



## S'pore's financial sector development fund gets additional option to generate income to grow sector



The financial sector development fund was set up in 1999 to support the development of Singapore as a financial centre. ST PHOTO: KUA CHEE SIONG



**Choo Yun Ting**

PUBLISHED 11 JAN 2022, 6:33 PM SGT

### SINGAPORE - Singapore's financial

sector development fund (FSDF) will soon get an extra option to generate more income to grow the dynamic financial sector further.

This comes after the Exchanges (Demutualisation and Merger) (Amendment) Bill was passed on Tuesday (Jan 11), allowing a special purpose company holding Singapore Exchange (SGX) shares for the benefit of the fund to expand its SGX share holdings by subscribing to SGX rights issues or to receive SGX scrip dividends.

Minister of State for Trade and Industry and Culture, Community and Youth Alvin Tan, speaking on the Bill on Tuesday, said the updates to the law do not change the basic objective of the legislation or special purpose company SEL Holdings' purpose of supporting the FSDF.

"It only enables SEL to participate in corporate actions taken by SGX under which SEL may elect to receive new SGX shares," he said.

SEL is designated to hold SGX shares specifically for the benefit of FSDF. The amendments passed mean that the FSDF will get an additional option to generate income for the fund.

"This is important because the FSDF... is to drive growth and create good jobs for Singaporeans in a very dynamic and fast-evolving financial sector in the coming years," said Mr Tan, who is a board member of the Monetary Authority of Singapore (MAS).

The FSDF was set up in 1999 to support the development of Singapore as a financial centre, and is controlled and administered by the MAS. The dividends and any proceeds in respect of the original SGX shares are channelled towards the FSDF to fund sector development initiatives, such as promoting innovation.

During the debate on the Bill, Workers' Party MP He Ting Ru (Sengkang GRC) and Mr Saktiandi Supaat (Bishan-Toa Payoh GRC) had asked about how SGX could keep up with competition and stay relevant amid technological disruptions, with the FSDF partly funded by SGX's dividends and shares.

Responding, Mr Tan said FSDF's fund size has tripled since its inception, and the MAS will continue to be disciplined in managing its grants and invest its surpluses in a diversified investment portfolio, so as to sustain the fund's ability to support financial sector development

S'pore's financial sector development fund gets additional option to generate income to grow sector | The Straits Times initiatives over the long term.

Before the Covid-19 pandemic, the FSDF's annual expenditures were "within \$90 million", he said.

In the 2020/2021 fiscal year, its annual expenditure increased to \$247 million as new support schemes were launched to sustain and strengthen capabilities in Singapore's financial services and fintech sectors amid the Covid-19 disruptions, Mr Tan added.

The fund also supports efforts in developing multiple pathways to build a pipeline of local financial sector talent, he said.

**MORE ON THIS TOPIC**

[Course fee subsidies, training grants for financial sector extended: MAS, IBF](#)

[MAS commits \\$250 million to fast-track financial sector innovation, develop Singaporean fintech talent](#)

Join [ST's Telegram channel here](#) and get the latest breaking news delivered to you.



**Subscribe today**

Get unlimited access to exclusive stories and analyses by the ST newsroom

[Choose your plan](#)

[Terms & Conditions](#)

[Data Protection Policy](#)

[Need help? Reach us here.](#)

[Advertise with us](#)

Sign up for our daily newsletter

Enter your e-mail

[Sign up](#)

More newsletters  
By registering, you agree to our T&C and Privacy Policy.

- SINGAPORE
- ASIA
- WORLD
- OPINION
- LIFE
- BUSINESS
- TECH
- SPORT
- VIDEOS
- PODCASTS
- MULTIMEDIA

[E-paper](#)

[Podcasts](#)

[Facebook](#)

[RSS Feed](#)

[Instagram](#)

[Telegram](#)

[Twitter](#)

[Youtube](#)