

Singapore Update – MAS circular on new reporting obligations of significant redemption, gating and suspension of funds (May 2021)

Introduction

On 31 May 2021, The Monetary Authority of Singapore (“MAS”) released a circular to all Capital Markets Services (“CMS”) License Holders for the Regulated Activity of Fund Management and Registered Fund Management Companies (collectively “FMCs”) outlining new reporting obligations in respect of significant redemptions from or the gating and suspension of funds.

The obligations have now been extended to include reporting requirements for restricted or exempt collective investment schemes (“CIS”). In this regulatory update we outline the ongoing filing obligations that impact MAS licensed FMCs in Singapore.

Authorised CIS – Significant Redemption Reporting Obligations

Since April 2020, all FMC’s that manage authorised CIS (under s286 of the Securities and Futures Act (“SFA”)) have been required to report significant daily redemptions to the MAS using a Significant Redemption Report. The information from the reports has allowed the MAS to fully assess the impact of significant outflows on investors.

Positively, the MAS has emphasised that based on the information provided in these reports they can see that most funds have been able to meet redemption requests on a timely basis. Some FMCs have opted to utilise liquidity management tools such as swing pricing to meet redemption obligations or fund specific liquidity issues.

The MAS did note from the significant daily redemption reports that there were still instances of consecutive outflows for certain CIS. Taking this into account and the potential cumulative impact this could have long term, MAS now requires FMCs to report aggregate net redemptions exceeding 10% of an authorised CIS’ total assets under management (“AUM”) over a calendar week and the report must be submitted within 3 business days.

This is in addition to the requirement to report net redemptions exceeding 5% of the CIS’ total AUM in any given dealing day and the report must be submitted within 1 business day.

FMC’s must continue to report to the MAS when they have chosen to utilise liquidity management tools and the impact this may have on investors.

Restricted or Exempt CIS – Significant Redemption Reporting Obligations

Restricted or exempt CIS where the Singaporean licensed fund manager is the primary investment manager will now be subject to significant redemption reporting obligations. Restricted CIS are those that are under s305 of the SFA can be offered only to accredited investors and certain other persons. Exempt CIS are those that are offered under s302B (small offers), s302C (private placement) and s304 (offer made to institutional investors) of the SFA. This is an important change for managers of these funds which historically have had light local reporting obligations.

Due to the wide variety of dealing structures adopted by FMCs in CIS offered to accredited / institutional investors, the reporting thresholds have been tailored to reflect the dealing frequency of the CIS. Restricted or exempt CIS will be required to report on the following basis:

CIS Dealing Frequency	Reporting Obligation	Report must be submitted
Daily	Net redemptions exceeding 5% of the CIS' total AUM in any given day, or aggregate net redemptions exceeding 10% of the CIS' total AUM over one calendar week.	>5% - within 1 business day >10% - within 3 business days
Weekly	Aggregate net redemption exceeding 5% of the CIS' total AUM over one calendar week.	Within 3 business day
Other	Aggregate net redemptions exceeding 10% of the CIS' total AUM over the applicable dealing period.	Within 3 business day

Significant Redemption Report Format

To access the report structure for both open-ended authorised and open-ended restricted or exempt CIS managed by FMCs please click [here](#).

Fund Gating and Suspension Reporting

FMCs currently report fund gating or the suspension of fund dealings verbally or in email to the MAS. To ensure consistent reporting across all FMCs the MAS has introduced a Fund Gating and Suspension Report which can be accessed by clicking [here](#).

It is important to note that unlike the significant redemption reporting obligations which only apply where the Singapore FMC is the primary manager, in the case of gating or suspension of dealing, the Singapore FMC must report for all CIS that it manages, advises, acts as a representative of, and/or offers. The implementation of a fund gate or suspension of dealing must report this to the MAS within 3 business days.

How ComplianceAsia can help

ComplianceAsia's dedicated team of professionals can provide you with customised advice on your ongoing MAS reporting obligations to ensure that all reports are submitted in the appropriate format within the designated timeframe to the MAS.

About ComplianceAsia

ComplianceAsia is the longest established compliance consulting firm in Asia Pacific established in 2003 with offices in Hong Kong, Shanghai, Singapore, Tokyo and London. 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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