

## LICENSING REQUIREMENTS FOR FUND MANAGEMENT COMPANIES (“FMCS”) IN SINGAPORE (MANAGING MONIES FOR HIGH NET WORTH AND INSTITUTIONAL INVESTORS)

	Registered FMC (“RFMC”)	Licensed Accredited / Institutional FMC (“A/I FMC”)	Qualifying Venture Capital Fund Manager (“VCFM”) Regime
<b>Type of company</b>	<ul style="list-style-type: none"> <li>Singapore incorporated company operating out of a permanent physical office in Singapore.</li> </ul>		
<b>Types of investors permitted</b>	Qualified investors (as defined in the Securities and Futures (Licensing and Conduct of Business) Regulations), including accredited and institutional investors (“ <b>Qualified Investors</b> ”).		
<b>Minimum Base Capital and Risk-Based Capital Requirements</b>	<ul style="list-style-type: none"> <li>SGD 250,000</li> <li>No risk-based capital requirements.</li> </ul>	<ul style="list-style-type: none"> <li>SGD 250,000</li> <li>In addition, licensed FMCs (“<b>LFMCs</b>”) shall at all times ensure that financial resources are at least 120% of operational risk requirement.</li> </ul>	<ul style="list-style-type: none"> <li>NA</li> </ul>

	Registered FMC (“RFMC”)	Licensed Accredited / Institutional FMC (“A/I FMC”)	Qualifying Venture Capital Fund Manager (“VCFM”) Regime
<b>Permissible Activities and Restrictions</b>	<ul style="list-style-type: none"> <li>• Carrying on business in fund management with Qualified Investors.</li> <li>• No more than 30 Qualified Investors (of which no more than 15 can be funds).</li> <li>• Total value of assets managed must not exceed SGD 250 million.</li> </ul>	<ul style="list-style-type: none"> <li>• Carrying on business in fund management with Qualified Investors.</li> </ul>	<ul style="list-style-type: none"> <li>• Carrying on business in fund management with Qualified Investors, managing funds investing in unlisted assets.</li> <li>• Funds managed by VCFM cannot invest in listed securities or initial public offerings unless the funds held the securities prior to their listing.</li> <li>• Funds managed by VCFM must also meet following eligibility criteria: <ol style="list-style-type: none"> <li>1. Invest at least 80% of committed capital in specified products directly issued by an unlisted business venture that has been incorporated for no more than ten years at the time of initial investment;</li> <li>2. Invest up to 20% of committed capital in other unlisted business ventures that do not meet the criteria above, i.e. they have been incorporated for more than ten years at the time of the initial investment, and/or the investment is made through acquisitions from other investors in the secondary market; and</li> <li>3. The funds must not be continuously available for subscription and must not be</li> </ol> </li> </ul>

	Registered FMC (“RFMC”)	Licensed Accredited / Institutional FMC (“A/I FMC”)	Qualifying Venture Capital Fund Manager (“VCFM”) Regime
			redeemable at the discretion of the investors.
<b>Track record requirements</b>	<ul style="list-style-type: none"> <li>• NA</li> </ul>	<ul style="list-style-type: none"> <li>• No minimum length of track record required to apply for a capital markets services licence (“CMS Licence”).</li> <li>• The Monetary Authority of Singapore (“MAS”) may consider the track record of the LFMC or its holding company or related corporation.</li> </ul>	<ul style="list-style-type: none"> <li>• No minimum length of track record required to apply for a CMS Licence.</li> </ul>
<b>MAS Fit and Proper Criteria</b>	<ul style="list-style-type: none"> <li>• The applicant, its shareholders, directors, representatives, and employees, should satisfy the criteria set out in the Guidelines on Fit and Proper Criteria issued by MAS.</li> </ul>		
<b>Board of Directors and Chief Executive Officer (“CEO”)</b>	<p><u>Directors</u></p> <ul style="list-style-type: none"> <li>• There has to be at least 2 directors who possess at least 5 years of relevant experience in a managerial or supervisory capacity.</li> <li>• At least 1 director has to be an executive director resident in Singapore, employed full time in the day-to-day operations of the FMC, and who has 5 years of experience in portfolio management in areas similar to what the FMC intends to do.</li> <li>• The board of directors of the FMC should collectively have experience in portfolio management, as well as in support functions such as risk management, operations and compliance.</li> </ul>		<p><u>Directors</u></p> <ul style="list-style-type: none"> <li>• There must be at least 2 directors. There is no requirement for the directors to have 5 years of relevant experience in fund management.</li> <li>• At least 1 director has to be resident in Singapore and employed full time in the day-to-day operations of the FMC.</li> </ul>

	Registered FMC (“RFMC”)	Licensed Accredited / Institutional FMC (“A/I FMC”)	Qualifying Venture Capital Fund Manager (“VCFM”) Regime
	<u>CEO</u> <ul style="list-style-type: none"> <li>The CEO has to be resident in Singapore with at least 5 years of relevant experience in a managerial or supervisory capacity. The CEO has to be employed full time in the day-to-day operations of the FMC.</li> </ul>		
<b>Relevant Professionals and Representatives</b>	<u>Representatives</u> <ul style="list-style-type: none"> <li>At least 2 full-time resident representatives who meet the applicable minimum requirements.</li> </ul> <u>Relevant professionals</u> <ul style="list-style-type: none"> <li>At least 2 full-time resident professionals with minimum 5 years relevant experience, who may also be the representatives, directors and/or the CEO.</li> </ul>		<ul style="list-style-type: none"> <li>At least 2 full-time professionals and representatives resident in Singapore, who may include the directors.</li> <li>There is no requirement for the professionals to have 5 years of relevant experience.</li> </ul>
<b>Compliance</b>	<ul style="list-style-type: none"> <li>RFMCs should ensure that they have adequate compliance arrangements commensurate with the scale, nature and complexity of their operations (e.g. through an independent compliance function, compliance support from overseas affiliates and/or use of external service providers that meet the requirements).</li> <li>The CEO and directors are ultimately responsible for all compliance and</li> </ul>	<u>Assets under management (“AUM”) of at least SGD 1 billion</u> <ul style="list-style-type: none"> <li>Same compliance requirements as a Licensed Retail FMC.</li> <li>However, if LFMC is carrying out only research and advisory activities that are considered to be fund management, it may obtain compliance support from an independent and dedicated compliance team at its holding company, or at an overseas related entity.</li> </ul>	<ul style="list-style-type: none"> <li>VCFMs are exempt from certain business conduct requirements but investors may still require these safeguards as part of their contractual agreements with the manager.</li> <li>VCFMs are also still subject to requirements on anti-money laundering and countering the financing of terrorism (“AML/CFT”), and have to submit periodic regulatory returns on changes to key appointments, AUM, investor types and numbers, fund types and deals by geography and sector (via Form 25A) and annual</li> </ul>

	Registered FMC (“RFMC”)	Licensed Accredited / Institutional FMC (“A/I FMC”)	Qualifying Venture Capital Fund Manager (“VCFM”) Regime
	regulatory matters, as with other FMCs.	<p><u>AUM not exceeding SGD 1 billion</u></p> <ul style="list-style-type: none"> <li>FMCs should have an independent compliance function with suitably qualified staff independent from the front office.</li> <li>Depending on the size and scale of the business, the FMC should either: <ul style="list-style-type: none"> <li>a. designate a senior staff independent from the front office (e.g. COO or CFO) to be responsible for compliance; or</li> <li>b. demonstrate there is adequate compliance oversight and support from an independent and dedicated compliance team at its holding company, or an overseas related entity.</li> </ul> </li> <li>In the alternative to requirement (b) directly above., the FMC may engage a competent external service provider to support its compliance arrangements.</li> </ul>	declaration that there was no misconduct report for the preceding year.
<b>Professional Indemnity Insurance</b>	<ul style="list-style-type: none"> <li>RFMCs and Licenced A/I FMCs are strongly encouraged to maintain adequate professional indemnity insurance (“PII”) coverage. They should disclose to all customers, both potential and existing, their PII arrangements or the absence of such arrangements.</li> </ul>		<ul style="list-style-type: none"> <li>As a matter of market practice, it is good to maintain adequate PII coverage and make relevant disclosures to customers.</li> </ul>

	Registered FMC (“RFMC”)	Licensed Accredited / Institutional FMC (“A/I FMC”)	Qualifying Venture Capital Fund Manager (“VCFM”) Regime
<b>Audit</b>	<p><u>Internal audit</u></p> <ul style="list-style-type: none"> <li>Business activities of an FMC are required to be subject to an adequate internal audit commensurate with the scale, nature, and complexity of its operations. The internal audit may be conducted by the internal audit function within the FMC, an internal audit team from the head office of the FMC or outsourced to a third-party service provider.</li> </ul> <p><u>Independent annual audits</u></p> <ul style="list-style-type: none"> <li>An FMC shall also meet the annual audit requirements as set out in the Securities and Futures Act and Securities and Futures (Licensing and Conduct of Business) Regulations. MAS may direct the FMC to appoint another auditor if the appointed auditor is deemed to be unsuitable, having regard to the scale, nature, and complexity of the FMC’s business.</li> </ul>		<ul style="list-style-type: none"> <li>NA</li> </ul>
<b>Documents required for licensing or registration</b>	<ul style="list-style-type: none"> <li>Form 22A Registration lodgement</li> </ul> <p><u>Other documents</u></p> <ul style="list-style-type: none"> <li>Signed declaration by RFMC’s directors (from Form 22A);</li> <li>RFMC’s business profile as per the Accounting and Corporate Regulatory Authority’s (“ACRA”) record.</li> <li>RFMC’s complete group shareholding chart.</li> <li>RFMC’s organisational chart with</li> </ul>	<ul style="list-style-type: none"> <li>Form 1A Application for a CMS licence in fund management (Details of relevant professionals should be submitted in Annex A of Form 1A, unless they are representatives and/or directors of the FMC, in which case details should be provided in Form 3A or Form 11 instead)</li> <li>Form 3A Appointment of a representative</li> <li>Form 11 Appointment of a director/CEO</li> </ul> <p><u>Other documents</u></p> <ul style="list-style-type: none"> <li>Signed declaration by applicant’s directors</li> </ul>	<ul style="list-style-type: none"> <li>Form 1V Application for a CMS licence to operate as a VCFM.</li> </ul> <p><u>Other documents (inapplicable to existing LFMCs or RFMCs)</u></p> <ul style="list-style-type: none"> <li>Signed declaration by VCFM’s directors (from Form 1V);</li> <li>VCFM’s business profile as per ACRA’s record; and</li> <li>VCFM’s shareholding chart showing all</li> </ul>

	Registered FMC (“RFMC”)	Licensed Accredited / Institutional FMC (“A/I FMC”)	Qualifying Venture Capital Fund Manager (“VCFM”) Regime
	<p>reporting lines; and</p> <ul style="list-style-type: none"> <li>Any other supplementary information deemed necessary.</li> </ul>	<p>(from Form 1A);</p> <ul style="list-style-type: none"> <li>Applicant’s business profile as per ACRA’s record;</li> <li>Applicant’s complete group shareholding chart;</li> <li>Applicant’s organisational chart with reporting lines;</li> <li>Applicant’s financial statements; and</li> <li>Any other supplementary information deemed necessary.</li> <li>A hardcopy Form 5 from the Securities and Futures (Licensing and Conduct of Business) Regulations has to be submitted if an existing FMC is applying for additional regulated activities under the Securities and Futures Act.</li> </ul>	<p>immediate, intermediate and ultimate shareholders.</p>

*The information in this publication is intended to provide a brief overview of the regulatory requirements for fund management Singapore. It is not intended to provide legal advice as to Singapore law on the subject matter.*