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Singapore, Malaysia and Thailand sign pact that expands cross-border fund offerings

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Regulators in Malaysia, Singapore and Thailand have signed a pact that will, among other things, allow smaller asset managers to offer cross-border funds among the three member countries of the Association of South East Asian Nations (ASEAN).

The memorandum of understanding signed by the Monetary Authority of Singapore (MAS), Securities Commission Malaysia (SC), and the Securities and Exchange Commission of Thailand (SEC) revises the ASEAN Collective Investment Schemes Framework which was launched in 2014.

Under the original framework, fund managers operating in the three jurisdictions could only offer products across their borders if they had at least US\$500 million of assets under management (AUM). This has now been reduced to \$350 million.

Fund managers will also now be allowed to have up to 100% of an approved fund's assets be sub-managed by a manager that is not regulated by a signatory to the pact, compared to just 20% previously.

The changes are effective immediately.

According to the ASEAN Capital Markets Forum (ACMF), which comprises regulators from the ten-member regional grouping, the framework was revised following extensive industry consultations.

"It seeks to promote more cross-border offerings of ASEAN funds and allow fund managers to offer a broader range of fund products to investors in the region," ACMF says in a February 26 statement.

Data from the websites of MAS, SC and SEC shows that only 11 funds have been offered via the original framework since it was launched. The other seven ASEAN countries – Brunei, Cambodia, Indonesia, Laos, Myanmar, Philippines and Vietnam – have not as yet signed on to the pact.

Akmal Hassan, managing director of Kuala Lumpur-based AIIMAN Asset Management, welcomes the revisions, which he says will be "beneficial for the market and asset management players".

"This increased flexibility will allow easier access and widen our offerings in Singapore and Thailand, where we see increased demand for *shariah* assets, as values between shariah principles and socially responsible investing SRI converge," Mr. Akmal tells *Asia Asset Management*.

He adds that the "enhanced competitive liberalisation will be healthy for market players to be on their toes and constantly innovate, which will benefit investors".

AIIMAN Asset Management had AUM of 14 billion ringgit (US\$3.58 billion) as at December 31, 2017.