

PANORAMIC

**FINANCIAL SERVICES  
COMPLIANCE**

Singapore



LEXOLOGY

# Financial Services Compliance

Contributing Editors

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## REGULATORY FRAMEWORK

### Regulatory authorities

#### What national authorities regulate the provision of financial products and services?

The Monetary Authority of Singapore (MAS) is Singapore's central bank and integrated financial regulator. As Singapore's integrated financial regulator, the MAS is responsible for the licensing and oversight of financial institutions across the banking, capital markets, insurance and payments sectors.

Law stated - 2 January 2026

### Regulatory authorities

#### What activities does each national financial services authority regulate?

The MAS is responsible for the regulation and supervision of entities such as banks, finance companies, fund managers, corporate finance advisers, trustees, credit-rating agencies, financial advisers, insurance companies, payment firms and digital asset service providers.

As a regulator, the MAS establishes standards for prudential safety, market conduct and anti-money laundering and countering the financing of terrorism (AML/CFT) compliance to safeguard the financial sector from systemic risks and illicit activities. It also acts as a gatekeeper, only authorising financial institutions that meet stringent criteria for operational soundness and ethical practices. Through supervision, the MAS monitors financial institutions' adherence to regulatory requirements, conducting on-site inspections and off-site reviews to identify potential risks and ensure sound business practices. In parallel, the MAS' surveillance activities focus on detecting market misconduct, identifying systemic vulnerabilities and assessing money laundering and terrorism financing risks based on an institution's operations, products and services.

The MAS also serves as an enforcement authority, with the power to impose sanctions and take action against breaches of prudential, AML/CFT and market conduct regulations. In addition, the MAS exercises resolution powers to address threats to the viability of financial institutions, ensuring the orderly resolution of non-viable entities to safeguard depositors and investors.

Law stated - 2 January 2026

### Regulatory authorities

#### What products does each national financial services authority regulate?

The MAS is responsible for regulating a wide range of financial products, including life and general insurance, securities, collective investment schemes, derivatives, electronic funds transfers, digital payment tokens and payments services.

Rather than focusing on financial products, however, the MAS adopts a sectoral approach, supervising institutions across the banking, capital markets, insurance and payments sectors to promote a sound and progressive financial sector in Singapore.

**Law stated - 2 January 2026**

### **Authorisation regime**

**What is the registration or authorisation regime applicable to financial services firms and authorised individuals associated with those firms?  
When is registration or authorisation necessary, and how is it effected?**

Generally, to carry on the business of regulated activities in Singapore, a person must either be licensed or exempted under applicable legislation. Regulated activities that are subject to MAS supervision include capital markets services, payment services, financial advisory services, insurance and insurance broking services, and banking services.

The licensing of persons to carry on the business of these services is determined by the MAS but governed under different legislation. The licensing process involves different prescribed forms and criteria based on the regulated activity. Notwithstanding the foregoing, the MAS prescribes regulatory standards that are applicable to all MAS-regulated financial institutions, such as those relating to technology risk management, outsourcing arrangements and business continuity arrangements.

Generally, after a licence application is submitted to them, the MAS will proceed to review it. There may be several rounds of questions posed or interviews conducted by the MAS, to gain further information on the application and to ascertain the legal and regulatory compliance of the potential licensee. An in-principle approval by the MAS may be given to a potential licensee prior to the grant of a licence, whereby the licensee may be required to satisfy certain prescribed conditions or requirements before the MAS will grant a licence. Upon the satisfaction of these conditions or requirements by the potential licensee, the MAS will typically grant the licence unless it has further concerns.

Certain individuals of a licensed person (such as its directors, chief executive officer and its representatives) must also be approved by the MAS prior to the granting of a licence or the carrying out of duties. Applications for approval of such persons are usually made to the MAS via prescribed forms. These individuals may be required to disclose their employment history, current business shareholdings and directorships, and to satisfy the requirements stated in the Guidelines on Fit and Proper Criteria (FSG-G01).

**Law stated - 2 January 2026**

### **Legislation**

**What statute or other legal basis is the source of each regulatory authority's jurisdiction?**

The Monetary Authority of Singapore Act 1970 (under which the MAS is established) and the Financial Services and Markets Act 2022 contain the general powers exercised by the MAS over financial institutions in Singapore.

## Legislation

### What principal laws and financial service authority rules apply to the activities of financial services firms and their associated persons?

The MAS adopts a sector-specific approach to the regulation of financial institutions and their associated persons. For example:

- the Securities and Futures Act 2001 regulates activities and institutions in the securities and derivatives industry, including leveraged foreign exchange trading, financial benchmarks, clearing facilities and other related matters;
- the Payment Services Act 2019 provides for the licensing and regulation of payment service providers, the oversight of payment systems and connected matters;
- the Financial Advisers Act 2001 regulates financial advisers and their representatives and supervisors; and
- the Banking Act 1970 provides for the licensing and regulation of the businesses of banks, merchant banks and related institutions, as well as the credit card and charge card business of banks, merchant banks and other institutions.

Law stated - 2 January 2026

## Scope of regulation

### What are the main areas of regulation for each type of regulated financial services provider and product?

The MAS regulates financial services providers and products comprehensively across six main oversight functions: regulation, authorisation, supervision, surveillance, enforcement and resolution. Each function is tailored to ensure the safety, integrity and resilience of Singapore's financial system.

Key regulatory focuses include prudential standards, market conduct rules and AML/CFT compliance. The MAS authorises institutions by ensuring that they meet stringent licensing requirements. It also supervises their activities through robust inspections and continuous monitoring, while surveillance efforts identify systemic vulnerabilities and enforcement actions address breaches of regulations. In resolution, the MAS employs tools to protect financial stability and consumer interests.

This comprehensive framework is supported by initiatives to promote corporate governance, enhance market discipline and educate consumers, ensuring a well-functioning and progressive financial sector.

Law stated - 2 January 2026

## Additional requirements

## What additional requirements apply to financial services firms and authorised persons, such as those imposed by self-regulatory bodies, designated professional bodies or other financial services organisations?

Financial institutions licensed by the MAS and serving retail customers may be required to subscribe to the Financial Industry Disputes Resolution Centre (FIDReC). The FIDReC is an independent and impartial institution that provides alternative dispute resolution between consumers and financial institutions. Its determinations are binding on financial service providers, ensuring that consumer complaints are addressed effectively.

Industry bodies have also issued guidance for their members. For example, the Investment Management Association of Singapore (IMAS) has established a Code of Ethics and Standards of Professional Conduct, which sets the baseline for professionalism and ethical conduct in the investment management industry. This code, which all IMAS members are required to fully comply with, provides a framework of ethical principles, obligations and standards that guide the business practices and professional conduct of investment management companies.

Law stated - 2 January 2026

## ENFORCEMENT

### Investigatory powers

What powers do national financial services authorities have to examine and investigate compliance? What enforcement powers do they have for compliance breaches? How is compliance examined and enforced in practice?

The Monetary Authority of Singapore (MAS) holds extensive supervisory and investigative powers over financial institutions in Singapore, including the authority to:

- inspect the books of a financial institution;
- require individuals to appear for questioning as part of investigations;
- mandate that specific information necessary for regulatory oversight is provided; and
- enter the premises of a financial services firm without a warrant in connection with an investigation.

The MAS assesses all potential breaches of the law carefully and only launches a formal investigation after considering several factors, such as the seriousness of the misconduct, including the harm or losses caused; whether pursuing the misconduct is in the public interest; and whether there is sufficient evidence to support the case.

Law stated - 2 January 2026

### Disciplinary powers

## What are the powers of national financial services authorities to discipline or punish infractions? Which other bodies are responsible for criminal enforcement relating to compliance violations?

In 2016, the MAS established a dedicated Enforcement Department to centralise its enforcement functions and strengthen its capabilities. The MAS collaborates closely with other agencies, including the Commercial Affairs Department (CAD), the Attorney-General's Chambers (AGC) and self-regulatory organisations (SROs), to swiftly detect, investigate and address breaches of MAS-administered laws and regulations.

The MAS may pursue a range of enforcement actions, namely: referring a case for criminal prosecution; taking civil penalty action; withdrawing or suspending a licence or regulatory status; removal from office and issuing prohibition orders, compositions, reprimands and/or warnings or letters of advice.

**Law stated - 2 January 2026**

## Tribunals

### What tribunals adjudicate financial services criminal and civil infractions?

For enforcement cases that require court action, the MAS works with the AGC to review the matter before deciding on the appropriate course of action for each case, whether it be to proceed with a criminal prosecution or to grant consent for the MAS to pursue a civil penalty action.

Civil infractions initiated by consumers may be resolved through the Financial Industry Disputes Resolution Centre (FIDReC) if the financial institution falls within its jurisdiction, or through arbitration tribunals if arbitration is stipulated in the contract. The FIDReC can mediate all eligible disputes between consumers and financial institutions, but there is a limit of S\$150,000 per claim for adjudication of disputes.

Criminal infractions are handled solely by the Singapore courts. The MAS works closely with law enforcement agencies such as the CAD to investigate and prosecute such offences, ensuring the integrity of Singapore's financial sector.

**Law stated - 2 January 2026**

## Penalties

### What are typical sanctions imposed against firms and individuals for violations? Are settlements common?

The MAS tailors its enforcement actions based on the specific circumstances of each case, considering factors such as the severity of the misconduct, the harm caused and the offender's culpability, compliance history and level of cooperation. Sanctions imposed on firms and individuals may include financial penalties, reprimands, licence suspensions or revocations, regulatory restrictions and prohibition orders.

For cases involving lower or moderate levels of misconduct, the MAS may offer compositions in lieu of prosecution. Settlements are possible where appropriate and typically involve cooperation by the party under investigation, remedial actions and financial penalties.

Law stated - 2 January 2026

## COMPLIANCE PROGRAMMES

### Programme requirements

What requirements exist concerning the nature and content of compliance and supervisory programmes for each type of regulated entity?

The Monetary Authority of Singapore (MAS) requires that all regulated entities establish robust compliance and supervisory frameworks, especially in areas related to MAS priorities such as cybersecurity, combating scams and anti-money laundering and countering the financing of terrorism (AML/CFT) measures. These requirements apply to sectors regulated by the MAS, including banking, insurance, payment services and capital markets, with varying standards depending on the nature of each sector and the specific risks.

As part of its efforts to bolster cybersecurity resilience within the financial sector the MAS has outlined requirements for regulated entities in technology risk management and cyber hygiene, including the need to identify systems critical to their operations and to implement multi-factor authentication for accounts associated with those systems. The MAS reinforces these requirements by emphasising its expectations, which include the need to implement sound and robust technology risk management frameworks and comprehensive cybersecurity policies to safeguard critical systems and customer information.

In the area of AML/CFT, the MAS requires regulated entities to conduct ongoing transaction and relationship monitoring, implement robust customer due diligence measures and promptly report suspicious activities and material fraud incidents that could affect the entity's safety, soundness or reputation to the relevant authorities.

To combat scams, the MAS has issued supervisory expectations to enforce the Shared Responsibility Framework (SRF) for phishing scams. This framework assigns specific financial duties to financial institutions and telecommunication companies, making institutions strictly liable to reimburse victims if they fail to implement codified anti-scam measures. These mandatory duties now include providing a "Kill Switch" for customers and maintaining real-time fraud surveillance to detect and block high-risk transactions such as the rapid draining of funds. Institutions must also enforce enhanced authentication processes such as biometric verification through Singpass for high-risk activities, ensuring that failures to send real-time notifications or adhere to cooling-off periods render the institution primarily responsible for any incurred losses.

Law stated - 2 January 2026

### Gatekeepers

## | How important are gatekeepers in the regulatory structure?

The MAS recognises boards, senior management, internal audit and compliance functions as critical gatekeepers in the regulatory structure.

Under the Companies Act 1967 and statutory instruments within the MAS' purview, entities are required to establish an internal audit function to periodically evaluate the adequacy and effectiveness of their procedures, controls and compliance arrangements. The MAS further reinforces these requirements by expecting these functions to be adequately staffed, independent and overseen by fit and proper senior personnel, and by holding the board and senior management accountable for implementation.

In line with this, the MAS also expects that senior managers responsible for core functions are clearly identified where there are appropriate governance frameworks in place that support the execution of the roles they oversee. Moreover, the MAS expects the board and senior managers to notify it of any material adverse developments that could significantly impact the institution's financial stability, customers or counterparties.

Between 2023 and 2024 the MAS intensified enforcement actions, with the total number of reviews and investigations increasing from 136 in 2022–2023 to 163 in 2023–2024. By directly linking senior management accountability to operational resilience and financial crime controls, the MAS now subjects senior management to individual punitive measures upon breaches of regulatory obligations, such as material lapses in anti-money laundering controls. These punitive measures include fines, mandatory remuneration adjustments and the revocation of fit and proper status.

**Law stated - 2 January 2026**

## | Directors' duties and liability

### What are the duties of directors, and what standard of care applies to the boards of directors of financial services firms?

In Singapore, the duties of directors are partially codified and found in both common law and statute. Duties are generally owed to the company and include the duty to act honestly and in good faith in the best interests of the company, the duty to avoid exercising powers for an improper purpose and the duty to avoid conflicts of interests.

The statutory duties of directors are set out under section 157 of the Companies Act 1967 and include, among other things, the duty to act honestly and to use reasonable diligence in discharge of their duties. Together with the common law principles, the duty to act honestly requires directors to act in good faith in the best interests of the company, while the duty to exercise reasonable diligence reflects the obligation to act with due care, skill and diligence.

The standard of care that applies to boards of directors bound by these duties is measured objectively, based on what may reasonably be expected of a diligent director with the same knowledge, skills and experience performing the same functions.

**Law stated - 2 January 2026**

## **Directors' duties and liability**

### **When are directors typically held individually accountable for the activities of financial services firms?**

Directors may be held personally liable to the company for any profit made by them or for any damage suffered by the company as a result of a breach of any provision under section 157 of the Companies Act 1967, such as by acting dishonestly in the discharge of their duties, misusing their position for personal gain or acting in a manner that is detrimental to the firm.

Under the Monetary Authority of Singapore Act 1970, the MAS is empowered to order the removal of directors who fail to discharge the duties of their office. This power is exercised when the MAS deems the removal necessary for the public interest or the protection of stakeholders. The duration of the removal is determined based on the severity of the misconduct and its impact on the financial institution.

Additionally, the MAS may issue prohibition orders barring individuals from acting as directors of licensed or exempt financial institutions in Singapore.

**Law stated - 2 January 2026**

## **Private rights of action**

### **Do private rights of action apply to violations of national financial services authority rules and regulations?**

While the MAS enforcement regime does not permit any private rights of action to be taken against regulated entities for breaches of MAS rules and regulations, individuals may pursue civil claims such as under contract law or tort law.

Claims of up to S\$150,000 relating to financial products such as general insurances, credit cards or investment products can be brought against financial institutions by consumers, with the Financial Industry Disputes Resolution Centre providing mediation or adjudication.

Sections 234 and 236 of the Securities and Futures Act 2001 (SFA) also provide avenues for investors to seek compensation for losses arising from market misconduct, by way of a private action in court or an application to the court if the offender is convicted or a civil penalty order is made against them. The MAS is currently considering introducing measures to improve avenues of recourse for investors to address evidential hurdles, high costs and limitations of actions under section 236 of the SFA. Such measures may include facilitating self-organisation of claims, providing access to funding claims and reducing legal barriers to civil action.

**Law stated - 2 January 2026**

## **Standard of care for customers**

### **What is the standard of care that applies to each type of financial services firm and authorised person when dealing with retail customers?**

The standard of care that applies when dealing with retail customers comes from the MAS' expectations that entities dealing in financial products and services must engage in

fair dealing with their retail customers. This means that entities are expected to consider customers' needs and interests throughout the pre-contractual and post-contractual stages, including ensuring that:

- customers are provided products tailored or suited to their needs;
- customers are presented with accurate information, with extra care given to vulnerable customers;
- customers clearly understand a product as well as its terms and conditions; and
- customers have clear channels for responsive feedback.

Entities are expected to act accordingly in every aspect of their business to achieve this. This includes aligning their strategies, policies and practices with these principles, incorporating thorough product due diligence, implementing fair remuneration structures and facilitating transparent communication. In their efforts to promote a responsible digital asset ecosystem for retail customers in Singapore, the MAS has recently outlined its expectations for digital payment token service providers (DPTSPs) including, among other things, the implementation of robust risk-management controls to safeguard customer assets and ensuring that retail customers possess sufficient knowledge of the risks associated with digital payment services.

**Law stated - 2 January 2026**

### **Standard of care for customers**

#### **Does the standard of care differ based on the sophistication of the customer or counterparty?**

Yes. The MAS categorises the sophistication of customers into two broad groups: accredited investors and retail investors. Accredited investors are assumed to be more informed and better equipped to protect their financial interests, and thus require less regulatory oversight. In contrast, retail investors are generally considered to have limited access to professional advice and fewer resources to safeguard their interests, warranting stronger regulatory protection from the MAS. For example, the MAS has issued specific guidelines for DPTSPs including restrictions on facilitating the lending and staking of retail customer assets, and has implemented measures to enhance consumer access to advice and protection.

Under the MAS' opt-in regime, all customers are classified as retail investors by default, with the exception of institutional investors. Customers who meet the accredited investor criteria – such as having over S\$2 million in net personal assets, an annual income exceeding S\$300,000 or S\$1 million in net financial assets – can opt for either of these statuses.

**Law stated - 2 January 2026**

### **Rule-making**

#### **How are rules that affect the financial services industry adopted? Is there a consultation process?**

The rules governing the financial services industry are extensive, encompassing a wide range of legislative instruments including acts of parliament, subsidiary legislation, directives, notices, guidelines, codes and practice notes. In general, notwithstanding such rules being passed by parliament or published by the MAS, the MAS often engages in public consultations under these instruments, inviting feedback from industry stakeholders and the public.

Law stated - 2 January 2026

## CROSS-BORDER ISSUES

### Cross-border regulation

#### How do national financial services authorities approach cross-border issues?

The Monetary Authority of Singapore (MAS) typically regulates financial institutions that carry on activities in Singapore, whether they operate within or outside Singapore. For example, the Securities and Futures Act 2001 extends the jurisdiction of Singapore courts to breaches of the Act committed partly or wholly outside Singapore, provided these breaches are substantial and reasonably foreseeable to the extent that, among other things, they have a significant or adverse impact on the soundness, stability or safety of Singapore's financial system.

Law stated - 2 January 2026

### International standards

#### What role does international standard setting play in the rules and standards implemented in your jurisdiction?

As a global financial centre with a strong stake in global financial stability, the MAS plays an active role in regional and international initiatives to improve its regulatory standards and supervisory capabilities. The MAS also ensures it adheres to rigorous standards of financial supervision, which includes benchmarking itself against international standards and best practices.

For example, Singapore is a founding member of the Asia/Pacific Group on Money Laundering and was one of the first jurisdictions in Asia to join the Financial Action Task Force (FATF), the global standard-setting body for combating money laundering and terrorism financing. The MAS ensures that its anti-money laundering and countering the financing of terrorism (AML/CFT) notices align with FATF standards, reviewing them regularly in consultation with the industry to keep them relevant and ensure that they are consistently applied across financial sectors. Moreover, the MAS also contributes to the development of international standards in this area through its participation in the AML/CFT Expert Group of the Basel Committee on Banking Supervision.

Law stated - 2 January 2026

## UPDATE AND TRENDS

## Key developments of the past year

Are there any other current developments or emerging trends that should be noted?

In Singapore, artificial intelligence (AI) remains a focal point of regulatory attention. Building on the Fairness, Ethics, Accountability and Transparency (FEAT) Principles and the Personal Data Protection Commission's Model AI Governance Framework, the Monetary Authority of Singapore (MAS) recently published a consultation paper seeking public engagement on their proposed Guidelines for Artificial Intelligence (AI) Risk Management. Said guidelines set out the MAS' supervisory expectations of financial institutions regarding AI usage. Namely, financial institutions are expected to implement basic AI use policies commensurate with their level of AI adoption. For example, a financial institution whose use of AI poses more material risks to customers is expected to have more robust controls and stronger technology infrastructure. The aim of these guidelines is to encourage a calibrated, risk-based approach to the adoption of AI and the risk management of AI in financial institutions.

Aside from AI, the regulatory regime pertaining to anti-money laundering and countering the financing of terrorism (AML/CFT) has also evolved in Singapore. On 1 July 2025, the MAS revised the AML/CFT notices and guidelines for all the sectors it regulates. Revisions included a requirement to establish sources of funds and wealth, explicit mention of proliferation financing and clarifications regarding timelines for suspicious transaction reporting and the scope of due diligence for customers who are natural persons.

Financial products and services entailing the tokenisation of real-world assets also continue to gain traction, with the MAS continuing to partner with industry players to launch publications. The release of further details regarding the upcoming stablecoin regime are also highly anticipated.

Finally, regulation surrounding digital advertising of financial products is increasing. The MAS recently published a Guide for Responsible Financial Content Creation and a Standards of Conduct for Digital Advertising Activities, which apply to all financial institutions and marketers who advertise financial products and services digitally, including on social media platforms.

**Law stated - 2 January 2026**