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The Monetary Authority of Singapore

Submitted via email

21 July 2026

Compounding the Singapore Advantage - the agenda for managers, talent, capital

Dear Sir / Madam,

The Alternative Investment Management Association ("AIMA")[1] writes further to our recent engagements with the Monetary Authority of Singapore ("MAS") on Hong Kong's new tax framework for carried interest and performance fees, and its broader implications for Singapore's asset management industry.

We are grateful for the openness with which MAS has engaged AIMA and our members on this issue over recent months, and we recognise that a suite of measures is under active study.

This letter consolidates our industry's perspective and respectfully urges a timely and, above all, strategic response.

1. This is not about matching Hong Kong. It is about renewing Singapore's proposition

1.1 Singapore already has a deep and comprehensive policy architecture: one of the world's most extensive networks of double taxation agreements, established fund and manager incentive schemes, flexible fund vehicles, and a strong substance-based framework. These advantages should not be understated, and they give Singapore more levers to pull than a single headline rate.

1.2 But Hong Kong's move has widened the effective tax gap, and the gap will not close on its own. The minimum policy objective should be to close it, through whichever combination of measures best fits Singapore's circumstances, and to treat this moment not as a defensive reaction to a regional financial centre's tax change, but as a once-in-a-decade opportunity to refresh Singapore's overall value proposition for global alternative asset managers.

1.3 Done well, this becomes a story Singapore tells on its own terms, the Singapore Advantage, rather than a footnote to Hong Kong's announcement.

[1] AIMA, the Alternative Investment Management Association, is the global representative of the alternative investment industry, with around 2,100 corporate members in over 60 countries. AIMA's fund manager members collectively manage more than US$2.5 trillion in assets. AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programmes and sound practice guides. AIMA works to raise media and public awareness of the value of the industry. AIMA set up the Alternative Credit Council ("ACC") to help firms focused in the private credit and direct lending space. The ACC currently represents over 250 members that manage US$600 billion of private credit assets globally. AIMA is committed to developing skills and education standards and is a cofounder of the Chartered Alternative Investment Analyst designation ("CAIA") – the first and only specialised educational standard for alternative investment specialists. AIMA is governed by its Council (Board of Directors). For further information, please visit AIMA's website, www.aima.org.

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2. The urgency is real, and it is measurable

2.1 The competitive pressure is no longer theoretical. To illustrate, a leading global manager has shared with us, on an anonymised basis, that its Singapore headcount has declined over recent years while its Hong Kong presence has grown many multiples over the same period - a reversal of the position of only a few years ago, when Singapore was its regional centre of gravity.

2.2 Roles that do not strictly require a Singapore presence now default elsewhere, and several global managers indicate that Singapore is increasingly excluded from consideration for new regional setups.

2.3 A multi-billion dollar long established manager based in Singapore reports portfolio managers actively fielding relocation interest, with family and school-calendar decisions imposing a practical deadline measured in months, not years.

2.4 These are not isolated accounts. Across every cohort we consulted - global platforms, Singapore-headquartered managers and advisers canvassing portfolio managers directly - members report the same pattern of active relocation conversations. As has been publicly reported, some managers are already taking practical steps to establish or expand a Hong Kong presence.

2.5 Nor is the pressure only bilateral. India's GIFT City is positioning itself actively for India-linked strategies, the UAE has consolidated a credible proposition through its financial centres, and other jurisdictions are advancing proposals aimed at the same mobile talent. New mandates and new setups now have several credible homes, and Singapore's response should be calibrated to the full competitive field.

2.6 Portfolio managers are the engine room of this industry: where they go, trading, risk, technology and operations functions follow. For managers built around a single investment leadership team, the moves, when they come, tend to be wholesale rather than one by one.

3. Multiple levers, and where each one bites

3.1 Individual taxation has emerged from our consultation as the decisive lever for the most mobile cohort. For several of the largest global platforms, corporate incentives do not bind location decisions. Their structures mean Singapore corporate tax is not where the calculus runs, and senior portfolio managers with substantial performance-based compensation sit largely outside firm-level schemes. For this cohort, which is precisely the cohort driving headcount growth, a direct mechanism is what registers, for example extending concessionary treatment to performance-related compensation at the individual level. We would encourage MAS to keep all design options open, including on rate, and to ensure any response works cleanly for multi-manager platforms, where individual performance allocation is how the industry increasingly rewards its best people.

3.2 Corporate-level support remains a powerful complement, and for locally headquartered and growing managers, it can be decisive in its own right in Singapore's context. Specifically:

(a) recalibrate existing incentive schemes so they work for the full range of managers, including those for whom current awards deliver no practical benefit, whether because of group structures or because international minimum-tax rules now neutralise concessionary rates for large groups;

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(b) consider firm-level relief or grants tied to substance and headcount in Singapore: if firms are given a helping hand, market forces will do the rest, and well-performing firms will compete for and reward talent accordingly;

(c) introduce a pioneer-style framework for the next generation of managers, sized to technology and data-infrastructure spend rather than headcount alone: the coming wave of quantitative and AI-native firms is deciding now where to base its compute, data and research stack, and Singapore can lead that transition rather than follow it;

(d) rationalise the existing suite of incentives, which is generous but can be difficult for global decision-makers to navigate and narrate internally; and

(e) backdate any eventual measures, so that firms are not penalised for holding the line while the review is under way.

3.3 The fund-exemption architecture itself can lead. Converting the designated-investments list from a positive enumeration to an exclusion-based list would mean new asset classes, from digital assets to physical commodities, qualify by default rather than await periodic updates. Where others lengthen their schedules asset class by asset class, Singapore can make the schedule itself unnecessary: a structural statement that its regime is built for where the industry is going. We will route the technical detail through the appropriate channels but the strategic direction belongs here.

4. Talent: the most immediate constraint

4.1 Relocation decisions are made on a total-package basis, and talent is where the pressure is felt first. Members continue to raise:

(a) the cumulative weight of Employment Pass, COMPASS and related work-pass requirements, with quotas and benchmarks calibrated to broad financial services rather than to the specific profile of alternative asset managers;

(b) uncertainty around ONE Pass continuity and thresholds;

(c) the absence of a transparent, predictable permanent-residency pathway for senior professionals who have committed years to Singapore, in contrast to the fixed, rules-based pathways offered by competing jurisdictions; and

(d) softer frictions - from banking thresholds to spousal employment restrictions – that weigh on the calculus for internationally mobile families.

4.2 Members also note that relocation mathematics runs on effective, not headline, burden. Competing jurisdictions offer meaningful deductions and allowances, for housing, dependants and qualifying expenses, that materially lower the effective cost of living and working there, including the after-tax cost of housing. Reliefs of this kind are a lever that preserves headline rates while changing the number that actually decides the move: what a senior professional and their family keep.

4.3 We recognise there are no easy solutions here. But if Singapore wishes to remain a magnet for global talent, the immigration and residency framework should be treated as part of the competitiveness response, not as a separate social policy question.

4.4 Alongside talent, members also cite the rising cost of doing business as a persistent factor: office and housing rents, school fees and places, and the everyday costs borne by relocating families all feed the

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same total-package calculus. A structurally higher cost base makes the measures outlined above matter more, not less.

5. The operating environment is the product

5.1 Singapore does not sell market size; it sells the quality of its operating environment. That is the product, and for a jurisdiction competing this way, the cumulative weight of regulation is part of the price. The candid feedback from members is that the weight has been building. Each rule, taken alone, is rational. Stacked, they change the experience of running a business here. Rules, in any system, are added more readily than they are retired.

5.2 We would encourage a structured regulatory stocktake for the funds industry: a deliberate, periodic exercise to simplify or retire requirements whose collective burden has outgrown their individual logic. Nothing would be more in keeping with Singapore's own tradition of self-renewal, and few signals would land more powerfully with global decision-makers.

5.3 Perception matters as much as fact. Whatever a line-by-line comparison might show, internationally mobile members increasingly perceive Singapore's regulatory direction of travel, on artificial intelligence and more broadly, as running ahead of the major markets they also operate in, markets they see moving the other way. Members are not asking Singapore to mirror every liberalising move elsewhere; they ask for proportionality, predictability and speed, and for calibration that keeps pace with Singapore's own ambitions.

5.4 The same environment, told right, is an asset. Singapore's regulatory standards already meet or exceed what the most demanding institutional allocators expect of the managers they fund. That story is under-told. It carries furthest when it comes from the authority itself, to the decision-making levels of global firms and the investors behind them, and industry stands ready to support the telling.

5.5 Administrative experience is part of the same product. As new international reporting standards arrive for alternative structures, a proportionate, dialogue-first compliance posture and timely guidance written for alternatives would convert an obligation every jurisdiction shares into a reason to run global operations from Singapore, deepening the operational headcount that anchors platforms here.

6. Removing bottlenecks while opening new engines of growth

6.1 We would frame the opportunity positively. Even as Singapore removes the bottlenecks above, there are adjacent growth areas where it already holds structural advantages. The areas below are illustrative rather than exhaustive; the principle is the point: build decisively on what Singapore already does well, and compound it at pace and at scale:

6.2 **Artificial intelligence.** Singapore's open access to the strongest AI models, frontier and open-weight alike, wherever they are built, is a genuine differentiator whose value compounds as the field evolves. Taken together with the national AI agenda and a mature data-protection framework, that access makes Singapore a natural testbed where global managers, particularly those with US and European institutional investors, can trial and deploy AI-enabled research onshore with confidence. We value the ongoing work of MAS with our industry, including the joint sessions now under way with AIMA members on practical, sector-specific AI adoption, and the opportunity is to build on that foundation. Support for firms building AI capability onshore, including infrastructure grants, would convert a regulatory advantage into an industrial

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one. Calibration completes the picture: as we set out in our response of 31 January 2026 to MAS's consultation on the draft Guidelines on Artificial Intelligence Risk Management, the growth engine fires fully when regulatory expectations keep pace with the ambition rather than run ahead of the markets Singapore competes with.

6.3 **Private credit and onshore capital formation.** Unlocking domestic institutional capital, including insurance capital, for allocation to private markets would deepen the onshore ecosystem and create a virtuous flywheel. We have separately initiated dialogue with MAS and industry stakeholders on this theme and would welcome the opportunity to connect these workstreams.

6.4 **Tokenisation and digital-native funds.** Building on existing initiatives to cement Singapore's role as a cross-border platform for institutional capital.

6.5 **Real assets and infrastructure.** With incentive frameworks that recognise technical talent and technology investment, not only traditional fund-management headcount.

6.6 **The Johor-Singapore Special Economic Zone.** The SEZ adds what dense financial centres most lack: room. A cost-tiered operating model, Singapore front office with capacity, data-centre and compute depth in the immediate hinterland, answers the cost question constructively and extends rather than dilutes Singapore's proposition, anchored throughout by Singapore's institutions. Two points of early clarity, both within Singapore's own gift, would let managers commit with confidence: supervisory guidance that treats zone-based functions as part of a manager's Singapore operating envelope, and recognition of zone-based roles and spend within existing substance conditions. The compute depth matters too: the AI capability described above will need somewhere to live.

6.7 **Regional headquarters positioning and overseas promotion.** An integrated package of vehicles, incentives and facilitation, promoted actively in London, New York and other markets where managers are re-evaluating their footprints.

6.8 These are not separate from the competitiveness agenda. They are the agenda.

7. Timing matters

7.1 Hong Kong's framework is backdated, and decisions - by firms and by individuals - are being made now.

7.2 We would respectfully encourage MAS to communicate its direction of travel to the industry at the earliest opportunity, even ahead of finalising details. A directional signal now would steady managers currently weighing hiring, platform expansion and regional-headquarters decisions.

7.3 AIMA stands ready to support. We can coordinate anonymised industry data, convene members for further consultation, and continue carrying the message that Singapore is working on its response and that precipitous moves are unnecessary. Relocation is in any case not frictionless for firms or individuals, and an early signal buys Singapore the time to design well.

7.4 Singapore's fundamentals continue to shine: quality of life, especially for internationally mobile talent weighing family considerations, schooling, infrastructure, safety and day-to-day liveability; a stable and predictable legal system with a deep commercial track record; political stability; regulatory credibility; treaty depth; and openness to technology.

7.5 But Singapore's truly unique proposition is that it is where East meets West. An open and trusted meeting point, principled and consistent, where the great civilisations of Southeast Asia, China and India converge

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with global capital, institutions and ideas - a crossroads of cultures, commerce and talent. A holistic, confident response now would make Singapore, more than ever, the natural home for fund management in Asia.

We thank MAS for its continued partnership and would be pleased to discuss any of the above.

Yours faithfully,

Lee Kher Sheng
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Co-Head of APAC
Deputy Global Head of Government Affairs