



Liquidity Risk Management for Fund Management Companies*

**based on the MAS Consultation Paper P019-2017 dated October 2017*

FMCs may be required to formally address liquidity risk relating to the Collective Investments Schemes under their management.

This entails proper consideration of the possible mismatch between portfolio liquidity and investor redemption terms.

Ultimately it is the responsibility of the FMC to ensure that redemption events can be met without compromising the interests of remaining investors.

Governance	Product	Monitoring & Oversight
<ul style="list-style-type: none"> Proper governance & oversight for the function responsible for managing liquidity risk involving the leadership team and the Board 	<ul style="list-style-type: none"> Align subscription and redemption arrangements with strategy and liquidity profile Assess liquidity risks and monitor through product life cycle Proper notification, risk disclosures and appropriate contractual provisions 	<ul style="list-style-type: none"> Anticipate and identify emerging risks Build contingencies for high redemption requests Use liquidity redemption tools Assess investor profile and redemption patterns Test underlying assumptions Set triggers to perform liquidity risk assessments Regular stress testing

How we can help:

Ensure liquidity risk management function has appropriate reporting lines for effective oversight.	Assess adequacy of contractual provisions for liquidity management tools	Assess adequacy of liquidity risk management tools based on the results of stress testing
--	--	---

Retail LFMC Subject to Code on Collective Investment Schemes, which will be updated to incorporate LRM Guidelines.

AI/II LFMC and **RFMCs** Refer to Liquidity Risk Management Guidelines as best practices guide.

Talk to our experts:

8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095
 T +65 6533 7600 F +65 6538 7600
 Info@RSMSingapore.sg www.RSMSingapore.sg

Chow Khen Seng, Partner & Industry Lead, Financial Services
 T +65 6715 1388
 chowkhenseng@RSMSingapore.sg

Dennis Lee, Partner, Risk Advisory & Deputy Industry Lead, Financial Services
 T +65 6594 7627
 dennislee@RSMSingapore.sg

