

The VCC Practical onboarding aspects from Start to Launch

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Fiduciary Services**

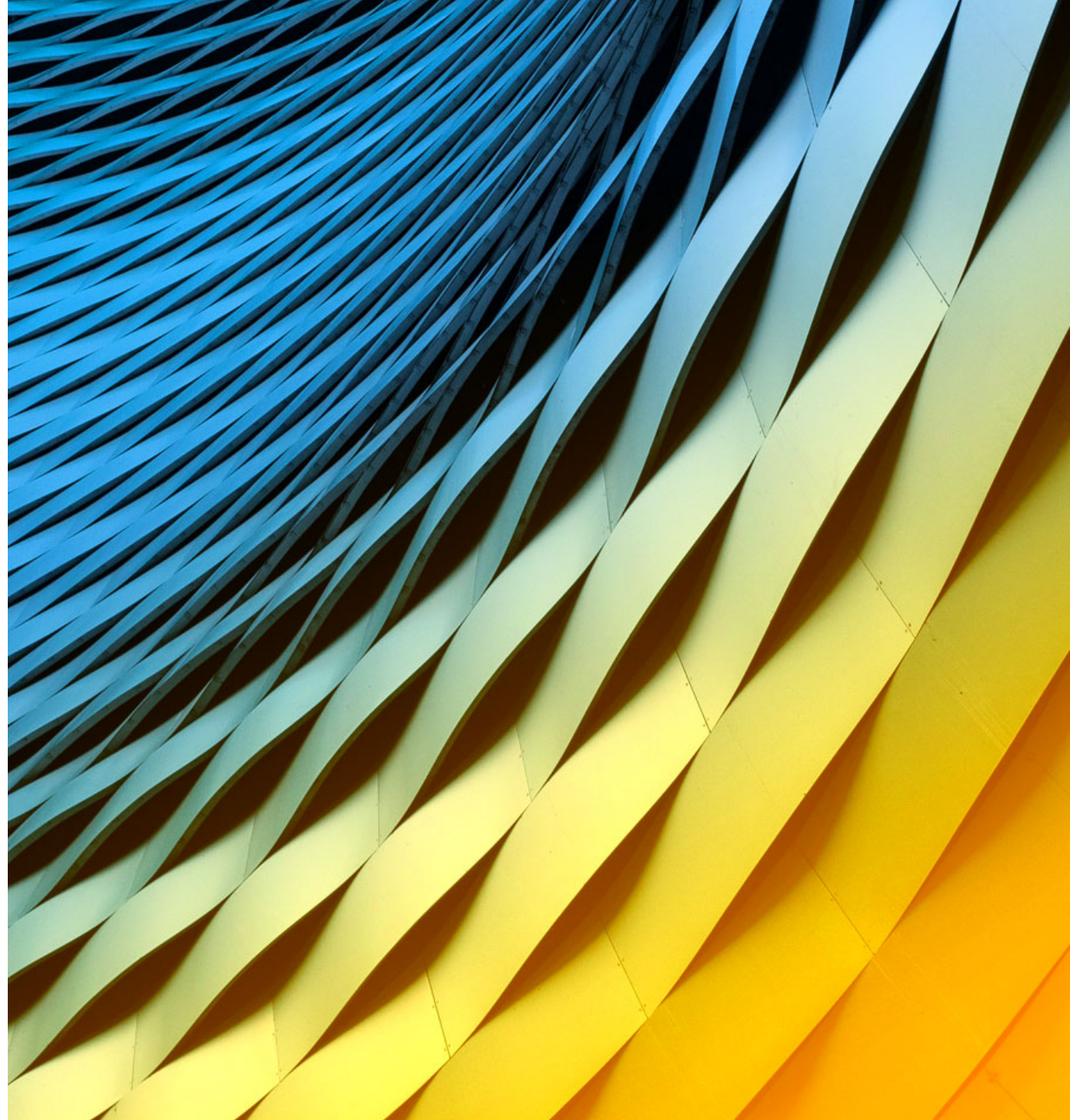
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Head of Sales, Interactive Brokers, Singapore**

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Brokerage**

March 10, 2021



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Variable Capital Company

Benedict Tan

March 2021



Key Features and Requirements

- **Key Features**
 - Corporate entity
 - The sole purpose of a VCC is to be one or more collective investment schemes i.e. it is tailored for use as an investment fund.
 - A VCC can be structured as a non-umbrella VCC or an umbrella VCC with multiple sub-funds, with statutory ring-fencing between each sub-fund and the VCC.
 - An umbrella VCC with sub-funds will have a single board of directors and can share common service providers (e.g. auditor, administrator).
 - A VCC will issue shares which may be in different classes and with different economic and voting rights (e.g. voting and non-voting shares).

Key Features and Requirements

- A VCC will not require shareholder approval to issue or redeem shares and the requirement to hold AGMs may be waived.
- A VCC may redeem shares and pay distributions and dividends out of profits or capital.
- A VCC has the option of keeping its books and records in accordance with certain specified accounting standards (namely SFRS, IFRS, US GAAP) and must be audited in accordance with the chosen accounting standard.
- The register of members of the VCC will not be open to inspection by the public and the constitution of the VCC is not publicly available.

Key Features and Requirements

- **Key Requirements for Incorporation**

- A VCC must have a “Qualifying Fund Manager”
- A VCC must have a minimum of one director. At least one director of the VCC must be ordinarily resident in Singapore and at least one director of the VCC must be either a director of the manager of the VCC or a qualified representative of the manager. Directors of a VCC must also be fit and proper persons.
- Constitution
- Auditor and Secretary

Practical Considerations for Launch

- **Structure**
- **Timing**
 - Name reservation, incorporation and registration
 - Fund documentation
 - Selection and onboarding of service providers
- **Registration?**

Thank You



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ASCENT

Variable Capital Company

ASCENT FUND SERVICES (SINGAPORE) PTE. LTD.

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Fund Administration

Fund Accounting

- Net Asset Value Calculation
- Accounting records

Tax Reporting Services

- FATCA
- CRS
- GST remission

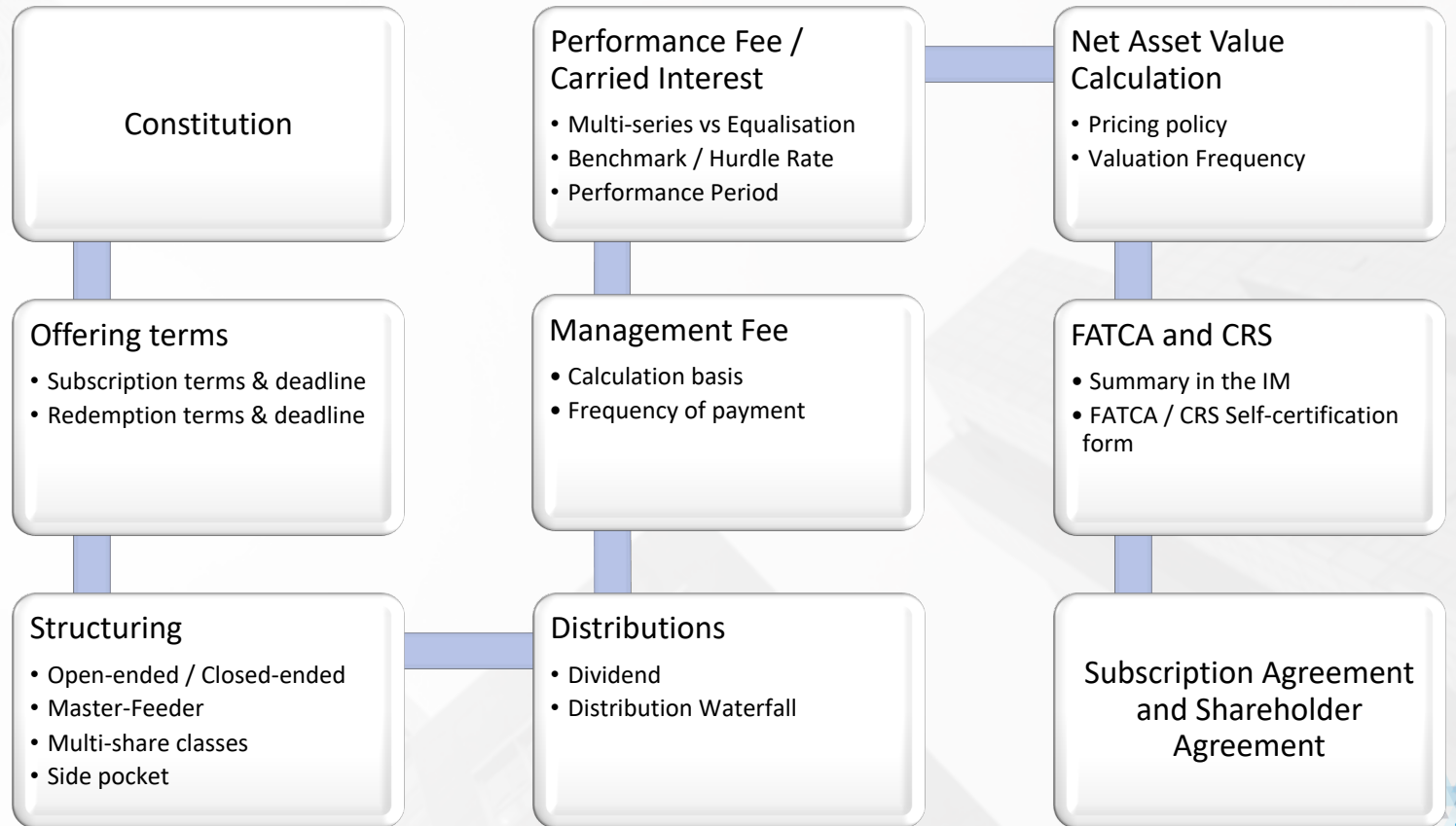
Transfer Agency

- Share register
- Customer Due Diligence
- Investor communications

Regulatory Compliance

- AML/CFT law and regulations
- Accounting Standards

Constitution and Information Memorandum





Other Considerations

Redomiciliation

GIIN Application (FATCA)

CRS Registration with IRAS

ISIN and Bloomberg Application

Bank Account Opening



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Singapore Variable Capital Company (VCC)

The Game Changer



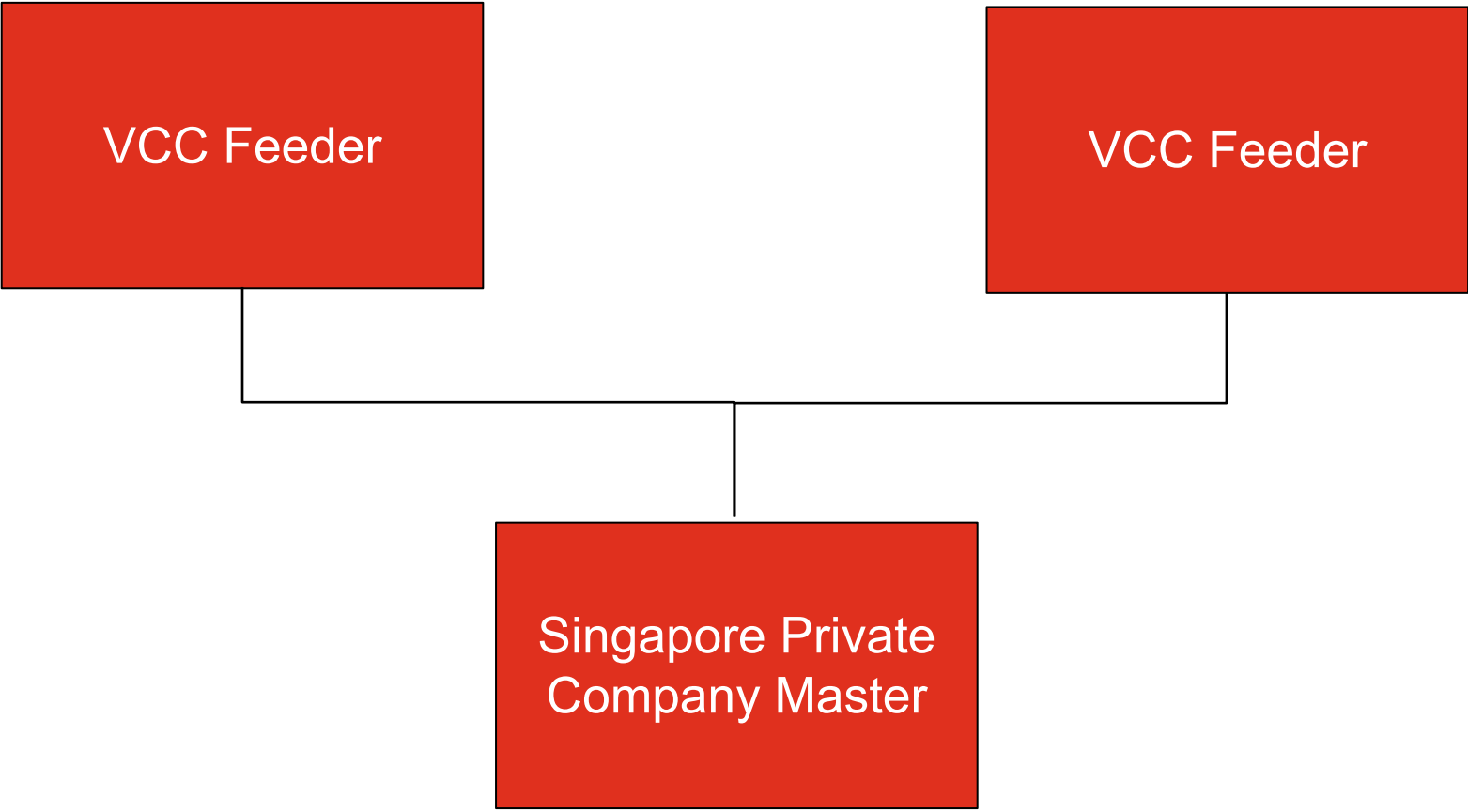
Some

use

cases



Master Feeder

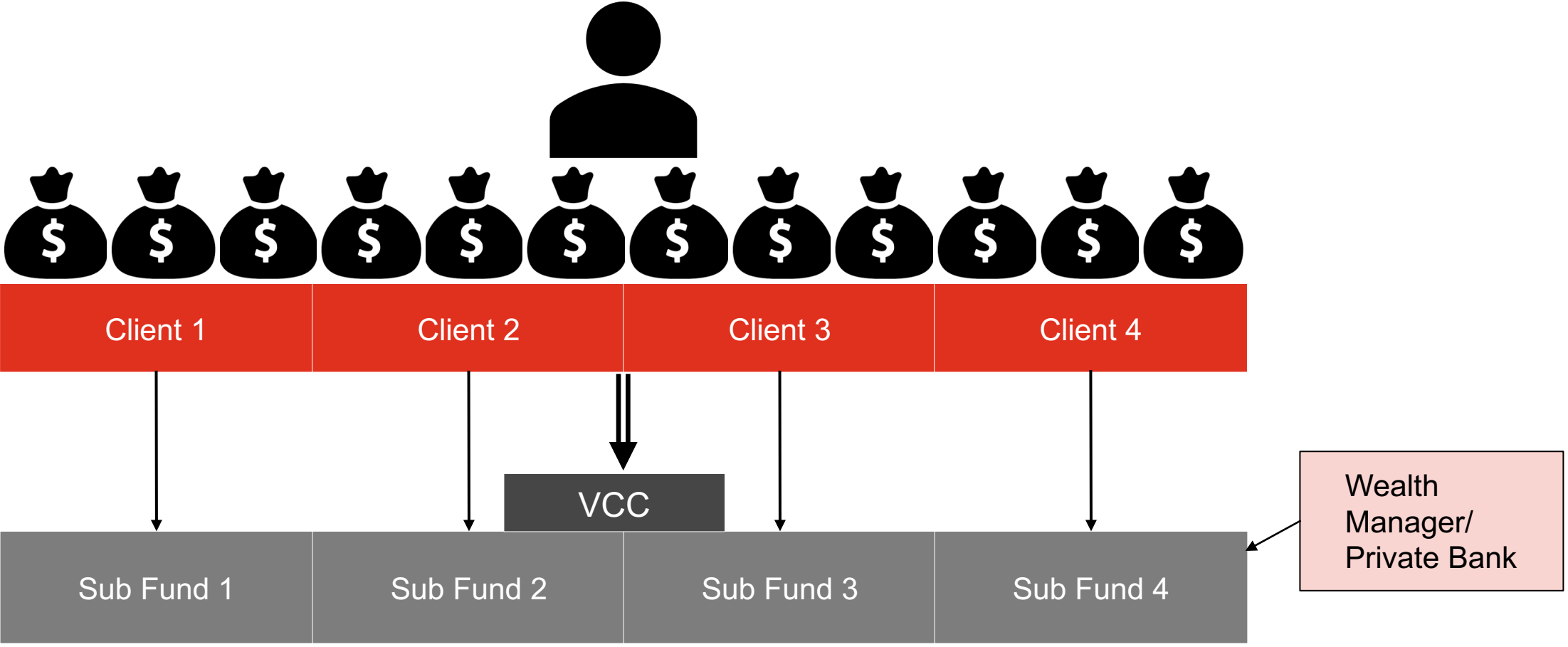


Redomiciliation to Singapore VCC

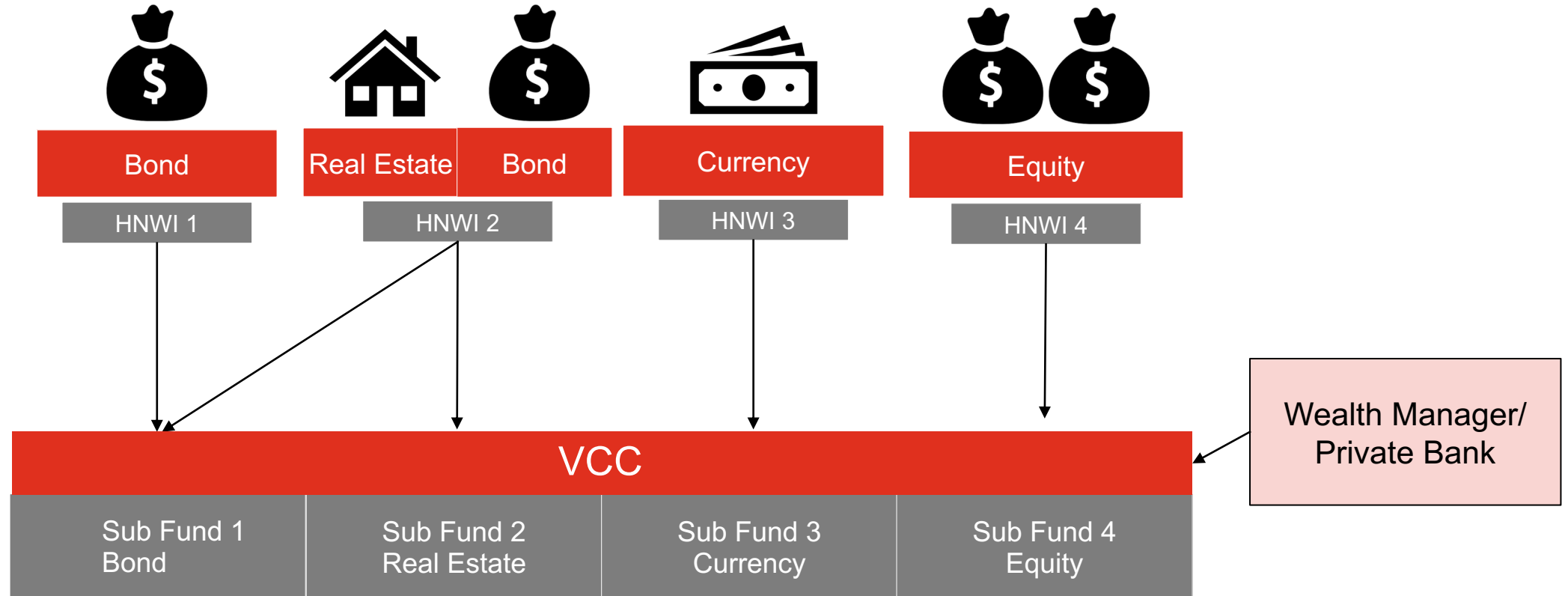


Redomiciliation from Cayman to Singapore

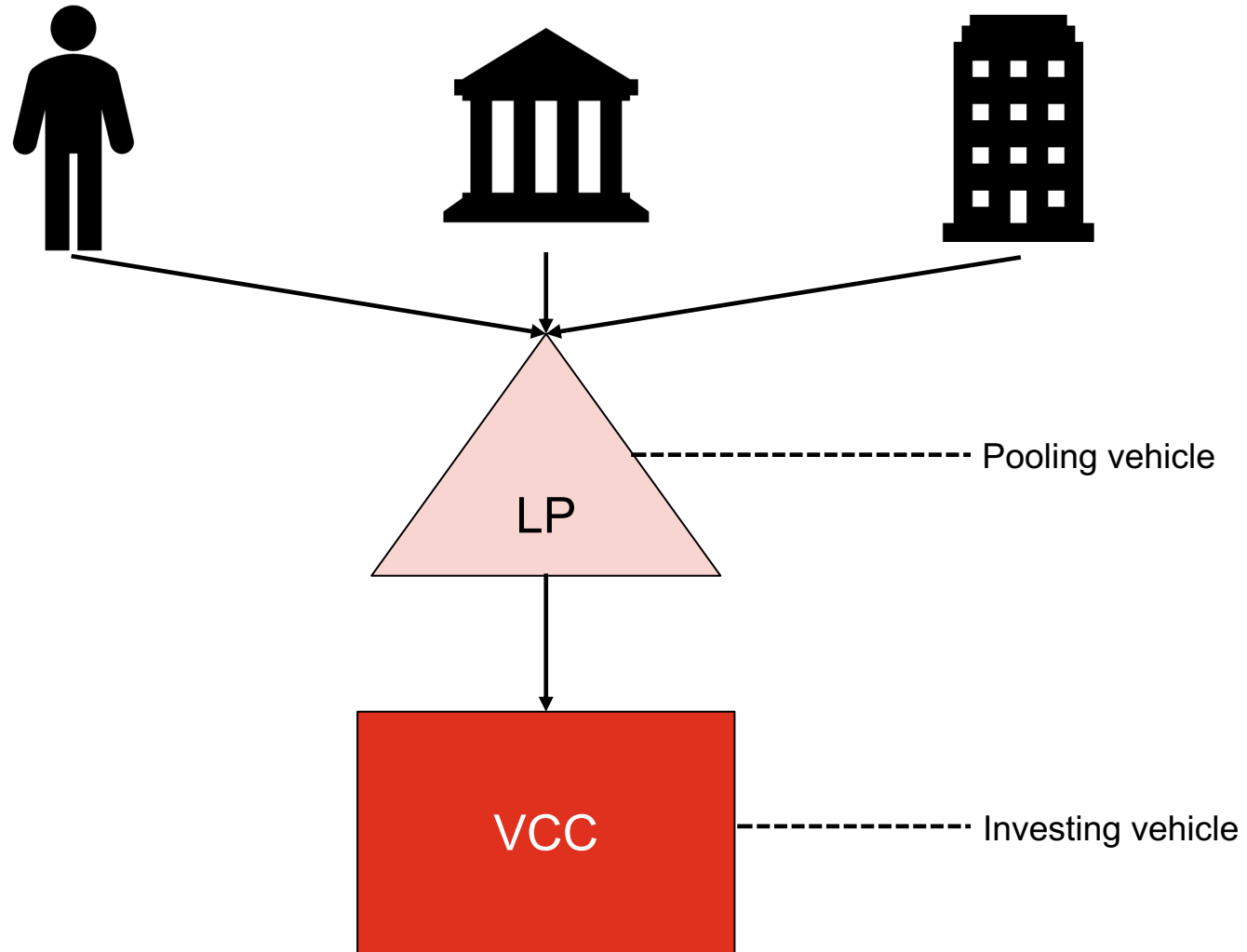
Managed Accounts



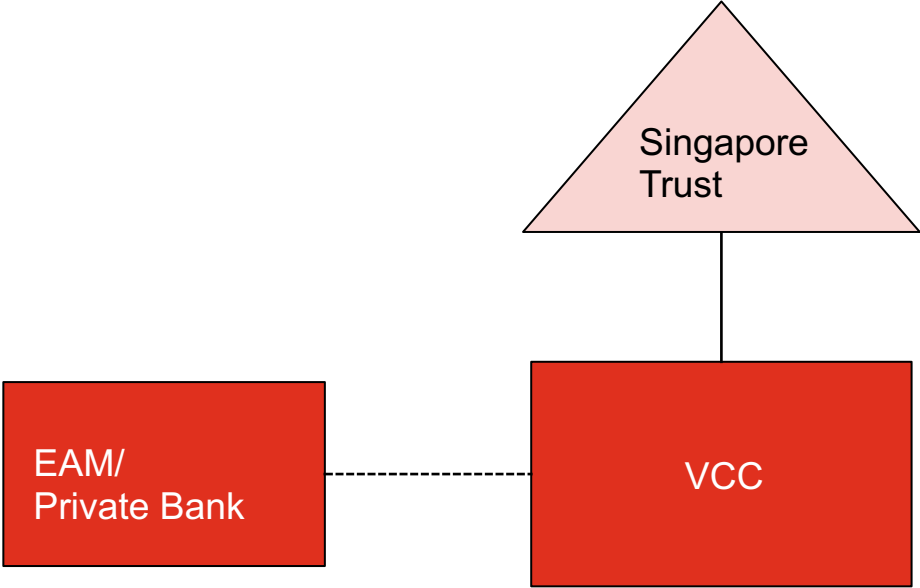
Wealth Management Pooling



Closed-ended Funds (Non-listed)

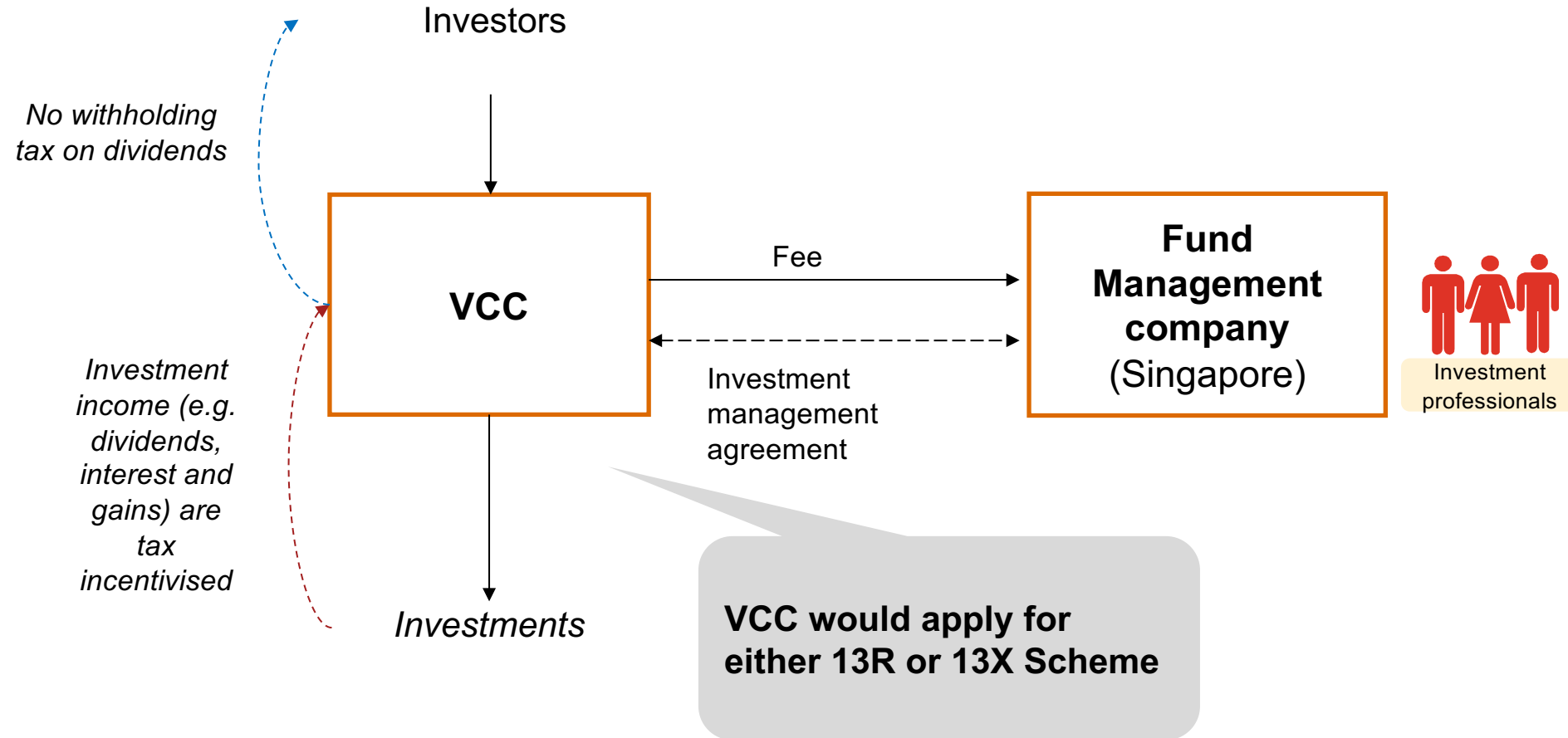


Private Wealth Planning



Tax considerations of a VCC

VCC base case structure



Comparison of key incentive conditions

Singapore Resident Fund Scheme (13R)	Enhanced-Tier Fund Scheme (13X)
Approval is required	Approval is required
Legal form and location – <u>Singapore Company or VCC</u>	Legal form and location – No restriction
No fund size requirement	<u>S\$50 million minimum fund size at the point of application</u>
At least S\$200,000 annual business spending	At least S\$200,000 annual <u>local</u> business spending
Managed or advised by qualifying fund manager	Managed or advised by qualifying fund manager with at least <u>3 investment professionals</u>
<u>Subject to ownership restrictions</u>	<u>No ownership restrictions</u>
Singapore fund administrator required	Singapore fund administrator required (if Singapore company or VCC is used)
No change in investment objective / strategy after approval (unless otherwise approved)	No change in investment objective / strategy after approval (unless otherwise approved)

Grant Scheme

Up to 70% co-funding of qualifying expenses, capped at \$150,000 per VCC

Scheme extends to three VCC launched or redomiciled per manager

Scheme expires on 14 January 2023

Key

takeaways

Overall considerations

What structure is right for you – will VCC work?.

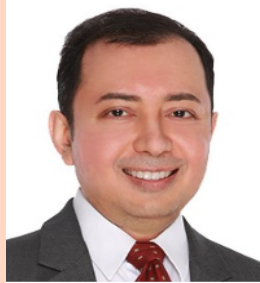
Singapore offers opportunities

Incentive regime based on substance requirements

Pros and cons – thus careful planning required

Key contacts

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Thank you

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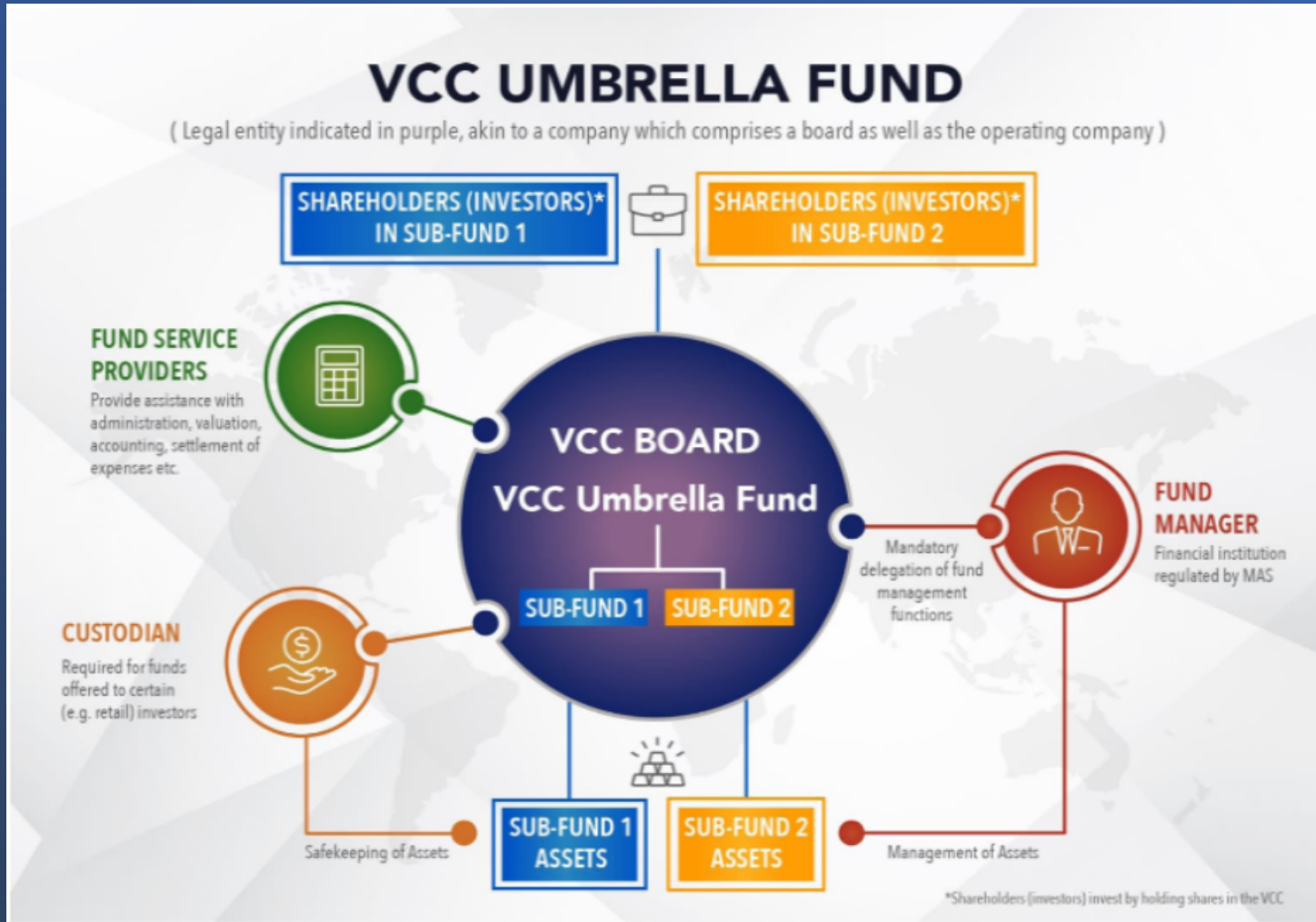
The Singapore VCC

Practical onboarding aspects from Start to Launch
Prime Broker perspective

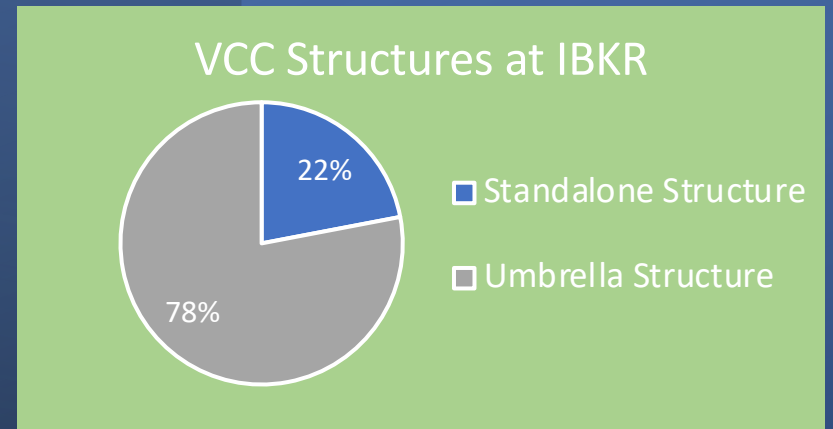


InteractiveBrokers

1/ Account Structure



Entity Types	IBKR Account
Fund Manager	Master Advisor or Fund Manager (only funds) Account
SubFund VCC	Fund Account, Segregated
VCC Umbrella	No requirement to create an account, this entity is recorded as the entity owner of the VCC SubFund.

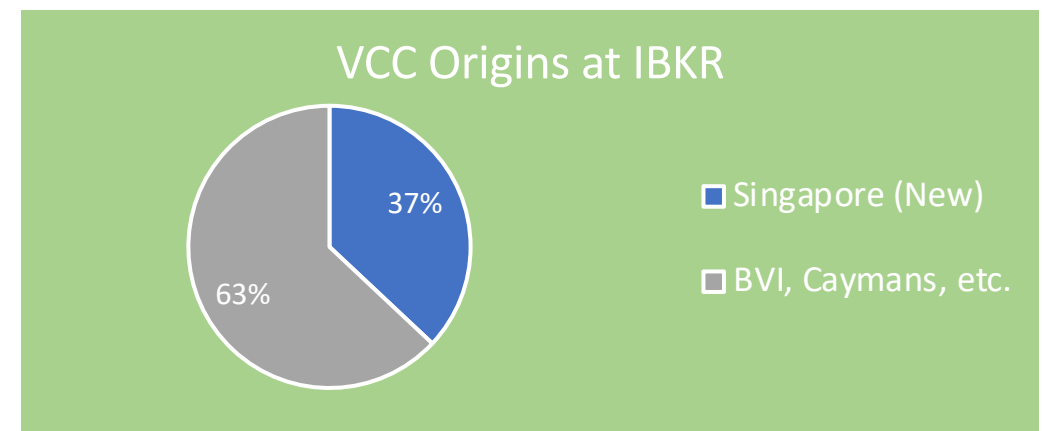


2/ Custody : “Prescribed Entity”

The VCC have some specific requirements for the Custody for Mutual Funds and hedge Funds:

A VCC must maintain its assets with a ‘prescribed entity’: 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.

IBKR Custody Points	
Custodian details	Interactive Brokers LL reference 0017
Description	Provide pro-forma disclosure of IBLLC in an OM/PPM
Other Documentation	Third Party Custody Network Document



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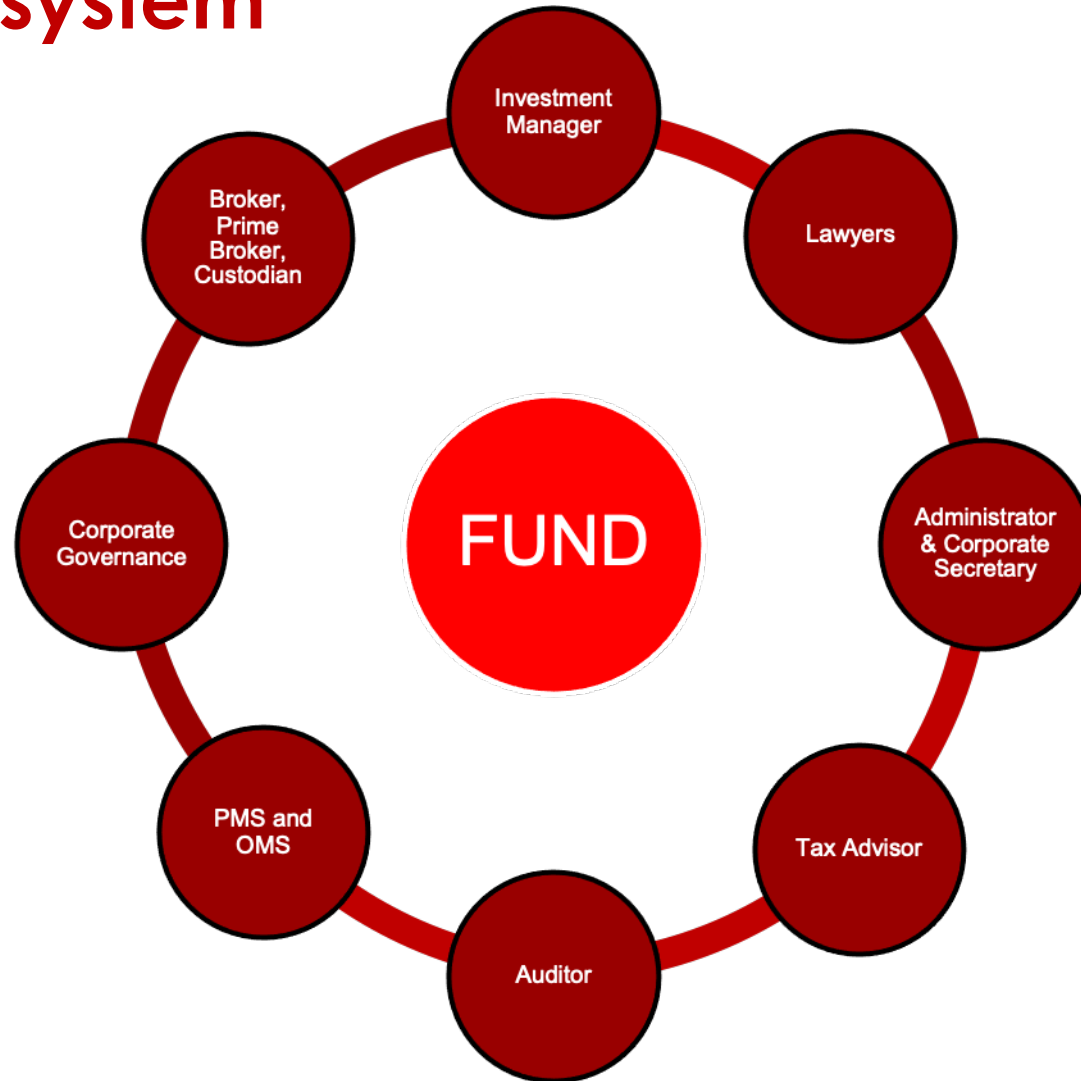
The Singapore VCC

Practical onboarding aspects from Start to Launch **Fund Managers Perspective**

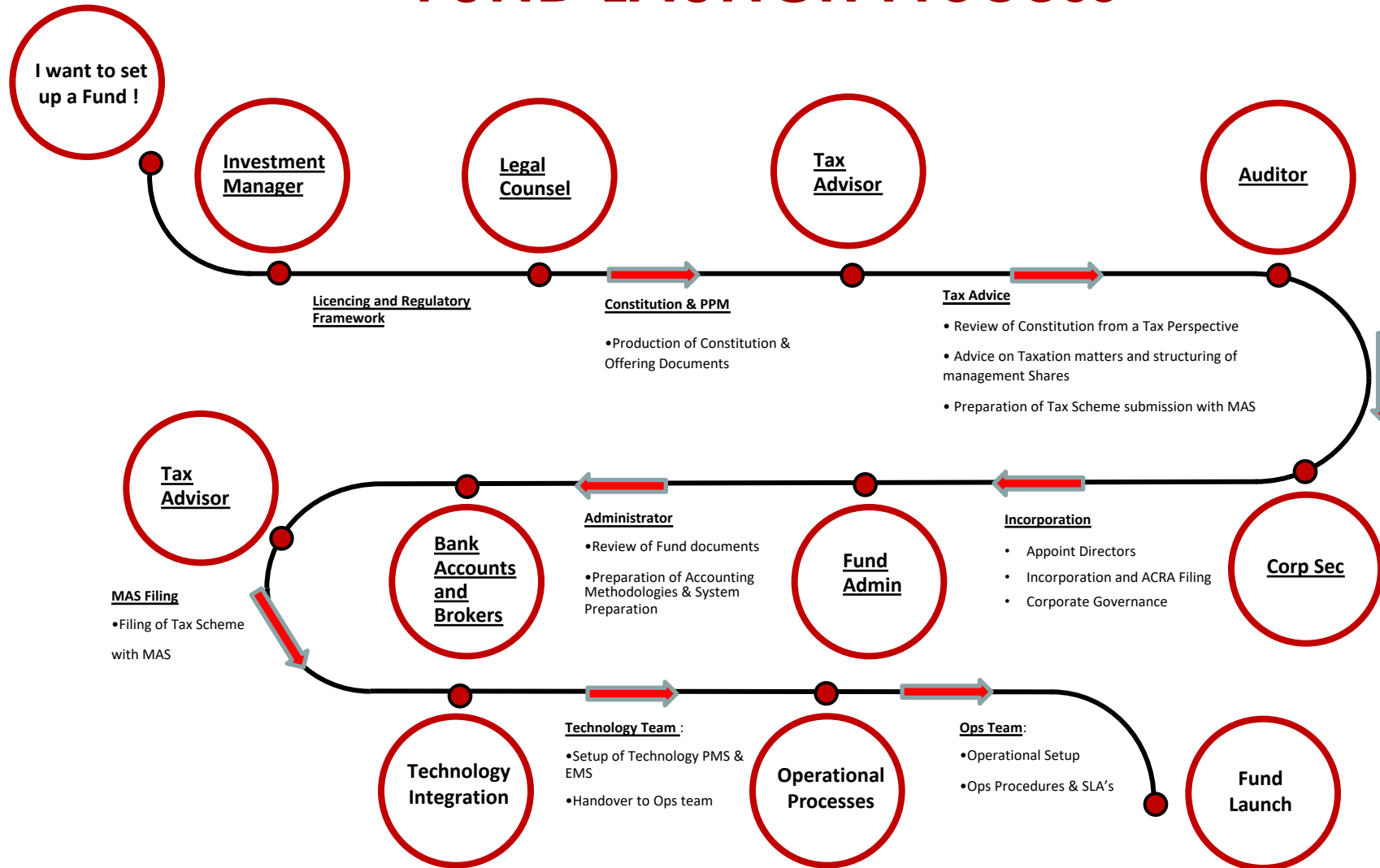
IBKR Webinar

Steve Knabl
March 2021

Core Ecosystem



FUND LAUNCH Process





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