

MAS Information Paper on Risk Management Practices for Fund Management Companies – Key Themes and Action Points

July 2026

On 29 May 2026, the Monetary Authority of Singapore (MAS) issued an [information paper on risk management practices for fund management companies](#) (FMCs). The paper clarifies MAS's supervisory expectations under Regulation 13B of the Securities and Futures (Licensing and Conduct of Business) Regulations, read with the MAS Guidelines on Risk Management Practices and the Guidelines on Licensing and Conduct of Business for FMCs.

MAS has issued this paper following thematic inspections of FMCs across a range of strategies (equities, fixed income, hedge funds, private credit and fund-of-funds). The paper consolidates MAS's observations on current industry practices and clarifies its supervisory expectations.

We highlight below the key themes, the main areas of concern identified by MAS and the practical implications for FMCs.

1. Governance – Effective Oversight, Not Box-Ticking

What MAS is concerned about

MAS continues to see governance weaknesses, including:

- Inadequate oversight and patchy risk coverage (e.g. tolerating growing trading volumes despite unresolved reconciliation/control issues; focusing on market/credit risk but neglecting liquidity or certain asset classes).
- Weak conflict management and insufficient stature/independence of risk and support functions (e.g. conflicts not properly identified or managed; conflicted individuals participating in decisions; committees with unclear roles, limited documentation and weak challenge).

What MAS expects

FMCs should ensure that:

- Senior management (and the Board, where applicable) actively approves and oversees a risk management framework appropriate to the firm's strategies and products, with any exclusions clearly justified.
- Conflicts of interest are systematically identified, mitigated and, where appropriate, disclosed, with compensating controls (such as external reviews) where full segregation of duties is not feasible.
- Risk and support functions have sufficient seniority and independence to provide effective challenge, and committees have clear terms of reference, appropriate composition/experience and proper records of deliberations and decisions.

Implication for FMCs: MAS will look beyond formal structures to how governance works in practice, who challenges decisions, how conflicts are handled, and whether issues are promptly escalated and addressed.

2. Policies and Procedures – Substance, Currency and Compliance

What MAS is concerned about

MAS identified recurring issues:

- Policies and procedures (P&Ps) being put in place late (including post-launch), and/or outdated, incomplete or inconsistent with actual practice.
- Unclear allocation of roles and responsibilities, and routine non-compliance with P&Ps, including undocumented deviations.

What MAS expects

FMCs should have:

- Comprehensive P&Ps in place before launching funds, with defined review frequencies and triggers for ad hoc updates, aligned with actual practice and sufficiently detailed to guide implementation.
- Clear delineation of responsibilities across the investment lifecycle, supported by a formal process for approving, documenting and monitoring deviations from P&Ps.

Implication for FMCs: Weak, outdated or routinely breached P&Ps will be treated as indicators of broader control weaknesses.

3. New Fund Launches and Changes – Upfront Product and Risk Assessment

What MAS is concerned about

MAS highlighted cases where FMCs:

- Launched products without fully assessing risk/return, liquidity, operational capabilities or service provider competence, and failed to reassess risks when key characteristics changed (e.g. repayment sources in trade finance funds).
- Used marketing materials that did not accurately reflect the product at launch and relied on informal or poorly documented approval processes.

What MAS expects

Before launch and when making material changes, FMCs should:

- Conduct a holistic assessment of product structure, risks, liquidity, internal capabilities (people, systems, models) and regulatory requirements.
- Use structured, documented review processes with clear approval workflows, checklists and templates; ensure investor-facing materials accurately reflect current features and risks; and maintain clear records of assessments, deliberations and approvals.

Implication for FMCs: MAS expects the “front end” of the product lifecycle to be tightly governed, with product approval committees and documentation trails key focus areas in inspections.

4. Investment Due Diligence – Depth, Consistency and Documentation

What MAS is concerned about

MAS observed:

- Insufficient due diligence on underlying assets, particularly in private credit and trade finance, and weak credit risk frameworks that do not link assessment outcomes to facility terms.
- Superficial assessment of third-party managers (limited focus on governance, conflict management or liquidity alignment), inconsistent assessment standards and poor documentation of due diligence.

What MAS expects

FMCs should:

- Tailor the depth of due diligence to the investment’s risk profile, with enhanced scrutiny for illiquid, complex or bespoke exposures, using standardised tools (templates, checklists) to ensure consistency and comparability.
- For private credit, rigorously assess borrower/guarantor creditworthiness, collateral and enforceability, and explicitly link credit scores to terms; for fund-of-funds and co-investments, assess governance, risk management and conflicts frameworks of underlying managers and ensure liquidity terms are aligned.
- Fully document the rationale and analysis supporting investment decisions, involving legal where appropriate.

Implication for FMCs: Weak or poorly documented due diligence may be seen as a key driver of mis-selling, mis-pricing and operational risk, particularly in private markets.

5. Ongoing Monitoring – Independent, Risk-Based and Transparent

What MAS is concerned about

MAS noted weaknesses in:

- Ongoing risk and performance monitoring (over-reliance on portfolio managers with limited independent oversight; lack of clear thresholds, triggers and frequencies; weak collateral and credit controls, including loan rollovers and immediate upgrades post-restructuring).
- Oversight of third-party managers, investor disclosures that do not keep pace with changes in risk profile, and inadequate records of monitoring activities, escalation and senior management decisions.

What MAS expects

FMCs should:

- Establish independent, regular monitoring of portfolio risks and performance, with clearly defined thresholds, covenants and escalation channels, tailored to asset type (e.g. frequent collateral verification in private credit).
- Require explicit approvals for breaches or deviations from risk parameters, ensure investor communications are accurate, current and transparent (particularly around defaults, restructurings and risk profile changes), and maintain robust documentation of monitoring and follow-up actions.

Implication for FMCs: MAS is signalling that “monitoring in name only” is no longer acceptable; independent second-line challenge and clear evidence of active oversight will be expected.

6. Strategic Takeaways and Next Steps for FMCs

Viewed together with MAS’s parallel information paper on valuation practices and the enhanced misconduct reporting regime taking effect on 1 January 2027, this paper forms part of a broader uplift of the supervisory framework for FMCs, with a clear emphasis on operational resilience and investor protection.

What FMCs should do now

FMCs should consider:

- Conducting a holistic gap analysis of their governance, risk management and control frameworks against the practices highlighted in the Information Paper (and the valuation paper), with particular attention to private market and complex strategies.
- Refreshing key policies and processes: While MAS’s inspections and conclusions make clear that the primary focus is on how operations and controls work in practice – beyond simply having policies on paper – FMCs should nonetheless refresh key policies and processes across the fund lifecycle (product approval, investment due diligence, ongoing monitoring, conflicts management and escalation) to ensure they are risk-appropriate, up to date, and, critically, actually followed in day-to-day operations.
- Strengthening independent challenge and oversight, including:
 - The stature and resourcing of risk and compliance functions.
 - The composition and effectiveness of investment and risk committees.
 - The quality and completeness of documentation and management information.

- Preparing for supervisory scrutiny, on the basis that MAS is likely to use the Information Paper as a reference point in future inspections and thematic reviews.

We would be pleased to discuss how these expectations apply to your particular business model and strategies, and to support you in designing and implementing any enhancements to your governance, risk and control framework.

Contact us

Sonia Lim

Partner

T +65 6831 5601

E Sonia.Lim@simmons-simmons.com**Louise Tudor-Edwards**

Partner

T +65 8318 6914

E Louise.Tudor-Edwards@simmons-simmons.com**Dominic Dickinson**

Supervising Associate

T +65 6831 5565

E Dominic.Dickinson@simmons-simmons.com**Alizee Gabin**

Supervising Associate

T +65 6831 5632

E Alizee.Gabin@simmons-simmons.com**Norman Yap**

Supervising Associate

T +65 6831 5545

E Norman.Yap@simmons-simmons.com**Renee Pak**

Associate

T +65 9646 9101

E Renee.Pak@simmons-simmons.com**Catherine Goh**

Associate

T +65 6831 5536

E Catherine.Goh@simmons-simmons.com**[simmons-simmons.com](https://www.simmons-simmons.com)**

© Simmons & Simmons LLP and its licensors. All rights asserted and reserved. This document is for general guidance only. It does not contain definitive advice.

Simmons & Simmons LLP is a limited liability partnership registered in England & Wales with number OC352713 and with its registered office at CityPoint, One Ropemaker Street, London EC2Y 9SS, United Kingdom. It is authorised and regulated by the Solicitors Regulation Authority and its SRA ID number is 533587. The word "partner" refers to a member of Simmons & Simmons LLP or one of its affiliates, or an employee or consultant with equivalent standing and qualifications. A list of members and other partners together with their professional qualifications is available for inspection at the above address.