



## Singapore VCC

September 2022



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### What is a VCC?


A Variable Capital Company (VCC) is a new legal form in Singapore catered to investment funds

The VCC Act was passed in October 2018 and went 'live' in January 2020

Based on MAS survey, as of 14 October 2022, a total of more than 660 VCCs has been incorporated or re-domiciled in Singapore representing over 1,300 sub-funds managed by 420 regulated fund management companies

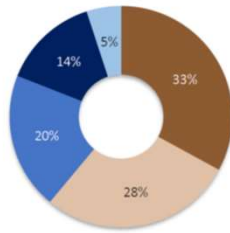
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**660 VCCs (representing >1,300 sub-funds) managed by 420 regulated FMCs**
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**15 Re-domiciled VCCs**
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**Supported by > 220 Fund Service Providers** including legal and tax advisors, fund administrators, corporate secretaries

**Chart 10: VCC Fund Strategies**



Strategy	Percentage
PE/VC	33%
EAM/MFO	28%
Hedge Fund	20%
Traditional	14%
Others	5%

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## Singapore LP / Singapore Pte. Ltd.

Important considerations:

### Singapore LP

- No access to tax treaties
- No provision to segregate assets and liabilities
- Limited reporting obligations
- Enjoys flexibility in "capital structure"

### Singapore Pte. Ltd.

- Restrictive capital maintenance rules
- Transparency risk
- Lacks flexibility on entry and exit of investors
- Access to treaty benefits

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## What is a VCC?

Best of both worlds:

### Singapore VCC

- Investors privacy
- No subscriptions and redemptions filing required with ACRA
- Flexibility
- Tax exemption benefits (13U/13O/13G)
- Standalone or Umbrella fund with multiple sub-funds
- Assets and liabilities of the sub-funds are segregated from other sub-funds of the same VCC
- Eligible for DTA

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### What is a VCC?

Characteristics of umbrella VCCs:

- Assets and liabilities for each of the sub-funds must be segregated
- Assets of each sub-fund cannot be used to satisfy the liabilities of another sub-fund within the umbrella VCC
- If individual sub-fund wind up, it does not mean that the umbrella VCC will wind up as well
- All sub-funds within the umbrella VCC must come under the purview of the same investment manager
- Tax incentives application apply at an umbrella level, not at the sub-fund level
- Investing in other sub-funds within the umbrella VCC is permitted

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### What is a VCC?

Benefits of VCCs:

- Shares are issued and redeemed at NAV
- Dividends and redemption of shares can be made out of capital without the need for solvency statements
- Financial statements, shareholder registers and annual returns not public
- Flexibility in fund structuring i.e. investor pooling vehicles, holding company, master/feeder funds
- Can be standalone or umbrella VCC
- Suitable for almost all asset classes and strategies
- Allows inward re-domiciliation from other jurisdictions
- Possibility of future listing on stock exchange
- Possibility of tokenisation

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## What is a VCC?

Requirements of VCCs:

Must be used by Singapore-based  
licensed Fund Manager by MAS

Must use Singapore-based service  
providers to qualify MAS Grant  
Scheme

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