gates and extensions of notice or settlement periods; and
- Other measures, including in-kind redemptions, side pockets, soft closures, borrowing and credit facilities.

Exclusive reliance on quantitative-based tools is discouraged. Managers must establish clear governance and escalation procedures for activation, review and deactivation, and must immediately notify the SFC when quantitative-based tools or other measures (except borrowing and credit facilities) are activated. Offering documents should disclose the availability and potential use of these tools, including their objectives, circumstances of use and potential impact on investors.

Managers should begin reviewing fund structures, cost-estimation methodologies and investor disclosures now to meet the October 2027 deadline.

If you have any questions regarding this circular or require assistance, please contact Waystone.

To view the circular, please click here.

SFC Circular on Fund Authorisation Simple Track (Revised) (28 Oct 2026)

On 28 October 2026, the SFC revised its circular on the Fund Authorisation Simple Track (FASTrack), an expedited authorisation process for simple funds domiciled and regulated in mutual recognition of funds (MRF) jurisdictions. FASTrack aims to authorise eligible funds within 15 business days of receiving complete, high-quality applications.

Eligibility

A fund may qualify for FASTrack if:

- It is an equity, bond or mixed fund, an eligible index-tracking fund, or a feeder fund whose master fund qualifies for FASTrack.
- It is not a complex product and does not involve novel features, material issues or wider policy implications.
- Its management company is in an MRF jurisdiction or a jurisdiction with an inspection regime acceptable to the SFC and has a good regulatory record.
- Any investment delegate is in an eligible jurisdiction, is affiliated with the management company, or already manages other SFC-authorised funds.

Application Process

- The SFC aims to take up or refuse an application within five business days of receipt.
- For applications taken up, the SFC targets authorisation within a further 10 business days.
- Funds that do not meet the FASTrack criteria will be processed under the standard or non-standard application streams.
- The SFC may conduct post-authorisation vetting to confirm compliance with applicable conditions.

Compliance Responsibilities

Applicants remain responsible for ensuring compliance with the Code on Unit Trusts and Mutual Funds (UT Code), the applicable principles and requirements of the SFC Handbook, and other relevant SFC guidelines. Non-compliance may result in regulatory action.

If you have any questions regarding this circular or require assistance, please contact Waystone.

To view the circular, please click here.

Singapore Regulatory Updates – September 2026

Guidelines on Artificial Intelligence Management (07 October 2026)

On 7 October 2026, the MAS issued its Guidelines on Artificial Intelligence Risk Management (Guidelines), setting out supervisory expectations for the responsible adoption of AI by financial institutions (FIs). The Guidelines complement existing MAS requirements, including the FEAT Principles and Technology Risk Management Guidelines.

Key Points:

- AI Oversight: The board and senior management must ensure risks from AI use are integrated into the FI's risk appetite framework, with clear accountability, consistent standards and coordinated management across functions. Local senior management remains accountable even where group frameworks are adopted.
- AI Risk Management Systems: FIs must establish systems and policies for consistent AI identification, maintain an accurate AI inventory with key attributes (purpose, data, dependencies, risk rating, etc.), and apply a risk materiality assessment methodology considering impact, complexity and reliance.
- AI Life Cycle Controls: Proportionate controls are expected across data management, transparency and explainability, fairness, human oversight, third-party AI management, selection, evaluation and testing, technology and cybersecurity, reproducibility and auditability, pre-deployment reviews, post-deployment monitoring, change management, and decommissioning. High risk materiality AI use cases require independent validation, contingency plans and, where appropriate, "kill switches".
- Third-Party AI: FIs retain primary accountability. Onboarding assessments should cover transparency, supply chain risks, concentration risks, change management, contingency plans, legal agreements and staff capabilities.
- Capability and Capacity: FIs must ensure personnel are properly trained and that technology infrastructure (hardware, networks, data pipelines) is adequate for the AI use cases deployed.

Key Takeaways:

The MAS has granted a 12-month transition period – FIs have 12 months to review and implement the Guidelines which takes effect on 7 October 2027. Licensed FIs in Singapore should begin reviewing their AI governance frameworks, inventories and life cycle controls now to meet the phased 2027 and 2028 compliance deadlines. Group-wide frameworks may be leveraged provided they meet MAS expectations and address Singapore-specific requirements.

To view the information paper, please click here.

Enhancing Safeguards for Proper Conduct of Prospecting Activities at Public Places and Telemarketing (12 October 2026)

The MAS issued a formal response to the consultation on enhancing safeguards and proper conduct of prospecting activities at public places and telemarketing consultation paper which was first issued in June 2023.

MAS will update the Guidelines on Standards of Conduct for Marketing and Distribution Activities (Guidelines) to incorporate the enhanced safeguards.

The updated Guidelines will be issued in 2027, and financial institutions will be provided with a nine-month transition period from the date of issuance to implement the enhanced safeguards.

Key proposals:

- Ensure that representatives clearly disclose upfront their identities and the FIs they represent when they prospect for customers
- Require representatives to inform customers upfront of their intention to market financial products and services, and obtain customers' consent before commencing any engagement
- Require marketing and distribution activities which are conducted outside the premises of financial institutions to be held at commercial premises only
- Require prospecting activities to remain within a 5-meter radius of the demarcated event space
- Maintain the prohibition on street canvassing and door to door prospecting

MAS will issue new Guidelines and Notices followed by a nine-month transition period.

To view the consultation response, please click here.

Information Paper on Complaints Management Practices (20 October 2026)

The MAS issued an information paper setting out key observations arising from thematic inspections carried out on selected banks and life insurers. The thematic inspections focused on complaints management for retail clients.

FIs which serve non-retail clients may also refer to the information paper as a basis to improve internal processes.

While most institutions had basic complaints management frameworks in place, MAS observed significant differences in maturity and effectiveness.

Key Takeaways for FIs:

- Focus on fair customer outcomes rather than procedural compliance alone.
- Use complaints as management information and an early-warning risk indicator.
- Strengthen governance, escalation, root cause analysis, and remediation.
- Improve complaint data quality and analytics capabilities.

- Enhance training, empathy, and support for vulnerable customers.
- Apply technology and AI responsibly while retaining human accountability.

MAS expects all FIs to review their complaints management practices against the observations in this paper, incorporate relevant good practices and address material gaps, having regard to their business models, scale of operations and customer profiles, in a risk-proportionate manner.

To view the information paper, please click here.

The Chinese version is a translation of the English version. In the event of any inconsistency or discrepancy between the two versions, the English version shall prevail. 中文版本为英文版本的译本。如两种版本之间存在任何不一致或差异之处，应以英文版本为准

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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.

Contact us →

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.