

THE GLOBAL INVESTOR PROGRAMME - UPCOMING ENHANCEMENTS

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The Global Investor Programme (“**GIP**”), which allows eligible foreign investors and their family members to apply for Singapore Permanent Residence (“**PR**”), will be significantly enhanced with effect from 1 March 2020. The GIP is an initiative administered by Contact Singapore, a division of the Economic Development Board.

With the changes, next-generation business owners, founders of fast-growing companies from certain industries and family office principals will stand to qualify for PR status through GIP.

The changes to the eligibility criteria for GIP including new categories of foreign investors and conditions for the renewal of PR status are summarized below.

Established Business Owners

Presently, a foreign investor with a substantial business track record and successful entrepreneurial background may be eligible for GIP if he, amongst other criteria, has been running a business for at least 3 years and owns a company with an annual turnover of at least S\$50 million. With effect from 1 March 2020, such a foreign investor will be assessed for GIP under the profile of an established business owner, and will, amongst other criteria, be required to own a company with an annual turnover of at least **S\$200 million** to be eligible for GIP.

A summary of the key changes to the eligibility criteria applicable to established business owners is set out in the following table:

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	Pre-Amendment	Post-Amendment
Personal qualifications	Possess at least 3 years of entrepreneurial and business track record.	No change
	Running a company with annual turnover of at least S\$50 million in the year immediately preceding the application, and at least S\$50 million per annum on average for the three years immediately preceding the application.	Running a company with annual turnover of at least <u>S\$200 million</u> in the year immediately preceding the application, and at least <u>S\$200 million</u> per annum on average for the three years immediately preceding the application.
	If the company is privately-held, applicant must own at least 30% shareholding in the company.	If the company is privately-held, applicant must own at least 30% shareholding in the company. <u>If the company is publicly listed, applicant must be one of the largest individual shareholders (namely, the top 5 largest shareholders holding shares on an individual basis)</u>
	The company must be engaged in one or more of the industries from a prescribed list of industries.	No change
Investment requirements	Invest at least S\$2.5 million in either of the following: a) a new business or the expansion of an existing business operation ("Option A"); or b) a GIP fund from a prescribed list of approved funds ("Option B").	Invest at least S\$2.5 million in either of the following: a) a new business or the expansion of an existing business operation ("Option A"); b) a GIP fund from a prescribed list of approved funds ("Option B"); or c) <u>*a new or existing Singapore-based family office having Assets-Under-Management of at least S\$200 million ("Option C").</u> <u>*Option C is a new investment option that would be added as an alternative to the existing investment Options (A) and (B).</u>
Assessment criteria for Option A	Submits a detailed 5-year business or investment plan with projected employment and annual financial projections using a prescribed form.	No change
	Fulfil the third-year milestones outlined in the business plan and the entire business plan within 5 years from approval of PR status.	<u>Streamlined with the requirements for renewal of Re-Entry Permits</u>
	If the investment is in the expansion of an existing business operation, as part of the third-year milestones, the Option A company will be required to: a) hire at least 5 additional employees; and b) have an additional annual total business expenditure of at least S\$1 million.	<u>Streamlined with the requirements for renewal of Re-Entry Permits</u>
	None	<u>Owens at least 30% shareholding in the Option A company and must be part of the management team of the Option A company.</u>
	The Option A company must be engaged in one or more of the industries from a prescribed list of industries.	No change
Assessment criteria for Option B	None	<u>Assessment based on future business or investment plans in Singapore.</u>
Assessment criteria for Option C*	N.A.	<u>Submits a detailed 5-year business plan with projected employment and annual financial projections using a prescribed form.</u>
<u>*New category</u>	N.A.	<u>The business plan should explain:</u> a) <u>the applicant's role in the single family office;</u> b) <u>the functions of the family office;</u> c) <u>the proposed investment sectors;</u> d) <u>the asset types; and</u> e) <u>the geographical focus.</u>

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A foreign investor who does not meet the eligibility criteria for GIP that are applicable to an established business owner may still be eligible to apply for GIP. He may apply for GIP under one of the following profiles:

- next generation business owner;
- founder of a fast-growing company; or
- principal of a family office.

Next Generation Business Owners (New Category)

A foreign investor without a substantial business track record and successful entrepreneurial background may still be eligible for GIP if he is from a family with a successful business track record. In particular, he will be required to show that, amongst other criteria, he is part of the management team of his family's company which has an annual turnover of at least **S\$500 million**.

A summary of the eligibility criteria applicable to a next generation business owner is set out in the following table:

	Post-Amendment
Personal qualifications	The applicant's immediate family have at least 30% shareholding or is the largest shareholder in the company.
	The company has an annual turnover of at least S\$500 million in the year immediately preceding the application, and at least S\$500 million per annum on average for the three years immediately preceding the application.
	Applicant must be part of the management team of the company.
	The company must be engaged in one or more of the industries from a prescribed list of industries.
Investment requirements	Invest at least S\$2.5 million in either of the following: a) a new business or the expansion of an existing business operation ("Option A"); b) a GIP fund from a prescribed list of approved funds ("Option B"); or c) a new or existing Singapore-based family office having Assets-Under-Management of at least S\$200 million ("Option C").
Assessment criteria for Option A	Submits a detailed 5-year business or investment plan with projected employment and annual financial projections using a prescribed form.
	Owens at least 30% shareholding in the Option A company and must be part of the management team of the Option A company.
	The Option A company must be engaged in one or more of the industries from a prescribed list of industries.
Assessment criteria for Option B	Assessment based on future business or investment plans in Singapore.
Assessment criteria for Option C	Submits a detailed 5-year business plan with projected employment and annual financial projections using a prescribed form.
	The business plan should explain: a) the applicant's role in the single family office; b) the functions of the family office; c) the proposed investment sectors; d) the asset types; and e) the geographical focus.

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Founders of Fast Growth Companies (New Category)

If a foreign investor is unable to show that he or his family has a substantial business track record, he may still be eligible for GIP if he, amongst other criteria, owns a company which is invested into by reputable investors and which has valuation of at least **S\$500 million**.

A summary of the eligibility criteria applicable to a founder of a fast-growing company is set out in the following table:

	Post-Amendment
Personal qualifications	Founder and one of the largest shareholders of a company with a valuation of at least S\$500 million.
	The company must be invested into by reputable Venture Capital / Private Equity firms.
	The company must be engaged in one or more of the industries from a prescribed list of industries.
Investment requirements	Invest at least S\$2.5 million in either of the following: a) a new business or the expansion of an existing business operation ("Option A"); b) a GIP fund from a prescribed list of approved funds ("Option B"); or c) a new or existing Singapore-based family office having Assets-Under-Management of at least S\$200 million ("Option C").
Assessment criteria for Option A	Submits a detailed 5-year business or investment plan with projected employment and annual financial projections using a prescribed form.
	Owens at least 30% shareholding in the Option A company and must be part of the management team of the Option A company.
	The Option A company must be engaged in one or more of the industries from a prescribed list of industries.
Assessment criteria for Option B	Assessment based on future business or investment plans in Singapore.
Assessment criteria for Option C	Submits a detailed 5-year business plan with projected employment and annual financial projections using a prescribed form.
	The business plan should explain: a) the applicant's role in the single family office; b) the functions of the family office; c) the proposed investment sectors; d) the asset types; and e) the geographical focus.

Family Office Principals

Presently, a foreign investor may be eligible for GIP via the family office route if he, amongst other criteria, has at least 5 years of experience investing in or managing a business and a net worth of at least S\$400 million. With effect from 1 March 2020, such a foreign investor will be assessed for GIP under the profile of a family office principal, and will, amongst other criteria, be required to have at least S\$200 million of investible assets to be eligible for GIP.

A summary of the key changes to the eligibility criteria applicable to family office principals is set out in the following table:

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	Pre-Amendment	Post-Amendment
Personal qualifications	Possess at least 5 years of entrepreneurial, investment or management track record.	No change
	Has an individual or direct family net worth of at least S\$400 million	<u>Has net investible assets of at least S\$200 million.</u>
Investment requirements	Invest at least S\$2.5 million in a new Singapore-based single-family office having Assets-Under-Management of at least S\$200 million.	Invest at least S\$2.5 million in a new <u>or existing</u> Singapore-based single-family office having Assets-Under-Management of at least S\$200 million.
Assessment criteria	Submits a detailed 5-year business plan with projected employment and annual financial projections using a prescribed form.	No change
	The business plan should explain: a) the applicant's role in the single family office; b) the functions of the family office; c) the proposed investment sectors; d) the asset types; and e) the geographical focus.	No change
	Fulfil the third-year milestones outlined in the business plan and the entire business plan within 5 years from the approval of PR status.	<u>Streamlined with the requirements for renewal of Re-Entry Permits</u>
	As part of the third-year milestones, the single family office will be required to: a) hire at least 5 additional employees; and b) have an annual total business expenditure of at least S\$1 million.	<u>Streamlined with the requirements for renewal of Re-Entry Permits</u>

Renewal of PR status

If a foreign investor is granted PR status under the GIP, he will be issued with a Re-Entry Permit (“**REP**”), which allows him to maintain PR status even when he is out of Singapore. The REP is valid for 5 years and may be renewed if the renewal conditions are fulfilled.

With effect from 1 March 2020, the renewal conditions will be amended such that a foreign investor is no longer assessed with reference to the third-year milestones indicated in the business plan submitted during the application for GIP.

A summary of the key changes to the renewal conditions are set out in the tables below:

3-year renewals

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	Pre-Amendment	Post-Amendment
Option A	Fulfilled the investment conditions	No change
	<p>The Option A company must employ at least 5 more employees in addition to those employed at the third-year milestone, with at least 5 Singapore Citizens amongst all employees, and incurs an annual total business expenditure of at least S\$1 million more than the annual total business expenditure incurred at the third-year milestone.</p> <p>OR</p> <p>You or all your dependants, who obtained PR under your GIP application, must have resided in Singapore for more than half of the time.</p>	<p>The Option A company must employ at least <u>10 employees</u> with at least 5 Singapore Citizens, and incurs an annual total business expenditure of at least <u>S\$2 million</u>.</p> <p>OR</p> <p>You or all your dependants, who obtained PR under your GIP application, must have resided in Singapore for more than half of the time.</p>
Option B	Fulfilled the investment conditions	No change
	<p>Set up a business in Singapore which must employ at least 5 employees who are Singapore Citizens, and incurs an annual total business expenditure of at least S\$1 million.</p> <p>OR</p> <p>You or all your dependants, who obtained PR under your GIP application, must have resided in Singapore for more than half of the time.</p>	<p>Set up a business in Singapore, which must employ at least <u>10 employees</u> with at least 5 Singapore Citizens, and incurs an annual total business expenditure of at least <u>S\$2 million</u>.</p> <p>OR</p> <p>You or all your dependants, who obtained PR under your GIP application, must have resided in Singapore for more than half of the time.</p>
Option C	Fulfilled the investment conditions	No change
	<p>The Family Office must employ at least 5 more employees in addition to those employed at the third-year milestone, with at least 5 Singapore Citizens amongst all employees, and incurs an annual total business expenditure of at least S\$1 million more than the annual total business expenditure incurred at the third-year milestone.</p> <p>OR</p> <p>You or all your dependants, who obtained PR under your GIP application, must have resided in Singapore for more than half of the time.</p>	<p>The Family Office must employ at least <u>10 employees</u> with at least 5 Singapore Citizens and <u>3 professionals</u>, and incurs an annual total business expenditure of at least <u>S\$2 million</u>.</p> <p>OR</p> <p>You or all your dependants, who obtained PR under your GIP application, must have resided in Singapore for more than half of the time.</p>

5-year renewals

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	Pre-Amendment	Post-Amendment
Option A	Fulfilled the investment conditions	No change
	The Option A company must employ at least 5 more employees in addition to those employed at the third-year milestone, with at least 5 Singapore Citizens amongst all employees.	The Option A company must employ at least <u>10 employees</u> with at least 5 Singapore Citizens.
	The Option A company must incur an annual total business expenditure of at least S\$1 million more than the annual total business expenditure incurred at the third-year milestone.	The Option A company must incur an annual total business expenditure of at least <u>S\$2 million</u> .
	You or all your dependants, who obtained PR under your GIP application, must have resided in Singapore for more than half of the time.	No change
Option B	Fulfilled the investment conditions	No change
	Set up a business in Singapore which must employ at least 5 employees who are Singapore Citizens.	Set up a business in Singapore which must employ at least <u>10 employees</u> with at least 5 Singapore Citizens
	The business must incur an annual total business expenditure of at least S\$1 million.	The business must incur an annual total business expenditure of at least <u>S\$2 million</u> .
	You or all your dependants, who obtained PR under your GIP application, must have resided in Singapore for more than half of the time.	No change
Option C	Fulfilled the investment conditions	No change
	The Family Office must employ at least 5 more employees in addition to those employed at the third-year milestone, with at least 5 Singapore Citizens amongst all employees.	The Family Office must employ at least <u>10 employees</u> with at least 5 Singapore Citizens and <u>3 professionals</u> .
	The Family Office must incur an annual total business expenditure of at least S\$1 million more than the annual total business expenditure incurred at the third-year milestone.	The Family Office must incur an annual total business expenditure of at least <u>S\$2 million</u> .
	You or all your dependants, who obtained PR under your GIP application, must have resided in Singapore for more than half of the time.	No change

Conclusion

The new qualifying criteria places emphasis on high-performing companies with a view to create more economic and job opportunities in Singapore. This is likely in tandem with the shift in the global economy over the past few years which has resulted in the birth of a new breed of entrepreneurs and business owners such as owners of high growth technology companies.

While the amendments appear to broaden the pool of foreign investors qualifying for GIP, the segregation of foreign investors into distinct categories, and the introduction of separate qualifying criteria for each category mean that the bar has been lifted higher for some of the foreign investors. Increasingly, it will be harder for established business owners and entrepreneurs to qualify for PR status under the GIP unless they meet the new requirements.

Interested investors may wish to note that as long as the application for GIP is submitted prior to 1 March 2020, the existing conditions for renewal of PR status would apply to the foreign investor, even if the GIP application is approved from 1 March 2020 onwards.

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