



# Singapore Variable Capital Company

The game changer for asset management in Asia Pacific

## #RiskandRegs



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# Key highlights




A legal entity specifically for investment funds that can be used for **traditional and alternative** strategies, both on an open-ended and closed-ended basis.

A VCC can be set up as a **stand-alone entity**, or as an umbrella entity with **multiple sub-funds**.




Foreign corporate fund structures can be **inward re-domiciled** to Singapore as a VCC.




The capital of a VCC will **always be equal** to its net assets, thereby providing flexibility in the distribution and reduction of capital.



VCCs require a Singapore-based **licenced or regulated fund manager**, unless exempted under the regulations.



A VCC could avail itself of the US **“check-the-box”** election.



# Introduction





Legislated on 15 January 2020, the Singapore Variable Capital Company (VCC) legislation represents the city-state's latest investment fund innovation.

Just as the Undertakings for Collective Investments in Transferable Securities (UCITS) transformed the investment fund industry in Europe, Asia is on the precipice of an investment fund evolution catalysed by the upcoming Asia Region Fund Passports (ARFP), through the VCC legislation. This is also the case in Singapore. Furthermore, another future opportunity in Asia, as well as Singapore, is the potential passport marketing of alternative investment funds into Europe.

Singapore currently offers a variety of investment fund forms. For instance: limited partnerships, unit trusts, business trusts, and real estate investment trusts. Corporations are also used as investment subsidiaries for "fund" investments. The addition of VCC in this suite of legal entities, which can be used as a vehicle for investment funds, is key to elevating Singapore's value proposition as a competitive asset management hub in the region.

Corporate form funds are not a novelty in Singapore, as most private equity and real estate funds today are already using some form of Singapore corporate entity as investment subsidiaries within their fund structures. Further, over **70% of offshore funds** sold in Singapore are corporate form funds that are domiciled in foreign locations.

A VCC would be incorporated by the Accounting and Corporate Regulatory Authority (ACRA), and supervised by the Monetary Authority of Singapore (MAS) directly through the Securities and Futures Act (SFA) as pertaining to funds, and indirectly through the regulatory oversight over the fund managers.

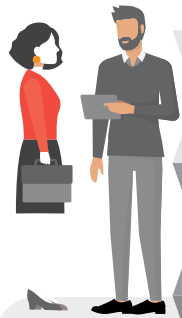
The VCC legislation is a legal entity legislation that does not replace or change Singapore's existing regulations for investment funds. The current SFA regime that allows funds to be Authorised (for retail investors), Restricted (for accredited investors) and Exempted (for small offerings, private placement and institutional investor schemes) will have an overlay on VCCs, just as with existing unit trusts, limited partnerships and other legal entity forms.

The enactment of the VCC legislation enhance Singapore's competitiveness as a domicile for investment funds by introducing a number of special features:

- A customised corporate structure which dispenses with elements of existing company law aspects that are not conducive to investment funds
- A corporate form fund that could be:
  - Regulated under or exempted from the SFA
  - Set up as an open-ended or as a close-ended fund
  - Used for mutual fund type strategies meant for retail investors, and as alternative investment fund strategies meant for sophisticated investors
- The re-domiciliation of foreign corporate funds to Singapore as VCC



**VCCs can be used for all types of investment strategies in Singapore**



**Before VCC**

**Now**

	Authorised	Restricted	Exempt	Authorised	Restricted	Exempt
Mutual funds	Unit Trust	Unit Trust	Unit Trust	Unit Trust/ VCC	Unit Trust/ VCC	Unit Trust/ VCC
Hedge funds	N.A.	Unit Trust/ Ltd. Partnership/ Company*	Unit Trust/ Ltd. Partnership/ Company*	N.A.	Unit Trust/ Ltd. Partnership/ Company*/ VCC	Unit Trust/ Ltd. Partnership/ Company*/ VCC
Private equity & real estate funds	N.A.	Ltd. Partnership/ Company*	Ltd. Partnership/ Company*	N.A.	Ltd. Partnership/ Company*/ VCC	Ltd. Partnership/ Company*/ VCC

\* Currently, company form legal entities are mostly used as a step-down vehicle in Singapore primarily for investing purposes as a special purpose vehicle with pooling outside of Singapore. Now, VCCs can be used as a pooling and investing vehicle.



Why is it needed?





## Challenges today

Singapore did not have any corporate form or vehicle that caters to the specific needs of hedge funds, private equity funds, mutual funds or real estate funds. As a result, many of the current fund structures set up in the country take the form of trading or investment subsidiaries with fund pooling outside of Singapore.

The current challenges faced by investors when using a Singapore corporation as an investment fund include:

### Lack of variable capital structures

Singapore corporations are vehicles with fixed capital. Typically, an investment fund should offer its investors/shareholders the ability to freely invest in and out of the structure by way of subscriptions and redemptions. The notion of variable capital provisions is critical to the operation of an investment fund.

### Solvency test

Funds set up as corporations are required to go through administrative processes such as solvency tests prior to the repayment of capital. This can prove challenging administratively and can raise legal liability issues for the board of directors and the company secretary.

## Accounting classification of redeemable preferred shares

When a Singapore fund is capitalised or invested in using redeemable preferred shares, both the International and Singapore Financial Reporting Standards (IFRS and Singapore FRS) requires that instruments prima facie be classified as a “liability”. This poses a challenge when conducting the required solvency tests prior to the capital reduction/redemption exercise.

### Distributions

Distributions from a Singapore corporation can only be made out of profits and not capital. This is unlike a typical investment fund where redemptions would be funded at the net asset value of shares or units held (i.e. the culmination of profits and capital).

### Financial reporting

In addition to the challenge of classifying funding instruments as debt or equity, other complications in financial reporting include the consolidation of underlying portfolios if certain shareholding thresholds are met.

### Privacy

Currently, the financial statements and shareholder lists of Singapore corporations are publicly available. For investment funds invested into by private individuals and institutions, as is the case in alternative investment funds, this can be an issue where privacy is sacrosanct.

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## How does VCC overcome these challenges?

The VCC will make significant headway in overcoming the existing impediments described above. The key features of a VCC include (but are not limited to):

- Its allowance of both entry into and exit from the fund at its net asset value
- It is under no obligation to make its shareholder lists publicly available

- It is under no obligation to make its financial statements publicly available
- It is not subject to the declaration of solvency prior to the repayment/redemption of capital and can distribute and repay out of its net assets/capital
- The classification of its shares as a liability would not have consequences following the relief from solvency test

The next few sections of this paper detail the key features of VCCs.

What is a VCC?



## VCC in brief

### Fundamental

The VCC legislation is separate and distinct from the legislation that governs existing Singapore companies. This would 'future proof' VCCs against any unintended consequences arising from changes in the Companies Act.

VCCs can hold a single asset and as such, is not required to diversify its investments unless required under the SFA.

A VCC can be used as a vehicle for both traditional funds and alternative funds, such as hedge funds, private equity funds, real estate funds and infrastructure funds.

The share capital of a VCC will always be equal the net asset value of the VCC.

The performance of the VCC's investments shall be measured and evaluated on a fair value basis.

### Fund Manager

A VCC cannot be self-managed. It must be managed by a fund management company duly registered or licenced by the MAS under the SFA. Further details on Fund Manager requirement is included in section "Key Features".

### Registration & incorporation

The Registrar of Companies, ACRA, will also be the Registrar for VCCs. ACRA will administer the VCC Act and its subsidiary legislation, while Anti-Money Laundering/ Countering the Financing of Terrorism (AML/CFT) obligations of VCCs under the VCC legislation will come under the purview of the MAS. That being said, a VCC must have its name approved by ACRA.

It is our observation that due to the requirement of a regulated/licenced fund manager, approved custodian and the overlay of the SFA requirements when VCC is used for an Authorised, Restricted or Exempt scheme, the MAS will indirectly supervise the compliance of the VCC.

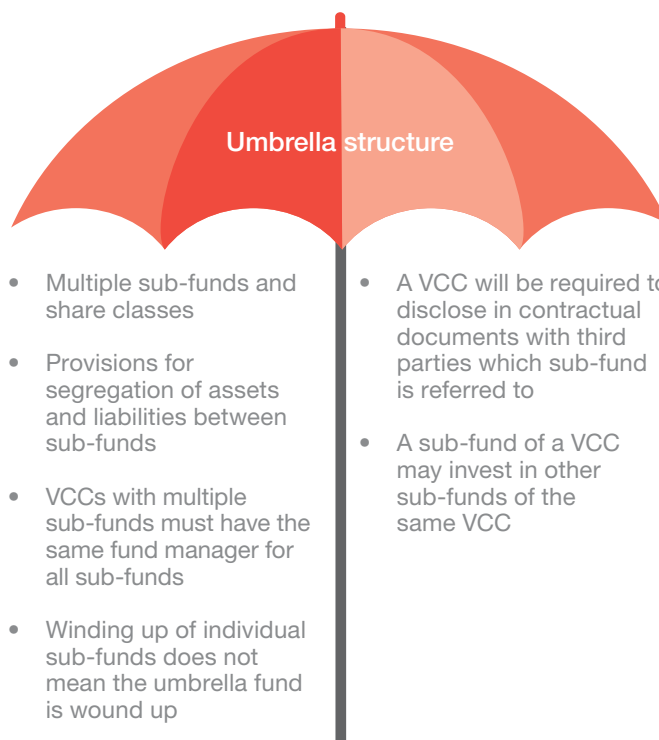


## Sub-funds

In addition to being able to set up as a standalone fund, a VCC can be established as an umbrella structure with multiple sub-funds and share classes. The umbrella VCC would have provisions for the segregation of assets and liabilities between sub-funds, **such that the assets of one sub-fund may not be used to satisfy the liabilities of another sub-fund.**

To address the key risk of cross-cell contagion within a VCC, any provisions (e.g. in the constitution or in agreements entered into by VCCs) which are inconsistent with the segregation of assets and liabilities of sub-funds, would be void. To ensure that third parties dealing with VCCs are aware of segregated assets and liabilities of sub-funds, a VCC will be required **to disclose – in documents in which its sub-fund is referred to** and in dealings with third parties prior to entering into oral agreements on behalf of its sub-fund – the name, unique sub-fund identification number and that the sub-fund has segregated assets and liabilities.

To accord further protection to retail investors, the fund manager of a VCC consisting of an Authorised Scheme to invest in assets located in a jurisdiction that does not have a cellular company structure, only if any risk of cross-contagion between the VCC's sub-funds has been reasonably mitigated. Where reasonable grounds come to exist for the fund manager to believe otherwise, the fund manager must promptly investigate the validity of these grounds. If the grounds appear to be valid, they must take appropriate steps to mitigate the risk. Since these risks cannot be completely mitigated, risks of cross-cell contagion is required to be clearly disclosed to shareholders of at least Authorised and Restricted VCCs. An example of such a risk could be where a VCC with both solvent and insolvent sub-funds owns assets attributable to the solvent sub-fund in a foreign jurisdiction in which segregation of assets and liabilities of sub-funds may not be recognised. In such a situation, the creditors of the insolvent sub-fund could be allowed to claim against the assets of the solvent sub-fund.



It is to be noted that the sub-fund is subject to the orders of the court as it would have been had the sub-fund been a **separate legal person.**

It is also to note that VCC **may sue or be sued** in respect of a particular **sub-fund** and may exercise the same rights of set-off in relation to that sub-fund as it may apply for company incorporation under the Singapore Companies Act.

VCCs with multiple sub-funds must have the **same fund manager for all the sub-funds** under the umbrella fund.

Further, the winding up of the individual sub-funds does not automatically initiate the winding up of the entire umbrella fund.

A sub-fund of a VCC may **invest in other sub-funds** of the same VCC.

## Shares & debentures

A VCC can issue debenture stock, bonds, or other securities. Such instruments may be listed on a stock exchange.

The **liability of members** of a VCC will be **limited** to the amount, if any, unpaid on the shares held by them respectively.

A VCC may **issue shares of varying amounts** and issue at times for payment of calls as agreed between its shareholders. It can accept members without having its shares fully paid up and can pay dividends in proportion to the amount paid up on each individual share such as when larger amount is to be paid on some shares than on others.

A VCC may, by special resolution, determine that any portion of its share capital which has not already been called up, shall not be called up, except in the event of the VCC being wound up.

A VCC cannot issue any **bearer share warrants** on its shares.

A VCC is not required to disclose its **register of shareholders to the public**, but must make the register available to supervisory and law enforcement agencies.

A VCC is allowed to freely redeem shares and pay dividends using its capital. The constitution of a VCC should state that the valuation and redemption of shares must be carried out at net asset value (NAV). The NAV valuation is based on the assets of the VCC less its liabilities, which is its capital. An exception to this requirement will be made for closed-end funds that are listed for quotation on a securities exchange.

Such listed Collective Investment Scheme (CIS) may need or wish to conduct share buy-backs on the exchange. In line with market practice, the price of such share purchases will need to be in accordance with the applicable listing requirements and does not need to be at the NAV.

## Accounts, reports & audit

The financial statements of a VCC can be prepared under different accounting frameworks (e.g. **IFRS**, **Singapore FRS** and **US GAAP**) and could be prepared at each individual sub-fund level. Authorised VCCs will be required to use RAP 7, as it is currently applicable for unit trusts under the CIS Code.

It must be subject to an **annual audit** by a Singapore public accountant.

The **financial statements** of any VCC is not **publicly available**.

The Board of Directors (BOD) of a VCC can also elect to **dispense with the need to hold annual general meetings**. Details of this are mentioned in the next chapter.

The VCC shall lodge an **Annual Return** with ACRA after its general meeting **within 7 months** from the end of its financial year end.

## Re-domiciliation

A foreign CIS, organised as a body corporate can be redomiciled to Singapore as a VCC. This is provided the foreign jurisdiction allows outward re-domiciliation. Details of re-domiciliation is further elaborated in a dedicated chapter next.

## Others

A VCC must have a qualified company secretary and must have a registered office in Singapore.

# Key features further explained



## Fund managers

A VCC must be managed by a fund manager regulated or licenced by the MAS **unless exempted**.

This **exemption is only applicable** to those financial institutions exempt under specific provisions of the SFA only; i.e. a **bank** licenced under the Banking Act, a **merchant bank** approved under the MAS Act, a **finance company** licenced under the Finance Companies Act or a company or co-operative society licenced under the **Insurance Act**.

This means:

- Those fund managers currently exempt from licensing and registration due to being a **real estate fund cannot** use a VCC
- Self-managed VCCs (e.g. those availing of **related party exemptions** or family offices) **will not be permitted** to use VCCs

This does not invalidate VCC's use by a real estate fund manager or a single family office, if they find the use of VCC a compelling proposition, they can get themselves licensed and then launch a VCC.

## Custodian

A VCC is required to **safeguard** its assets entrusting a "custodian" unless exempted.

For Authorised VCCs, the custodian must be an approved CIS trustee under the SFA. Such custodians must comply with the CIS Code, which will set out the operational obligations for custodians of the authorised scheme.

For VCCs which comprise of restricted or exempt schemes, the custodian must be a specified custodian, which refers to any of the following:

- a) a bank licenced under the Banking Act;
- b) a merchant bank approved under the MAS Act;
- c) a finance company licenced under the Finance Companies Act;
- d) a depository agent for the custody of securities listed for quotation or quoted on SGX-ST or deposited with the Central Depository;
- e) an approved CIS trustee;
- f) a CMS licence holder for custodial services; or
- g) a custodian outside Singapore which is authorised to act as a custodian in the country or territory where the account is maintained.

VCCs which comprise of restricted or exempt schemes that are PE/RE/VC funds may be exempted from requiring a custodian. To avail themselves of this exemption, the VCC must A) disclose the lack of a custodian to its investors, B) obtain investors' acknowledgement of this custody arrangement, and C) ensure that the scheme is audited on an annual basis, and that the auditor's report is provided to investors.



## Directors

The VCC is to be governed by a Board of Directors which will hold primary responsibility for the governance of the VCC.

It must have a **minimum of one director** who is ordinarily a resident in Singapore. The sole director can also be a sole shareholder of the VCC.

A VCC must have at least one director who is also a director or qualified representative of the fund management company that will be managing the VCC.

A VCC **cannot** have a body corporate as its director, irrespective of the residency of said body corporate.

It is required that at least one director of the VCC must be a director of the VCC's fund manager and and its directors must be subject subject to disqualification and duties broadly similar to those under the Singapore Companies Act.

VCCs consisting of Authorised Schemes would require at least three directors, of which at least one director has to be independent of: (i) business relationships with the VCC; (ii) the fund manager of the VCC (and its related entities); and (iii) all substantial shareholders of the VCC.



## Duties of directors

It is our understanding that the directors of a VCC owe similar common law fiduciary duties as the directors of Singapore incorporated companies to the shareholders of the VCC.

Further, the directors of a VCC will also have the following statutory duties under the VCC Act (including but not limited to):

- Maintain proper books of accounts
- Ensure the requirements of the Act are complied with
- Prepare annual accounts
- Ensure an annual audit is performed
- Maintain the segregation of assets and liabilities of the various sub-funds
- Maintain certain registers and other documents
- File requisite reports and documents with the ACRA

The BOD is required to prepare a report reflecting the state of affairs of the VCC for each financial year. The report should be approved and signed by the BOD. Further, it should provide information on the development and performance of the VCC's business, particulars of any important events affecting the VCC, and indication of likely future developments.

## Meetings – annual general meetings

A VCC should host an annual general meeting every year within six months from the end of the financial year. The first financial year cannot be longer than 18 months (unless ACRA approves otherwise).

VCCs are not subjected to a mandatory requirement to hold an annual general meeting (AGM). Instead, they will have the option to **dispense with holding an AGM** by giving at least **60 days notice** to its shareholders.

If AGMs are deemed to be an important requirement for a VCC, then the VCC will be **required to hold an AGM** only if this is **requested by 10% of its shareholders**.



## AML/CFT requirements

To prevent the abuse of VCCs for unlawful purposes:

- AML/CFT requirements on VCCs, which will be supervised by the MAS for AML/CFT compliance
- VCCs are required to outsource the performance of AML/CFT duties to its fund manager, are held ultimately responsible for compliance with its AML/CFT requirements
- VCC's directors are subjected to fit and proper checks, and the VCC is required to have at least one director who is also a director of its fund manager

## Winding up of VCCs

The VCC Act provides for the winding up of VCCs by either its members or the court.

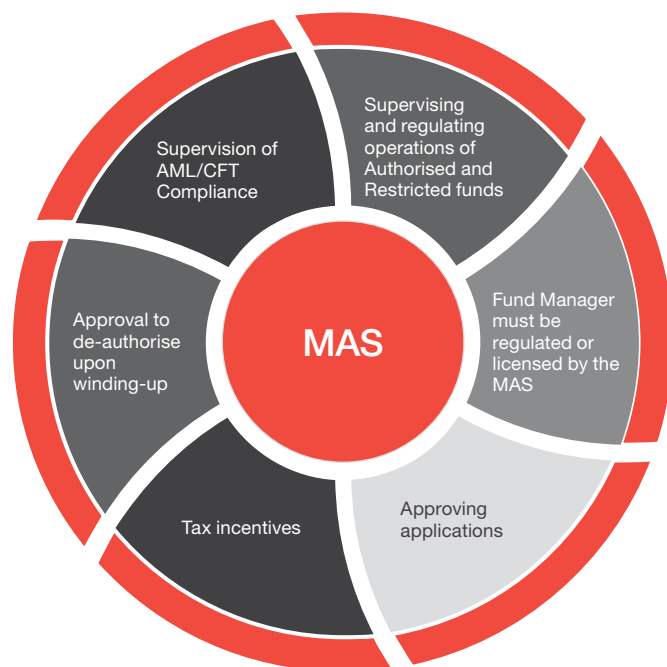
Members of the VCC may choose to wind up the VCC voluntarily. The process of a voluntary winding up will commence by calling a meeting of the VCC to pass a special resolution for winding up. The resolution must be shared with the ACRA as well.

Alternatively, the VCC may be wound up by the court if it is of the opinion that the winding-up of the VCC is just and equitable and that the following conditions are satisfied:

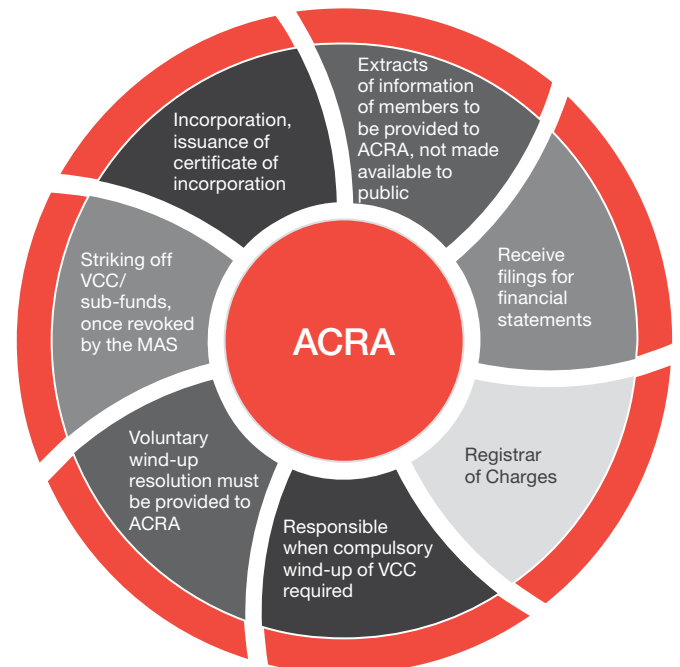
- The petition for such winding up has been presented by the person so nominated by the MAS in respect of the VCC
- The petition is accompanied with the grounds of winding-up
- The court is satisfied that the winding up would best serve the interests of shareholders of the VCC

## The winding up of sub-funds

When winding up a sub-fund, all shareholders of that sub-fund should redeem their shares (where appropriate) and the VCC shall be required to submit an application to the MAS to be de-authorised.



Role of the regulator – MAS



Role of the registrar – ACRA

The key issues that ultimately characterise the investment fund legal entity are highlighted below:

	Mutual fund	Restricted mutual fund/ Hedge fund
Fund manager [Singapore regulated]	CMS Licence (Retail)	RFMC/CMS licence (A/I)
Fund type	Authorised	Restricted/Exempt
Compliance to code of collective investment schemes	Yes	No
Custodian requirement	Typically No	Yes*
Local administrator	Yes (through tax incentive schemes)	Yes (through tax incentive schemes)
Number of Board of Director members required	3	1
Number of Board of Independent Directors required	1	–
Number of Board of Directors required to be Residents	1	1
Financial Statements	CIS Code - RAP 7	IFRS/SFRS/US GAAP

\* The prescribed entities are:

(i) a bank licensed under the Banking Act (Cap. 19); (ii) a merchant bank approved as a financial institution under the MAS Act (Cap. 186); (iii) a finance company licensed under the Finance Companies Act (Cap. 108); (iv) a depository agent within the meaning of section 81SF of the SFA for the custody of securities listed for quotation or quoted on Singapore Exchange Securities Trading Limited or deposited with the Central Depository (Pte) Ltd; (v) an Approved Trustee; (vi) any person licensed under SFA to provide custodial services for securities; or (vii) a foreign custodian that is licensed, registered or authorised to conduct banking business or to act as a custodian in the country or territory where the account is maintained

Private equity	Real Estate fund (Private)	Venture Capital
RFMC/CMS licence (A/I)	RFMC/CMS licence (A/I) [No exemption available]	VC Manager regime/ RFMC/CMS licence (A/I)
Restricted/Exempt	Restricted/Exempt	Restricted/Exempt
No	No	No
Typically No	Typically No	Typically No
Yes (through tax incentive schemes)	Yes (through tax incentive schemes)	Yes (through tax incentive schemes)
1	1	1
-	-	-
1	1	1
IFRS/SFRS/US GAAP	IFRS/SFRS/US GAAP	IFRS/SFRS/US GAAP

## VCC as a Retail Fund

VCCs and their sub-funds can also be authorised schemes, which may be marketed to retail investors. This opens up a new structure for mutual funds and ETFs, which previously could only take the form of a unit trust, as well as cross border fund schemes under the ASEAN CIS framework, the future Asia Region Funds Passport (ARFP) framework, and any future mutual recognition programs.

Role	Unit Trust	VCC
Manages the property of the fund, implements investment strategy, manages portfolio trading activities	Fund manager	
Oversees management of the fund to protect interests of investors	Trustee (approved trustee)	Directors
Maintains custody of the property of the scheme	Custodian	Custodian (approved trustee)

There are usually three main parties in the unit trust: the manager, who manages the assets; the trustee, who oversees the management of the assets and protects the interests of investors; and the custodian, who holds onto the property of the VCC. Seeing as mutual funds may take in moneys from everyday retail investors, the MAS considers the presence of the trustee as a necessary safeguard. This is also why such trustees must be approved by the MAS and comply with certain restrictions in the Securities and Futures Regulations including minimum financial requirements. To date, only 15 organisations have been approved. Additionally, the manager must also be appropriately licenced by the MAS. The permissible fund manager (see the earlier chapter on the fund manager regime in Singapore) must hold a capital markets services licence that allows them to carry on business in fund management with all investors. Venture capital fund managers, registered fund management companies, and fund managers only licenced to carry on business with accredited or institutional investors may not manage authorised schemes.

In a VCC, there are three main parties: the manager, the custodian, and the directors of the VCC. The manager's role is the same between a VCC and a unit trust. For authorised schemes, the custodian must be an approved trustee. However, with the introduction of the corporate structure of the VCC, the primary duty to oversee the management of investments and to protect the interests of investors lies with the directors of the VCC, instead of the approved trustee. The directors owe fiduciary duties to the investors in the VCC, and are expected to exercise all due

diligence and vigilance in carrying out their functions and in safeguarding the rights and interest of the investors. On the other hand, the approved trustee's role has been pared down to that of a custodian. While a trustee has an in-built duty to the beneficiaries of the trust (the investors), nothing in a custodian's role immediately obliges oversight of the activities of others. Hence, while an approved trustee (acting as a custodian) is still expected to take reasonable care in ensuring that the scheme complies with the relevant investment and borrowing guidelines, they are not required to take on more onerous oversight obligations.

All authorised schemes must comply with the Code on Collective Investment Schemes (CIS Code). The CIS Code sets out operational obligations for the VCC, the manager, and the custodian. It also creates investment guidelines and borrowing restrictions which every authorised scheme must comply with. MAS has amended the CIS Code to provide for the operations of a VCC, clarifying the duties applicable of each of the relevant main parties.

The introduction of the VCC in the mutual funds space provides local fund managers more options in how they elect to structure their products. Between a traditional unit trust and the new VCC, managers now have alternatives to best fit their operational needs, and more possibilities when selecting their vehicle of choice for cross-border schemes.



# Overview of tax regime



## Tax Regime

A person in Singapore who manages a fund, whether offshore or onshore, on a discretionary basis creates a taxable presence for the fund in Singapore. In the absence of a tax treaty or tax incentive, income and gains of the fund due to the activities of a Singapore fund manager are potentially taxable in Singapore. However, Singapore's domestic legislation provides for tax exemption for such funds.

The VCC will be treated as a company and a single entity for tax purposes. Consequently, the VCC is subject to income tax in Singapore. However, the tax exemption under sections 13R (referred to as "Singapore Resident Fund Scheme" or "SRF") and 13X (referred to as "Enhanced-Tier Fund Scheme" or "ETF") of the Income Tax Act of Singapore will be extended to VCCs. These tax incentives and their applicability to VCCs are further described below.



## Fund Incentives

### Singapore Resident Fund Scheme

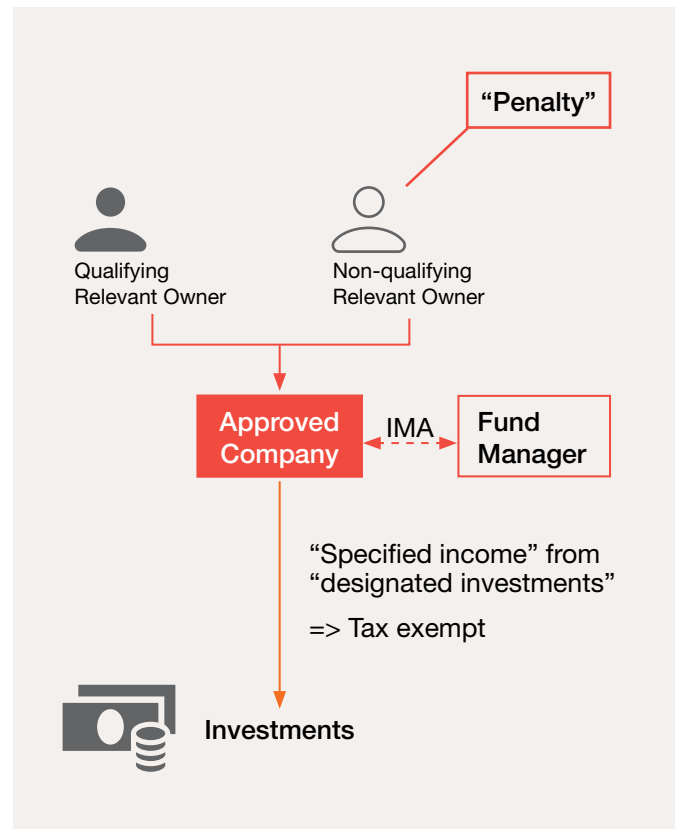
The Singapore Resident Fund Scheme was introduced to encourage fund managers to base their fund vehicles in Singapore. The main advantage of using a Singapore fund over a tax haven based fund is that the fund management company and investment team are based in the location of the fund itself (i.e. Singapore).

A Singapore resident fund managed by a Singapore based fund manager **will be exempt from tax** on “specified income” derived from “designated investments” if the fund is an “approved company”. In order for a fund to qualify as an approved company, the fund vehicle must (amongst others) have the legal form of a company, have its control and management exercised in Singapore, and use a **Singapore-based fund administrator**. In addition to this, there is a business spending requirement of **at least S\$200,000 each financial year**. There is **no minimum fund size requirement**. Specific approval must be sought from the MAS to access the tax exemption under the Singapore Resident Fund Scheme. A Singapore VCC is generally eligible for the Resident Fund Scheme (if all conditions are fulfilled).

The tax exemption covers all income and gains in respect of designated investments, unless they fall within an exclusion list. The list of designated investments is broad but a case by case analysis is needed. Some very clear exclusions are investments connected with Singapore real estate.

It is important to note that if the investor is a non qualifying investor on the last day of the fund’s financial year, he will have to declare a penalty liable to be paid in his income tax return for the relevant year of assessment. The penalty is effectively equivalent to the corporate income tax payable on his share of the income and gains of the fund. Subject to certain exceptions, a non qualifying investor includes a non-individual investor in Singapore who, either alone or together with its associates, owns more than 30% (50% in instances where there are 10 or more investors) in the fund. Where there are non-qualifying investors, the fund manager is required to submit a declaration to the tax authorities. In order to assess its reporting obligations, it is therefore important that the fund manager collects the relevant information on the investor profiles.

### Current Section 13R Scheme requirements





## Enhanced-Tier Fund Scheme

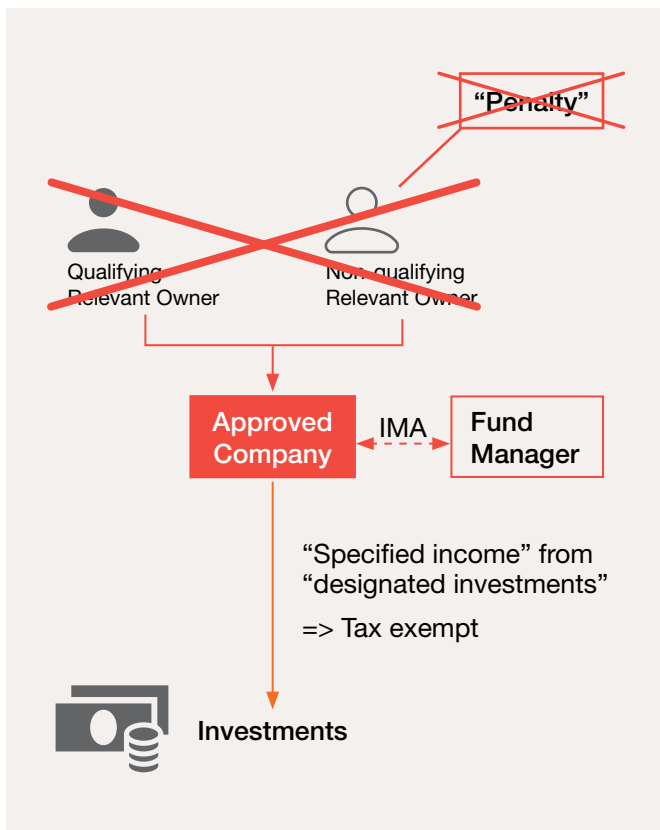
Like the SRF Scheme, the ETF Scheme provides for tax exemption on “specified income” derived from “designated investments” from funds managed by a Singapore-based fund manager. In contrast to the SRF Scheme, a fund does not have to be incorporated or resident in Singapore in order to apply the ETF Scheme.

However, the conditions to apply for the ETF Scheme include a **minimum fund size of S\$50 million** at the time of application, and the fund management company managing the fund to have at least three investment professionals. Additionally, there is a requirement of **business spending of S\$200,000** each financial year to be in Singapore. The ETF Scheme does not have restrictions on investors’ profile and ownership percentage.

A Singapore VCC is eligible for Enhanced-Tier Fund Scheme (if all conditions are fulfilled).

Applying to both Singapore based funds and offshore funds, the ETF Scheme provides greater flexibility to fund managers in sourcing their mandates.

## Current Section 13X Scheme requirements



## Applicability of SRF and ETF Schemes to VCCs

VCCs may be set up as a stand-alone VCC or a VCC with multiple sub-funds (referred to as an “umbrella VCC”).

### Stand-alone VCC

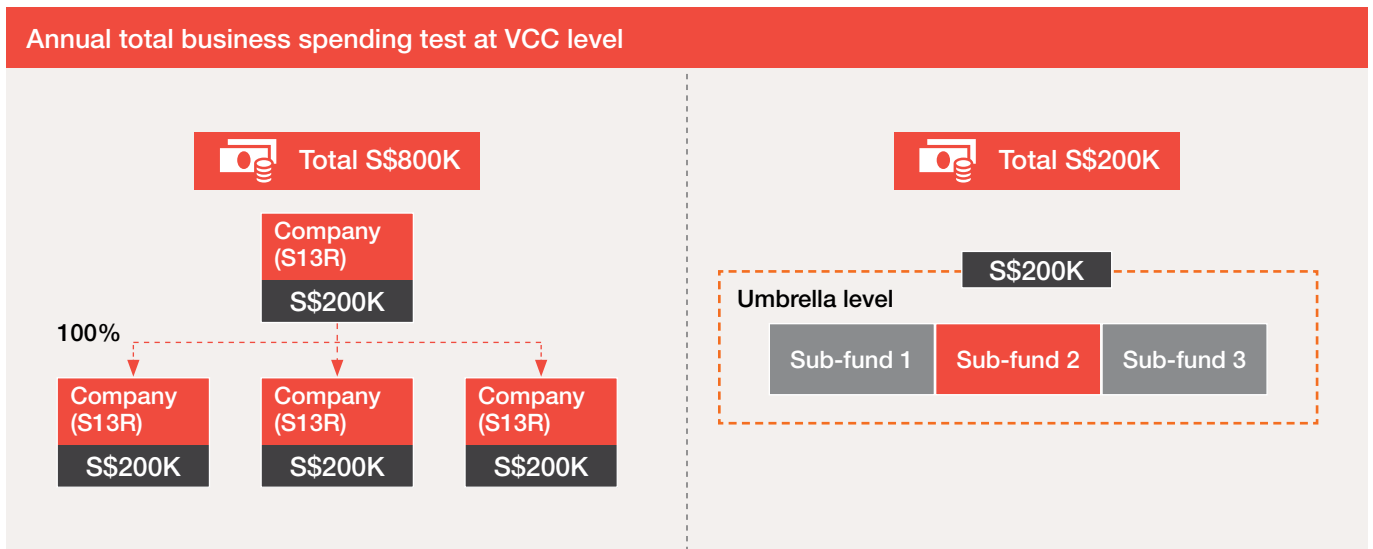
The tax treatment of a stand-alone VCC will remain the same as that of a Singapore company. Accordingly, the ETF and SRF Schemes under the Income Tax Act will apply to a stand-alone VCC similar to how it would apply to a Singapore company.

### Umbrella VCC

The new provisions for umbrella VCCs provide benefits for such structures, since the conditions for the tax exemption schemes are applied to an umbrella VCC as a whole. The quantitative conditions to apply for the ETF Scheme (minimum fund size of S\$50 million at the point of application and annual local business spending of at least S\$200,000) and the SRF Scheme (annual business spending of at least S\$200,000) will apply to the umbrella VCC as a whole, rather than to each sub-fund.

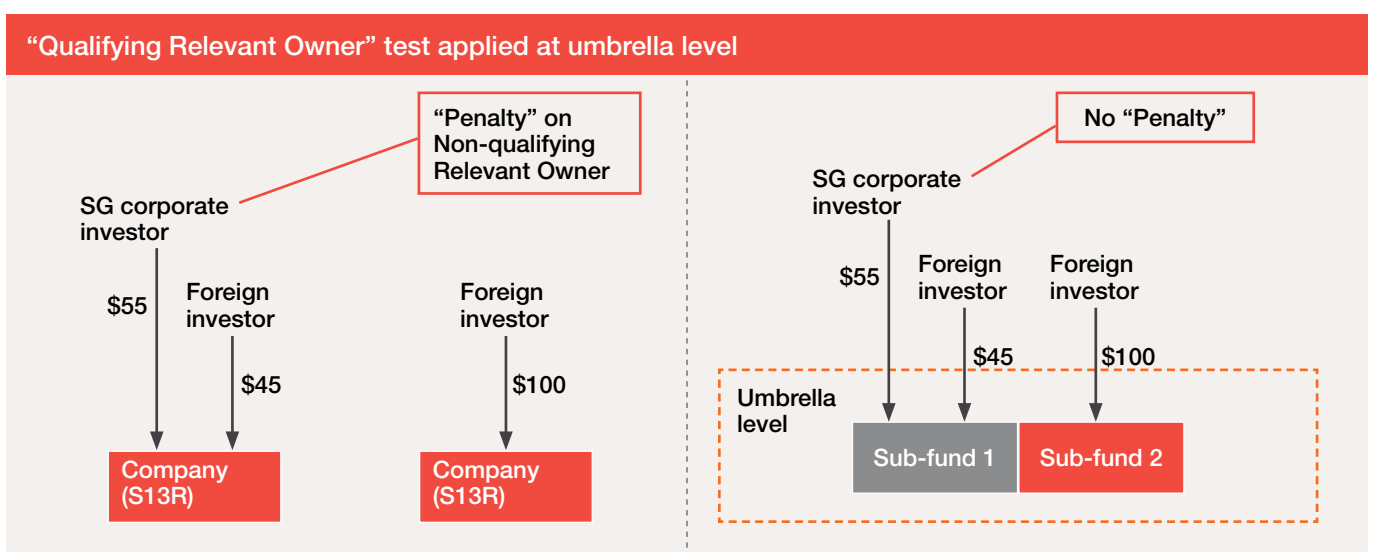
Therefore, if a VCC has, for example, three sub-funds, the business spend requirement will be set at S\$200,000 for the VCC as a whole (and not S\$600,000). If this VCC were to apply for the ETF Scheme, the minimum fund size requirement will be S\$50 million (and not S\$150 million). In this example, using an umbrella VCC poses significant benefit to fund managers who, in the past, would have had to use three Singapore companies with a fund size of at least S\$150 million in total and a total local business spending of at least S\$600,000, rather than now having the option of using an umbrella VCC with three sub-funds.

## Umbrella VCCs Tax Exemption requirements



Under the SRF Scheme, non-qualifying investors are required to pay a financial penalty. The test will be applied at the VCC level, not at each sub-fund level. Given that the test is applied across the VCC (thereby increasing the denominator when applying the 30% or 50% test), it improves the chances of a Singapore non-individual investor qualifying as a qualifying investor.

## Umbrella VCCs Tax Exemption requirements



One of the current conditions of the ETF and SRF Schemes is that once the fund has been approved under either of the schemes, the investment objective of the fund cannot be changed (other than in certain situations and subject to approval of the authorities). In case of an umbrella VCC, the downside is that the investment objective condition must be satisfied at the level of the umbrella VCC, rather than at the level of the sub-funds. A breach of the investment objective condition by one sub-fund will therefore adversely impact the entire VCC (i.e. even the other sub-funds). A breach could occur when the sub-fund invests outside of the VCC’s investment objective as approved under the ETF and SRF Schemes. It is thus important to put in place controls to ensure that the investment objective condition will not be breached.

## Further taxes applicable to VCCs

### Goods and Services Tax

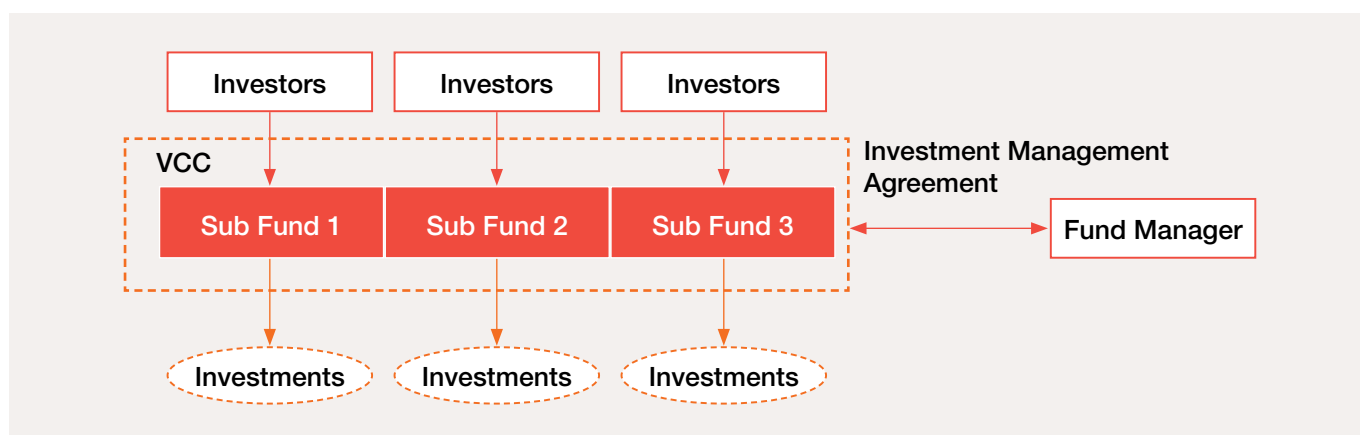
The current GST remission is available to VCCs approved under the ETF and SRF Schemes.

### Withholding tax

The current withholding tax exemption on interest payments available to funds approved under the ETF and SRF Schemes is also available to VCCs approved under the ETF and SRF Schemes.

## Fund Management Incentive

The Financial Sector Incentive for Fund Management (the “FSI-FM” award) aims to promote fund management activities in Singapore. The award provides a concessionary tax rate of 10% for fund management and investment advisory activities, subject to certain conditions being met. Amongst others, in order to qualify for the FSI-FM, the applicant must be licensed or exempt from holding a capital markets services licence for fund management by the MAS, have a minimum asset under management of S\$250 million and have at least three investment professionals.



The 10% concessionary tax rate under the FSI-FM will be extended to approved fund managers managing incentivised VCCs.

# Comparing VCC with its peers



The recently announced VCC is the result of a culmination of research and studies into the various fund vehicles used in other popular fund domiciles. Established fund centres today such as the Cayman Islands, Republic of Ireland, Luxembourg, UK, Mauritius and others (“Fund Centres”) come with their own historical legacies, their reasons for growth and evolution, as well as value propositions. This chapter focuses on comparing the intended VCC features with those of corporate funds from these Fund Centres. Attention has also been given to alternative funds, as these strategies are less dependent on the distribution regimes that facilitate cross border fund sales. Today, Singapore retail funds are sold in Singapore, Malaysia and Thailand, through the ASEAN CIS fund passport scheme. Singapore’s popularity in cross border retail funds can grow further if it were to join the upcoming larger passport scheme in Asia, namely the Asia Region Funds Passport.

## The Fund Centres at a glance

### Cayman Islands

The Cayman Islands is a British Overseas Territory that offers a stable economic and political climate. The legal system is based on English common law, with a judiciary operating a specialised financial services division.

With this in mind, the Cayman Islands is the chosen domicile of approximately 85% of the world’s hedge funds according to Cayman Finance, making it the pre-eminent jurisdiction for hedge funds.

The jurisdiction has multiple legal structures available for funds (companies, segregated portfolio companies, unit trusts, limited partnerships, and LLCs), each with its own unique features catering for the specific needs of investors and asset managers.

The regulatory regime operated by the Cayman Islands Monetary Authority also provides for differing registration categories. This offers flexibility in the structuring of a fund to meet the particular needs of its investors and its asset manager. These fund products are supported within the Cayman Islands by a long standing and well established fund industry with world class infrastructure, lawyers, accountants, corporate governance specialists, and other service providers.

With no direct taxation of any kind, the Cayman Islands is a competitive investment fund domicile as there are no corporate, capital gains, withholding, profit, or income taxes. In addition, a fund has the option of obtaining an undertaking from the government that it will remain tax free for at least 20 years. There are also no currency controls or restrictions imposed by the Cayman Islands on a fund’s investment strategy, which provides forma ximum flexibility in the techniques applied to pursue the fund’s objectives.



## Republic of Ireland

Ireland is a leading European domicile for UCITS funds, alternative investment funds (AIFs), money market funds and exchange-traded funds (ETFs), as well as the world's premier jurisdiction for the stock exchange listing of investment funds.

986 fund managers from 53 countries have assets administered in Ireland. 17 of the top 20 global asset managers have Irish domiciled funds. Ireland offers managers access to the EU-wide marketing passport for UCITS and AIFs. Ireland is a committed member of the European Union and will remain so, providing full market access to the EU. Ireland is an English-speaking member of the EU and Eurozone and is known for its clear and practical regulatory framework and support for the funds industry.

Ireland was the only domicile of the 5 largest in the EU (Lux, Ireland, France, Germany and the UK) to register growth in domiciled assets under management in 2018. Assets under management in Irish funds grew by 1.1% in 2018 to EUR 2.4 trillion. Net sales into Irish domiciled funds of EUR 93 billion in 2018 were 38% of total net sales into European domiciled funds in 2018. The number of funds domiciled in Ireland grew by 6.6% in the year. The assets under management in Irish domiciled ETFs grew by 2.8% to EUR 365 billion. Irish domiciled ETFs represent 58% of all European ETFs. The registration of Irish UCITS funds for sale in other EU member states grew by 17.7% in 2018. Registrations in the UK grew by 18.4% and registrations in Switzerland grew by 25%.

With over 16,000 professionals employed exclusively in the servicing of investment funds, the Irish funds industry has developed as a centre of excellence with expertise that spans a wide range of services including fund administration, transfer agency, depositary, legal, tax and audit services, stock exchange listing, compliance and consultancy services.

From traditional 'long only' to complex alternative strategies, Ireland offers world class, innovative product solutions catering to the widest spectrum of investment strategies. Ireland was the first regulated jurisdiction to provide a regulatory framework specifically for the alternative investment fund industry. The Irish funds industry is at the forefront in preparing for and reacting to regulatory developments at the EU and national level. Ireland's responsiveness and adaptability enables clients to bring innovative products to market quickly, supported by the most developed regulatory, product and service infrastructure available.

The Irish regulatory environment for investment funds is founded on the principles of openness, transparency and investor protection. Ireland has an excellent reputation as a location for robust and efficient regulation, which facilitates market and product developments while protecting investor interests.

Ireland's tax regime is highly efficient, clear and certain, open, transparent and fully compliant with OECD guidelines and EU law. Irish regulated funds are exempt from Irish tax on income and gains derived from their investments and are not subject to any Irish tax on their net asset value. There are additionally no net asset, transfer or capital taxes on the issue, transfer or redemption of units owned by non-Irish resident investors. Other than in respect of certain funds which hold interests in Irish real estate (or particular types of Irish real estate related assets), non-Irish investors are not subject to Irish tax on their investment and do not incur any withholding taxes on payments from the fund.

## Luxembourg

Luxembourg is the European largest investment fund center, as well as the second largest investment fund center worldwide. The Grand Duchy has been at the forefront of the UCITS fund industry for many years and is offering the highest possible levels of investor protection. Since the introduction of AIFMD in 2013, the country has also become a prime location for alternative investment funds (AIFs), such as private equity, venture capital, hedge funds and real estate funds. Luxembourg is moreover the second European domicile for exchange-traded funds (ETFs).

Assets under management in Luxembourg funds has grown to over EUR 4.4 trillion of asset under management in 2019. Net sales into Luxembourg domiciled funds of EUR 93 billion were 37% of total net sales into European domiciled funds in 2018. In 2018, the number of funds decreased by 3%, however, the number of sub-funds in the same year increased by 2%.

Luxembourg is considered as the leading cross-border investment fund center in the world, with Luxembourg based funds offered in more than 80 countries. Two out of three asset management giants have chosen the country as the first domicile to set up their funds, which is further reflected by 61% of authorisations for cross-border distribution coming from funds that are domiciled in the country. Situated right at the heart of Europe, The Grand Duchy is a proud and committed member of the European Union, thereby providing full market access to the rest of EU.

The Luxembourg regulatory landscape is continuously improving to offer the best tools for investment managers to structure their funds and to protect investors. The tax regime is highly efficient and transparent. Incentives for investors are also very strong, as Luxembourg regulated funds are exempt from tax and are not subject to withholding tax on dividends and capital gains.

## Mauritius

Thanks to its strategic location, Mauritius is optimally placed for fund houses looking to access the increasing investment opportunities coming out of the African continent. This prime location is further backed by a competitive taxation regime, and strong supporting industries.

Mauritius offers a range of fund structures to investors and Asset & Wealth managers. These structure cover open and closed-ended funds, have seen substantial growth in recent years and the afore mentioned taxation regime means many funds are subject to an effective taxation rate of 3% on foreign dividends and interest. Mauritius also boasts a network of nearly 46 double tax treaties, including with many African nations which removes capital gains considerations.

With increasing numbers of HNWLs, family offices, global administration, global treasury offices and other Asset & Wealth managers establishing operations in the jurisdiction, the Asset & Wealth management industry has expanded steadily and as investment opportunities in surrounding areas increase, Mauritius is well-positioned to seize on increased demand for access to these areas via funds with its established infrastructure.

## United Kingdom

The United Kingdom (“UK”), in addition to founding the Common Law legal system found across many other fund centres mentioned here and across the world, enables a broad range of fund structures to operate within its jurisdiction, promoting fund domiciliation within the UK itself. The investment management industry itself is recognised by authorities and the government does not take it for granted, launching the Investment Management Strategy in 2013 with the objective of furthering the growth of the industry across the UK. This national strategy has seen integration across policy makers, regulators, industry associations, and other players in the Asset & Wealth management space in striving to achieve a common goal.

The tax treatment of funds domiciled in the UK is also an attractive drawcard for Asset & Wealth managers with numerous reliefs and exemptions meaning little tax is paid at the fund level and eliminating double-taxation at an investor level. This domestic tax policy is enhanced with a network of nearly 130 double tax treaties.

Recent changes in the approach of regulators to the industry have seen a shift from implementing new regulations towards ongoing supervision of existing requirements. With 2018 being an informal “grace period” for firms to adapt to new regulations, 2019 will be one of scrutiny and examination on how new regulations have been implemented. Should such examinations prove unsatisfactory, alterations may follow to ensure the UK remains a fund centre of choice.



For the full comparison of other Fund Centres, please read our VCC Comparatives document: [pwc.to/3aFrgNA](https://pwc.to/3aFrgNA)

All the above Fund Centres today have their own legacy, reasons of growth, evolution, and value proposition for their respective structures. Let us compare VCC with a few popular corporate form funds in these Fund Centres.

## Overall framework




The VCC has its own legal framework that enables it to be used as an alternative or traditional investment fund and also allows for both closed and open-ended strategies. It is on par with corporate form funds in the Fund Centres as it can issue shares and debt instruments.

Figure 1: Overall framework

Singapore 🇸🇬		Hong Kong 🇭🇰		Australia 🇦🇺	Ireland 🇮🇪	
Authorised VCC	Restricted/ Exempt VCC	HK Public OFC	HK Private OFC	Corporate CIV	ICAV set up as QIAIF	VCIC
<b>Legal framework</b>						
Variable Capital Companies Act 2018		Code on Open-Ended Fund Companies made under the Securities and Futures Ordinance		Corporations Act 2001 (Cth)	Irish Collective Asset-management Vehicles Act 2015 ("ICAV Act")	Irish Companies Act 2014 ("Companies Act")
<b>Status</b>						
Enacted		Enacted		CCIV is not yet enacted The Treasury has consulted on the draft legislation for CCIVs in five tranches	Enacted	
<b>Regulatory authority</b>						
MAS/ACRA		SFC		ASIC	Central Bank of Ireland	
<b>Judicial system</b>						
Common law		Common law		Common law	Common law	
<b>Types of securities that can be issued</b>						
Shares, debentures		Shares		Shares, debentures	Shares, debentures	





United Kingdom 	Luxembourg 			Cayman Islands 	Mauritius 	
OEIC	SICAR (SICAV)	SIF (SICAV)	RAIF (SICAV)	Exempted Company	Mu-Funds (CI)	Mu-Funds (CEF)

### Legal framework

Open-Ended Investment Companies Regulations 2001 (“OEIC Regulations”) and the FCA Handbook	Law of 15 Jun 2004 on investment company in risk capital (“SICAR Law”)	Law of 13 Feb 2007 on SIFs (“SIF Law”)	Luxembourg Law of 23 Jul 2016 (“RAIF law”)	Mutual Funds Law (2019 revision)	Securities Act 2005 Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 Income Tax Act Financial Services Act Companies Act
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### Status

Enacted	Enacted			Enacted	Enacted
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### Regulatory authority

Financial Conduct Authority (“FCA”)	CSSF	N/A	CIMA	Financial Services Commission (“FSC”), Registrar of Companies, The Mauritius Revenue Authority
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### Judicial system

Common law	Civil law		Common law	Hybrid system, common and civil law
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### Types of securities that can be issued

Shares	Shares, debt		Shares, debt	Shares, debt
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Ireland’s ICAV is incorporated under its own stand-alone legislation like the VCC, however, it is administered and regulated by the Central Bank of Ireland. On the other hand, VCC is administered by the city-state’s Company Registrar (ACRA), and the Monetary Authority of Singapore (MAS) regulates Authorised VCC and the AML/CFT aspects.





## Governance

In comparison, the governance framework of VCC is on par with other fund centres. VCC only requires one locally resident director, which is much more liberal compared to the other Fund Centres. In addition, it does not mandate the need for “independent” directors with regard to alternative funds marketed to non-retail investors. However, VCC legislation does require representation of at least one director of the fund management company on the board of the VCC. This is comparable to other on-shore jurisdictions such as Ireland and Luxembourg, where regulators encourage the “promoter” of the fund to have representation on the board of the fund.

Figure 2: Governance

Singapore 🇸🇬		Hong Kong 🇭🇰		Australia 🇦🇺	Ireland 🇮🇪	
Authorised VCC	Restricted/Exempt VCC	HK Public OFC	HK Private OFC	Corporate CIV	ICAV set up as QIAIF	VCIC
<b>Number of directors required</b>						
Authorised VCC – 3 directors (at least 1 independent director)	Restricted/Exempt VCC – 1 director	2		1 corporate director	3	
<b>Are directors required to be independent of fund manager?</b>						
Independent directors would be required only in case of Authorised VCCs (retail funds)	No	No, one director must be independent of the custodian		The external director requirement (at least half of the corporate director's board must be external directors) only applies to public funds.	Not required by the law  Irish Funds voluntary corporate governance code requires a minimum of 1 independent director	
<b>Are fund manager directors required?</b>						
For both – Either a director or a qualified representative of the fund manager.		No, one director must be independent of the custodian		No	No	
<b>Must directors be resident?</b>						
1 Director must be resident		No, the directors would need to be approved by the SFC and so would need to meet their ‘fit and proper’ criteria, but this has no residency requirement. A non-resident director would need to appoint a local process agent in Hong Kong.		Corporate director must be a public company holding an AFSL	2 Directors must be resident	

United Kingdom 	Luxembourg 			Cayman Islands 	Mauritius 	
OEIC	SICAR (SICAV)	SIF (SICAV)	RAIF (SICAV)	Exempted Company	Mu-Funds (CI)	Mu-Funds (CEF)

#### Number of directors required

1*	3			1	At least 1 director for a domestic company other than a Global scheme At least 2 resident directors for a Global Scheme	
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#### Are directors required to be independent of fund manager?

No, typically the ACD is fund manager entity	No, but CSSF's expectation is for majority of Directors to be independent of the fund manager			No	No The Board can act as CIS manager of a Collective Investment Scheme if the scheme is constituted as a company	No The CEF can be self managed by the Board
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#### Are fund manager directors required?

No However, the ACD is the fund manager acting through its directors	No			No	Yes	
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#### Must directors be resident?

No specific requirement, but there is a requirement for an ACD	No			No	1 Director must be resident while for a Global Scheme, at least 2 resident directors required	
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\*If the company only has 1 director, it must be a body corporate which is an authorised person FCA authorised person, i.e. the Authorised Corporate Director (ACD) or authorised by the relevant EU home state regulator where a UCITS management company or AIFM are passporting into the UK under the current regulatory regime.

## Fund Manager

A key differentiator of the VCC regime is the requirement that the fund manager be located in Singapore. It does not require a minimum capital requirement to either launch or maintain the VCC.

Figure 3: Fund Manager

Singapore 🇸🇬		Hong Kong 🇭🇰		Australia 🇦🇺	Ireland 🇮🇪	
Authorised VCC	Restricted/ Exempt VCC	HK Public OFC	HK Private OFC	Corporate CIV	ICAV set up as QIAIF	VCIC




### Location of fund manager

Singapore	Singapore only	Hong Kong	Australia	Ireland
				Must be based in EU, or approved in equivalent non-EU countries

### Minimum capital requirement of the fund

Singapore	Singapore only	Hong Kong	Australia	Ireland
N/A	N/A	N/A	N/A	Minimum subscription for QIAIF is EUR 100,000 Self managed funds minimum capital of EUR 300,000 No minimum subscription for a UCITS Minimum subscription is EUR 100,000 for a QIAIF Self managed funds minimum capital of EUR 300,000



United Kingdom 	Luxembourg 			Cayman Islands 	Mauritius 	
OEIC	SICAR (SICAV)	SIF (SICAV)	RAIF (SICAV)	Exempted Company	Mu-Funds (CI)	Mu-Funds (CEF)

#### Location of fund manager

Typically the ACD is the fund manager An EU UCITS management company or AIFM can effectively be the fund manager pursuant to current UCITS and AIFMD regimes. The position may change post Brexit	AIFM Law compliant: must be based in EU but portfolio management can in principle only be delegated to a regulated entity anywhere Not AIFM Law compliant: any location; delegated portfolio management must in principle be a regulated entity	Must be based in EU but portfolio management can be delegated to a regulated entity anywhere	Not required	Incorporated or registered and have its place of business in Mauritius However, a Global scheme may appoint and retain a CIS manager established in a foreign jurisdiction subject to the approval of the FSC
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#### Minimum capital requirement of the fund

1GBP	Minimum capital of EUR 1 million to be reached within 12 months following approval	Minimum capital of EUR 1.25 million to be reached within 12 months following approval	No	Prospectus of a scheme shall specify that the scheme must receive a minimum subscription of at least 5% of the total amount to be raised from investors so as to begin operating the scheme or such higher amount as may be disclosed in prospectus	No
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## Reports and Registers

In comparison to other jurisdictions, the VCC draft bill currently only allows for International and Singapore financial reporting standards. However, similar to other jurisdictions it does allow for financial statements to be prepared on a sub-fund basis. In addition, funds set up in Singapore today as “companies” suffer from the drawback of having its financial statements and shareholders information publicly retrievable. The VCC regime will not provide for financial statements and shareholders’ information to be made publicly available, thus matching the requirements of most fund centres around the world. However, shareholder registers of VCC must be made available to regulators for inspection upon request.

Figure 4: Reports and Registers

Singapore 🇸🇬		Hong Kong 🇭🇰		Australia 🇦🇺	Ireland 🇮🇪	
Authorised VCC	Restricted/ Exempt VCC	HK Public OFC	HK Private OFC	Corporate CIV	ICAV set up as QIAIF	VCIC

### Can FS be prepared at sub-fund level?

Yes	Yes	Yes	Yes	Yes	No
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### Financial Statements - GAAP

Presentation as per the Code of Collective Investment Schemes RAP7*	SFRS, IFRS, US GAAP	An OFC may apply HKFRS or IFRS.  The financial statements must include the information set out in Chapter 9.4 of the Code on Open-ended Fund Companies. Other accounting standards will be acceptable where appropriate for the OFC.	IFRS, Australian GAAP/AASB	IFRS, US GAAP, Irish GAAP, Japanese GAAP and Canadian GAAP
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### Are Financial Statements publicly available?

No	No	Financial statements lodged with ASIC	No	Yes
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### Financial statements provided to which authority?





ACRA only, not publicly available	SFC	Only public funds must lodge financial statements with ASIC	Central Bank of Ireland	Central Bank of Ireland & Companies Registration Office
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### Are Shareholder lists publicly available?

No	No	No	No
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\* Specific presentation for retail mutual funds based on principles of IFRS



United Kingdom 	Luxembourg 			Cayman Islands 	Mauritius 	
OEIC	SICAR (SICAV)	SIF (SICAV)	RAIF (SICAV)	Exempted Company	Mu-Funds (CI)	Mu-Funds (CEF)

#### Can FS be prepared at sub-fund level?

No	Yes	Yes	Yes
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#### Financial Statements GAAP

IFRS, UK GAAP	IFRS, Lux GAAP	Any GAAP	IFRS as per Companies Act However, a Category One Global Licence can also apply UK GAAP, US GAAP, Singapore GAAP and South African GAAP
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#### Are Financial Statements publicly available?

No	No However, it is filed with the register of commerce in Luxembourg which is public	No	Yes, except for Global Scheme	Yes, except where the CEF holds a Category One Global Licence
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#### Financial statements provided to which authority?

FCA	CSSF and Register of Commerce For RAIF, there is no CSSF filing	CIMA	No
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#### Are Shareholder lists publicly available?

No	No, with the exception of the effective beneficial owner	No	No
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## Check-the-box and Re-domiciliation

US investors make up a significant portion of the global investor base. The S-VACC is allowed to make the “check-the-box” election, enabling US investors in the S-VACC to make use of the US tax pass-through treatment. This enables US taxable investors to invest directly into an S-VACC, hence dispensing of the need to have specific US taxable investor pooling funds (feeder fund) in another jurisdiction specifically for this purpose. This feature enhances the S-VACCs’ competitiveness in the US market and sets it on par with most of the fund domiciles.

Another competitive feature of the S-VACC is the provision to re-domicile inwards. This addresses the key reasons behind requests for re-domiciliation by accommodating desired changes in jurisdiction of the fund.





Figure 5: Check-the-box and Re-domiciliation

Singapore 🇸🇬		Hong Kong 🇭🇰		Australia 🇦🇺	Ireland 🇮🇪	
Authorised VCC	Restricted/ Exempt VCC	HK Public OFC	HK Private OFC	Corporate CIV	ICAV set up as QIAIF	VCIC
<b>Check-the-box election?</b>						
Yes		Not mentioned		No, Public Limited Company	Yes	No
<b>Re-domiciliation allowed?</b>						
Yes		No, migration of the corporate fund to Hong Kong may in practice be conducted by alternative means including for example by way of an asset transfer or share swap. No restriction on the restructuring of unit trusts into OFCs provided that the relevant requirements for establishing an OFC under the Amendment Ordinance, the OFC Rules and OFC Code are complied with and that such restructuring could be conducted in accordance with the unit trust’s constitutive documents.		CCIV is required to be a company limited by shares	Yes	







United Kingdom 	Luxembourg 			Cayman Islands 	Mauritius 	
OEIC	SICAR (SICAV)	SIF (SICAV)	RAIF (SICAV)	Exempted Company	Mu-Funds (CI)	Mu-Funds (CEF)

**Check-the-box election?**

No, OEICs are not tax transparent	Yes, depending on legal form	Yes	Yes
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**Re-domiciliation allowed?**

No	Yes	Yes	Yes
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## Tax treaties

Singapore has a wide network of tax treaties, particularly with countries in the Asia Pacific region. Being a body corporate (as opposed to being a unit trust which does not have a legal personality), the S-VACC can meet one of the requirements for accessing benefits under Singapore's tax treaties. However, treaty eligibility needs to be analysed on a case-by-case basis, and is recommended to be monitored constantly, taking into consideration the country-specific and global developments regarding the eligibility of collective investment vehicles to access double tax treaties.

Figure 6: Tax treaties

Singapore 🇸🇬		Hong Kong 🇭🇰		Australia 🇦🇺	Ireland 🇮🇪	
Authorised VCC	Restricted/ Exempt VCC	HK Public OFC	HK Private OFC	Corporate CIV	ICAV set up as QIAIF	VCIC
<b>Number of tax treaties in the jurisdiction</b>						
86		37		44	74	
<b>Can the fund access the tax treaties?</b>						
Depends on the country		Yes, must meet certain conditions		Generally yes, but depends on the country	Depends on the country	



United Kingdom 	Luxembourg 			Cayman Islands 	Mauritius 	
OEIC	SICAR (SICAV)	SIF (SICAV)	RAIF (SICAV)	Exempted Company	Mu-Funds (CI)	Mu-Funds (CEF)

**Number of tax treaties in the jurisdiction**

>130	83			NIL	46	
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**Can the fund access the tax treaties?**

Yes	Limited			N/A	Yes	
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## Service providers





A progressive fund legal framework is not the only aspect that makes a jurisdiction competitive. The sophistication of a jurisdiction's ecosystem also has a key role to play. Singapore has evolved to house the world's leading custodians, fund administrators and other service providers. Compared to other jurisdictions, Singapore's progressive approach in developing the local service provider marketplace will help to enhance and develop the overall fund ecosystem in the long term. This is becoming increasingly important with the introduction of BEPS and the need to demonstrate substance in structure and operations.

Figure 7: Service providers

Singapore 🇸🇬		Hong Kong 🇭🇰		Australia 🇦🇺	Ireland 🇮🇪	
Authorised VCC	Restricted/ Exempt VCC	HK Public OFC	HK Private OFC	Corporate CIV	ICAV set up as QIAIF	VCIC
<b>Company Secretary</b>						
Yes		N/A No company secretary is required		No Company Secretary for CIV*	No, but registered office in Ireland	
<b>Administrator</b>						
Yes However, only via the tax incentives	Yes However, only via the tax incentives	N/A No requirement for appointment of administrator		Not yet known	Yes	
<b>Custodian</b>						
Yes, should meet the same eligibility requirements as set out in the Code of Collective Investments Schemes	Restricted/ Exempt VCC – Yes, Singapore specified Custodian Not for private equity, <b>venture capital</b> and real estate funds	Yes, should meet the same eligibility requirements as set out in the Code on Unit Trusts and Mutual Funds		Yes+	Yes	
<b>Auditor</b>						
Yes		Yes		Yes, for public funds only	Only an approved statutory auditor or audit firm under Part 4 of the Audits Regulations is eligible for appointment as auditor of an ICAV	Only an approved statutory auditor or audit firm under Part 4 of the Audits Regulations is eligible for appointment as auditor of an Irish Company established under the Companies Act 2014

\* At least 1 resident Company Secretary required for Corporate Director

+ The depository must be a public company or a registered foreign company that holds an AFSL authorising it to act as a depository for the CCIV. The depository of a CCIV (and any entities performing depository functions) must also meet independence requirements.

United Kingdom 	Luxembourg 			Cayman Islands 	Mauritius 	
OEIC	SICAR (SICAV)	SIF (SICAV)	RAIF (SICAV)	Exempted Company	Mu-Funds (CI)	Mu-Funds (CEF)

#### Company Secretary

No specific requirement	No			No But registered office in Cayman Islands	Yes	
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#### Administrator

No specific requirement for an administrator for OEICs <sup>^</sup>	Yes			Only for	A CIS may appoint an administrator	N/A
---	-----	--	--	----------	------------------------------------	-----

#### Custodian

Yes	Yes			No	Yes	N/A
-----	-----	--	--	----	-----	-----

#### Auditor

Yes	Yes			Yes, for all CIMA registered funds	Yes	
-----	-----	--	--	------------------------------------	-----	--

<sup>^</sup> The ACD is responsible for the day to day operations of the OEIC and can also act as the shareholder administrator. The depositary is the key service provider that should be independent of the ACD/fund manager, any other directors and the OEIC itself.

## Listing, AGM, Cross sub-fund limit





Other features such as listing, possibility to dispense of annual general meetings, and cross sub-fund investing also makes VCC a competitive vehicle and puts it on par with other jurisdictions.

Figure 8: Listing, AGM, cross sub-fund limit

Singapore 🇸🇬		Hong Kong 🇭🇰		Australia 🇦🇺	Ireland 🇮🇪	
Authorised VCC	Restricted/ Exempt VCC	HK Public OFC	HK Private OFC	Corporate CIV	ICAV set up as QIAIF	VCIC
<b>Listing ability?</b>						
Yes	Yes	Not mentioned		No, subject to the consideration of the outcomes of consultation	Yes	
<b>Are shareholder meetings required?</b>						
Can be dispensed		Subject to the OFC's instrument of incorporation		No <sup>^</sup>	Can be dispensed	Yes
<b>Segregation of assets and liabilities for umbrella fund legislatively provided</b>						
Yes		Yes		Yes	Yes	
<b>Cross sub-funds investments</b>						
Yes		No		No, subject to the consideration of the outcomes of consultation	Yes	
<b>Are there cross sub-fund investment restrictions?</b>						
No		Yes		N/A	No	

<sup>^</sup> The corporate director may pass a resolution on behalf of the CCIV if the directors of the corporate director pass a resolution that expressly states it is on behalf of the corporate director and the CCIV to which the resolution applies.



United Kingdom 	Luxembourg 			Cayman Islands 	Mauritius 	
OEIC	SICAR (SICAV)	SIF (SICAV)	RAIF (SICAV)	Exempted Company	Mu-Funds (CI)	Mu-Funds (CEF)

**Listing ability?**

Not stated	Yes			Yes	Yes	
------------	-----	--	--	-----	-----	--

**Are shareholder meetings required?**

Yes	Yes, for incorporated entities			Not required	Required annual general meeting	
-----	--------------------------------	--	--	--------------	---------------------------------	--

**Segregation of assets and liabilities for umbrella fund legislatively provided**

Yes	Yes, in the SiCAR law	Yes, in the SIF law	Yes, in the RAIF law	Yes	Yes, under the Protected Cell Company regime	
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**Cross sub-funds investments**

Yes	No	Yes, with restrictions		Yes, with restrictions	Yes, with restrictions	Yes
-----	----	------------------------	--	------------------------	------------------------	-----

**Are there cross sub-fund investment restrictions?**

Yes	Yes, with restrictions			No, where appropriately structured	Yes, with restrictions	
-----	------------------------	--	--	------------------------------------	------------------------	--



## Others

Tax return filing is a requirement in almost all the jurisdictions.

Singapore 🇸🇬		Hong Kong 🇭🇰		Australia 🇦🇺	Ireland 🇮🇪	
Authorised VCC	Restricted/ Exempt VCC	HK Public OFC	HK Private OFC	Corporate CIV	ICAV set up as QIAIF	VCIC





### Tax Returns to be filed

Yes	No	Only if there is a charge to Hong Kong tax	Yes	
				<p>An Irish authorised fund must register for investment undertaking tax ("IUT") with the Irish Revenue Commissioners</p> <p>Once registered for IUT an Investment Undertaking will be allocated a tax reference number by the Revenue Commissioners and this will allow the required bi-annual IUT Returns to be made in respect of the Investment Undertaking</p> <p>To the extent there are Irish resident investors (other than certain categories of exempt Irish investors) tax must be deducted by the Investment Undertaking on distributions made to such Irish resident investors. The purpose of the bi-annual IUT Returns is to facilitate the collection of any such taxes (appropriate tax) that are due</p>







United Kingdom 	Luxembourg 			Cayman Islands 	Mauritius 	
OEIC	SICAR (SICAV)	SIF (SICAV)	RAIF (SICAV)	Exempted Company	Mu-Funds (CI)	Mu-Funds (CEF)

**Tax Returns to be filed**

Yes OEICs are subject to corporation tax	Yes	No		Yes



# Redomiciliation of funds to Singapore



## A. Background

The Variable Capital Companies (Transfer of Registration) Regulations 2020 issued pursuant to the Variable Capital Companies Act 2018 came into force on 14 January 2020 and sets out provisions for the transfer of the place of incorporation by foreign corporate entities to Singapore. The regulation defines a “foreign corporate entity” as a body corporate that is incorporated outside Singapore, and that comprises one or more collective investment schemes.

In conjunction with a re-domiciliation, a foreign corporate entity will simply transfer its place of incorporation instead of setting up a new entity. Re-domiciliation will not affect the obligations, liabilities, or rights of the foreign corporate entity and enables it to retain its corporate history, track record and goodwill. Once the re-domiciliation is effective, the foreign corporate entity will be a Singapore variable capital company limited by shares registered with the Accounting and Corporate Regulatory Authority of Singapore (ACRA).

## B. Requirements

A summary of the key requirements is set out below:

Requirement	Further details
Authorised by original place of incorporation	The laws of the foreign corporate entity’s place of incorporation must allow the transfer of its incorporation and the foreign corporate entity must comply with the legal requirements at its place of incorporation in relation to the transfer of incorporation.
Structure	The foreign corporate entity must be a body corporate that comprises one or more collective investment schemes
Solvency	<p>At the date of the foreign corporate entity’s application for re-domiciliation (Application Date):</p> <ul style="list-style-type: none"><li>• there must not be any ground upon which it may be found to be unable to pay its debts and, in the case of a foreign corporate entity that is a foreign umbrella fund, there must not be any ground upon which any of its collective investment schemes may be found to be unable to pay its debts; and</li><li>• the value of the foreign corporate entity’s assets must not be less than the value of its liabilities (including contingent liabilities) and, in the case of a foreign corporate entity that is a foreign umbrella fund, the value of each of its collective investment schemes’ assets must not be less than the value of that collective investment scheme’s liabilities (including contingent liabilities).</li></ul> <p><b>Additionally:</b></p> <ul style="list-style-type: none"><li>• if the foreign corporate entity is intending to commence winding up within 12 months of the Application Date, it must be able to pay its debts in full within 12 months after the date of commencement of winding up and, in relation to a foreign umbrella fund which is intending to commence winding up of any of its collective investment schemes, the foreign corporate entity is able to pay the debts of that collective investment scheme in full within 12 months after the date of commencement of winding up; or</li><li>• if the foreign corporate entity does not intend to commence winding up within 12 months of the Application Date, it must be able to pay its debts in full as they fall due during the 12 months immediately after the Application Date and, in relation to a foreign umbrella fund which is not intending to commence winding up of any of its collective investment schemes, the foreign corporate entity must be able to pay the debts of every collective investment scheme as they fall due during the period of 12 months immediately after the Application Date.</li></ul>
Good faith	The application for the transfer of registration must not be intended to defraud existing creditors of the foreign corporate entity and must be made in good faith.
Others	In relation to the foreign corporate entity, or (in the case of a foreign corporate entity that is a foreign umbrella fund) any of its collective investment schemes, there is no receiver, or receiver and manager, judicial manager, or liquidator who has been appointed or any compromise or arrangement with any person being administered, and there are no proceedings to appoint a receiver, receiver or manager, judicial manager or liquidator, or to place the foreign corporate entity or any of its collective investment schemes under any compromise or arrangement.

## C. Factors to consider

### No option to reverse re-domiciliation

Re-domiciliation is not reversible as Singapore currently does not allow for outward re-domiciliation to another jurisdiction. A non-refundable fee is payable to ACRA in respect of each application to transfer its place of registration to Singapore.

### Existing contractual agreements

The foreign corporate entity will need to consider the appointment of advisors such as secretary, custodian and administrator in Singapore and consider the process and requirements for terminating the existing advisors in its original place of incorporation.

### Application process and timeline

As part of the application process, the directors of the foreign corporate entity must execute declarations confirming: (1) that the foreign corporate entity satisfies the minimum requirements; (2) that they consent to acting as a director of the foreign corporate entity after it has been re-domiciled; and (3) that they are not disqualified from acting as a director of a VCC. The ACRA may take up to 2 months from the date of submission of all required documents for the processing of the application. This includes the time required for referral to another government agency for approval or review (depending on the business and industry that the foreign corporate entity is in).

If the application for the transfer of registration is successful, ACRA will issue a notice of transfer of registration to the foreign corporate entity to confirm that the foreign corporate entity is registered under the Variable Capital Companies Act starting from the date of registration as specified in the notice. Upon the issuance of such notice of transfer of registration, the foreign corporate entity must, within 60 days from the date of registration, submit to ACRA evidence that it has been de-registered in its place of incorporation.

### Compliance with Singapore law

Once registered as a Singapore Variable Capital Company, the foreign corporate entity will have to comply with the Variable Capital Companies Act and all applicable laws and regulations in Singapore.

## D. Tax considerations

It is possible that a redomiciliation may not result in any additional tax burden on the fund and its investors. However, it is also possible that there may be some tax implications that cannot be avoided. In these instances at the minimum the investors will need to be made aware of those implications. In that regard, a proper tax review will be needed before a re-domiciliation exercise is undertaken. The key tax issues to keep in mind include the following.

### Tax implications in location of the investors

It is important to address the tax impact or action needed in the location of the investors in the fund. Some investor locations may treat the redomiciliation as status quo while other locations may consider the redomiciliation to cause a disposal by the investor of shares in the redomiciling company and the acquisition of shares in the VCC. The investors will need to take note of the potential implications in their respective locations.

### Tax implications in the location where investments are made by the fund

It is important to address the tax impact or action needed in the location where the investments are made by the fund. Some investee locations may treat the redomiciliation as status quo while other locations may consider the redomiciliation to cause a disposal of investments by the redomiciling company and the acquisition of investments by the VCC. The fund will need to appropriately address indirect tax as well as capital gains tax issues.

## Tax implications in Singapore, which is the location of the fund manager

Several implications need to be addressed in Singapore as a consequence of the fund manager being located here. The key areas of focus should be –

1. Due diligence on Singapore tax implications prior to redomiciliation: The history of the redomiciling fund should be examined to ensure that the fund has complied with all Singapore tax rules in the past and whether any corrective measures need to be taken in that regard. If the fund was relying on any tax incentive such as the offshore fund exemption scheme available under Section 13CA of the Income Tax Act, then the fund should ensure compliance with the relevant rules and reporting obligations.
2. Choice of tax incentive after redomiciliation: A VCC can benefit from both the 13R and 13X tax incentive schemes under the Singapore Income Tax Act. The fund should examine the conditions under both schemes and decide which is most suitable for it. Whatever the choice, the two key changes that the fund should anticipate would concern the need to have a Singapore based fund administrator for the VCC, and also a board which will operate from Singapore. These two elements may have been outside Singapore before the redomiciliation.
3. Timing of application for the tax incentive scheme: The timing of application of the tax incentive scheme is critical in order to ensure that there is no gap between the date of redomiciliation and the date of commencement of tax incentive. This gap could be a taxable period and it is imperative that there is no gap. Where possible, the fund should aim to obtain the 13X tax incentive scheme before re-domiciliation.



# Top 10 use cases of the VCC

As explained earlier, the VCC's framework offers significant flexibility, enhancing and widening its utility across different asset classes, investor types, and fund structures. Its ability to have one shareholder (investor), regulated manager, compartments (sub-funds), privacy of demographic information and financial statements, and operating through Singapore's asset management regime, allows for creativity in its application across the asset and wealth management industry.

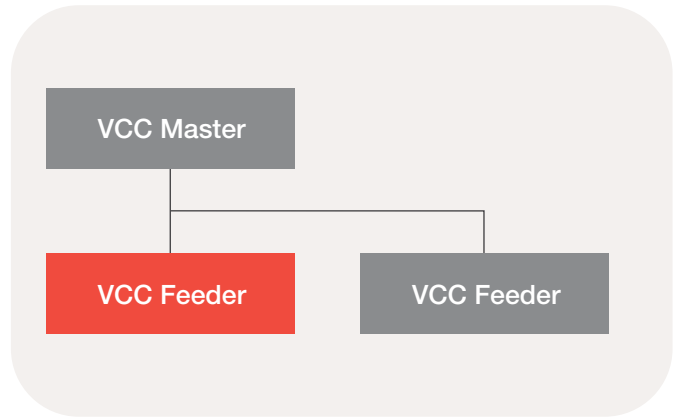
Consulting your tax and legal counsel prior to structuring your VCC fund product is highly recommended. The below are not an opinions or recommendations from PwC, each investment fund structure needs to be evaluated based on a number of criteria, which would need professional advice.

The following highlight some of these potential applications.

### Master Feeder

A VCC can have a single investor and hold a single asset. This provides VCCs with the ability to be used as a master-feeder structure. This structure could be based in Singapore to accommodate US investors (taxable and tax-exempt) for example, to hold assets in other markets, or allow investors to access fund domiciles that are normally restricted due to regulatory regimes (e.g. European Retail Investors - UCITS etc).

In the case of US tax-resident investors, VCC has the features that would enable it to elect for the ‘check-the-box’ option.



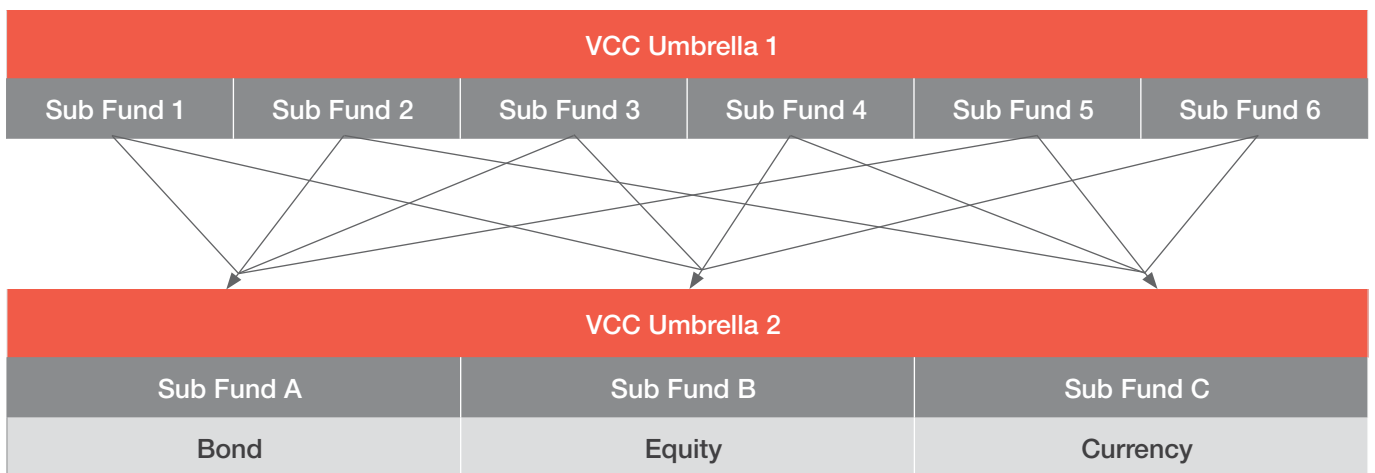
### Tiered Structure

Creating VCCs as an umbrella structure allows for the pooling of investors in broad categories of asset classes which can then be allocated proportionately across further investors. Such pooling enhances efficiency by removing the need for additional administrative layers across the fund structures.

In this VCC umbrella structure example illustrated in the tiered structure diagram, investors of VCC umbrella 1 can invest proportionately in umbrella 2 under another umbrella structure where assets are collectively managed in each sub-fund.

This offers investors increased exposure across different asset classes for those that want a different proportion of exposure. The portfolio manager of sub-funds A, B, and C can then manage asset pools and liquidity efficiently over a group of investors.

Such models can also be explored by insurance companies and wealth managers/private banks as they offer a variety of investment exposure (in different proportions) across different asset classes concurrently.



## Europe access

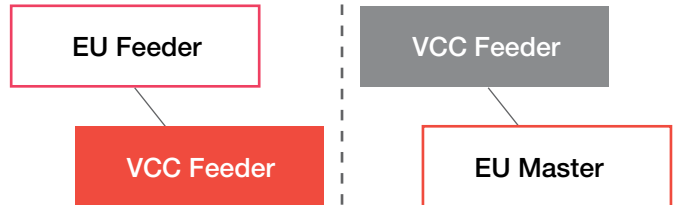
Access to European accredited and institutional investors is restricted by AIFMD (Alternative Investment Fund Managers Directive) to Non-European asset managers and non-European investment funds.

VCC can be used to access Europe via two routes – Master-Feeder structure and Private Placements.

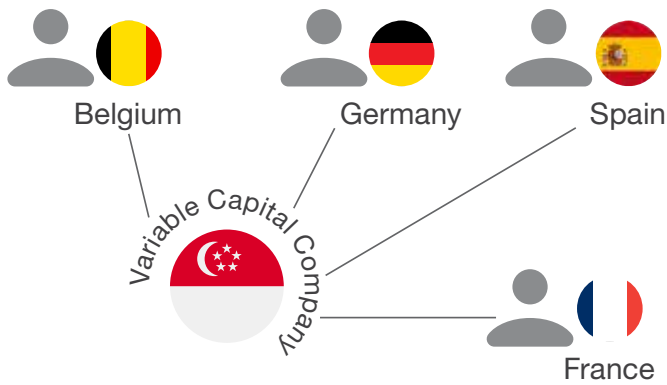
### a) Master-Feeder structure

VCC would either be a Master fund with European feeder fund pooling assets into it or a VCC feeder fund feeding into a European master fund. Having a feeder fund structure in Europe would then allow cross border access to investors.

### Master-Feeder structure



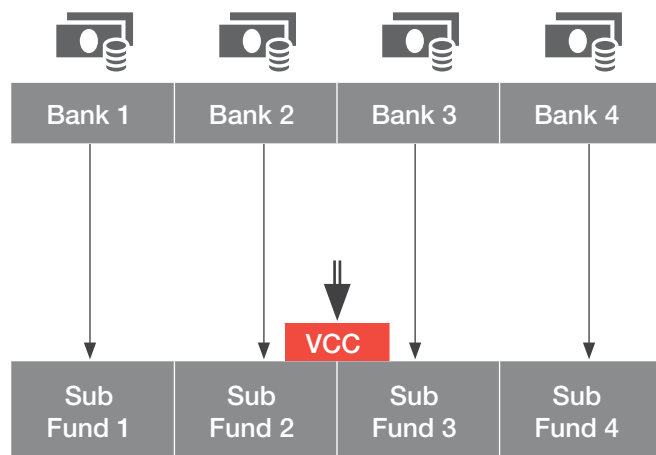
### Private Placements



### b) Private Placements

Another route to access European investors is via private placements, according to the specific rules of investors in the jurisdiction asset managers are targeting.

For example, the VCC can be directly marketed to eligible investors in the Netherlands by registering the VCC under the private placement regime of Netherlands. However, this restricts the cross-border access across Europe which the master-feeder structure allows.



## Managed Accounts

Similar to the Tiered Structure cited earlier, a VCC can organise separately managed accounts (SMA) into an umbrella VCC structure and offer similar (within one sub-fund) or variety (across umbrella funds) terms to investors.

The flexibility of pooling investors in a structure like the VCC would widen the investor base by lowering the minimum SMA entry level investment. The efficiency of pooling investments and managing the accounts collectively would lead to cost, tax and operational efficiency.





VCC

## Listed Close-ended Funds, ETFs or Tokenisation

Listed private funds provide greater liquidity and allow existing investors to exit within a shorter timeframe than such private funds that would not be listed. This also allows for a greater investor base beyond institutional investors and family offices.

VCC legislation does not prohibit or limit the ability of VCCs to be listed. Though one would need to assess the listing regulations of the jurisdiction further.

Such an arrangement allows for VCCs to function as Exchange Traded Funds.

Similarly, to enhance the liquidity of long term asset funds, funds set up as corporates can only be tokenised or offered as digital securities. VCC serves as an appropriate legal entity for the same.



## Closed-ended Funds (Non-listed)

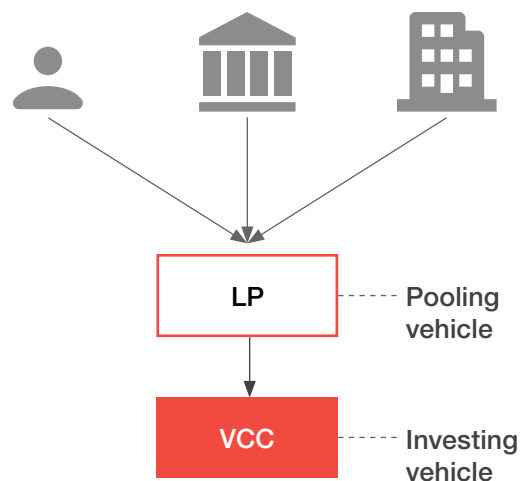
Private equity investors are generally familiar with the Limited Partnership structure and its flexibility in allowing them to negotiate terms individually rather than collectively.

Using a VCC, private equity investors may now perceive inflexibility in corporate fund structures, though they may be apprehensive to use the VCC structure at this stage due to its relatively recent arrival and the historical use of limited partnerships over the preceding decades.

However, VCCs offer similar flexibility in negotiating terms across different share classes as these can have their own unique terms. It is hoped that with time will come increased familiarity which will see investors increase their use of VCCs at the expense of the limited partnership structure.

The ability of VCCs to have one investor allows private equity investors to pool assets via a limited partnership, which can then invest in the master VCC fund.

Singapore's robust Limited Partnership legislation enables both legal structures to be domiciled in Singapore, thereby also leading to operational and cost efficiency.



Singapore Limited Partnership has been in active application as a fund structure now for over a decade. There are practically very similar in application and operation with the other Limited Partnership structures in popular fund jurisdictions. Summary of the same can be found below.

	Cayman Islands
Legislation	Exempted Limited Partnership Law (2012 Revision) (the "Law")
Minimum 1 GP and 1 LP for constitution	Yes
Separate legal entity from its members	No
Restrictions on nature of business	Any lawful purposes
Registration requirements	An ELP must be registered with the Registrar of Exempted Limited Partnerships (the "Registrar")
Registered office	In Cayman islands
Restrictions on number of partners	Unlimited number of partners allowed.
Amendment to partnership agreement	Amendment can be made pursuant to the LPA
Powers and liabilities of general partners/withdrawal of general partners	Unlimited
Admission of limited partners	A person may, with the consent of the GP, become an LP without the consent of the existing LPs
Contributions	Can be in cash as well as-in-kind
Liability of limited partners to third parties	An LP is not liable for the obligations of a DELP unless he is also a GP
Series of LPs, GPs or partnership interests	Permissible
Assignment of partnership interest	Assignable
GP withdrawal	GP can be removed under various circumstance without having to lodge anything.
LP withdrawal	No restrictions noted
Lodge notice of dissolution with respective registrar.	Yes
Access to information/confidentiality	Subject to any express or implied term of the LPA, each LP may demand and shall receive from a GP true and full information regarding the state of the business and financial condition of the ELP
Books of Account	Required to be maintained
Indemnification	All parties can be indemnified contractually
Tax status and annual return/good standing	No tax to be levied in Cayman, but an annual fee of approx US\$1,220 is payable to the Registrar.
Audit/Financing reporting	No requirement for Audit

Delaware	Singapore LP
Delaware Revised Uniform Limited Partnership Act (the "Act")	Limited Partnership Act
Yes	Yes
Yes	No
Any lawful purposes	Any lawful purposes
In order to form a DELP, at least one person (but not less than all of the GPs) must execute a certificate of limited partnership.	Submit online application via BizFile to ACRA
In the state of Delaware	Registered office in Singapore
Unlimited number of partners allowed.	Unlimited number of partners allowed.
Amendment can be made pursuant to the LPA	Amendment can be made pursuant to the LPA
Unlimited	Unlimited
A person may, with the consent of the GP, become an LP without the consent of the existing LPs	Needs to be registered with ACRA otherwise limited partners will be deemed as general partners
Can be in cash as well as-in-kind	Can be in cash as well as-in-kind
An LP is not liable for the obligations of a DELP unless he is also a GP	An LP is not liable for the obligations of a DELP unless he is also a GP
Permissible	Not specified
Assignable	Assignable
GP can be removed under various circumstance without having to lodge anything	Singapore requires notification to be lodged with ACRA.
No restrictions noted	No restrictions noted
Yes	Yes
Subject to any express or implied term of the LPA, each LP may demand and shall receive from a GP true and full information regarding the state of the business and financial condition of the LP	Subject to any express or implied term of the LPA, each LP may demand and shall receive from a GP true and full information regarding the state of the business and financial condition of the LP
Required to be maintained	Required to be maintained
All parties can be indemnified contractually	All parties can be indemnified contractually
For Delaware, partnership are subject to a fee of US\$ 300 and the individual LP will be taxed at the individual level.	For Singapore, partners will be taxed at the individual level and no tax is levied at the entity level. Annual ACRA fee liable at S\$30.
No requirement for Audit	Required

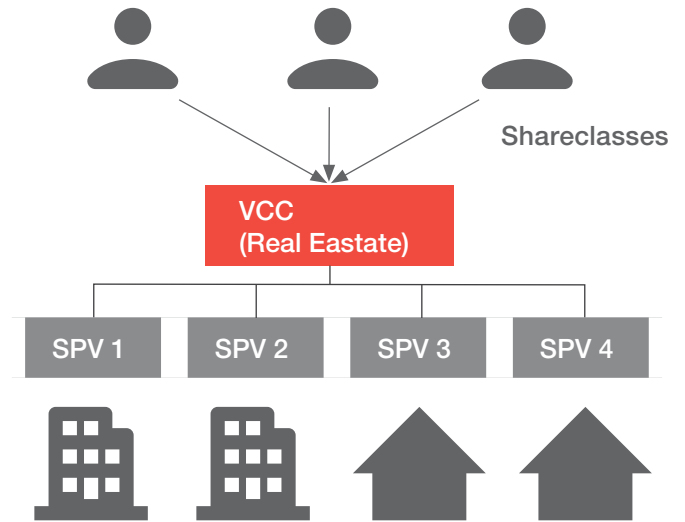
\*The above does not constitute a legal opinion or advice, it is imperative that the reader seek appropriate and relevant legal advice.

## Open-ended Real Estate Funds

As increasing numbers of private funds allow investors to exit under less onerous timeframes, open-ended real estate funds are becoming increasingly popular.

The VCC structure provides flexibility in structuring investor access via share classes with a variety of terms and also allows for investing and holding of multiple assets.

The ability to pool and invest in one vehicle itself provides an economical solution for private funds.

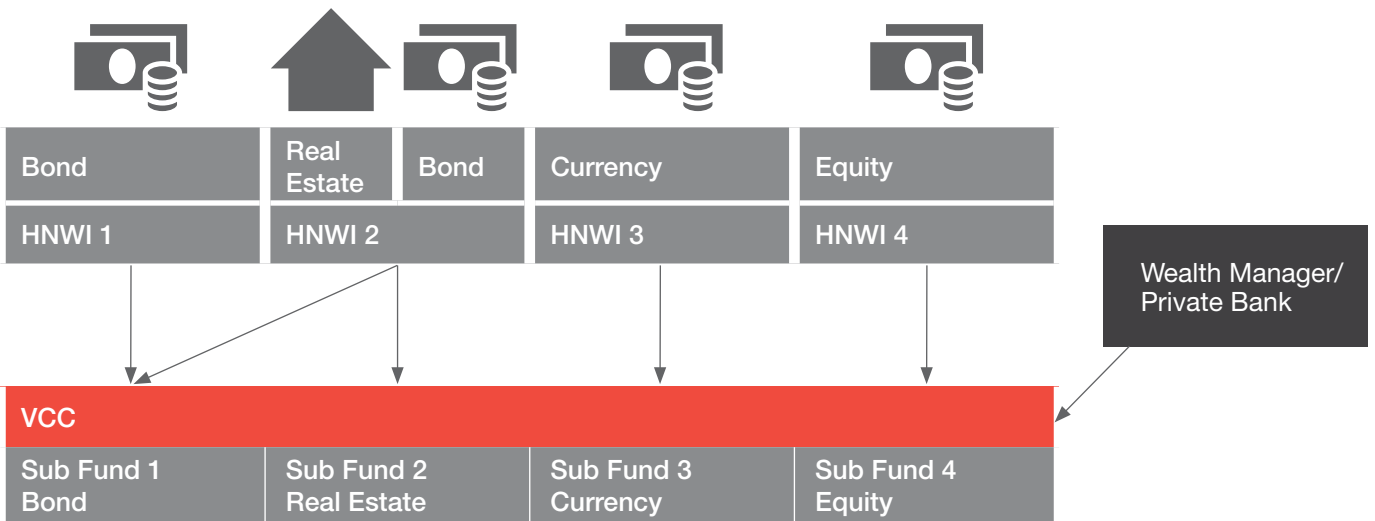


## Wealth Management Pooling

The ability to pool investors and organise them in a variety of combinations and sub-funds gives private banks and wealth managers flexibility in offering different strategies to their clients.

Wealth managers and private banks are exempt from the requirement to hold a separate fund management license. They are the only category of exempt fund managers able to launch/host a VCC.

Organising VCC strategies under an umbrella structure also allows for long-term use of the product and the ability to offer standardised terms to their clients.

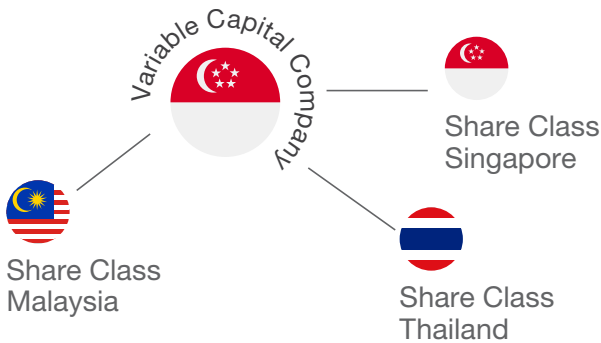


## Passporting

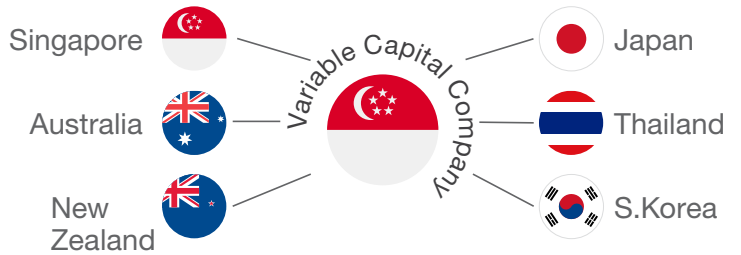
The VCC structure can be offered on a cross-border basis to non-Singaporean retail investors via fund passporting schemes.

Whilst currently only offered via ASEAN CIS, VCCs provide an efficient fund structure for cross-border access to retail investors in Malaysia and Thailand.

### a) ASEAN CIS



### b) ARFP



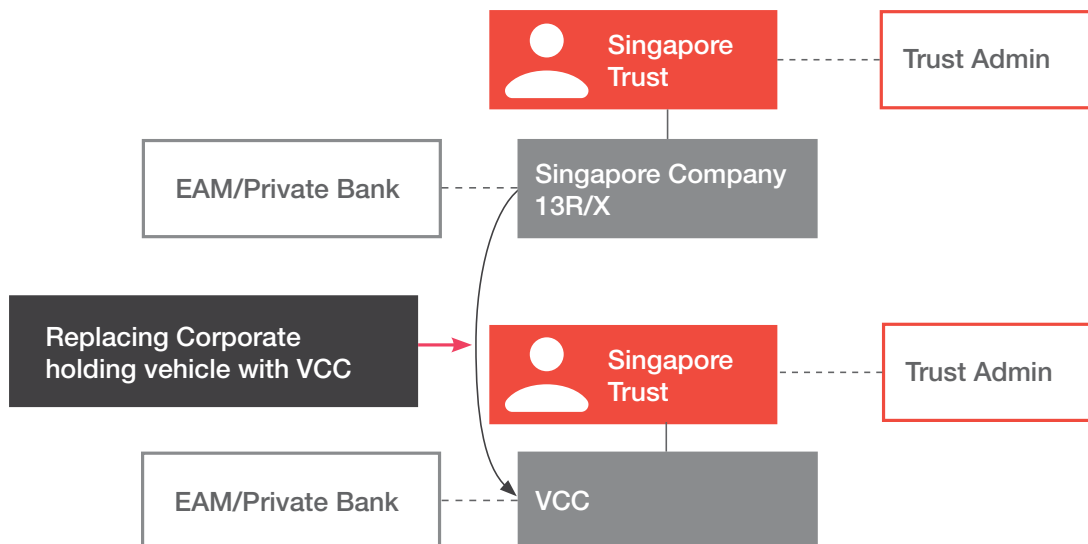
Similarly, with Singapore poised to join the Asia Region Funds Passport (ARFP) cross-border scheme, VCCs provide an efficient fund structure to retail investors in ARFP participating economies.

As a corporate structure, VCCs are well understood across common law and civil law jurisdictions. This gives them the ability to access multiple markets.

VCCs may also enable Singapore to enter into bilateral mutual recognition schemes with other markets.

## Private Wealth Planning

As stated earlier, the VCC regime dispenses with the current limitations of a corporation when used for investment funds, thereby providing an enhanced offering to HNWI clients and boosting Singapore's value proposition in the private wealth industry. A VCC can replace a Singapore corporation or a foreign corporation typically held by the Singapore Trust, thereby dispensing the limitations of the company form holding structure that were elaborated in our first chapter.



# Singapore as a location for asset managers



## Introducing Singapore

Singapore is strategically located the heart of Southeast Asia. The country is 724 square kilometers, or 280 square miles. Whilst smaller than other financial centres like London, New York, or Hong Kong, it's small size is no impediment to its role as a global asset and wealth management centre.

With a population of 5.8 million in 2019, one of Singapore's strengths is its diverse population. Comprising three main ethnic groups and cultures, with smaller ones interspersed across the community, Singapore's workforce is able to communicate culturally and linguistically with the key markets of China and India, as well as engaging on the global scale.

As a high-income economy among the Asian countries, Singapore provides the world's most business-friendly regulatory environment for entrepreneurs and is ranked among the world's most competitive economies.

## A global business hub

The USD-SGD exchange rate has remained largely stable over the last ten years, trading in the band of 1.2 - 1.45.

Having a small and open economy, Singapore's monetary policy has thus been centered on the management of the exchange rate, with the primary objective of promoting medium term price stability as a sound basis for sustainable economic growth.

These are essential factors that enhance the ecosystem and economical support of Singapore as a choice location for setting up fund management operations focused on investments in Asia, particularly in India and Southeast Asia.

7,000 multi-national corporations  
60% with regional responsibilities

37,400 international companies  
including 3,200 from China,  
4,400 from India, and 7,900 from ASEAN  
nation (excluding Singapore)

## Factors that make Singapore the best in class within the region

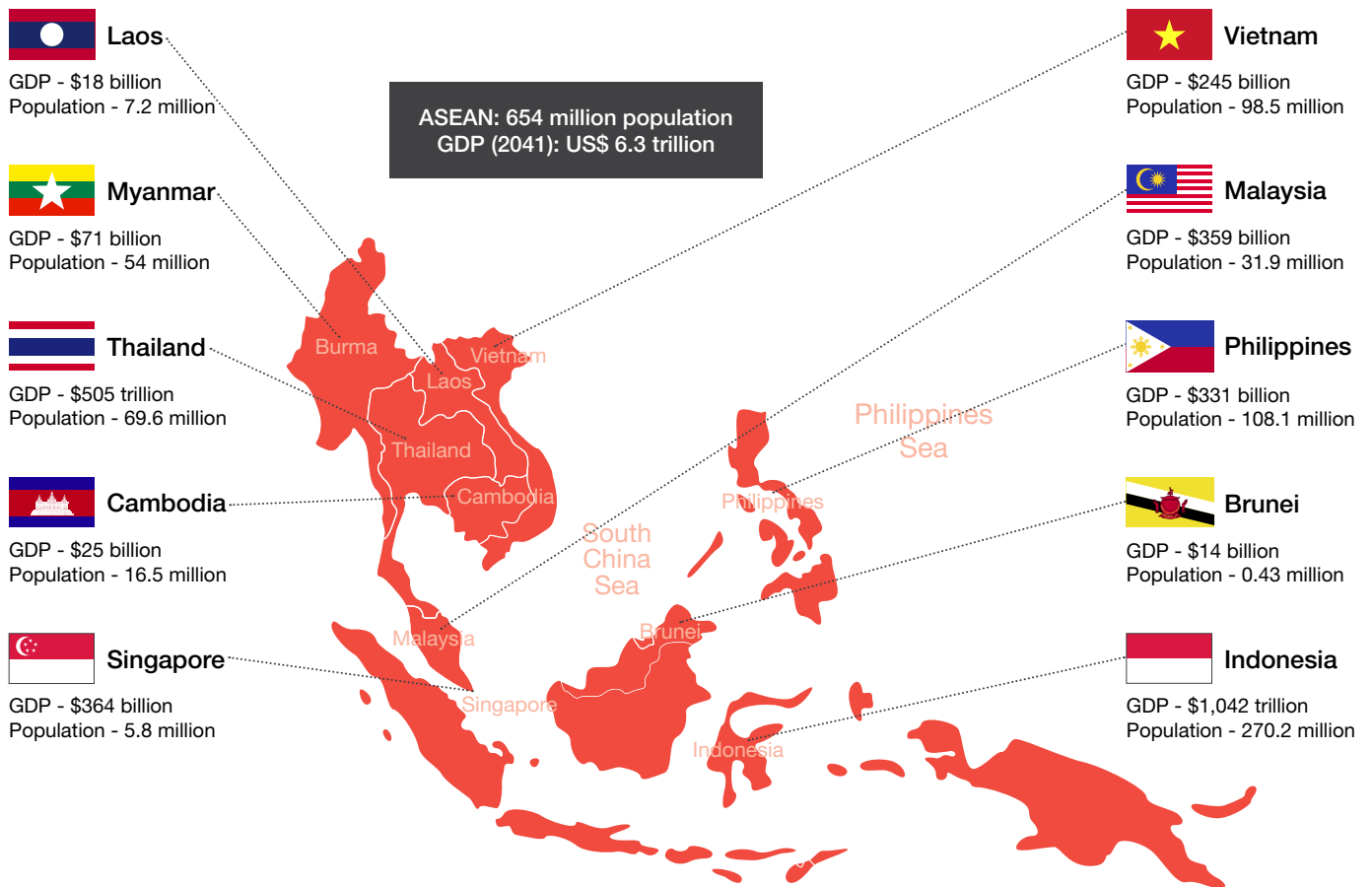
Political and economic stability	Transparency	Sound and predictable regulation	Efficiency and connectivity
Low bureaucratic red-tape	Safety and low crime	Governance standards	Sound infrastructure
High ease of doing business ranking	Low/ no corruption	Lifestyle choices	Quality workforce

## Association of Southeast Asian Nations (ASEAN)

The ASEAN is a regional organisation comprising 10 Southeast Asian countries which promotes intergovernmental cooperation and facilitates economic integration amongst its members.

Its members are Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Cambodia, Laos, Myanmar and Vietnam.

The combined GDP in 2018 of the ASEAN bloc stands at \$245 billion as of 2018. This is expected to grow to more than US\$6.3 trillion by 2041. ASEAN as a bloc provides an area of growth for the region, as it has the third largest GDP, after the United States and China.



NB: GDP is at 2018  
Population at 2019  
Source: World Bank

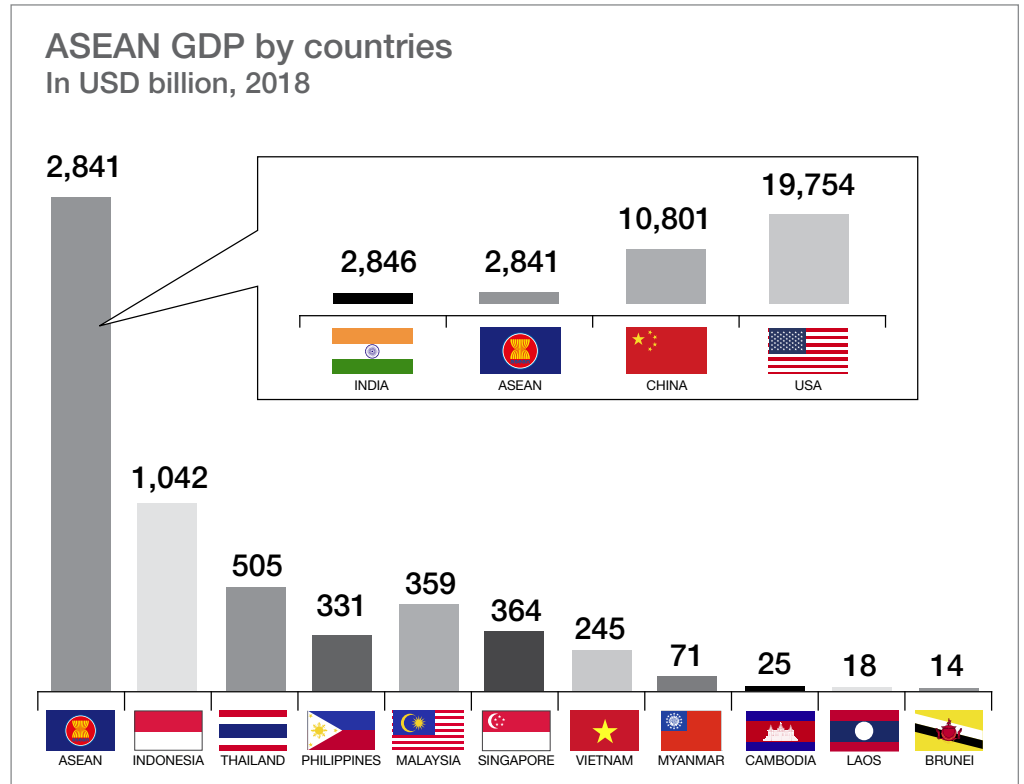


## Singapore is the best location to domicile your ASEAN focused funds

Additionally, the large inflows of foreign domestic income into the ASEAN region are unparalleled, at US\$155 billion in 2018.

With such a large potential for growth, firms looking to enter the ASEAN market will need to domicile their funds in the region. Singapore is the best location for this.

It is also the region with the highest number of earners.



**Provides scale for growth**

**Hub for development**

**Rising middle class wealth**

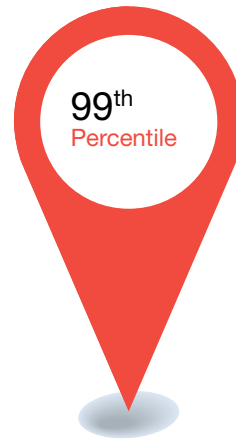
## Unmatched political stability

Singapore was a British colony until it gained independence in 1963, and sovereignty thereafter from the Federation of Malaysia in 1965.

With the loss of its economic hinterland (Malaysia) after separation in 1965, Singapore's leaders were motivated to focus on building the nation's economy.

Creating a culture based on meritocracy, honesty and pragmatism, Singapore's transparency helped to make the country a better place, resulting in its 99th percentile score in the Control of Corruption Index in 2018 and 100th percentile score in the Government Effectiveness Index.

Since independence, Singapore has become a first world economy in a region of developing and frontier nations. With first world infrastructure and stability, it is an attractive location to domicile regional hubs.




Control of Corruption Global Index




Government Effectiveness Index

## Economic stability



**Banking secrecy**  
Banks have statutory obligations of secrecy. Singapore's judicial system is efficient and makes use of common law.



**Currency control**  
No foreign exchange control, thus removing the need to hedge currency for regulatory purposes.

Singapore's GDP has increased from US\$275 billion in 2011, to US\$328 billion in 2018. This growth is propelled by Singapore's sound macroeconomic policies which are aimed at maintaining a conducive environment for long-term investment in the economy.

Fiscal policy is directed primarily at promoting long-term economic growth, rather than cyclical changes or distributing income. As a result of its healthy fiscal position and consistent budget surpluses over the years, Singapore has attained a high level of foreign reserves and the strongest sovereign credit rating for long-term foreign-currency debt in Asia.

The Monetary Authority of Singapore is Singapore's central bank and financial regulatory authority.

## World class infrastructure

### Quality of life

Quality of living  
**25<sup>th</sup>**  
globally

Personal safety  
**1<sup>st</sup>**  
globally  
in Asia

Source: Mercer Quality of Living Survey (2019)

### Singapore has a high quality of life and safe living environment

For the fourth year running, Singapore has been ranked as the top city in Asia in terms of quality of living, according to global human resource consultancy Mercer.

Singapore residents appreciate the clean, safe and efficient society. This in turn helps to build a content and happy society.

Singapore's population enjoys one of the highest levels of health and nutrition in Asia. The healthcare environment is clean, efficient and safe. Finally, Singapore also promotes a clean and green environments and encourages residents to adopt a healthy lifestyle and diet.

### Transportation

World's best airport  
Singapore's Changi Airport



Efficient & reliable internal public transport system



**7,400/week**

Flights landed or departed from the airport

**65.6 million**

Passengers passing through airport annually

Singapore's internal transport system is land-based, with buses, rail (Mass Rapid Transit) and taxis being the main form of public transportation.

Singapore also has unmatched access to the rest of the world. Singapore's Changi Airport has been named the world's best airport for the fifth consecutive year, and it continues to be one of the world's busiest airports for international passenger traffic and cargo traffic.

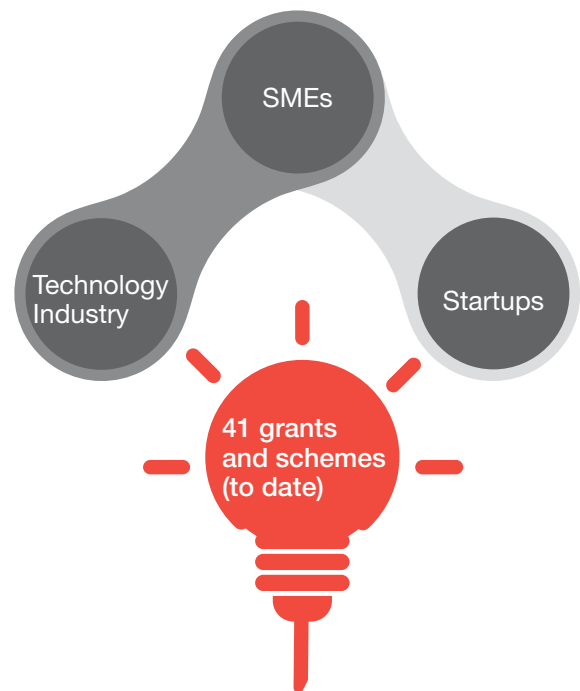
### Small and medium sized enterprises ("SME") and startups

SMEs in Singapore contribute more than 50% to Singapore's GDP and provide employment to approximately two million people. However, these SMEs in Singapore are often confronted with industry competition, rising costs, and tight labour.

To support the sustainability and competitiveness of SMEs and startups, the Singapore government established equity financing schemes, cash grants, business incubation schemes, debt financing schemes, and tax incentives.

Furthermore, Singapore's active technology ecosystem has attracted many venture capitalists and overseas investors to provide funding to locally based technology companies.

With a thriving venture capital ecosystem, startups can now access a wider variety of funding options and seek the necessary guidance for their future progress.



## World class infrastructure

### Information and communications technology



**145** Mobile subscriptions per 100 inhabitants

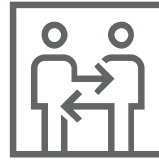


**88%** of households have internet access

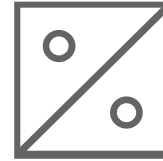
Topping the global chart in the 2016 Networked Readiness Index in the Global Information Technology Report by the World Economic Forum, Singapore is very well-connected to the rest of the world and to information technology.

Further, Singapore has a six-hour market reach. With the ability to access 3 billion people within this six hours, it is one of the most connected locations to be in.

### Workforce



**43 years** Median age



**2%** Unemployment rate



**97%** Literacy rate

As of 2019, the median age of the resident population rose to 43 years, continuing the upward trend observed over the years. Residents aged 65 years and over formed 14.4% Of the total population in 2019, a rise from 8.8% in 2009.

Singapore has a 97% literacy rate and 2% unemployment rate within the workforce. The proportion of university graduates rose from 21.8% in 2008 to 31.6% in 2018. Similarly, there was also a higher proportion of individuals with diplomas and professional qualifications at 15.1% in 2018, compared to 12.1% in 2008.



**World Class Infrastructure**

## Singapore's extensive network of international agreements

**Double Taxation Agreements (DTAs):** 87 comprehensive DTAs (excluding DTAs signed but not ratified) + 8 limited DTAs  
**No double taxation and reduction of withholding tax**

Comprehensive:							
Albania	Australia	Austria	Bahrain	Bangladesh	Barbados	Belarus	
Belgium	Brunei	Bulgaria	Cambodia	Canada	China	Cyprus	
Czech Republic	Denmark	Ecuador	Egypt	Estonia	Ethiopia	Fiji	
Finland	France	Georgia	Germany	Ghana	Guernsey	Hungary	
India	Indonesia	Ireland	Isle of Man	Israel	Italy	Japan	
Jersey	Kazakhstan	Korea	Kuwait	Laos	Latvia	Libya	
Liechtenstein	Lithuania	Luxembourg	Malaysia	Malta	Mauritius	Mexico	
Mongolia	Morocco	Myanmar	Netherlands	New Zealand	Nigeria	Norway	
Oman	Pakistan	Panama	Papua new Guinea	Philippines	Poland	Portugal	
Qatar	Romania	Russia	Rwanda	San Marino	Saudi Arabia	Seychelles	
Slovak Republic	Slovenia	South Africa	Spain	Sri Lanka	Sweden	Switzerland	
Thailand	Taiwan	Tunisia	Turkey	Ukraine	UAE	UK	
Uruguay	Uzbekistan	Vietnam					
Limited:							
Bahrain	Brazil	Chile	Hong Kong	Oman	Saudi Arabia	UAE	USA

**International Guarantee Agreements (IGAs):** 39 IGAs  
**Investment protection and facilitation**

**Free Trade Agreements (FTAs):** Covers 60% of world's GDP  
**Improved market access for goods and services**

ASEAN (AFTA)	ASEAN – China (ACFTA)	ASEAN – Australia – New Zealand (AANZFTA)
ASEAN – Portugal (AIFTA)	ASEAN – Korea (AKFTA)	Australia (SAFTA)
China (CSFTA)	Costa Rica (CRSFTA)	Gulf Cooperation Council (GSFTA)
Portugal (CECA)	Japan (JSEPA)	Switzerland, Liechtenstein, Norway & Iceland (ESFTA)
Korea (KSFTA)	Jordan (SJFTA)	ASEAN – Japan (Services & Investment)
New Zealand (ANZSCEP)	Panama (PSFTA)	Brunei, New Zealand, Chile & Singapore (Trans-Pacific SEP)
Peru (PeSFTA)	USA (USSFTA)	ASEAN – Portugal (Services & Investment)

## Investor profile in Singapore

More than half of Singapore's total household assets are invested in financial assets, indicating high demand for investment products in the city-state.

Household wealth per adult grew strongly in Singapore up to 2012, but fell subsequently as a result of currency depreciation. However, since 2015, the household wealth per adult has been growing once again. Nevertheless, the average wealth remains very high at US\$97,873 per adult in mid-2019, compared to USD 114,720 in 2000\*. This rise is largely attributed to high savings and asset price increases, combined with favorable exchange rate movements.

Financial assets comprise 57% of total household assets in Singapore, a ratio similar to that of Switzerland and the United Kingdom. The average debt of US\$52,340 is moderate for a high-wealth country, equating to just 15% of total assets\*.

With over 200,000 millionaires living in Singapore, the number of individuals with wealth above US\$100,000 is more than four times the global average. 4% of adults, or 226,000 individuals, are in the top 1% of global wealth holders, while Singapore's adult population accounts for just 0.1% of the world's total. There is a high number of multigenerational billionaires as well, due to it being an interesting international centre that attracts UHNWI from all over the world. Investors' profile in Singapore is much more oriented towards UNHWI – just 14% of people have wealth below US\$10,000, versus more than 50% globally\*.

Singapore has one of the highest wealth per capita in Asia

The average household wealth is USD 297,873 per adult

More than half of total household assets are invested in financial assets

Singapore was given a top AAA credit rating from S&P and Aaa from Moody's, as well as a "stable" outlook.

Country	S&P	Moody's
Germany	AAA	Aaa
<b>Singapore</b>	<b>AAA</b>	<b>Aaa</b>
United States	AA+	Aaa
United Kingdom	AA	Aa2
France	AA	Aa2
China	A+	A1
Japan	A+	A1
Russia	BB+	Baa3

Ease of access to Ultra HNWI and HNWI from Singapore  
Knight Frank City Wealth Index 2019

Rank	City
1	London (tied)
2	New York (tied)
3	Hong Kong (tied)
4	Beijing (tied)
<b>5</b>	<b>Singapore</b>
6	Frankfurt
7	Seoul
8	Shanghai
9	Munich (tied)
10	Paris (tied)

\* Credit Suisse Global Wealth Report 2019 and PwC Market Research Centre

# Singapore's institutional investors

The top two institutional investors, the Government Investment Corporation (GIC) and the MAS, account for close to half of the institutional investor market in Singapore combined.

The GIC and Temasek Holdings are both sovereign wealth funds (SWF). Together, they hold US\$815 billion in assets. Both the GIC and Temasek Holdings have become increasingly active in investment in western companies, often buying shares in large corporations.

The GIC is a government-owned company assigned to manage Singapore's sovereign wealth fund. It was formed in 1981 with the aim to invest more aggressively in higher yielding asset classes and over a longer investment horizon. According to the Sovereign Wealth Fund Institute, the GIC controls the sixth largest sovereign wealth fund in the world, with \$440 billion in AUM as of December 2017.



From state owned institutions



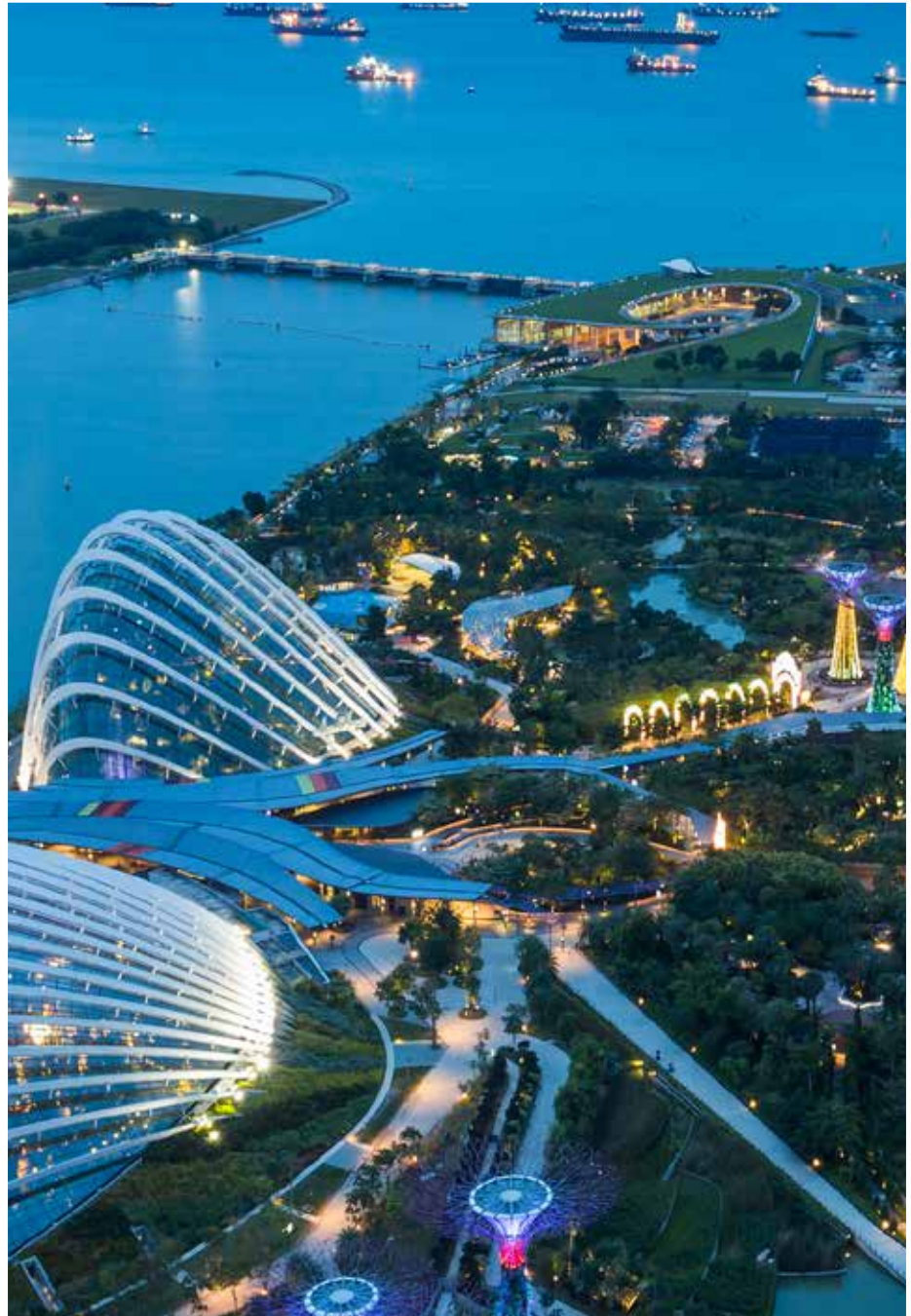
Top two institutional investors: GIC, Monetary Authority of Singapore

Source: Asian Investors & PwC Market Research Centre

Institutional investor	Institution type
GIC	SWF
MAS	Central Bank
Central Provident Fund (CPF)	Pension Fund
Temasek Holdings	SWF



# Singapore's asset management landscape





# A history of success in asset management in Singapore\*

When Singapore became independent in 1965, the government initially focused on trading and manufacturing activities to spur economic growth. This was followed by other sectors, such as shipping, which was a natural fit as an ancillary to trading activities. The banking sector was also developed to support these activities.

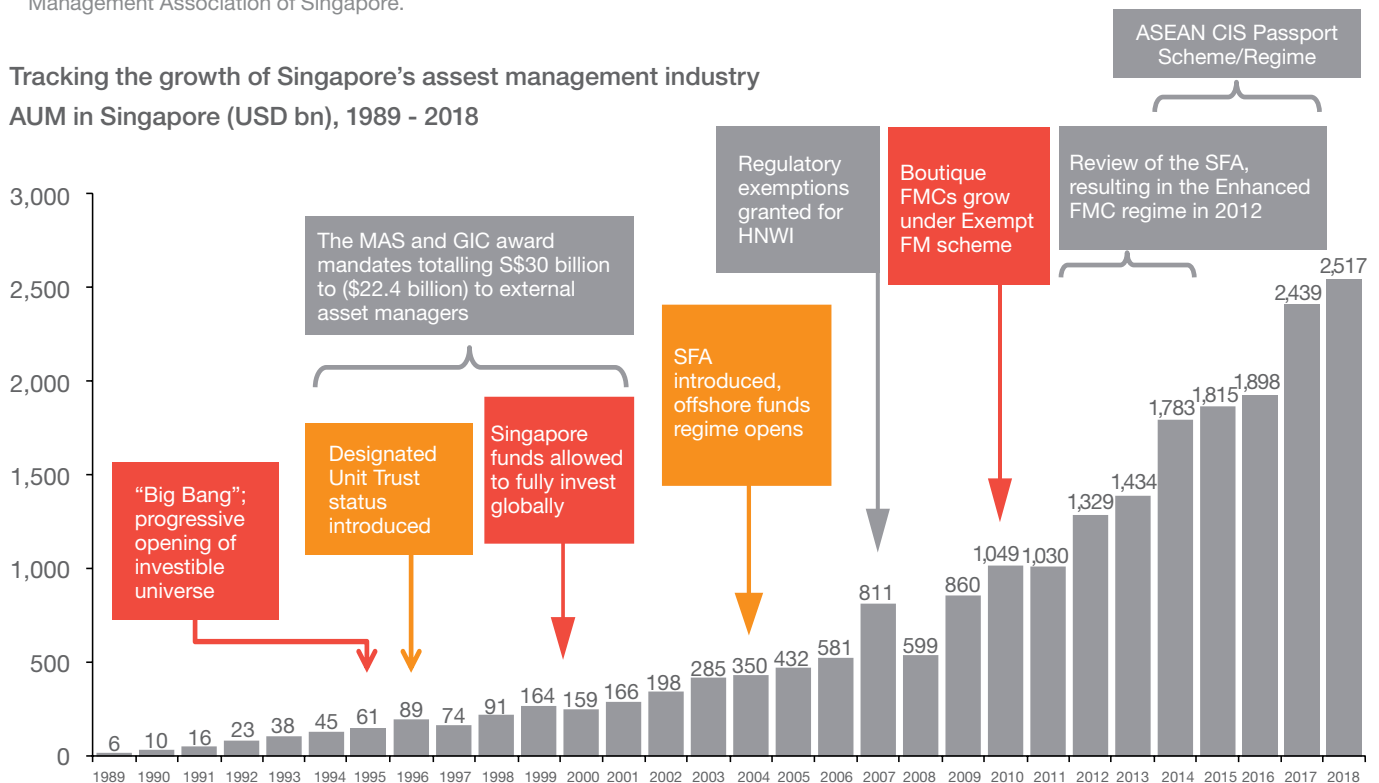
In 1992, then Prime Minister, Mr Lee Kuan Yew, expressed his vision to transform Singapore into a developed market financial centre, which began with enhancing the banking industry, followed by the asset management industry. The introduction of the unit trust regime led to an accumulation of Singapore’s savings. However, this was a restricted regime which allowed for onshore investments only.

In 1994, Mr Lee announced Singapore’s “Big Bang” strategy for the asset management industry, which sought to liberalise the sector so as to allow for more offshore investment by local funds on a progressive basis, and eventually open up the market to more foreign players. This announcement was followed by a scheme in 1998 to allow external asset managers to manage up to S\$30 billion of assets belonging to GIC and the MAS.

Since the asset management industry’s growth took off in late 1994, the government has continually taken great strides, through the MAS, to develop and introduce reforms and enhance the regulatory framework to encourage further growth, all with the aim to make Singapore the leading financial centre in an increasingly competitive global market. Working closely with industry players and other government agencies, the MAS revamped the regulatory framework in 2002 and also formulated strategies to stimulate growth in specific sub-industries within the financial services sector.

\* The above history of Singapore’s asset management landscape was authored by PwC’s Asset and Wealth Management Research Centre and published in the 20th Anniversary issue of Investment Management Association of Singapore.

## Tracking the growth of Singapore’s asset management industry AUM in Singapore (USD bn), 1989 - 2018

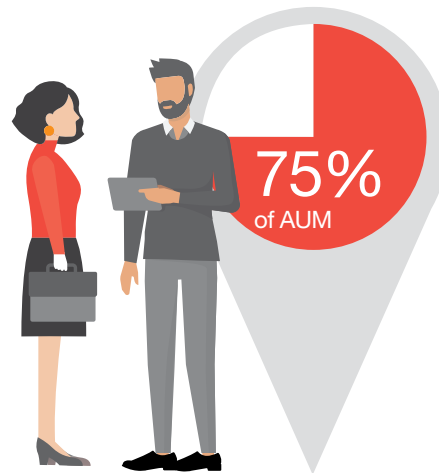


Source: MAS, PwC research

## Fast forward to today:

Singapore's asset management industry has become a global hub for investors and managers and is central to the local financial services industry. The country's AUM grew to a record S\$3.4 trillion at the end of 2018. This performance, whilst positively correlated to the growth of the world economy and increased globalisation, was supported by the augmented involvement of the investment industry professionals and the government bodies, as well as the high engagement of the investor population within Singapore through various channels.

In 2018, 75% of total AUM was sourced from outside Singapore. More than half of these outside assets are from Asia-Pacific. Since Singapore has become one of the biggest offshore RMB financial centres, it will continue to attract assets from other countries with a high concentration of wealthy individuals living outside Singapore. The Singapore traditional investment sector recorded a decline, while the alternative investment sector had positive net inflows in 2018. The traditional AUM inflows were offset by weaker valuations across major asset classes and registered a 7% decline. The alternatives AUM, however, continued to expand strongly, with 15% growth as investors increased exposures to private assets for return enhancement and portfolio diversification.



**Sourced from outside of Singapore**

More than half of this is from Asia Pacific

Source: 2018 Singapore Asset Management Survey, conducted by the MAS



Source: Financial Institutions Directory of MAS

## A sophisticated fund industry

Today, Singapore is proud to house over 700 asset managers. A number of top global players have established their Asia/APAC base in Singapore, along with Asian players who have also based their global headquarters in Singapore. In 2012, Singapore introduced a mandatory licensing/registration regime for all fund managers, which further helped enhance its credibility.

Singapore's asset management ecosystem comprises not only asset managers, but also a robust asset servicing ecosystem. There are over 45 fund administrators and custodians of international and regional repute, as well as top law firms with multi-jurisdictional practices providing services in structuring and domiciliation in other major fund centres. Furthermore, the industry is well-represented through industry associations and industry bodies.

Investment Management Association Singapore	Singapore Fund Administrators Association	Singapore Trustee Association
Institute of Banking and Finance	Association of Banks in Singapore	Singapore Insurance Brokers' Association
Singapore International Arbitration Centre	Association of Financial and Commodity Traders	Asia Pacific Real Estate Association
Alternative Investment Management Association	Singapore Venture Capital Association	Private Wealth Association
REIT Association in Singapore	Association of Independent Asset Managers (Singapore)	Association of Financial Advisers (Singapore)

Today, Singapore has the building blocks of a successful asset and wealth management centre

Large and diverse professional base	Open architecture for onshore and offshore products	Accredited investors classification	Financial Industry Competency Standards
Large private banking channel	Investor protection regime	FATF compliance	Regional HQ and FinTech incentives
Tax incentives for offshore funds	Robust regulatory framework	ASEAN CIS and ARFP	Upcoming VCC

# Fund manager regime in Singapore



As explained in the overview of the VCC chapter, the VCC can only be launched by a fund manager that is licenced or regulated under the Securities and Futures Act in Singapore, or those that are exempt from being licenced or regulated. We have summarised in the following chapter an overview of the fund manager regime in Singapore. A fund management company (FMC) in Singapore is typically set up as a private limited company. International asset managers usually set up subsidiaries of their global entities, although it is also possible for these to be set up as branches of their main head office.

The fund manager regime in Singapore entails compliance with the following:

- The Securities Act
- The Securities and Futures (Licensing and Conduct of Business Regulations)
- The Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences)
- Other guidelines and notices dealing with know your customer requirements, anti-money laundering and related matters

Category		Base capital
Licenced Fund Management Company (LFMC)	Retail	Carrying on business in fund management with all types of investors
	Accredited investors	Carrying on business in fund management with qualified investors only, without restriction on the number of qualified investors
	VCFM	Carrying on business in fund management with respect to venture capital funds with qualified investors only, without restriction on the number of qualified investors. Venture capital funds are subject to restrictions on investments and fund type.
Registered Fund Management Company (RFMC)		Carrying on business in fund management with no more than 30 qualified investors (of which no more than 15 may be funds or limited partnership fund structures) and the total value of the assets managed does not exceed S\$250 million



The various aspects of the Securities and Futures Act that a licenced or registered fund manager in Singapore must comply with are set out below.

## Competency of Key Individuals

	RFMC	A/I LFCM	Retail LFCM	VCFM
<p><b>(i) Number of Directors:</b>  <b>Minimum years of relevant experience:</b>            The duties of a director are spelt out in the regulations. Nominee directors such as legal advisers or corporate secretaries will not count towards meeting this requirement.</p>	At least 2 5 years	At least 2 5 years	At least 2 5 years	At least 2 None
<p><b>Of these directors:</b></p>				
<p>- <b>Number of Executive Directors:</b>            Executive Directors are employed full-time in the day-to-day operations of the company and should be resident in Singapore.</p>	At least 1	At least 1	At least 1	At least 1
<p>- <b>Minimum years of relevant experience of Chief Executive Officer (CEO)</b></p>	5 years	5 years	10 years	None
<p><b>(ii) Number of relevant professionals residing in Singapore:</b>  <b>Minimum years of relevant experience:</b>            Relevant professionals would include the directors, CEO and representatives of the FMC.</p>	At least 2 5 years	At least 2 5 years	At least 2 5 years	At least 2 None
<p><b>(iii) Number of representatives residing in Singapore:</b>            Representatives are individuals who conduct the regulated activity of fund management such as portfolio construction, and allocation, research and advisory, business development, and marketing or client servicing. They may include the directors and CEO of the FMC.</p> <p>Representatives are required to meet applicable minimum entry and examination requirements.</p>	At least 2	At least 2	At least 2	At least 2

## Fit and Proper criteria

An FMC should satisfy the MAS that its shareholders, directors, representatives, employees, as well as the FMC itself, are fit and proper in accordance with the Guidelines on Fit and Proper criteria issued by the MAS.

## Base Capital requirement

An FMC shall meet the base capital thresholds set out in the regulations at all times.

It would be prudent for the FMC to maintain an additional capital buffer, over and above the requisite base amount. An FMC should make a reasonable assessment of the amount of additional capital buffer it needs, bearing in mind the scale and scope of its operations.

Category	Base Capital Requirement
(a) Carrying out fund management With respect to any CIS offered to any investor other than an accredited or institutional investor.	S\$1,000,000
(b) Carrying out fund management (non-CIS) on behalf of any customer other than an accredited or institutional investor.	S\$500,000
Carrying out fund management other than that described in (a) or (b) above.	S\$250,000

An LFMC shall meet the risk-based capital requirement in the regulations upon obtaining its licence at all times.

Category	Risk based capital requirement
Retail LFMCs	Financial resources are at least 120% of operational risk requirement.
A/I LFMCs	
VCFM	Not applicable.

## Compliance arrangements

MAS expects an FMC to have in place compliance arrangements that are commensurate with the nature, scale and complexity of its business. Ultimate responsibility for compliance with applicable laws and regulations rests with the FMC's CEO and board of directors, even though compliance support may be provided by a foreign related entity and/or third party service providers.

## Risk management framework

An FMC is required to put in place a risk management framework to identify, address, and monitor the risks associated with customer assets that it manages. The FMC should take into account the principles set out in the MAS Guidelines on Risk Management Practices that are applicable to all financial institutions, and any other industry best practices that might be relevant. An FMC should also be cognisant that these risks are dependent on the nature, and size of its operations and the nature of assets that it manages.

At a minimum, the risk management framework of an FMC should address the following:

### Governance, independence, and competency of the risk management function

The risk management function should be subject to adequate oversight by the board and senior management of the FMC. It should be segregated from and be independent of the portfolio management function. Staff of the risk management function should also have adequate knowledge and expertise in risk management;

### Identification and measurement of risks associated with customer assets

All pertinent risks associated with customer assets should be identified and measured. Where appropriate, tools or metrics suitable to the nature, scale and complexity of the assets managed should be acquired or developed to ensure accurate and timely tracking, and assessment of risk exposures;

### Timely monitoring and reporting of risks to management

Procedures should be developed and maintained to ensure that the risks which have been identified are closely monitored, and that management is kept informed of risk exposures on a continuous and timely basis;

### Documentation of risk management policies, procedures and reports

All policies, procedures and reports relating to the risk management function should be properly documented and maintained.

## Internal audit

MAS expects the business activities of an FMC to be subject to adequate internal audit. The internal audit arrangements should be commensurate with the scale, nature, and complexity of its operations. The internal audit may be conducted by the internal audit function within the FMC, an internal audit team from the head office of the FMC, or outsourced to a third party service provider.

## Independent annual audits

An FMC shall meet the annual audit requirements. The MAS may direct the FMC to appoint another auditor if the appointed auditor is deemed unsuitable, with regard to the scale, nature and complexity of the FMC's business.

## Professional Indemnity Insurance (PII)

The MAS may impose a licence condition requiring a Retail LFMC to obtain PII that complies with the minimum requirements as set out in the regulations, which ranges from S\$2 million to S\$25 million.

A/I LFMCs and RFMCs are strongly encouraged to maintain adequate PII coverage. They should disclose to all customers, both potential and existing, its PII arrangements or the absence of such arrangements.

In lieu of a PII, the MAS may consider a Letter of Undertaking with liability equal to or exceeding the minimum PII coverage from the FMC's parent company. However, the parent company must be of satisfactory financial standing.

The MAS may consider alternative forms of PII if the FMC assesses that the interests of investors are not undermined.

## Other factors for licensing

When assessing applications for a CMS licence in fund management, the MAS may consider other factors such as:

- Track record of the LFMC, or its holding company, or related corporation where applicable. A Retail LFMC should demonstrate that it or its shareholders have at least a 5 year track record of managing funds for retail investors in a jurisdiction which has a regulatory framework that is comparable to Singapore.

Additionally, the FMC and its related corporations should also manage total assets of at least S\$1 billion

- Whether the FMC, its holding company or related corporations are subject to proper supervision by a competent regulatory authority
- Commitment of the FMC's holding company to the FMC's operations in Singapore
- Commitment from the FMC's shareholders, as demonstrated through seed investments in funds managed by the FMC

## Custody requirements

An FMC should be satisfied that the assets it advises on are subject to independent custody as required by the regulations. An FMC may not or would not have direct responsibility for appointing the custodian. In which case, it must be able to demonstrate that it has taken reasonable steps to ascertain that the assets are subject to adequate safeguards, including independent custody.

The requirement for independent custody of managed assets would not apply if the managed assets are not listed for quotation or quoted on a securities exchange, and are interests in a closed-end fund where the closed-end fund is to be used for private equity or venture capital investments, and is offered only to accredited or institutional investors.

## Valuation

An FMC must ensure that assets under management are subject to independent valuation and customer reporting. The requirement for independent valuation may be satisfied by having:

- A third party service provider, such as a fund administrator or custodian perform the valuation
- An in-house fund valuation function that is segregated from the investment management function. Such arrangements may be adopted within larger financial services groups where there are sufficient resources and internal controls to provide for effective segregation of both functions

The annual audit performed by the independent auditor is meant to serve as a periodic check on the valuation of the assets. On its own, the annual audit will not fulfil the requirement for independent valuation.



## Exemption from Licensing and Registration

### Real estate exemption:

A company need not be registered with or licenced by the MAS if it manages a fund that invests solely in immovable assets, or in securities issued by investment holding companies whose sole purpose is to invest into real estate development projects and/or real estate roperties; and where the fund is offered only to accredited and/or institutional investors.

### Related corporations:

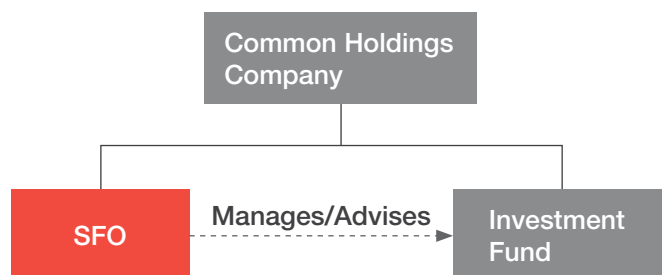
A company that conducts fund management in Singapore for related corporations is exempted from holding a licence for fund management. This exemption is utilised by corporate groups that may have a requirement to manage their cash and other resources by delegating the function to a separate legal entity that conducts this activity on a collective basis for the group.

A company is considered to be a related corporation when (i) it is a holding company of another corporation, (ii) it is a subsidiary of another corporation, or (iii) it is a subsidiary of the holding company of another corporation.

The related corporations exemption is utilised by family offices Utilised by family offices at times where the dividends and other returns from operating companies of the family business are pooled in a corporate entity, in which case the function of managing the monies is then delegated to a team within the group.

Family offices may also operate without a licence, where a corporate entity is created by the family and professionals with experience in fund management are hired by the company to manage the family monies to be invested. This is on the basis that the corporate entity has hired the employees to manage proprietary monies of the family, and this method should not be misused by professionals to manage third party monies and conduct the business of fund management.

While it is less likely to be used in practice by family offices, the close family members exemption can be used to manage family monies. An individual who carries on business in fund management for or on behalf of (i) his spouse, son, adopted son, step-son, daughter, adopted daughter, step-daughter, father, step-father, mother, step-mother, brother, step-brother, sister or step-sister; or (ii) a firm or corporation in which he or any of the persons referred to in sub-paragraph (i) has control of 100% of the voting power, is exempted from holding a CMS licence for fund management.



## Processing time for Licensing and Registration

The MAS will take approximately 4-6 months to process and approve an application. To expedite the review process, an applicant should confirm that it fully meets the admission criteria and has ensured that the application is complete, free of errors or inconsistencies, and is accompanied by the requisite supporting documents as stated in the application form.

# Investment funds in Singapore



## Investment funds in Singapore

Prior to 2002, Singapore was a relatively closed fund market, where only domestic funds were allowed to be marketed to Singapore investors. Domestic regulations were amended in 2002 to attract foreign funds for direct distribution to the retail public. In this regard, the MAS liberalised the regulatory environment to make it easier and more attractive for foreign asset managers to access and market their products in Singapore. Initially, Cayman Islands and British Virgin Islands (BVI) domiciled funds strongly benefited from this liberalisation. Today, almost 90% of foreign funds distributed in Singapore come from either Luxembourg or Ireland. As a result, the Singapore asset management industry has experienced a rapid and continued growth of assets under management, as well as in the number of foreign funds entering the market.

## Unit trusts

A unit trust pools money from many investors, which is then invested in a variety of assets in order to meet specified investment objectives. The pool is managed by a team of full time professionals, and a trustee is appointed to protect the interests of the unit holders. The MAS allows unit trusts set up overseas to be offered in Singapore. Foreign unit trusts approved for offer by the MAS are known as “recognised funds”.

A unit trust is constituted by a trust deed in which the trust property is vested in a trustee. In dealing with trust property, the trustee agrees to abide by the directions of a manager for the benefit of the unit-holders who collectively own the beneficial interests in the trust property. The unit trust as an investment scheme is the preferred structure for retail funds, as it also offers flexibility for frequent subscriptions and redemptions.

## Private limited companies

The alternative funds market has recently set up private equity and real estate master funds, or special purpose vehicles in the form of private limited companies. Today, there is no corporate structure available in Singapore that is geared towards investment funds. **VCC is an introduction specifically to address this gap** in the Singapore market place. A normal private limited company incorporated in Singapore can be used to establish a fund. As a separate legal entity, liability for its debts and obligations lies with the company and the members are liable only to the extent of any amount unpaid on their shares. Members are entitled to a share of any dividends, when declared. Dividends may only be paid out of profits. Private limited companies are generally subject to strict accounting and auditing requirements.

A separate private limited company is typically incorporated as a fund manager. This company enters into an investment management agreement with the fund, is paid management fees, and receives carried interest.

## Limited partnerships

A decade ago, Singapore introduced the limited partnership (LP) which has similar attributes to that of Delaware and Cayman Islands limited partnerships. Similar to LPs in other jurisdictions, it must consist of at least one general partner and one limited partner, which could be either an individual or a corporation. A limited partner has limited liability for the debts and obligations of the limited partnership, unless the limited partner participates in the management of the limited partnership. The general partner is liable for all debts and obligations of the limited partnership incurred while it is a general partner. A limited partnership is registered by the general partner with ACRA and its name must contain the term “Limited Partnership,” or the acronym LP. It is possible to maintain the particulars of the limited partners of the LP confidential from the general public if the manager of the fund is a person licenced to carry on fund management under the SFA, or exempt from licensing, and other requirements under the Limited Partnership Regulations are satisfied. An individual local manager must be appointed if the general partner is not ordinarily resident in Singapore. The local manager is responsible for statutory compliance and for filing relevant tax returns. In the earlier section of the book, we have compared and contrasted the Singapore limited partnership with Delaware’s and Cayman Islands.

## Real Estate Investment Trusts (REITs)

Although the first Singapore REIT (S-REIT) was listed on the Singapore Exchange (SGX) in 2002, the REIT regime in Singapore was officially launched in 2000. In Singapore, an S-REIT is constituted as a closed ended unit trust is governed by the Collective Investment Scheme regime. There are no regulatory capital requirements for an S-REIT. However, a listed REIT must still achieve a minimum asset size threshold prescribed by the SGX in order to maintain its listing. Although S-REITs can be listed or unlisted, listing is necessary to qualify for tax concessions. For listed S-REITs denominated in Singapore dollars, at least 25% of the share capital or units must be held by at least 500 public shareholders. For S-REITs denominated in foreign currencies, the “spread of holders” requirement must be complied with. In addition, all S-REITs must have a minimum size of S\$20 million or USD 20 million equivalent in other currencies. There are no restrictions on non-resident investors. An S-REIT, being a property fund, is bound by the Code of Collective Investment Schemes (the “Code”) and the Property Fund Guidelines (PFG) appended to the Code. There are no restrictions on the ownership of foreign assets. There is no legal or regulatory requirement for an S-REIT to distribute any pre-determined percentage of its income as distributions for a given financial year. However, in order to enjoy tax transparency treatment, an S-REIT will be required to distribute at least 90% of its taxable income in a financial year.

## Business trusts

Business trusts (“BT”) are business enterprises structured as trusts, and they are an alternative business structure to companies. The BT structure is more suited for businesses with stable growth and cash flow, such as infrastructure and utilities businesses, vehicle leases and charters, etc. In Singapore, the business trusts are registered under the Business Trust Act and regulated by the MAS. The SGX listing rules for companies apply to a BT. A registered listed BT must have a market capitalisation of S\$300 million based on issue price and post-invitation issued share capital when seeking a listing. Investors can invest in BTs through initial public offering or by buying units of the BT listed on the stock exchange the way they invest into listed companies or REITs. At least 25% of the share capital or units must be held by a minimum of 500 public shareholders. There are also no restrictions on non-resident shareholders. As mentioned above, BTs can invest in any non-real estate asset suited for business which could be infrastructure, utilities, vehicle leases, charters, etc. within or outside of Singapore. Unlike other fund structures and REITs, a BT has no restrictions on gearing. As companies are restricted to paying dividends out of accounting profits, there are no such restrictions on registered BTs.

BTs are able to pay distributions to their investors from their surplus operating cash flows. Accordingly, the distribution per unit (“DPU”) of a business trust can be in excess of its earnings per unit.



## Exchange traded funds (ETFs)

Funds being listed in SGX must be approved by the MAS and classified as authorised funds or recognised funds. Furthermore, asset managers must hold a capital market services licence or seek exemption from holding a licence to offer authorised funds in Singapore. Further, it is a requirement that the fund's prospectus needs to comply with SFA and must be lodged and registered. The registration of a prospectus will take up to 21 days for the MAS to complete.

Eligibility criteria	SGD denominated	Foreign currency denominated
Asset Size	Minimum Asset size of S\$20 million	Minimum Asset size of US\$20 million
Portfolio restriction	<ul style="list-style-type: none"> <li>Comply with the Collective Investment Scheme ("CIS") requirements</li> <li>Investment in related companies are limited to only 10% of gross asset</li> <li>Investment in unlisted companies are limited to only 20% of gross asset</li> </ul>	Must be listed/approved to be listed on a foreign stock exchange market acceptable by SGX (for ETF incorporated in foreign country)
Liquidity	Required to appoint one designated market maker approved by SGX	
Newly formed ETF requirement	Must not change any of its investment policies and objective in the first three years	
Track record	Track record of management for at least 5 years	

## Broad fund structures covering all investors

In essence, the SFA defines a collective investment scheme as an arrangement where money from investors is pooled together, with a view to deriving profits or income from the scheme. The scheme may invest in all kinds of assets, be they financial, real estate, precious metals or commodities.

Investor type	Schemes constituted in Singapore	Schemes constituted outside of Singapore
Offered to retail investors	Authorised schemes	Recognised schemes
Offered to accredited investors	Restricted authorised schemes	Restricted recognised schemes
Offered to institutional investors		

**The basic attributes** for classification of funds as exempt funds, qualified investor fund and retail funds are as follows. Needless to say, there are detailed conditions that need to be met for a particular fund to fall under one of the categories below:

**Private placement:**

Where the offer of the fund is made to no more than 50 investors in every 12 month period in Singapore, the private placement exemption can be availed. Such a fund is exempt from the prospectus requirement and the recognition/authorisation requirements. In practice, however, fund managers have a private placement memorandum to accompany the offer for their own protection.

**Restricted schemes:**

Funds that are offered to high net worth investors, or where the investment amount by the relevant investor is at least S\$200,000, are classified as restricted schemes. Such schemes are required to have an information memorandum with certain prescribed information (but not as detailed as a prospectus) and need to be notified to the MAS. Generally the MAS reverts within 48 hours to confirm that it has received the notification and that the fund may be offered in Singapore to the specified category of person. High net worth investors are defined in the regulations as “accredited investors”, meaning individuals with net assets of over S\$2 million, or annual income of S\$300,000 and above, or corporations with net assets of over S\$10 million, etc.

**Retail schemes:**

Funds that do not fall in the above category are retail schemes and are offered to all investors. These funds need to be authorised or recognised by the MAS under an approval process and the offer needs to be accompanied by a prospectus. An application is required to be made to the MAS for authorisation (for Singapore funds) or recognition of the fund (for foreign funds). The application submitted is required to be accompanied by a copy of the prospectus as well.

**Institutional investors:**

Funds that are offered to institutional investors like banks, insurance companies, holders of capital markets licence etc. are not required to notify the MAS or be accompanied by a prospectus or information memorandum.

## Fund passporting schemes

Singapore is part of the ASEAN CIS Framework. This is the streamlined authorisation framework for the cross-border offer of ASEAN collective investment schemes developed pursuant to the ASEAN Capital Markets Forum is (ACMF) Implementation Plan.

A fund seeking passporting should comply with the Standards of Qualifying CIS, which are a set of rules and regulations agreed among the ACMF Members, which governs the operation of the ASEAN CIS Framework.

A scheme constituted in Singapore can be offered in other member countries only if (i) the fund is constituted in Singapore and has been authorised by the MAS, (ii) the fund has been assessed by the MAS as suitable to be a Qualifying CIS, (iii) units in the fund have been offered, or will be concurrently offered in Singapore, (iv) the fund, the manager and the trustee satisfy the requirements in the SFA and, (v) the CIS Code that is applicable to an authorised scheme and the fund, the manager and the trustee satisfy the Standards of Qualifying CIS.

A foreign fund manager may offer a fund in Singapore pursuant the ASEAN CIS Framework only if (i) the fund is constituted in a member jurisdiction and is permitted to be offered to the general public of that member jurisdiction, (ii) the fund has been assessed by a member jurisdiction as suitable to be a Qualifying CIS, (iii) the fund has been recognised by the MAS, (iv) units of the fund have been offered, or will be concurrently offered, in the jurisdiction in which the fund is constituted, (v) the fund, the manager and the trustee/ supervisor satisfy the requirements in the SFA and the CIS Code that are applicable to a recognised fund; (vi) the fund, the manager and the trustee/supervisor satisfy the Standards of Qualifying CIS.

## Summary

Historically, there have been limitations to domicile funds in Singapore due to lack of a flexible corporate legal entity form. This will be corrected through the introduction of VCCs. The table below summarises the types of investment funds and their relevant fund manager regimes currently being followed when conducting asset management business in Singapore.

	Mutual fund**	Hedge fund**	Private equity**	Real Estate fund (Private)**	VCFM	REIT	ETF
Fund manager	CMS Licence (retail)	CMS licence (A/I)/RFMC	CMS licence (A/I)/RFMC	CMS licence (A/I). Exemption also available if managing immovable assets only/ RFMC	CMS licence (VCFM)	REIT Manager	CMS Licence (retail)
Fund type	Authorised	Restricted (or if offered to Institutional investors/ private placement, then exempt)	Restricted (or if offered to Institutional investors/ private placement, then exempt)	Restricted (or if offered to Institutional investors/ private placement, then exempt)	Restricted (or if offered to Institutional investors/ private placement, then exempt)	Authorised	Authorised
Legal entity	Typically Unit Trusts. Company form has not been used in the past due to inflexibility of corporations to be used as investments. (will be revised with the introduction of VCCs)	Limited Partnerships/ Unit Trusts/ Company*/ VCC	Limited Partnerships/ Unit Trusts/ Company*/ VCC	Limited Partnerships/ Unit Trusts/ Company*/ VCC  When set up as VCC, it must need a licensed or registered fund manager.	Limited Partnerships/ Unit Trusts/ Company*/ VCC	Typically Trusts	Typically Unit Trusts. Company form has not been used in the past due to inflexibility of corporations to be used as investments. (will be revised with the introduction of VCCs)
Compliance to code of collective investment schemes	Yes	No	No	No	No	Yes	Yes
Certificate of residence	Not available for Limited partnership and Unit Trusts	Not available for Limited partnerships and Unit Trusts	Not available for Limited partnerships and Unit Trusts	Not available for Limited partnership and Unit Trusts	Not available for Limited partnerships and Unit Trusts	Not available for Unit Trusts	Not available for Unit Trusts
Custodian requirement	Yes	Yes	No	No	No	Held by Trustees	Yes
Local administrator	Yes (through tax incentive schemes)	Yes (through tax incentive schemes)	Yes (through tax incentive schemes)	Yes (through tax incentive schemes)	Yes (through tax incentive schemes)	Yes (through tax incentive schemes)	Yes (through tax incentive schemes)
Local fund managers would predominantly use off-shore fund structures?	No	Yes (Cayman Islands is the preferred jurisdiction)	Yes (for pooling purposes would use offshore vehicles but would use Singapore Corporation as Master fund for investment purposes)	Yes (for pooling purposes would use offshore vehicles but would use Singapore Corporation as Master fund for investment purposes)	Yes	No	No

\* Company form have only be used as Master funds or SPVs to hold investments. Pooling of investors in such cases would be in offshore jurisdictions.

\*\* The terms “mutual fund”, “hedge fund”, “private equity”, “real estate fund” etc have been used in a manner that they are commonly understood in the fund management industry. These are not terms that are defined in the Securities and Futures Act.

# Next steps





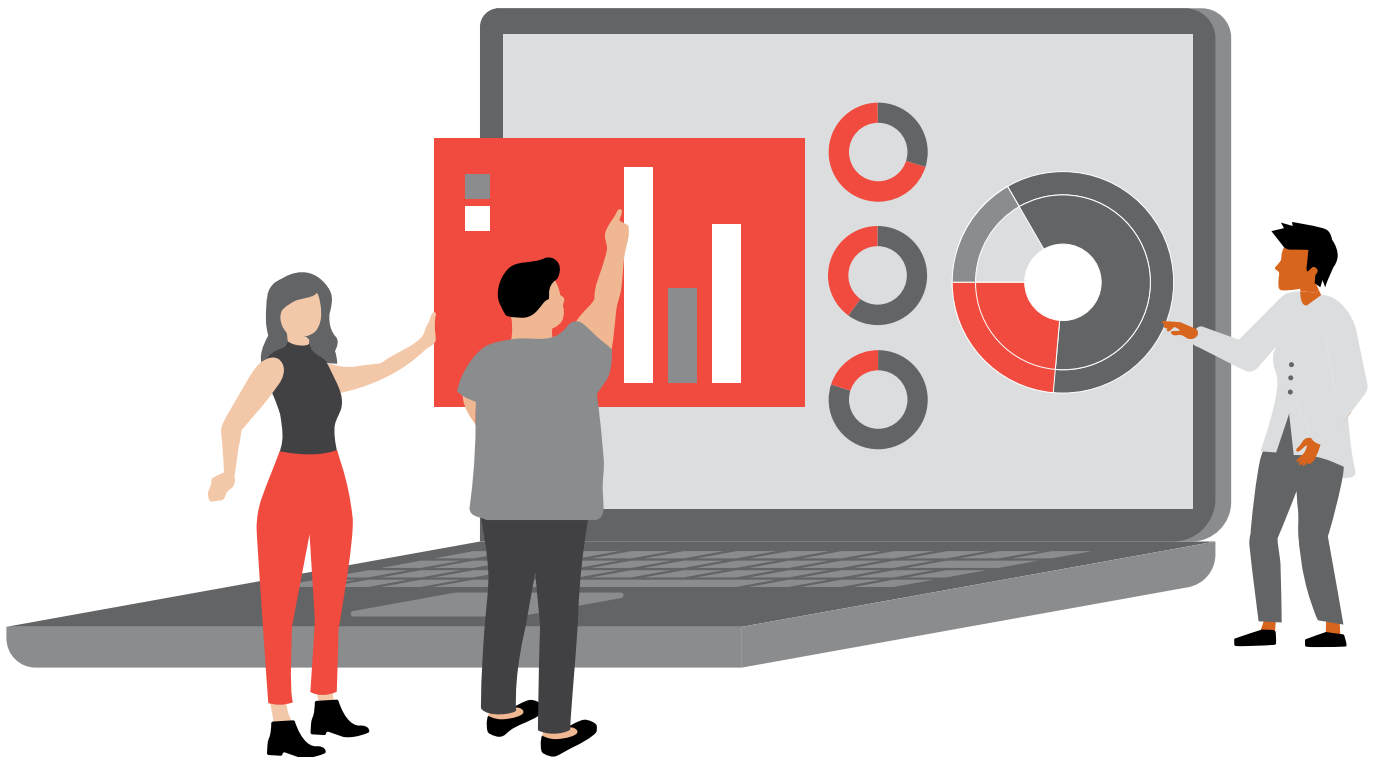
The birth of the VCC legislation demonstrates the Singapore government's commitment to the ongoing development of the city-state's asset management industry.

The conception of the VCC is a result of much industry analysis and feedback over the last few years, which has subsequently led to a legal study to develop the legislation. This is testament to the MAS's reputation of being a pragmatic and innovative regulator. Since its introduction in January 2020, there has been substantial take up in VCC as fund managers' next investment fund, re-domiciled their foreign fund to Singapore.

The MAS is also offering financial incentive to fund managers by way of reimbursing VCC launch cost of up to 70% of such cost to a ceiling of SGD 150,000 per VCC. A fund manager can reclaim under this incentive up to 3 VCC launches. This scheme will end on 15 January 2023. This has given and will continue to give a significant boost to fund managers typically be hesitant to move from status-quo.

VCC launch has also given an added boost to off-shore fund managers to set up base in Singapore.

**It has long been the vision and mission of Singapore to introduce a versatile and fungible legal entity form that can be used for investment business in whatever form. Therefore, it is also envisioned that the next steps to developing Singapore's financial services industry would entail studying the applicability of VCC on other sub-industries within the asset and wealth management sector, such as real estate investment trusts, securitisation and insurance products.**



# Singapore Market Entry Report



# Singapore Market Entry report

Our detailed market entry report will give you all you need to know to set-up your fund and wealth management activity in Singapore and launch your fund structure in Singapore. The below are the description of your various modules. Reach out to the Asian Investment Fund Centre for more details.

<b>I</b>	<p><b>Business model</b></p> <p>Our detailed report will only give you a fair reflection of doing asset and wealth management business in Singapore along with case studies of comparable businesses that were recently set up and their current state of maturity. This will include revenue and cost analysis based on target operating model apt for your intended set-up.</p>																																													
<b>II</b>	<p><b>Cost analysis</b></p> <p>A detailed cost analysis of setting up a VCC versus other jurisdictions and the analysis will also include detailed cost analysis of fund manager in Singapore that will form a component of the business model report.</p>																																													
<b>III</b>	<p><b>VCC features</b></p> <p>Indepth study of VCC features, how to set - up, legal and regulatory aspects of operating a VCC. This will include comparative to other fund jurisdictions.</p>																																													
<b>IV</b>	<p><b>VCC Fund Manager requirements</b></p> <p>This section of the report will give you an indepth understanding of the various types of fund manager licensing conditions and what it would take regulated as a manager in Singapore along with ongoing obligations.</p>																																													
<b>VI</b>	<p><b>Your potential product benchmarking</b></p> <p>Benchmarking exercise to assess the competitiveness of your intended fee structure and performance against its peers. To do so, we will prepare a customised benchmarking report covering the your funds particular subindustry landscape both globally and in the region.</p>																																													
<b>VII</b>	<p><b>Singapore country landscape report</b></p> <table border="1"> <thead> <tr> <th style="text-align: left;">Market landscape</th> <th style="text-align: left;">Fund administrators</th> <th style="text-align: left;">Distribution</th> </tr> </thead> <tbody> <tr> <td>2.1 Overall fund landscape – Overview</td> <td>3.1 Mergers and Acquisitions</td> <td>8.1 Distribution channels</td> </tr> <tr> <td>2.2 Fund structures</td> <td>3.2 Onshore Open-end Funds</td> <td>8.2 Retail banks</td> </tr> <tr> <td>2.3 Funds – Overview</td> <td>3.3 Offshore Open-end Funds</td> <td>8.3 Private wealth</td> </tr> <tr> <td>2.6 Top asset managers by assets</td> <td>3.4 Hedge Funds</td> <td>8.4 Private banks</td> </tr> <tr> <td>2.7 Offshore funds</td> <td>3.5 Private Equity Funds</td> <td>8.5 Private Banks – M&amp;As</td> </tr> <tr> <td>2.9 Alternatives – Overview</td> <td>3.6 Venture Capital Funds</td> <td>8.6 Private Banks – Selectors</td> </tr> <tr> <td>2.1 Alternatives – Asset breakdown</td> <td>3.7 Real Estate Funds</td> <td>8.7 Independent AssetManagers (IAMs)</td> </tr> <tr> <td>2.11 Alternatives – Hedge funds</td> <td>3.8 Private Debt</td> <td>8.8 Family Offices</td> </tr> <tr> <td>2.12 Alternatives – Private equities</td> <td><b>Custodians</b></td> <td>8.9 Comparison of Independent Asset Managers (IAMs) &amp; family offices</td> </tr> <tr> <td>2.13 Alternatives – Venture capital</td> <td>4.1 Onshore Open-end Funds</td> <td>8.1 CPF Investment Schemes (CPFIS)</td> </tr> <tr> <td>2.14 Alternatives – Real estate</td> <td>4.2 Offshore Open-end Funds</td> <td>8.11 Independent Financial</td> </tr> <tr> <td>2.15 Alternatives – Private Debt</td> <td>4.3 Hedge Funds</td> <td><b>Advisors</b></td> </tr> <tr> <td></td> <td><b>Prime Brokers</b></td> <td>8.12 Robo-advisors</td> </tr> <tr> <td></td> <td>5.1 Hedge Funds</td> <td>8.13 Trust service providers</td> </tr> </tbody> </table>	Market landscape	Fund administrators	Distribution	2.1 Overall fund landscape – Overview	3.1 Mergers and Acquisitions	8.1 Distribution channels	2.2 Fund structures	3.2 Onshore Open-end Funds	8.2 Retail banks	2.3 Funds – Overview	3.3 Offshore Open-end Funds	8.3 Private wealth	2.6 Top asset managers by assets	3.4 Hedge Funds	8.4 Private banks	2.7 Offshore funds	3.5 Private Equity Funds	8.5 Private Banks – M&As	2.9 Alternatives – Overview	3.6 Venture Capital Funds	8.6 Private Banks – Selectors	2.1 Alternatives – Asset breakdown	3.7 Real Estate Funds	8.7 Independent AssetManagers (IAMs)	2.11 Alternatives – Hedge funds	3.8 Private Debt	8.8 Family Offices	2.12 Alternatives – Private equities	<b>Custodians</b>	8.9 Comparison of Independent Asset Managers (IAMs) & family offices	2.13 Alternatives – Venture capital	4.1 Onshore Open-end Funds	8.1 CPF Investment Schemes (CPFIS)	2.14 Alternatives – Real estate	4.2 Offshore Open-end Funds	8.11 Independent Financial	2.15 Alternatives – Private Debt	4.3 Hedge Funds	<b>Advisors</b>		<b>Prime Brokers</b>	8.12 Robo-advisors		5.1 Hedge Funds	8.13 Trust service providers
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Our Asia Pacific asset management country reports draw upon the knowledge of a large pool of country and industry experts to help clients perform better in existing markets, and identify new markets in a rapidly changing environment. Through our structured research based on quantitative and qualitative analysis, we shed light on how multiple factors in the world of asset management can affect your business.

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- The strongest distribution channels and how they are evolving
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Our in-depth reports contain more than 60 pages of analysis, including data on AuM, asset class breakdown, net sales, investor asset allocations, distribution channels and much more.

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Hong Kong



Singapore



India



South Korea



Indonesia



Taiwan



Japan



Thailand



Malaysia

# Asian Investment Fund Centre

The Asian Investment Fund Centre, headquartered in Singapore, is part of PwC's network of Asset & Wealth Management industry specialists in Asia Pacific that delivers to its client a one-stop-shop cross border service offering.



Operational and Investment due diligence on asset managers

Distribution strategy

Market entry

Jurisdiction analysis

Fund structuring

Market publications

Asian Fund Passport readiness

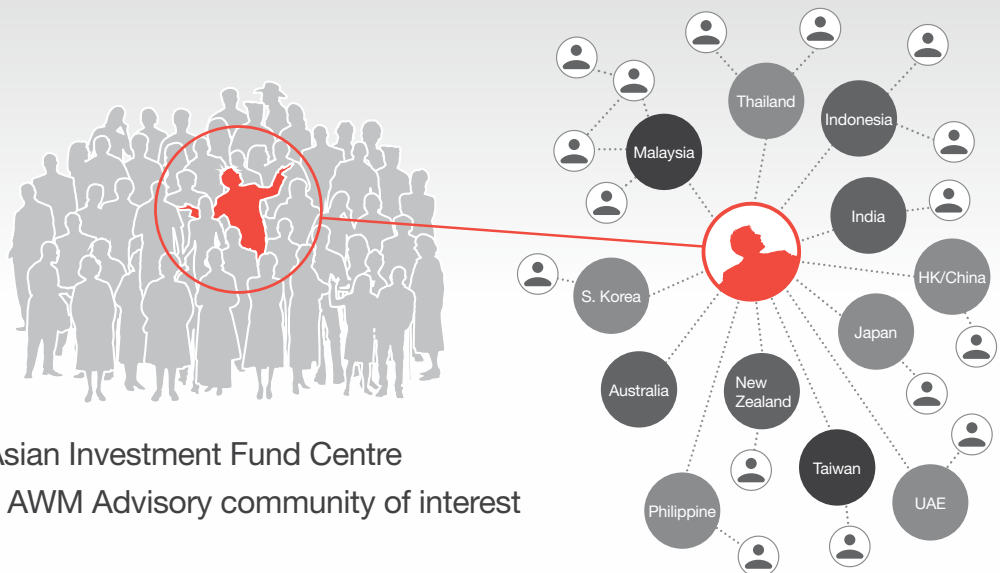
Investment fund fees analysis

ESG/SRI for investment funds

Country reports

Fund distribution and registration

Market Intelligence and Newsflash



Asian Investment Fund Centre  
– AWM Advisory community of interest



Connect with our experts



## How PwC can help you

Our dedicated team brings together senior and experienced subject matter experts and trusted specialists who can support you at every step of the way to achieve a successful outcome with the VCC launch.

We are able to provide all these services comprehensively, subject to restrictions.

 Incorporating your VCC	 Drafting your legal documents	 Determine tax structure for your VCC (Tax advisory)
 CISnet application for your VCC	 Assist with FATCA compliance	 Serve as your Registered office
 Provide market intelligence for Market Entry	 Provide Day One Compliance Assistance	 Serve as your Company Secretary
 Audit your VCC	 Tax Compliance of your VCC	 Serve as your Registered Filing Agent
	 Tax review of VCC fund documents	 Assist in licensing your fund management company (V/R/LFMC)



Our extensive team of cross-functional specialists can support you at every step of the way to achieve a successful outcome with the VCC launch. If you would like to have a deeper discussion on any of the topics, please do not hesitate to get in touch with us:

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