



At A Glance

Variable Capital Company (VCC)

The red-dot in the Southeast Asian Archipelago, the city-state of Singapore that has developed itself into a renowned financial centre, among many other accolades, has seen overwhelming success of the Variable Capital Company (VCC) investment fund structure since its launch in January 2020. The roll-out just before the pandemic did not deter its appeal in the marketplace and became another reason for managers to situate their businesses on this island financial capital.

Here are some of the salient features that give VCCs the edge in the international funds marketplace

For open-ended and close-ended funds	For mutual funds, real estate, private equity and ETFs	Re-domiciliation of foreign funds to Singapore as VCC	Umbrella as well as stand-alone	Tax incentives to help manage tax liabilities of the VCC
Segregation of assets and liabilities between sub-funds of an umbrella	Ability to utilise in the fund complex with funds in other fund jurisdictions as master-feeder	Distribution can be out of capital or income earned by VCC	No asset diversification or eligibility requirement	Ability to apply for Check-The-Box for US tax purposes
Financial statements are not publicly retrievable	Portfolio of investment is not required to be disclosed (unless dictated by specific accounting standard)	One sub-fund can invest in another sub-fund of an umbrella VCC	Private equity, venture capital and real estate VCCs do not need a custodian	

What types of fund managers licensed or regulated in Singapore can operate a VCC?

- Retail Licensed Fund Management Company (Singapore based)
- Accredited Investor Fund Management Company (Singapore based)
- Registered Fund Management Company (Singapore based)
- Venture Capital Fund Management Company (Singapore based)
- Financial institution – Banks, Insurance Company, Finance Company (Singapore based)
- Single family offices (Not regulated in Singapore but based in Singapore)
- Real estate fund manager (Not regulated in Singapore but based in Singapore)
- Foreign fund manager with no regulatory status in Singapore
- Foreign Pension or Sovereign Wealth Fund manager



Re-domiciliation of a VCC

- Must be a corporate form fund in the foreign jurisdiction
- Jurisdiction must allow for outward re-domiciliation
- The structure should be an investment fund that meets the definition of investment funds in Singapore



Custody

Retail VCC (Authorised VCC)

Must require an approved CIS Trustee that is regulated in Singapore

Private Equity, Venture Capital, Real Estate VCC

No need for a custodian (disclosure of exemption required)

All other VCCs

Need a Custodian that qualifies as a custodian either in Singapore or a jurisdiction recognised by Singapore

Tax incentives

Singapore resident Scheme (13-O)	Enhanced Tier Scheme (13-U)
Minimum business spending of SGD 200,000 annually	Minimum business spending of SGD 200,000 annually in Singapore only
Singapore based fund administrator	
No minimum AUM	Minimum AUM of SGD 50M at application (committed capital accepted)
Non-individual Singapore based investors have limitation on shareholding	No such requirement
Singapore regulated fund manager	Singapore regulated fund manager with at least 3 investment professionals
Investments must meet the eligibility requirements prescribed	
Must file a tax return annually	

The above conditions are to be maintained at the Umbrella level of a VCC and not for each specific sub-fund of the umbrella VCC.

Directors

	Retail VCC	Non-Retail VCC
Number	Three	One
Independent	One	None
Fund Manager's director representing on the BoD of VCC	One	One
Resident of Singapore	One	One

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