



Reed Smith Asia-Pacific funds & financial regulatory newsletter

Third quarter 2024 edition

ReedSmith

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Welcome

Third Quarter 2024 Edition

This is the second edition of the quarterly Reed Smith Asia-Pacific funds & financial regulatory newsletter. It highlights key developments in the financial regulatory landscape, including regulatory changes and enforcement actions affecting financial entities, investment advisors and funds across the Asia-Pacific (APAC) region. In this edition, we delve deeper into the Monetary Authority of Singapore (MAS) Annual Report 2023/2024, which provides insights into the growth and trends shaping Singapore's financial services sector.

In focus

Singapore

MAS released its 2023/2024 annual report in August 2024, outlining critical developments in Singapore's economic landscape, regulatory updates and strategic focus areas for the future. With key implications for fund managers, the report provides a detailed view of how MAS is navigating global uncertainties while fostering growth in Singapore's financial sector.

Economic outlook and monetary policy

The global economy has shown resilience, with steady growth expected to continue into the rest of 2024. However, inflation in advanced economies remains elevated and global interest rates are anticipated to stay high for an extended period. In Singapore, GDP growth between 1% and 3% is forecast, as inflationary pressures ease and the economic output gap narrows.

MAS has maintained a restrictive monetary policy to address imported inflation and domestic cost pressures. Core inflation in Singapore has begun to slow, and it

is expected to fall more significantly from the fourth quarter of 2024, with the target of reaching 2% by 2025. While the disinflation process is progressing, MAS remains cautious, particularly concerning risks such as geopolitical tensions and extreme weather events that could lead to further supply-driven cost increases.

Regulatory enhancements and financial sector growth

MAS made significant strides in strengthening its regulatory framework. The Financial Institutions (Miscellaneous Amendments) Act, which we featured in our previous edition available [here](#), was revised to improve MAS' supervisory capabilities.

The financial sector continues to be a major growth driver for Singapore. In Q1 2024, the sector saw a 7% year-on-year expansion, with robust performance across major segments including insurance, payments, banking and fund management. The asset management industry,



in particular, reached S\$5.41 trillion (or US\$4.1 trillion) in assets under management (AUM) as of December 2023, marking a 10% year-on-year growth. The private equity and venture capital space also demonstrated strong momentum, with AUM growing at a compounded annual rate of 24.6% over the last five years. This has cemented Singapore's role as a hub for APAC-focused investments.

Expansion of private credit markets

One of the key highlights of the report is the rapid growth of Singapore's private credit market. This growth is driven by a significant increase in investment opportunities in the Asia-Pacific region, with over half of these assets directed towards businesses in the region.

Global private credit managers are expanding their Asia teams in Singapore, positioning the country as a hub for private market investments. New players are establishing their presence to tap into the region's growing demand for alternative financing. For fund managers, this represents an excellent opportunity to capitalise on the increasing need for private credit in the region, especially as traditional financing sources become constrained by higher interest rates.

Sustainable finance and emerging technologies

Singapore continues to lead in sustainable finance within the ASEAN region. The nation's financial institutions play a crucial role in supporting Asia's transition to net zero, with more than S\$30 billion in green and sustainability-linked bonds issued in 2022. MAS has taken proactive steps to promote sustainable finance through initiatives such as the Financing Asia's Transition Partnership (FAST-P) and the Transition Credits Coalition (TRACTION), aimed at closing financing gaps for companies transitioning to sustainability.

In addition to its sustainability focus, MAS is pushing the boundaries of innovation in financial services by fostering new capabilities in artificial intelligence (AI) and quantum computing. The central bank has committed up to S\$100 million in funding support for financial institutions to anchor AI and quantum projects and capabilities in Singapore. A pilot project leveraging AI to detect and prevent scams and fraud is already underway, which could prove to be a game-changer for the financial sector's approach to security.

Enhancing digital resilience and consumer protection

MAS is also enhancing digital financial services, with a focus on building resilience in financial institutions' IT systems. Banks are expected to keep disruptions to their critical systems below four hours within any 12-month period. Additionally, MAS will consult on instituting a technology assurance programme for critical financial institutions.

To combat rising incidents of scams, MAS has collaborated with banks to implement stronger security measures, including malware detection in banking apps and the introduction of 'money lock' features, which safeguard funds from unauthorised access. MAS is working closely with financial institutions to implement the updated Fair Dealing Guidelines, which aim to raise standards of fair dealing across the industry and improve the experience for customers dealing with financial institutions so that trust is maintained in the sector.

Looking ahead

With the financial services sector showing robust growth and Singapore strengthening its position as a hub for sustainable finance and technological innovation, MAS is well prepared to navigate the challenges ahead. Fund managers in Singapore can expect continued regulatory enhancements, growth in private markets, and emerging opportunities in sustainable finance and digital technologies.

The annual report emphasises MAS' commitment to maintaining Singapore's reputation as a trusted, well-regulated financial centre, while pushing forward initiatives that will shape the future of finance in the region.

In addition to the MAS Annual Report 2023/2024, MAS also issued several other reports such as the Asset Management Survey 2023. We discuss these in our 'Notable updates' section [below](#).

Regulatory updates

Mainland China

Revised implementation rules for the practise of integrity by futures business institutions and their employees

The revised implementation rules for the practise of integrity by futures business institutions and their employees (the Rules) were issued by the China Futures Association (CFA) on 10 September 2024. The Rules require futures business institutions and their employees to practise integrity and comply with the Provisions on the Practise of Integrity by Securities and Futures Business Institutions and Their Employees (Amended in 2022), issued by the China Securities Regulatory Commission, in their futures, derivatives and other related business activities. The Rules prohibit conduct such as seeking improper benefits or transferring improper benefits to public officials, traders, prospective traders under negotiation and other interested parties, as well as interfering with, instigating or assisting others in interfering with regulatory or self-regulatory efforts in the futures market. The Rules further specify the means by which improper benefits may be transferred or sought and strictly prohibit the relevant conduct.

Revised administrative provisions on funds used by foreign institutional investors for domestic securities and futures investment

The revised administrative provisions on funds used by foreign institutional investors for domestic securities and futures investment (the Provisions) were published by the People's Bank of China and the State Administration of Foreign Exchange on 26 July 2024, effective as of 26 August 2024. The Provisions require that the custodian, or, if a qualified investor appoints more than two custodians, the designated main custodian shall be responsible for handling business registration and other matters. According to the Provisions, a qualified investor shall open one or more special accounts for qualified investors with the custodian, based on the business registration certificate and as needed for investment and inward remittance of funds. The cross-border inward and outward remittance of the qualified investors, such as the relevant investment principal and returns, shall be uniformly handled through the special accounts for qualified investors at the custodian.

Administrative provisions on information disclosure and information reporting of private investment funds

The administrative provisions on information disclosure and information reporting of private investment funds (the Draft) was issued by the China Securities Regulatory Commission (CSRC) on 5 July 2024 to solicit public opinion. The Draft specifies the information disclosure targets, content and method, and requires that private fund trustees and private fund service institutions disclose information to investors and report to the Asset Management Association of China and the local offices of the CSRC in the event of major risks or other circumstances. Private fund managers are encouraged to expand the content of information disclosure on their own accord, improve the quality of information disclosure and provide useful information for investors' decision-making.

Administrative measures for the compliance of financial institutions

The administrative measures for the compliance of financial institutions (Draft Measures) were published by the National Financial Regulatory Administration to solicit public opinion. The Draft Measures require financial institutions to equip their compliance management departments with sufficient and professional compliance personnel, thereby enhancing the effectiveness of compliance management. The Draft Measures clarify the rights of chief compliance officers (CCOs) and compliance officers to attend meetings, access information, conduct investigations, make inquiries, provide suggestions and issue early warnings, among other safeguard measures, for fulfilling their duties. Meanwhile, the Draft Measures outline relevant administrative penalties and other regulatory measures, adding that financial institutions and their staff members, particularly directors, senior managers, CCOs and compliance officers, will be strictly held accountable for their failure to implement compliance management effectively.

Singapore

Licensing and business conduct requirements

[Guidelines on Licensing and Conduct of Business for Fund Management Companies](#)

In August 2024, MAS updated the Guidelines on Licensing and Conduct of Business for Fund Management Companies to reflect (a) the repeal of the registered fund management company (RFMC) regime; (b) the change of name of the relevant MAS department to Investment Intermediaries Department; and (c) that applications should be submitted to MAS via the eLicensing system.

eLicensing is a business licensing portal for financial institutions. Currently, eLicensing is only available to payment service providers or companies intending to apply for a capital markets services (CMS) licence.

[Securities and Futures \(Reporting of Derivatives Contracts\) Regulations 2013](#)

In May 2024, MAS updated the Securities and Futures (Reporting of Derivatives Contracts) Regulations 2013, which will take effect on 21 October 2024. Key changes include the implementation of a unique transaction identifier reporting requirement, changes to the reportable data fields set out in the First Schedule to the Securities and Futures (Reporting of Derivatives Contracts) Regulations 2013 and the adoption of the ISO 20022 XML standard.

[FAQs on the Securities and Futures \(Reporting of Derivatives Contracts\) Regulations 2013](#)

In September 2024, MAS updated the FAQs on the Securities and Futures (Reporting of Derivatives Contracts) Regulations 2013 to provide further clarity on the implementation of the regulations.

Please refer to the following link for our client alert on changes to the over-the-counter (OTC) derivatives contract reporting regime:

<https://www.reedsmith.com/en/perspectives/2024/06/updated-otc-derivatives-contract-reporting-regime-from-21-october-2024>

Technology risk management

[MAS establishes international advisory panel for cyber and technology resilience](#)

In September 2024, MAS announced the creation of the Cyber and Technology Resilience Experts (CTREX) Panel, replacing the Cyber Security Advisory Panel. The CTREX Panel will advise MAS on emerging technology risks and cybersecurity, with an expanded mandate to cover technology resilience which, together with cybersecurity, significantly underpins the operational resilience of the financial sector.

The panel, consisting of 13 global experts, will meet for the first time in mid-2025. Its expanded mandate underscores the increasing reliance on technology in the financial sector and the need for strong cyber and technology resilience as part of Singapore's continuing digitalisation journey.

[MAS issues statement on global outage affecting IT systems](#)

In July 2024, MAS addressed the global outage that impacted the IT systems of organisations around the world, including Singapore. The issue originated from an external technology provider used by multiple firms worldwide. MAS asked major financial institutions to report the impact of the outage. They reported no or limited impact on customers and their key operations. Some experienced disruptions to internal-facing systems used by staff but in all cases, critical systems were unaffected.

Enforcement actions

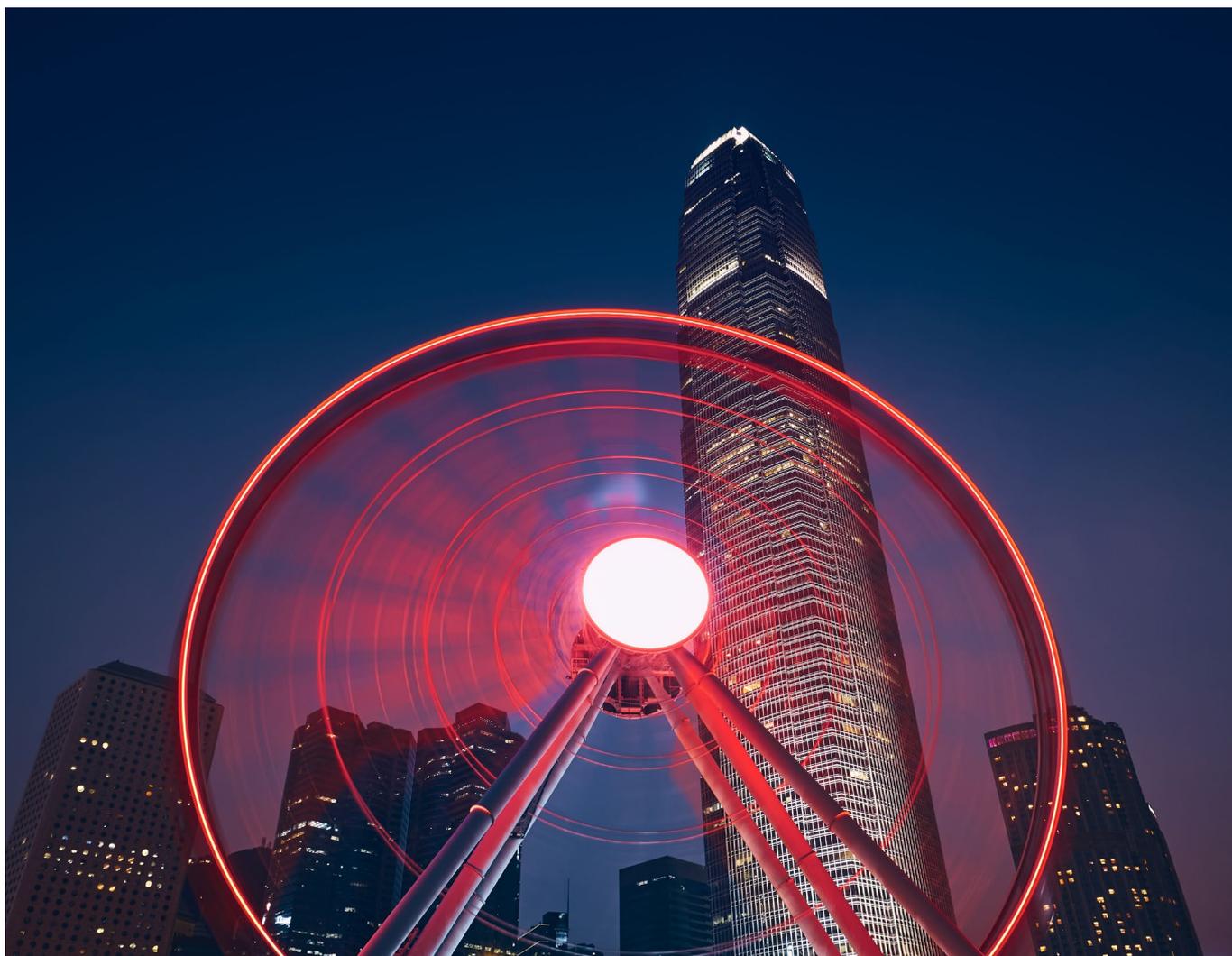
Hong Kong

SFC reprimands and fines securities firm HK\$3.99 million for regulatory breaches

In September 2024, the Securities and Futures Commission (SFC) reprimanded and fined a securities firm HK\$3.99 million for failing to comply with the Securities and Futures (Financial Resources) Rules and other regulatory requirements. The firm failed to maintain the required liquid capital and improperly pledged client securities for financial accommodation without valid client authority. The firm also provided financial accommodation to clients using borrowed funds without proper credit controls and failed to report a change in shareholding structure within the required timeframe.

SFC suspends former responsible officer for nine months over sponsor failures

In September 2024, the SFC suspended a former responsible officer and director of a financial firm for nine months due to failures in his role as sponsor principal for a listing application. The individual breached the SFC's Code of Conduct and Sponsor Guidelines by failing to exercise due diligence and adequately supervise his team. The suspension was imposed after the individual cooperated with the SFC in resolving concerns, and the SFC took into account his otherwise clean disciplinary record.



SFC bans former trader for six months due to misconduct

In September 2024, the SFC banned a former trader from re-entering the industry for six months after he was found to have acted dishonestly in handling a client order error. The trader under-executed a client order by two million shares and attempted to conceal the mistake by arranging a facilitation trade and misrepresenting client consent. While the trader did not cause client losses or gain personally, his actions breached the Code of Conduct, leading to the disciplinary action.

SFC secures landmark settlement to compensate public shareholders of delisted company

In September 2024, the SFC reached a first-of-its-kind settlement with three individuals to pay approximately HK\$192 million in compensation to independent public minority shareholders of a delisted company. The settlement is subject to court approval and, if confirmed, will provide compensation in the form of special dividends. The settlement follows an SFC investigation into corporate misconduct, including inflated acquisitions and fictitious business operations, which led to significant financial losses for the company.

SFC issues restriction notice to securities firm to freeze client account

In September 2024, the SFC issued a restriction notice to a securities firm, prohibiting it from dealing with certain assets held in a client account. The client, a board member of a listed corporation, is suspected of misconduct and breach of directors' duties. The restriction notice ensures that assets remain available for any potential court orders resulting from the SFC's investigation. The notice does not impact the firm or its other clients.

SFC bans former executive for life following criminal convictions

In September 2024, the SFC permanently banned a former executive from the financial industry, citing his criminal convictions as grounds for being unfit to continue regulated activities. The individual was sentenced to seven years in prison for theft and handling proceeds from an indictable offence. The court found that the individual misappropriated over US\$1.87 million by manipulating compensation payments intended for clients. Additionally, he transferred significant sums through personal accounts connected to the theft in 2020.

SFC lifts suspension of corporate finance firm acting as sponsor

In August 2024, the SFC announced the cessation of a suspension on a corporate finance firm from acting as a sponsor for listing applications on the Stock Exchange of Hong Kong. The suspension was originally imposed as part of disciplinary action due to the firm's failure to meet sponsor obligations on several listing applications. The decision to lift the suspension followed a thorough nine-month, two-staged review of the firm's internal systems and procedures by an independent reviewer. The firm has since implemented the necessary recommendations and the SFC is satisfied with the improvements made to ensure compliance with legal and regulatory requirements.



Market misconduct tribunal finds former executives culpable for false disclosures and insider trading

In August 2024, the Market Misconduct Tribunal (MMT) found the former chairman and CEO of a listed company responsible for disclosing false or misleading information in the company's IPO prospectus and financial reports. These documents contained inflated turnover figures and falsified details about the company's assets, inducing transactions in its shares. The MMT also determined that the former CEO engaged in insider trading by selling 119 million shares, avoiding a potential HK\$353 million loss. The sales occurred after he became aware of upcoming audit procedures that could expose widespread falsification of documents, leading to the suspension of the company's shares in 2011.

Former banker ordered to disgorge HK\$3 million in insider dealing case

In July 2024, the MMT ordered a former bank executive to disgorge nearly HK\$3 million in illicit profits after being found guilty of insider dealing in the shares of a listed company. The individual used inside information from his role in a loan transaction to acquire shares before a privatisation offer was made public, profiting from the sale of these shares. The individual has also been disqualified from serving in any management capacity for three years and banned from dealing in securities in Hong Kong for the same period. The MMT has referred the case for potential disciplinary action and ordered him to pay the costs of the proceedings.

Three jailed for between 52 and 80 months in landmark market manipulation case

In July 2024, three individuals were sentenced to prison terms ranging from 52 to 80 months for conspiracy to carry out false trading in the shares of a listed company. Following extensive investigations by the SFC and prosecution by the Department of Justice, this case represents the heaviest jail sentences imposed for market manipulation since the Securities and Futures Ordinance (SFO) came into effect in 2003. The court highlighted the sophisticated nature of the conspiracy, emphasising the importance of maintaining the integrity of Hong Kong's financial markets. The SFC is seeking to recover profits and restore affected parties, having already frozen assets worth up to HK\$124.9 million linked to the scheme.

Court convicts and fines individual for unlicensed securities activity

In July 2024, the Eastern Magistrates' Court convicted an individual for holding himself out as performing a regulated function in securities' dealings without a licence from the SFC. The individual pleaded guilty and was fined HK\$4,800, while also being ordered to pay HK\$50,000 in compensation to a retail investor, marking the first time a compensation order was made in such a case. Between 2016 and 2017, the individual enticed the investor to invest in shares tied to a purported listing scheme, with promises of significant returns. However, by the time the investor received his shares, their value had dropped substantially.

Hedge fund manager ordered to disgorge HK\$5.6 million and disqualified for market misconduct

In July 2024, a former hedge fund manager was ordered to disgorge more than HK\$5.6 million in illicit profits and was disqualified from serving as a director or managing any corporation in Hong Kong for four years. The penalty follows an MMT ruling related to false trading, initiated by the SFC. The individual placed opposing trades in the shares of two listed companies using the hedge fund and his mother's brokerage accounts, creating a false appearance of trading activity and profiting at the hedge fund's expense. In addition to the disqualification, the individual was banned from dealing in securities and related contracts in Hong Kong for four years and was ordered to pay the SFC's investigation and legal costs.

Mainland China

AMAC revoked the registration as fund manager of a fund management company

In July 2024, the Asset Management Association of China (a self-regulatory organisation of the securities investment funds industry under the guidance, supervision and administration of the China Securities Regulatory Commission and the Ministry of Civil Affairs of PRC (AMAC)) issued the decision to impose the penalty of revoking the registration as fund manager to a fund management company for raising funds from non-qualified investors; failure to timely file private equity fund products after completion of fund raising.

AMAC imposed penalties on two affiliated fund management companies

In September 2024, AMAC issued the decision to impose the penalty of revoking the registration as fund manager to a fund management company in Shanghai for management of unrecorded private equity fund products; operating without personnel or office independent from those of its affiliate company in Tianjin; failure to fulfil the obligation to report information as required; and reporting to the authority information inconsistent with the truth. Its affiliate fund management company in Tianjin was given the penalty of public reprimand. The principal of these two fund management companies, being the same individual, was given the penalty of public reprimand.

Singapore

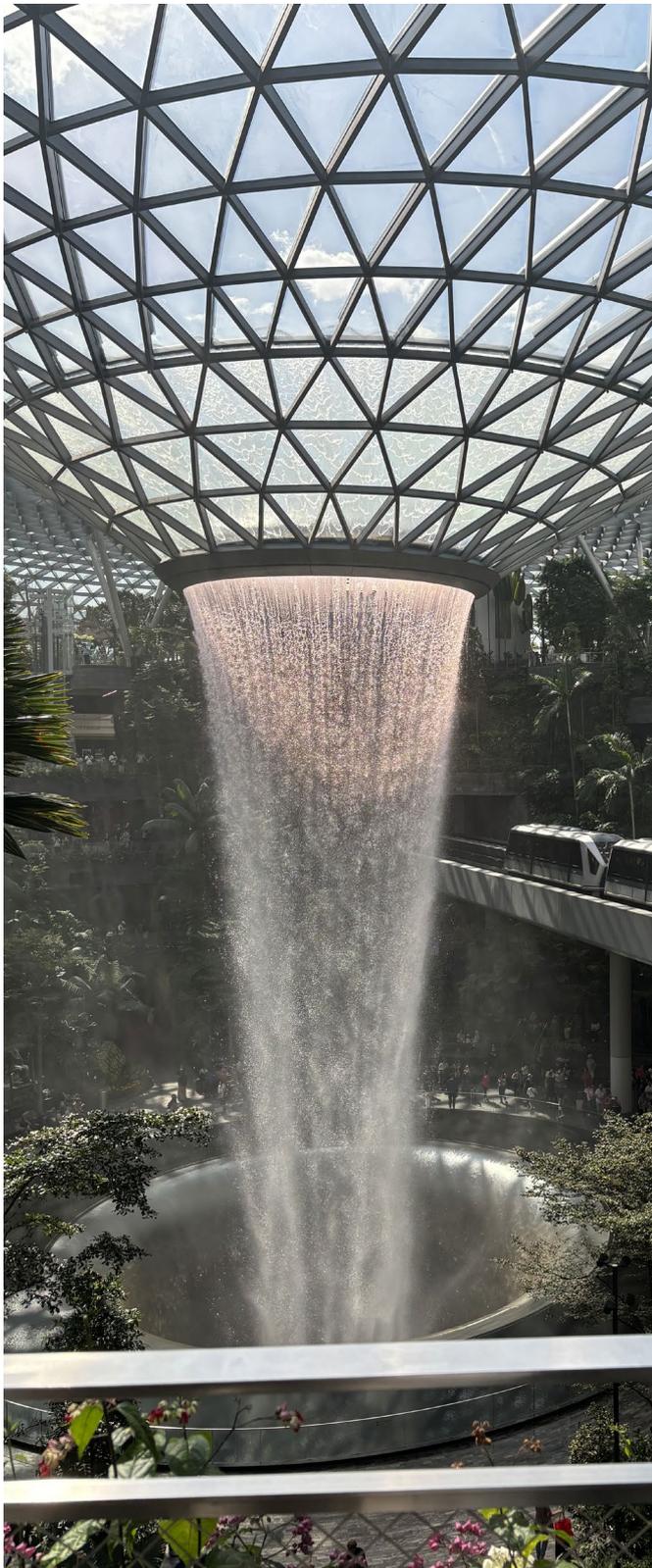
MAS issues prohibition order against former trader for dishonest conduct

In September 2024, MAS issued a five-year prohibition order (PO) against a former trader from a Singapore-based fund management company, following a conviction for fraudulent trading practices. The individual is prohibited from performing regulated activities, holding management roles or becoming a substantial shareholder of any capital markets services firm. The PO follows the individual's conviction for engaging in dishonest trades between company accounts and accounts controlled by relatives, resulting in personal gain at the expense of the company.

MAS issues prohibition order against former representative for market misconduct offences

In September 2024, MAS issued a five-year PO against a former representative of a Singapore-based securities firm, following a conviction for abetting another to commit false trading in shares. The individual is prohibited from providing financial advisory services, performing regulated activities, holding management roles, or becoming a substantial shareholder of any financial advisory or capital markets services firm. The PO was imposed after the individual's involvement in a scheme to artificially inflate the price of a listed company's shares in an attempt to attract buyers for a reverse takeover. The misconduct involved unauthorised trades using multiple brokerage accounts, resulting in a conviction and a prison sentence.





MAS and SPF investigation leads to imprisonment of former CEO for false trading

In August 2024, a former CEO of a Singapore-listed company was sentenced to eight months' imprisonment for conspiring to create a false appearance of active trading in the company's shares. The individual is serving his sentence following the dismissal of his appeal, which was part of a joint investigation by MAS and the Singapore Police Force (SPF). The individual engaged in a scheme with another to artificially inflate the company's share price to meet the minimum trading price requirement of Singapore Exchange (SGX). This misconduct involved funding trades through multiple accounts, aiming to mislead market participants and increase the individual's net worth. The former CEO still faces additional charges related to cheating and dishonestly inducing delivery of property, with court proceedings ongoing.

MAS and SPF investigation leads to imprisonment for false trading

In August 2024, an individual was sentenced to four weeks' imprisonment after being convicted of false trading in shares of a Catalist-listed company. The conviction follows a joint investigation by MAS and the SPF, following a referral by the Singapore Exchange Securities Trading Limited. The individual engaged in 79 instances of misleading trades to artificially raise the share price, intending to avoid triggering margin calls in his accounts. His actions created a misleading appearance of the company's share price over a period of more than a year, resulting in his conviction under the Securities and Futures Act (SFA).

MAS issues prohibition order against former bank representative for fraud and cheating

In August 2024, MAS issued a nine-year PO against a former representative of a Singapore-based bank, following his conviction for multiple offences, including cheating and acquiring benefits from criminal conduct. The individual is prohibited from providing financial advisory services, holding management roles or becoming a substantial shareholder of any financial advisory firm. The PO was imposed after the individual defrauded five bank customers by convincing them to open fictitious time deposit accounts, leading to the misappropriation of S\$170,000. His actions, which also included giving false information to a public servant, resulted in a conviction and a 30-month prison sentence.

MAS takes enforcement actions against fund management company and former CEO for regulatory breaches

In July 2024, MAS reprimanded a Singapore-based fund management company, an RFMC, and issued a two-year PO against its executive director and former CEO for failing to ensure compliance with regulatory requirements. MAS has also declined its application to upgrade to a licensed fund management company (LFMC). The enforcement actions follow a review revealing breaches, including failure to manage conflicts of interest, inadequate risk management and delayed regulatory submissions. With the repeal of the RFMC regime, the company can no longer undertake fund management activity in Singapore from 1 August 2024 and its fund under management has been placed under liquidation.

MAS reprimands fund management company and CEO for regulatory breaches

In July 2024, MAS reprimanded a Singapore-based RFMC and its CEO and director for failing to comply with reporting obligations under the Securities and Futures (Licensing and Conduct of Business) Regulations. The firm and its CEO failed to submit financial returns, disclose changes in shareholding, and provide updates on its business operations, despite multiple reminders from MAS. The CEO was aware of the breaches but did not take adequate measures to rectify them. MAS emphasised the importance of adhering to regulatory requirements, particularly for CEOs and directors, and expects full compliance from financial institutions.

Court convicts former fund manager for defrauding investors in OTC bond trading

In July 2024, a former fund manager was sentenced to six months' imprisonment for defrauding investors through over-the-counter (OTC) bond trading, marking the first conviction under the SFA for such conduct. The individual caused a significant loss to a fund he managed by selling bonds at lower prices to another fund in which he was the majority investor. The individual sold bonds between two funds using lower bids as reference prices, despite higher bids being available, and subsequently sold the bonds at a profit. His actions resulted in a US\$342,500 loss to the fund's investors, and he was convicted following a 26-day trial after a joint investigation by MAS and the SPF.

MAS imposes civil penalty for insider trading in listed company shares

In July 2024, MAS imposed a S\$70,000 civil penalty on an individual for insider trading in the shares of a listed company. The individual, who was offered the opportunity to purchase a loss-making subsidiary of the listed company, traded shares while in possession of non-public information, contravening the SFA. The individual purchased a substantial number of shares over 13 days, anticipating a price increase following the company's sale of the loss-making subsidiary. He admitted to the insider trading violation and paid the penalty without court action, while also voluntarily agreeing not to serve as a company director for two years.



Other notable updates

Hong Kong

New Capital Investment Entrant Scheme in Hong Kong

The new Capital Investment Entrant Scheme (CIES) in Hong Kong has attracted a lot of interest from top talents globally and brought tremendous opportunities for fund managers in Hong Kong. Since its launch on 1 March 2024 to 30 June 2024, the Hong Kong government has received over 3,700 inquiries and 339 applications, and has granted 88 approvals-in-principle (which includes a 180-day visitor visa for investment purposes) and three approved visas (with HK\$30 million investments already made). Given current application trends, the Hong Kong government anticipates investments exceeding HK\$10 billion entering Hong Kong.

The new CIES aims to attract global talent and new capital to the region. An applicant of the new CIES must, among other things, have a net worth of not less than HK\$30 million in the two years preceding its application and must hold a minimum net asset investment amount of HK\$30 million, of which HK\$3 million must be invested in the CIES Investment Portfolio managed by the Hong Kong Investment Corporation Limited. The remaining HK\$27 million can be invested in a wide range of permissible investment assets, including (a) eligible collective investment schemes such as Hong Kong SFC-authorized fund, SFC-authorized real estate investment trusts, SFC-authorized investment-linked assurance schemes and open-ended fund companies (OFCs) –

which are Hong Kong-domiciled investment fund vehicles – in each case managed by managers registered with a Type 9 (asset management) licence, and (b) interests in limited partnership funds (LPFs), which are Hong Kong-domiciled vehicles commonly used for establishing private equity funds. The relatively relaxed requirements in the permissible investment assets have been a booster to the fund management industry in Hong Kong and we are seeing increasing interest in establishing new investment funds for such purposes.

Eligible applicants of the new CIES can apply to the Hong Kong Immigration Department for a 24-month visa, for themselves and their dependents, to work or reside in Hong Kong. This may be extended further for up to three years if they continue to satisfy the CIES requirements. Successful applicants and their dependents residing continuously in Hong Kong for at least seven years may apply for permanent residency. Since the launch of the new CIES, formal approval of applications has so far been granted in under three months.

Prior to the launch of the new CIES, Hong Kong had an old capital investment entrant scheme that was suspended from receiving new applications with effect from 15 January 2015. The permissible investment assets of the old scheme were significantly more restrictive than the new CIES and, therefore, less appealing to fund managers.



Singapore

Appointment of new Deputy Chairman for MAS

In July 2024, MAS announced that Mr Chee Hong Tat, Minister for Transport and Second Minister for Finance, will be appointed Deputy Chairman of the MAS Board of Directors for the period 23 August 2024 to 31 May 2027. Mr Chee was appointed to the MAS Board on 1 June 2024.

MAS sets up Review Group to strengthen equities market development

In August 2024, MAS announced the formation of a Review Group to propose measures for enhancing the development of Singapore's equities market. The group, led by key stakeholders from the private and public sectors, aims to strengthen the market's role in capital formation. A deep and liquid equities market allows companies to raise capital and enables asset owners and the public to participate in corporate growth, complementing Singapore's private equity and venture capital ecosystem.

The Review Group's mandate is to assess Singapore's equities market, propose measures to attract primary and secondary listings, improve market liquidity and enhance the regulatory ecosystem. It will also focus on outreach strategies to promote Singapore's equities market to issuers and investors.

The Review Group will focus on initiatives such as encouraging high-growth company listings, enhancing research coverage and addressing market challenges. Two advisory workstreams will support this effort: (a) the Enterprise and Markets Workstream, which will tackle market challenges and revitalisation; and (b) the Regulatory Workstream, which will focus on improving the regulatory regime to support sustainable market growth and investor confidence.

The group is expected to deliver recommendations within 12 months.

The Review Group held its inaugural meeting in August 2024, identifying priority areas for its two workstreams. The Enterprise and Markets Workstream will focus on initiatives to increase listings, enhance liquidity and encourage fair valuation of equities, while the Regulatory Workstream will examine how to streamline regulations and improve corporate governance.

The Review Group has also announced the composition of its workstreams, which includes capital market practitioners, industry associations and academia.

Moving forward, the group will engage stakeholders through roundtables and discussions to gather feedback. Recommendations will be phased to ensure timely implementation.

Please reach out to your Reed Smith contact should you have any feedback on the above.



Singapore Asset Management Survey 2023: Key highlights

In 2023, Singapore's assets under management (AUM) grew by 10% to S\$5.4 trillion (or US\$4.1 trillion), outpacing the broader Asia Pacific region. Singapore continues to serve as a gateway for global asset managers, with 77% of AUM sourced from outside the country and 89% of AUM invested abroad. Despite challenges, the asset management sector remains resilient with positive inflows and an increasing number of fund managers establishing operations in Singapore.

Key points from the survey are:

- **Growth of AUM:** Singapore's AUM grew by 10% in 2023, faster than the AUM growth in Asia of 8%.
- **Discretionary AUM:** More than half of Singapore's total AUM is managed on a discretionary basis, with asset managers basing key investment professionals locally.
- **Net inflows:** Although net inflows remained positive, they were lower than in 2021 and 2022, reflecting challenges in raising funds due to market volatility.
- **Alternative assets:** Alternative AUM experienced a broad-based recovery, with private equity and venture capital leading the growth, though real estate investments saw a slight dip due to higher financing costs.
- **Collective Investment Schemes (CIS):** The total value of authorised and recognised CIS offered in Singapore reached S\$146 billion, a 15% increase from the previous year.
- **Environmental, social and governance (ESG) overlay:** 51% of AUM managed by Singapore-based asset managers had an ESG overlay, with 284 managers reporting ESG strategies in 2023.

- **Fund managers:** The number of licensed and registered fund management companies in Singapore increased from 1,194 in 2022 to 1,250 in 2023.
- **Variable Capital Companies (VCCs):** By the end of 2023, 1,029 VCCs were incorporated or re-domiciled in Singapore, representing 2,158 sub-funds managed by 565 fund managers.
- **Private credit and Exchange Traded Funds:** There is growing interest in private credit, which is expected to reach US\$2.8 trillion globally by 2028. Additionally, the ETF market has seen strong growth, presenting further opportunities for Singapore.

Financial Sector Development Fund (FSDF) Annual Report 2023/2024: Key highlights

The FSDF, administered by the MAS, continued its efforts to enhance Singapore's financial services ecosystem. The fund supports projects aimed at driving industry innovation and growth while boosting workforce skills and capabilities.

Key points include:

- **Increased top-up:** The FSDF will receive a top-up of S\$2 billion in 2024 to strengthen Singapore's financial sector.
- **Support for innovation:** Grants were disbursed to drive digitalisation, fintech and sustainability initiatives.
- **Workforce development:** Investments in training and skills development remained a priority.
- **Consumer education:** Financial literacy workshops were organised to equip Singaporeans with financial knowledge.
- **Sustainability:** Significant funds were allocated to promote green finance and ESG initiatives.

Sustainability Report 2023/2024: Key highlights

The MAS Sustainability Report for FY2023/2024 outlines significant initiatives and progress towards advancing Singapore's sustainable finance sector and promoting environmental resilience.

Key points include:

- **Transition planning guidelines:** MAS issued consultation papers proposing new guidelines on transition planning for banks, insurers and asset managers, aimed at enhancing climate resilience in the financial sector.
- **Climate scenario analysis:** MAS is conducting climate scenario analyses with major banks and insurers to assess physical risks. Results are expected by 2024.
- **Climate-related disclosures:** In partnership with SGX RegCo, MAS is implementing mandatory climate-related disclosures for listed issuers, aligned with the International Sustainability Standards Board (ISSB).
- **Net zero infrastructure:** A feasibility study for net zero emissions for MAS buildings has been completed, including the MAS Building and Currency House.

- **Sustainable finance initiatives:** MAS launched various initiatives, including the Transition Credits Coalition, Singapore-Asia Taxonomy and the Singapore Code of Conduct for ESG Rating and Data Product Providers. MAS also initiated Financing Asia's Transition (FAST), a partnership blended finance initiative.
- **Sustainable currency promotion:** MAS promoted environmental benefits through campaigns encouraging the use of 'Fit-for-Gifting' currency notes for festive occasions.
- **Sustainable Jobs Transformation:** MAS launched the Sustainable Finance Jobs Transformation Map to outline the future roles and skills required in sustainable finance.
- **Climate Transition Programme:** MAS is developing a roadmap for the active management of its equities portfolio under the Climate Transition Programme, focusing on fine-tuning climate equities index methodologies.

ESG considerations are increasingly critical for businesses to manage risks and create long-term value. To explore how ESG can transform challenges into opportunities, we invite you to watch a recording of our recent webinar, ['The ESG Tipping Point: Turning Risks into Returns?'](#) This session offers valuable insights into leveraging ESG for growth and resilience.



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