

LEGAL UPDATE

AMCM issues guidelines for implementing the New Investment Fund Law.

The Macau Monetary Authority (“AMCM”) recently issued a series of guidelines—Notices No. 22/2025 to No. 25/2025—intended to regulate certain aspects of the new Investment Funds Law (Law 11/2025). These guidelines will take effect concurrently with the new law on January 1, 2026.

The Guidelines outline rules for forming and placing private funds, asset valuation, error correction in public funds, investment restrictions for money market and index funds, and capital and risk requirements for fund managers.

This legal note outlines the key takeaways from each Guideline.

I. Private Investment Funds (Aviso no. 022/2025-AMCM):

- Private fund investments are only available to "professional investors," which include institutional investors—such as governments, financial institutions, investment funds, and pension funds—as well as individuals and corporate entities.
- Individuals are professional investors with a portfolio of MOP8m (approx. USD992k); corporates qualify with the same portfolio or total assets of MOP30m (approx. USD4.95m).
- Private funds should be made available exclusively through private means and not promoted publicly, including on social media, in seminars, or through communication platforms.
- The number of Macau-based investors is capped at 200 per private fund.
- The supervisory guidelines established by AMCM for financial product sales are also applicable to private funds.
- Private funds may choose to appoint a qualified custodian, otherwise the fund manager must safeguard fund assets appropriately.

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- Private funds are required to have their annual financial statements audited (in accordance with Macau or International Financial Reporting Standards) and must submit the annual report to investors and the AMCM within four months following the conclusion of each financial year.
- Fund Managers must promptly inform investors and AMCM of any significant facts affecting managed funds.

II. Public Investment Funds – Asset Valuation and Error Correction (Aviso no. 023/2025-AMCM):

- Fund managers, after consulting the custodian, must establish appropriate valuation systems for each asset class, which must be reviewed periodically.
- Market-traded assets should be assessed according to market prices; if these prices do not accurately reflect value, fair value must be established.
- Non-traded assets require fair value assessment by a qualified third party approved by the custodian; for financial instruments, fund managers may self-assess with custodian consent.
- The custodian must monitor net asset value calculations to ensure compliance with fund documentation.
- Any error in unit value calculation must be rectified immediately and reported to the custodian.
- If the error causes a deviation of 0.5% or more from net asset value, AMCM must be notified, and public disclosure is required.
- Compensation is mandatory if investor losses exceed MOP 100 (approx. USD12.4); losses to the fund must be compensated by the fund manager; losses to the fund manager are not compensated.
- Compensation and rectification reports must be submitted to AMCM within 30 days of error detection.

III. Public Money Market and Index Funds (Aviso no. 024/2025-AMCM):

- Money Market Funds (MMFs) may invest only in cash, bank deposits, certificates of deposit, short-term high-quality securities, units of other MMFs, and risk-hedging instruments.
- MMFs are prohibited from investment in equities, convertible/subordinated bonds, and securities conferring equity rights
- The Guidelines specify the detailed requirements for asset maturity and investment limitations for MMFs.

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- Index funds are required to track indices that are investable, possess sufficient liquidity, are transparent and publicly accessible, and are calculated objectively by qualified providers.
- The Guidelines specify comprehensive requirements regarding acceptable tracking strategies, methodologies for calculating tracking error, and disclosure obligations (which include material events that impact investors, such as index changes or provider suspension).

IV. Fund Managers Capital and Risk Provision Requirements (Aviso no. 025/2025-AMCM):

- Fund managers' own funds (defined as net asset value) must be at least equal to their operational risk provisions.
- The operational risk provision must equal 15% of the average gross income of the fund manager over the previous three years, with special rules for newer companies.
- Results of the operational risk provision calculation must be reported to AMCM within 15 days after each (quarterly) reporting date.

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