

## **MAS Adjusts Regulatory Expectations for Financial Institutions (April 2020)**

On 7 April 2020, the Monetary Authority of Singapore (“MAS”) announced a series of relaxations to support the financial industry in Singapore during the Covid-19 pandemic. A number of the relaxations are specific to banks in Singapore but others are applicable to all financial institutions. An explanation of the changes that impact all financial institutions are set out below. ComplianceAsia has produced a separate client alert on the temporary measures for banks.

It is very important to note that these are limited relaxations and the MAS still requires that firms maintain proper procedures, internal controls, monitoring and testing to ensure that their operations continue to be in compliance with its regulatory requirements. There is not a relaxation of compliance with the Securities and Futures Act or Financial Advisers Act and their subsidiary regulations or MAS Notices, Guidelines and Circulars.

The MAS has specifically reminded firms that they are expected to maintain key financial services to customers and ensure their operational resilience and sound risk management during the Covid-19 pandemic. In particular, firms must remain vigilant to heightened risks such as cybersecurity threats, fraudulent transactions and scams, money laundering, and terrorism financing.

### **Regulatory Filings**

The MAS has not created a blanket extension of filing deadlines but has indicated it will work with firms to review submission timelines while taking into account the need for timely information by MAS to facilitate supervisory reviews.

We strongly encourage those firms that are in a position to do so complete and file their regular returns on time and remind firms that, as far as possible, when making ad hoc notifications and approvals they should adhere to the existing MAS notice periods.

### **On Site Inspections and Supervisory Visits**

All regular onsite inspections and supervisory visits are suspended. Those currently in progress will be continued via tele-conferencing.

However, the MAS will continue with supervisory reviews to determine how firms are managing the impact of Covid-19 on their business operations and has already begun to conduct onsite visits to firms with customer facing operations to ensure the implementation of MOH’s safe-distancing guidelines.





## OTC Derivatives Regime

The MAS is deferring the implementation of the licensing and conduct requirements related to dealing in and advising on Over-the-Counter Derivatives (“OTCD”) which were introduced under the Securities and Futures (Amendment) Act 2017 by one year to 8 October 2021. In particular the following rules have been delayed:-

- The requirements for individuals engaged in dealing in or advising on OTCD to be appointed as a representative.
- The conduct requirements for firms dealing in or advising on OTCD such as meeting risk mitigation standards, providing customers with contract notes to confirm the OTCD transactions, and having a reasonable basis when recommending OTCD products to customers.
- These enhanced customers’ moneys and assets rules for OTCD requirements include periodic computation of moneys and assets in customers’ trust and custody accounts.

## Consultations

The MAS is deferring the new policies arising from the following closed consultation papers:-

- Requirements on Controls Against Market Abuse
- Guidelines on Individual Accountability and Conduct/Information Paper on Culture and Conduct Practices of Financial Institutions
- Complaints Handling and Resolution Regulations
- Requirements on Execution of Customers’ Orders

For new policies introduced during this period the MAS will provide a longer response time.

The public consultations on outsourcing requirements for banks and environmental risk management guidelines are deferred until further notice.

ComplianceAsia continues to monitor the regulatory impact of Covid-19 across the Asian region but with particular focus on the clients we support in Hong Kong, Singapore and Mainland China.

All of our teams continue to work within Government guidelines and we are able to communicate with regulators, prepare filings and guide your firm on proper procedure, regulatory expectations and various internal control issues.

If you have a question please contact the Case Manager in charge of your account, Philippa Allen, Alex Duperouzel, Lachlan Chubb, Linda Soong, Cherry Chan or Rachel Wu as required.





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## About ComplianceAsia

ComplianceAsia is the longest established compliance consulting firm in Asia Pacific established in 2003 with key offices in Hong Kong, Shanghai and Singapore. We have an unmatched track record of completing complex compliance consulting projects for financial firms in the APAC region.

With over 70 staff, including compliance experts with experience in dealing with the SFC, HKMA, MAS, CSRC, JFSA and Asian exchanges, we provide independent, unbiased advice on Asian financial industry legislation and regulations. Our international client base consists of asset managers, hedge funds, private equity funds, family offices, broker-dealers, insurers, wealth managers and investment banks.

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