

## LEGAL UPDATE

*AMCM issues guidelines on funds of funds (FOFs) under Macau's Investment Funds Law*

*The Macau Monetary Authority ("AMCM") recently issued **Circular No. 003/2026-AMCM**, setting out specific requirements applicable to publicly offered funds of funds ("FOFs") under Law No. 11/2025 (Investment Funds Law).*

*The Circular took effect upon publication on 10 June 2026 and introduces detailed rules governing the structure, investment scope, concentration limits, and disclosure obligations of FOFs.*

This legal update outlines the key requirements introduced by the Circular.

### **Funds of Funds (FOFs)**

#### **Definition**

A FOF is an investment fund that primarily invests in units of other investment funds, with at least 80% of its assets required to be invested in units of public investment funds.

#### **Eligible underlying funds**

FOFs may only invest in:

- public funds established in Macau and authorised by the AMCM; or
- overseas public funds that are (i) subject to an equivalent or more stringent regulatory regime, (ii) properly supervised by a competent authority, and (iii) ensure that Macau investors enjoy rights and ranking equal to those of investors in the fund's home jurisdiction.

**Investment in another FOF is not permitted**

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## **Diversification and concentration limits**

The Circular imposes prudential limits, including:

- investment in any single underlying fund must not exceed **20% of the FOF's net asset value**; and
- any direct investment by the FOF (other than in fund units) in securities issued by a single entity must not exceed:
  - 10% of the FOF's net asset value, and
  - 10% of the total value of securities issued by that entity.

## **Disclosure and fee transparency**

Offering documents (including the fund prospectus and key fact statement) must clearly disclose:

- the FOF's investment strategy; and
- the layered fee structure applicable to the FOF, including that investors may bear fees both at the FOF level and indirectly at the level of the underlying funds.

Periodic reports must also disclose the costs associated with investments in underlying funds, including subscription fees, redemption fees and other related charges.

Where a FOF invests in funds managed by the same management entity, subscription and redemption fees must not be charged on such investments.

## **Feeder fund structures**

Where a FOF is structured as a feeder fund:

- at least **90% of its assets must be invested in a single master fund**; and
- certain diversification and fee rules do not apply, but enhanced disclosure requirements are imposed, including disclosure of the master fund and its portfolio in annual reports.

## **Compliance timeline**

The limits introduced by the Circular must be complied with **within six months of the fund's establishment**.

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## Key takeaways

The Circular introduces a more prescriptive regulatory framework for FOFs in Macau, with a focus on:

- clear fund classification and product positioning;
- strengthened diversification and risk controls; and
- enhanced fee transparency, particularly in relation to layered fees and intra-group arrangements.

Fund managers and sponsors should review existing and proposed FOF structures, offering documents and fee arrangements to assess compliance with the new requirements.

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