

## **MAS Proposes a New Corporate Structure for Investment Funds**

Singapore, 23 March 2017... The Monetary Authority of Singapore (MAS) today commenced a public consultation on a new corporate structure for investment funds – the Singapore Variable Capital Company (S-VACC). Mr Lawrence Wong, Minister for National Development and Second Minister for Finance, said at the Investment Management Association of Singapore (IMAS) 20th Anniversary Conference held today that the the S-VACC structure would offer asset managers greater flexibility and lower costs.

Currently, there are three types of structures used by investment funds in Singapore, namely unit trusts, companies formed under the Companies Act and limited partnerships. The S-VACC seeks to complement these existing structures with one that is tailored for investment funds. With the S-VACC framework, MAS seeks to offer a flexible and efficient platform for fund managers to co-locate fund domiciliation with their substantive fund management activities in Singapore and further deepen the asset servicing ecosystem.

The proposed S-VACC framework is intended to cater to both open-ended and closed-end<sup>1</sup> investment funds and allow for segregation of assets and liabilities of sub-funds within an umbrella structure. This will allow asset managers to achieve cost efficiencies by consolidating administrative functions at the umbrella fund level. In addition, S-VACCs would be allowed to maintain their respective registers of shareholders but would be required to disclose the registers to supervisory and law enforcement agencies where necessary.

The S-VACC is proposed to be limited to investment fund purposes only and would be required to have a fund manager which is regulated by MAS. Shares of the S-VACC would generally be issued and redeemed at net asset value to ensure accountability and transparency for creditors.

MAS further proposes that the incorporation of S-VACCs be governed by a new Act, under which the Accounting and Corporate Regulatory Authority (ACRA) would act as the registrar of S-VACCs, while MAS would oversee the anti-money laundering obligations of S-VACCs<sup>2</sup>.

The public consultation will end on 24 April 2017. More details can be found on the MAS website.

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<sup>1</sup>An open-ended fund allows investors to redeem their investments at their discretion, while a closed-end fund does not permit investors to do so. Closed-end funds also have a fixed number of shares and do not allow new subscriptions after the offer period closes, while open-ended funds accept new subscriptions by new investors anytime.

<sup>2</sup>The S-VACC framework would not affect investors as existing fund authorisation and disclosure requirements under the Securities and Futures Act apply regardless of the fund's legal structure.