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Establishing a Singapore fund manager

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Introduction

Singapore continues to grow in prominence as an investment management hub. It is increasingly seen as both an asset management location and a jurisdiction for the establishment of fund vehicles and structures. The local investment management industry is supported by a comprehensive financial services ecosystem comprised of key market participants.

According to statistics released by the Monetary Authority of Singapore (MAS) in 2025, there are currently over 1200 fund managers in Singapore, managing in excess of US$4.46 trillion. Start-up and regional investment managers often select Singapore as their headquarters. Global players tend to consider Singapore as part of a broader plan to build out their presence in Asia.

As with any important commercial decision, establishing a Singapore fund management company requires careful planning. There are a number of commercial, regulatory and tax considerations which should be understood at an early stage. Ideally these are aligned with the more practical considerations associated with the establishment and staffing of a local office.

Singapore has maintained a strong assets under management (AUM) tally of

US$4.46 trillion

indicating an impressive 12% increase in 2024 itself.

Licensing

The MAS is the financial services regulator in Singapore. Fund management is a regulated activity that is covered by the provisions of the Securities and Futures Act 2001. The definition of fund management covers individual and collective portfolio management. It may be distinguished from mere financial advisory services which are separately regulated under the Financial Advisors Act 2001. Persons wishing to conduct fund management activities in Singapore need to hold a Capital Markets Services License (CMSL) for fund management or be otherwise exempt. This license may be granted by the MAS upon application.

There are three subcategories of the CMSL for fund management.

Venture capital managers (VCFM) satisfying certain conditions may be eligible for a streamlined subcategory of the CMSL for fund management. Known as the VCFM scheme, this is open to managers who allocate not less than 80% of committed capital to investments in companies which are not more than 10 years old. Funds managed by VCFM have unlimited AUM and are only open to subscription for accredited and institutional investors.

This is for fund management which is restricted to accredited and institutional (A/I) investors. A manager wishing to apply for this subcategory of CMSL for fund management must have at least two investment professionals based in Singapore. On an ongoing basis, they are also required to satisfy base and risk-based capital requirements, maintain sufficient professional indemnity insurance and implement comprehensive compliance procedures. The specific requirements applicable to a manager vary with their AUM with the most onerous conditions applying once they have S$1 billion under management.

Retail fund managers are subject to stringent initial and ongoing requirements in Singapore. These include the requirement to have a dedicated compliance officer, professional indemnity insurance requirements, quarterly and annual reporting requirements and risk-based capital adequacy requirement, among others. Retail licensed fund management company (LFMC) is the most stringent level of license available to the fund management companies in Singapore.

A number of exemptions apply under the Securities and Futures Act 2001. Financial institutions that are already subject to supervision by the MAS may not need a separate CMSL for fund management. This includes banks, merchant banks and insurance companies. Depending on the types of investor and investment assets, a company may be eligible for an exemption from licensing or registration to conduct fund management.

Examples of such companies are those that manage:

- Assets for related corporations or related family members

  Or

- A pool of immovable assets for accredited and institutional investors

  Or

- A pool of non-capital markets product assets for accredited and institutional investors

The management of real estate investment trusts is a separately regulated activity.

The following table summarizes the key regulatory compliance requirements:

Criteria	Retail LFMC	A/I LFMC	VCFM
AUM	No restrictions	No restrictions	No restrictions
Investors	All investors	Accredited or institutional investors only	Accredited or institutional investors only
Financial or base capital requirements	S$500,000 + financial resources to meet risk	S$250,000 + financial resources to meet risk	No restrictions
Minimum staffing requirement	Three full-time Singapore-based employees with minimum five years of experience	Two full-time Singapore-based employees with minimum five years of experience	Two full-time Singapore-based employees
Professional Indemnity Insurance	As stipulated by MAS or as per guidelines	Recommended	
Dedicated in-house compliance function	Compliance competency is required, which typically are outsourced for those with AUM < S$1 billion	Compliance competency is required, which typically are outsourced for those with AUM < S$1 billion	Not required
Reporting to MAS	Quarterly and annual	Quarterly and annual	Annual
Statutory, compliance or internal audit	Required	Required	Not required

Distribution

The distribution of capital markets products in Singapore is regulated under the Securities and Futures Act 2001. Many alternative investment funds are distributed to accredited and institutional investors in a manner satisfying the requirements of a "restricted scheme". A restricted scheme is required to make a notification filing with the MAS. This includes lodging a copy of its offering document. Where a fund is only offered to a very small number of investors, it may be distributed as a private placement. Privately placed funds are exempt from any filing requirements with the MAS.

Retail funds are distributed in Singapore in two forms. A fund that is constituted in Singapore is required to satisfy the prospectus requirements and be approved by the MAS. A retail fund that has been established overseas and is subject to broadly equivalent regulatory supervision may apply to be a "recognized scheme".

The act of distributing funds in Singapore is a regulated activity. Typically, the holder of a CMSL for fund management is able to undertake these activities without needing to augment their license or seek the approval of the MAS. Additional approvals are required to distribute third-party investment products.

Accounting and tax

Accounting standards in Singapore are based on International Financial Reporting Standards (IFRS). A Singapore fund management company may be required to prepare audited financial accounts either on the basis of its size, or as an ongoing licensing condition.

Investment management and advisory income derived by a Singapore fund management company will be taxable. The corporate income tax rate is currently 17%.

A reduced tax rate of 10% may apply under the Financial Sector Incentive – Fund Management (FSI-FM) scheme on certain qualifying income. This may be awarded to a Singapore fund manager on application to the MAS. It is only available to Singapore fund managers who have at least S$250 million AUM at the time of application, a team of at least three investment professionals and commit to a business plan which demonstrates growth. More recently, two new financial sector incentives for fund managers have been launched. A reduced rate of 5% can be availed where a fund manager or its holding company is listed in Singapore. Separately, a tax exemption is available under the FSI-FM Singapore equities scheme where a fund manager substantially manages assets invested in Singapore listed equities.

The MAS recently announced a package of measures to enhance Singapore's asset management sector, including a tax exemption for profit-related returns from provision of fund management services to qualifying funds i.e., tax incentivised funds under sections 13D, 13O, 13OA, 13U and 13V of the Income Tax Act 1947. The announcement states that the proposed exemption will apply for the year 2026 onwards to qualifying profit-related returns that are received through commercial fund arrangements, specifically where a share of a qualifying fund's profits is contractually received by corporate entities, partnerships or individuals directly or indirectly for the provision of fund management services. Further details are expected in the Budget 2027.

Goods and services tax (GST) currently applies at the rate of 9% in Singapore. A number of specific exemptions and concessions apply to the provision of services by a Singapore fund manager to both locally established and overseas funds. Individuals are subject to progressive rate of taxation on salary and wage income. The maximum rate is 24%, which applies on income over S$1 million.

The activities of a fund manager in Singapore may create a taxable exposure for the funds that it manages. A number of tax incentives apply under the Income Tax Act 1947. This includes the Section 13U scheme which may be sought on a standalone basis, or by a fund structure that is composed of feeder entities, a master pooling vehicle, and also special purpose vehicles (SPVs) where applicable. The offshore fund tax incentive of Section 13D applies on a due claim basis. It is commonly relied upon by foreign open-ended funds which are managed by a Singapore fund manager either directly or under a sub-advisory arrangement.

The table below summarizes the key features and conditions of tax incentive schemes available in Singapore for third party managed funds. A more complex set of approval conditions can apply for family office structures which are also popular in Singapore:

Condition	Section 13D	Section 13O or 13OA	Section 13U
Name	Offshore Fund Incentive	Singapore Resident Fund Scheme	Enhanced-Tier Fund Tax Incentive Scheme
Eligible entities	Non-resident companies and trusts. Also applicable for non-resident foreign individuals	Singapore companies, variable capital companies and Singapore limited partnerships	Funds constituted in all forms. May apply to managed accounts structures including feeders and SPVs may also be approved, with economic conditions met on a consolidated basis
MAS approval required	No	Yes	Yes
Singapore fund manager required	Yes	Yes	Yes
Minimum headcount for fund manager	Yes, One Singapore tax resident investment professional	Yes, Two Singapore tax resident investment professionals	Yes, Three Singapore tax resident investment professionals
Local fund administrator required	No	Yes	Yes, if the fund is Singapore incorporated and tax resident
Restriction on investors	Yes, a financial penalty may apply in certain circumstances	Yes, a financial penalty may apply in certain circumstances	No
Minimum fund size comprising of AUM invested in designated investments	No	S$5 million at the point of application. May be satisfied on a committed capital basis for certain types of funds	S$50 million at the point of application. May be satisfied on a committed capital basis for certain types of funds
Minimum annual business spending	No	Tiered annual local business spending starting at S$200,000 for AUM less than S$250 million	Tiered annual local business spending starting at S$200,000 for AUM less than S$250 million
Other conditions	Cannot have a permanent establishment in Singapore other than a fund manager. Certain restrictions on transferred-in assets	Certain restrictions on transferred-in assets. Not intended for operating companies of a group to manage working capital	Not intended for operating companies of a group to manage working capital

The Section 13U Scheme offers the most flexibility but is only available for larger funds. It may be obtained on a single entity basis or as part of a structure comprising feeders and SPVs.

Approval under Section 13U and Section 13O may be sought as a "closed-end fund". Where approval is granted on this basis, the local business spending requirement can be met on a cumulative basis and only needs to be satisfied for the first ten years of approval.

Funds that are approved under Section 13O or Section 13U schemes, or relying upon Section 13D, are able to enjoy a number of tax concessions as long as the relevant conditions are satisfied. They are exempt from Singapore tax on "specified income" from "designated investments".

These two defined terms establish an exemption on income and gains from most types of financial assets, as well as direct interests in foreign real estate. Notably excluded from the scope of this tax exemption are income and gains from direct or indirect interests in Singapore real estate, digital assets and collectibles. Other benefits of these tax incentives include a withholding tax exemption and the ability to recover the majority of Singapore GST which is charged by local suppliers.

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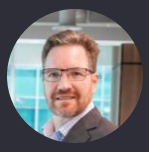
Corporate Tax



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