

BASICS OF A VARIABLE CAPITAL COMPANY

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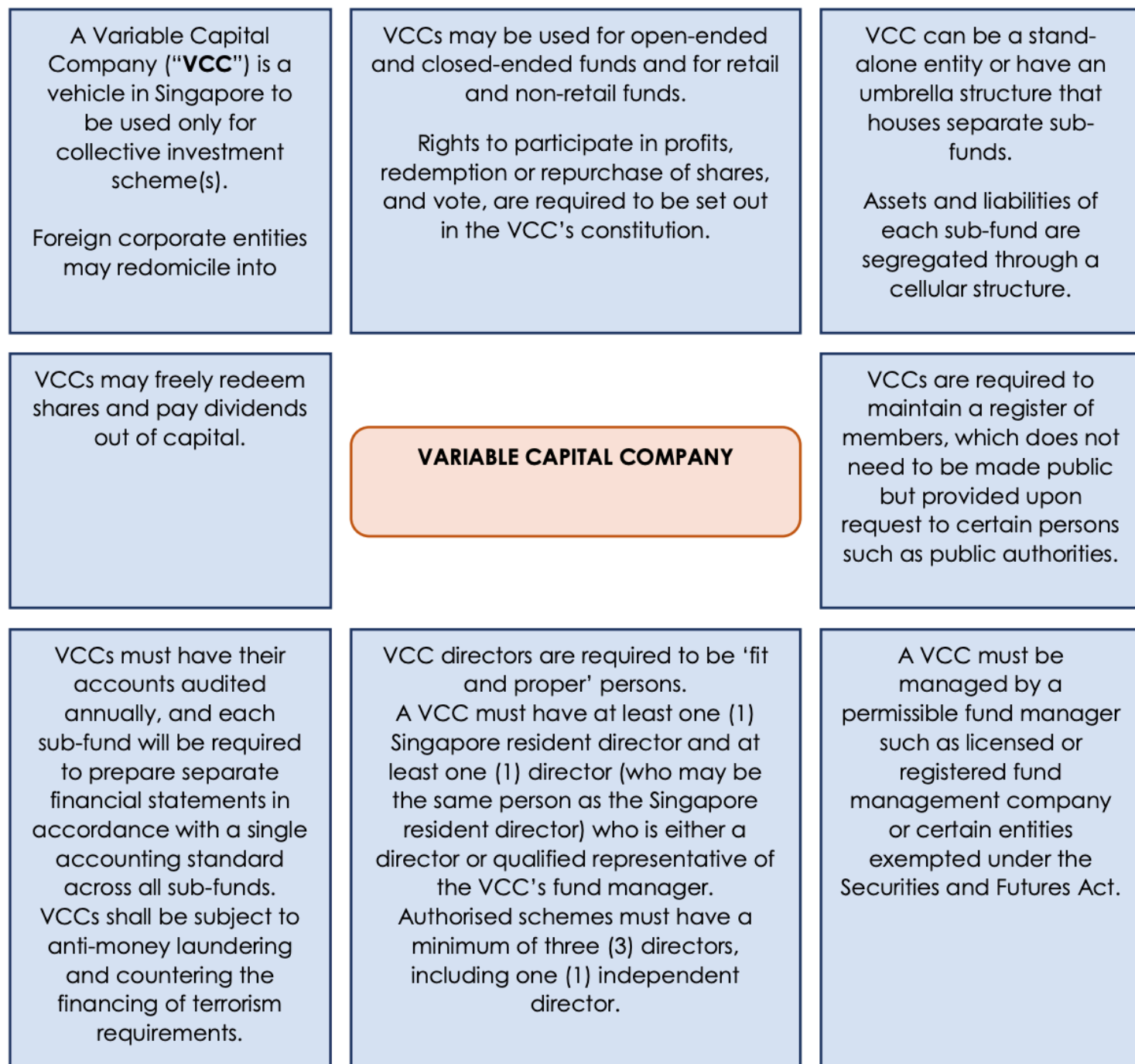
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This table provides you with a useful overview of the Variable Capital Company (“**VCC**”). It highlights the unique characteristics of the VCC and key requirements under the VCC regulatory framework.



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Use of the Variable Capital Company for types of funds in Singapore

A Variable Capital Company (“VCC”) is a corporate investment structure that can have underlying cells that may be a mix of open-ended and closed-ended sub-funds.

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| | Authorised Scheme | Restricted Scheme |
|--|---|--|
| Form | A collective investment scheme authorised by the Monetary Authority of Singapore (" MAS ") to be offered in Singapore to retail investors. | A collective investment scheme notified to the MAS to be offered in Singapore to accredited investors and certain other persons under Section 305 of the Securities and Futures Act (" SFA "). |
| Location | Singapore | |
| Inward re-domiciliation | Inward re-domiciliation of relevant foreign corporate entities to apply to be registered in Singapore as a VCC is permitted. | |
| Regulatory authority | VCCs will be jointly regulated by the Accounting and Corporate Regulatory Authority (" ACRA ") and the MAS - ACRA will administer the VCC Act and its subsidiary legislation and MAS will regulate the anti-money laundering and countering of the financing of terrorism provisions. | |
| Fund Manager | A VCC must be managed by a permissible fund manager such as licensed or registered fund management company or certain entities exempted under the SFA. A fund manager can delegate its fund management and operational duties in accordance with the MAS Guidelines on Outsourcing. | |
| Permitted securities | Shares, debentures | |
| Directors | <p>A VCC must have at least one (1) Singapore resident director and at least one (1) director (who may be the same person as the Singapore resident director) who is either a director or qualified representative of the VCC's fund manager. Authorised schemes must have a minimum of three (3) directors, including one (1) independent director.</p> <p>VCC directors must be 'fit and proper' persons.</p> | <p>A VCC must have at least one (1) Singapore resident director and at least one (1) director (who may be the same person as the Singapore resident director) who is either a director or qualified representative of the VCC's fund manager.</p> <p>VCC directors must be 'fit and proper' persons.</p> |
| Custodian | A VCC which is an authorised scheme must appoint a custodian that is an 'approved trustee' under the SFA. | A VCC that is a restricted scheme must maintain its assets with a 'prescribed entity' which include an 'approved trustee' and other prescribed entities. VCCs which are private equity or venture capital funds do not require a custodian to be appointed, subject to certain requirements. |
| Audit | Accounts of a VCC must be audited annually with the same accounting standards, under the VCC Act and/or the CIS Code, across all sub-funds but with separate financial statements for each sub-fund. | |
| AML/CFT Requirements | VCCs shall be subject to anti-money laundering and countering the financing of terrorism (" AML/CFT ") requirements. A VCC is required to out-source its AML/CFT requirements to its fund manager or a regulated financial institution. | |
| Segregation of assets and liabilities | Any liabilities of a sub-fund must be discharged from the assets of that relevant sub-fund. Assets of any sub-fund must not be used to discharge liabilities of other sub-funds. | |
| Tax incentives | Tax incentives pursuant to the 'Enhanced Tier Fund Scheme' under Section 13X of the Income Tax Act (" ITA ") and the 'Singapore Resident Fund Scheme' under Section 13R of the ITA for collective investments schemes in Singapore shall also be available to the VCC. If the VCC is an umbrella VCC, these tax incentives will be granted at the umbrella level. | |
| Register | VCCs are required to maintain a register of members, which does not need to be made public but provided upon request to certain persons. These include any public authority, the VCC's manager, and an appointed custodian. | |

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