LEGAL UPDATE: MAS CONSULTATION PAPER ON PROPOSED AMENDMENTS TO THE CODE ON COLLECTIVE INVESTMENT SCHEMES TO FACILITATE RETAIL FUND PRODUCT INNOVATION

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I. Introduction

1. On 9 July 2026, the Monetary Authority of Singapore ("**MAS**") published the Consultation Paper on Proposed Amendments to the Code on Collective Investment Schemes ("**CIS Code**") to Facilitate Retail Fund Product Innovation ("**Consultation Paper**").

2. The Consultation Paper seeks views on the proposed amendments to the CIS Code to enable a wider range of new fund product types to be authorised for retail offer through a more streamlined process, while ensuring that appropriate safeguards are in place for retail investors.

II. Background

3. As part of ongoing efforts to enhance the vibrancy and growth of Singapore's fund management industry, the MAS is proposing to introduce greater flexibility within the CIS Code to enable a wider range of new fund product types to be authorised for retail offer more expeditiously.

4. In particular, the MAS has received interest from the industry to offer to retail investors in Singapore two new fund types that have been offered in other countries for some time, namely futures-based single-commodity funds and a wider array of single-country government bond funds.

III. Summary of Changes

Introduction of New Fund Types

5. The MAS noted that certain fund types which have received interest by the industry may not comply with the existing investment requirements under Appendix 1 of the CIS Code, such as diversification requirements. These investment requirements are aimed at managing the investment risk exposure of authorised schemes and help to support the sufficiency of liquidity of such schemes to meet their redemption obligations.

6. The MAS is therefore proposing to introduce a new appendix ("**Alternative Funds Appendix**"), where new fund types may be permitted to deviate from such investment requirements, subject to alternative safeguards.

7. Where the MAS determines whether to allow a new fund type to deviate from the investment requirements, the MAS will consider the following factors:
   (a) The fund's compliance with International Organisation of Securities Commissions ("**IOSCO**") principles for CIS that ensure that the assets of a CIS are managed in the best interests of investors, as encapsulated by legislative requirements in the SFA and Chapters of the CIS Code, which include having sufficiently liquid assets to facilitate fund redemptions;

   (b) The listing or offer history of similar products in other jurisdictions; and

   (c) The proposed safeguards, such as product-level safeguards, enhanced disclosures and distribution safeguards to mitigate the risks arising from novel or new structure, risk or investment policy, and deviation from the existing CIS Code investment requirements.

Safeguards for New Fund Types

8. Where the MAS decides that it is appropriate to allow for a new alternative fund type to be authorised for retail offer, such a fund type will be allowed through a circular issued under the proposed Alternative Funds Appendix that sets out modified investment requirements, alternative safeguards and enhanced disclosures for that alternative fund type. All key fundamental requirements contained in the Chapters of the CIS Code must still be complied with.

9. Safeguards and enhanced disclosures will include a clear and prominent statement in the prospectuses, product highlights sheets and marketing materials relating to the fund, that states that the fund is offered under this Appendix as an alternative fund. This is to ensure that investors can readily distinguish them from traditional funds that comply with the existing investment requirements in Appendix 1 of the CIS Code. For new fund types that are classified as complex products, distribution safeguards under the complex products regime will also apply.

10. The MAS expects fund managers and distributors to deliver fair dealing outcomes in the design and distribution of fund products to retail investors.

Approval Process for New Fund Types

11. Issuers should consult with the MAS on new fund types that they wish to offer to retail investors before applying for authorisation of the fund, and submit all relevant information required by the MAS:

   (a) Key features of the scheme, including:
      (i) the investment objective and focus of the scheme;
      (ii) the investment approach of the manager; and
      (iii) a description of the payoff structure of the scheme, including how the payoff is calculated and illustrative examples to explain the payoff structure.

(b) Information on similar schemes in other jurisdictions (if applicable):
   (i) a list of jurisdictions where similar schemes have been launched for offer to retail investors, stating the regulatory approvals obtained;
   (ii) the number of years similar schemes have been listed or offered in the respective jurisdictions;
   (iii) the assets under management of similar schemes in other jurisdictions; and
   (iv) a description of any adverse incidents involving similar schemes in other jurisdictions in the past two years, including investigations by regulatory authorities, lawsuits, and reported investor complaints.

12. For most new fund types, the MAS expects to be able to design the alternative set of requirements in three (3) months. The alternative set of requirements for the relevant new fund type will be published via a circular to provide market clarity and transparency on the applicable safeguards for future interested issuers. Once the guardrails are established, funds of the same type will take 21 days to be authorised if they fulfil the requirements.

Future New Fund Types

13. The MAS has stated that where a new fund type remains largely in line with traditional funds, the more suitable approach would be to amend the investment requirements under the relevant Appendices of the existing CIS Code to accommodate the new fund type, provided that adequate safeguards are maintained, as opposed to classifying the new fund type as an alternative fund.

14. The MAS proposes to amend the CIS Code to provide flexibility for future possible amendments to investment requirements in the existing Appendices of the CIS Code. The MAS does not intend to provide flexibility in respect of the key fundamental requirements set out in the Chapters of the CIS Code. Once amendments are made, the revised investment requirements would apply to all authorised funds.

Recognition of Foreign Funds

15. The MAS will also recognise foreign funds that are comparable to new fund products that are authorised by the MAS. This will also include new fund types under the proposed Alternative Funds Appendix.

IV. **Conclusion**

16. The proposed amendments to the CIS Code will help to broaden the investment choices and increase fund product diversity. Such amendments should be approached prudently to ensure that the interests of investors continue to be safeguarded.

17. For fund managers who manage funds offered solely to accredited investors and institutional investors, two points arising from the Consultation Paper are worth noting. First, such fund managers are not strictly required to comply with the CIS Code, as the CIS Code applies only to collective investment schemes authorised by the MAS for offer to retail investors. Second,

as the MAS broadens the range of alternative fund types that may be authorised for retail offer, these fund managers may face stiffer competition, as retail investors will increasingly be able to access similar alternative asset classes directly through MAS-authorised retail funds.

18. The MAS is seeking views on the proposed amendments to the CIS Code.[1] The consultation closes at 11:59pm on 10 August 2026.

19. Please feel free to reach out if you have any queries on the abovementioned updates.

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[1] Questions include: (1) factors it should consider when determining whether to modify or amend investment requirements under the Appendices of the CIS Code to accommodate a new fund type for retail offer, (2) the introduction of a new Appendix under which new fund types may be permitted to deviate from investment requirements within Appendix 1, while being subject to alternative safeguards, (3) the proposed title of the Appendix as “Alternative Funds Appendix”, (4) the requirement for funds under the new Appendix to carry a clear and prominent statement in their prospectuses, product highlights sheets and marketing materials relating to the fund, that states that the fund is offered under this Appendix as an alternative fund, (5) the proposal to incorporate flexibility in Chapter 4 of the CIS Code to enable MAS to amend investment requirements in existing Appendices of the CIS Code, and (6) the proposal to recognise foreign funds that are comparable to new fund products that are authorised by MAS, including those under the proposed Alternative Funds Appendix.