RESPONSE TO FEEDBACK RECEIVED

September 2018

Proposed Framework for Singapore Variable Capital Companies

Monetary Authority of Singapore

Contents

1 Preface 5
2 Structure Governing VCCs 6
3 Segregation of Assets and Liabilities of Sub-Funds 8
4 Shares and Share Capital 12
5 Meetings, Accounts and Shareholder Register 13
6 Corporate Governance 16
7 Custodian 20
8 Re-domiciliation 22
9 Winding-up of VCCs 23
10 Debentures and Receivership 24
11 Arrangements, Reconstructions and Amalgamations 24
Annex A 26
Annex B 29

Defined Terms

ACRA	Accounting and Corporate Regulatory Authority
AGM	Annual general meeting
AIF	Alternative Investment Fund
AML/CFT	Anti-money laundering and countering the financing of terrorism
Approved Trustee	A trustee approved under section 289 of the SFA
ASC Standard	An accounting standard set by the Accounting Standards Council
Authorised Scheme	A CIS that is constituted in Singapore and authorised by MAS under section 286(1) of the SFA
CA	Companies Act (Cap. 50) of Singapore
CIS	Collective investment scheme(s) as defined under section 2(1) of the SFA
CIS Code	Code on Collective Investment Schemes
Exempted Entity	A financial institution exempted under sections 99(1)(a), (b), (c) or (d) of the SFA from the requirement to hold a capital markets services licence to carry on business in fund management, i.e., a bank licensed under the Banking Act (Cap. 19), a merchant bank approved under the MAS Act (Cap. 186), a finance company licensed under the Finance Companies Act (Cap. 108) or a company or co-operative society licensed under the Insurance Act (Cap. 142)
IFRS	International Financial Reporting Standards
LFMC	A licensed fund management company, i.e., a holder of a capital markets services licence for fund management under section 86 of the SFA
MAS	Monetary Authority of Singapore
NAV	Net asset value, i.e., total assets less total liabilities
PE/VC Fund	A closed-end fund that holds securities which are not listed for quotation or quoted on a securities market, is used for

	private equity or venture capital investments, and is offered only to accredited and/or institutional investors
Permissible Fund Manager	A LFMC, RFMC or an Exempted Entity
Qualified Representative	An appointed representative, provisional representative or temporary representative of a LFMC, or an Exempted Entity (as described under section 99B(1)(a), (b) or (c) of the SFA); or a representative of a RFMC as described under section 99B(1)(d) of the SFA
RAP 7	Statement of Recommended Accounting Practice 7
Registrar	Registrar of VCCs appointed under the VCC Bill
Restricted Scheme	A CIS that is offered only to accredited investors and certain other persons, or offered on terms that the units may only be acquired for consideration of at least S$200,000 (or equivalent in foreign currency) per transaction; and is exempted from authorisation or recognition and prospectus requirements, subject to the conditions under section 305(3) of the SFA
RFMC	A registered fund management company, i.e., a corporation which is exempted from holding a capital markets services licence under paragraph 5(1)(i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations
SFA	Securities and Futures Act (Cap. 289) of Singapore
SFRS	Singapore Financial Reporting Standards
Umbrella VCC	A VCC that consists of, or is to consist of, two or more sub-funds (that are CIS)
UCITS	Undertakings for Collective Investments in Transferable Securities
US GAAP	Generally Accepted Accounting Principles in the United States
VCC	A Variable Capital Company
VCC Bill	Variable Capital Companies Bill

1 Preface

1.1 On 23 March 2017, MAS issued a consultation paper on the proposed framework for Singapore Variable Capital Companies (VCCs)[1]. MAS proposed to establish a new corporate structure in Singapore that is designed for CIS. The legislative framework for VCCs seeks to provide an alternative to incorporating a company under the CA for the constitution of CIS in Singapore.

1.2 The consultation closed on 24 April 2017. MAS would like to thank all respondents for their contributions. Respondents broadly agreed with the majority of MAS' proposals. There were some areas where respondents requested for greater clarity or made alternative suggestions. Comments that are of wider interest, together with MAS' responses, are set out in sections 2 to 11 below. Comments that relate to the drafting of the VCC Bill have been incorporated where appropriate. The list of respondents is set out in Annex A and their submissions are provided in Annex B.

1.3 In addition, MAS recognises that tax treatment is an important factor in determining the venue for fund domiciliation and management. The Ministry of Finance (MOF) has announced in its 2018 Budget Statement that:

(a) a VCC will be treated as a company and a single entity for tax purposes. This means that for ease of compliance, only one set of income tax returns is required to be filed with the Inland Revenue Authority of Singapore (IRAS);

(b) the tax exemption under sections 13R and 13X of the Income Tax Act (Cap. 134) of Singapore will be extended to VCCs;

(c) the 10% concessionary tax rate under the Financial Sector Incentive – Fund Management scheme will be extended to approved fund managers managing incentivised VCCs; and

(d) the existing GST remission for funds will be extended to incentivised VCCs.

MAS, together with IRAS and MOF, note the other feedback, and will take this into consideration when reviewing the tax framework for VCCs. Further details will be released later this year.

[1] The Bill is titled "Variable Capital Companies Bill". The corporate structure – formerly referred to as a Singapore Variable Capital Company or S-VACC – will be called a Variable Capital Company or VCC. References to the term, "S-VACC" in Annex B which sets out the feedback received, have not been amended.

2 Structure Governing VCCs

Legislative Structure and the VCC Bill

2.1 MAS proposed to introduce a standalone VCC Bill. ACRA will administer the VCC legislation, except for the AML/CFT obligations of VCCs under the VCC legislation which will come under the purview of MAS. MAS sought views on the proposed legislative structure and the VCC Bill.

2.2 Most respondents agreed with the proposed legislative structure, but sought clarity on the operational aspects, including interactions with the SFA. Respondents who disagreed with the proposal were of the view that having the VCC legislation administered by two separate agencies might not be efficient, and preferred MAS to be the overall administrator and regulator of VCCs.

2.3 On the provisions to be included in the VCC Bill, some respondents suggested that:

(a) the proposed requirement for a VCC to have at least two members should be removed or amended to allow for master-feeder fund structures, which were common in the funds space; and

(b) existing CIS structures such as unit trusts and limited partnerships should be allowed to convert to VCCs through legislative means.

2.4 A few respondents sought clarification on whether:

(a) the Registrar would be reviewing and renewing the registration of VCCs and their sub-funds on an annual basis (similar to ACRA's renewal of registration for limited partnerships in Singapore); and

(b) a VCC could issue different classes of shares with different rights and dividend payment policies, in the same manner as companies incorporated under the CA.

MAS' Response

2.5 To leverage on the expertise of ACRA and MAS as the corporate registrar and conduct regulator respectively, MAS will proceed with the proposal for ACRA to administer the VCC legislation, and for MAS to administer the AML/CFT requirements under the VCC legislation. Further details of the VCC framework will be set out in subsidiary legislation. Details on the regulation of offerings of investments in VCCs will be

set out in amendments to the SFA as well as the relevant subsidiary legislation under the SFA.

2.6 With regard to the feedback on the requirement for at least two members, MAS would like to clarify that MAS' policy intent is for the VCC to be used only as a vehicle for CIS. MAS recognises that the requirement for at least two members would prevent VCCs from being used in fund structures with only a single member, but many underlying investors (e.g. a master-feeder fund structure or a fund with a single nominee account). As it is not MAS' intent to prevent such CIS from being constituted as VCCs, MAS agrees to the removal of the requirement for at least two members.

2.7 On the suggestion to provide a legislative regime to facilitate the conversion of existing domestic CIS structures (e.g. unit trusts) to VCCs, MAS notes that domestic CIS structures can adopt the VCC structure through corporate restructuring mechanisms (e.g. mergers with VCCs). Therefore, at this juncture, MAS will not provide a legislative regime for conversion. MAS will consider providing a legislative conversion regime in subsequent reviews of the framework.

2.8 MAS would also like to clarify that a VCC will only need to be registered once, at the time of incorporation, similar to the registration of a company incorporated under the CA. Renewals of registration of VCCs will not be required. Similarly, each sub-fund need only be registered once.

2.9 A VCC, like a company incorporated under the CA, will also be able to issue different classes of shares with different rights and dividend payment policies. The rights attaching to each share must be clearly set out in the VCC's constitution.

Permitted Use of the VCC Structure and Name

2.10 MAS proposed that the VCC structure be used as a vehicle for CIS only, and that only VCCs to be incorporated under the VCC Bill could use the term, "VCC", in their names and hold themselves out as VCCs.

2.11 Respondents generally agreed with these proposals. Some respondents suggested that the scope of use be expanded to include insurance products, special purpose vehicles for asset securitisation and family offices.

MAS' Response

2.12 Consistent with equivalent structures in other major funds jurisdictions, MAS expects that VCCs would only be used as a vehicle for CIS at this initial stage. Therefore,

the VCC will be catered for use as a vehicle for CIS only. MAS will consider widening the scope of use in subsequent reviews of the framework.

Open-ended and Closed-end Funds

2.13 MAS proposed that VCCs and their sub-funds may be open-ended or closed-end funds, but must clearly set out the rights of and limits to redemption of shares in the VCCs and the sub-funds in the VCCs' constitutions.

2.14 Majority of the respondents agreed with the proposal. Several respondents asked whether there was flexibility for a VCC to consist of both open-ended and closed-end funds, and whether closed-end funds would fall within the definition of CIS under the SFA. A few respondents also asked whether there would be flexibility to use liquidity management tools (e.g. limits on redemptions).

MAS' Response

2.15 MAS will proceed with the proposal. MAS would like to clarify that it will be possible for an Umbrella VCC to consist of both open-ended and closed-end funds as its sub-funds. The definition of CIS under the SFA includes certain types of closed-end funds constituted on or after 1 July 2013[2]. Consistent with current industry practice, VCCs will also have the flexibility to use liquidity management tools, provided that any rights or limits to redemption of shares are clearly set out in the constitution, as required under the VCC Bill.

3 Segregation of Assets and Liabilities of Sub-Funds

A Cellular Structure

3.1 MAS proposed a cellular structure for VCCs, in which a VCC is a single legal entity that can choose to set up cells known as sub-funds. A sub-fund does not have separate legal personality, but is a CIS that forms a part of the VCC. A VCC that chooses to set up sub-funds will be an Umbrella VCC. To address risks of cross-cell contagion among sub-funds arising from a cellular structure, MAS proposed the following safeguards to ensure

[2] i.e., those that have, amongst others, the following characteristics:

(i) Under the investment policy of the arrangement, the investments are made for the purpose of giving participants in the arrangement the benefit of the results of the investments of the arrangement;

(ii) The arrangement does not carry on any business other than investment business and does not carry on any activity other than any activity that is solely incidental to the investment business.

that there would be segregation of assets and liabilities across sub-funds in an Umbrella VCC:

(a) assets of a sub-fund must not be used to discharge liabilities of the Umbrella VCC, or any other sub-fund of the Umbrella VCC;

(b) any liability of a sub-fund must be discharged solely out of the assets of that sub-fund;

(c) any provision (e.g. in the VCC's constitution or in agreements entered into by the VCC) that would be inconsistent with the segregation of assets and liabilities (as described at sub-paragraphs (a) and (b) above) would be rendered void;

(d) a VCC must ensure the segregation of assets and liabilities across sub-funds in accordance with sub-paragraphs (a) and (b) (such duty would also be implied in the VCC's constitution);

(e) a VCC must disclose in documents referring to its sub-funds, and dealings on behalf of its sub-funds (including before entering into any oral agreements): the sub-fund's name, the unique sub-fund identification number, and the fact that the sub-fund has segregated assets and liabilities;

(f) Authorised Schemes that form part of a VCC may invest in assets located in a jurisdiction that does not have a cellular structure only after reasonably mitigating cross-cell contagion risk;

(g) a VCC consisting of Authorised or Restricted Schemes must clearly disclose risks of cross-cell contagion to shareholders of these schemes.

3.2 Most respondents supported the proposed cellular structure and the safeguards against the risks of cross-cell contagion. A few respondents were of the view that giving each sub-fund its own legal personality would be a more straightforward and effective way to ring-fence sub-funds' assets and liabilities.

3.3 Some respondents sought further guidance on the proposed safeguards, in particular, what would suffice as reasonable mitigation of cross-cell contagion risk or adequate disclosure of such risk. A few respondents suggested prescribing mitigation measures, such as requiring the VCC constitution to mandate that all contracts that an Umbrella VCC enters into must contain provisions that restrict any contractual claims to the relevant individual sub-fund(s) only, or to restrict Authorised Schemes to only investing in countries that recognise Singapore laws and constitutive documents of VCCs (instead of having to conduct 'reasonable mitigation' of risk).

3.4 A few respondents sought clarity on the party that would enter into agreements and open market accounts (e.g. bank accounts) for a sub-fund in a VCC. One respondent also asked whether:

(a) an Umbrella VCC could attribute shares and assets to itself (independently of any particular sub-fund) and, in particular, whether shares issued by an Umbrella VCC that had not established any sub-funds must be attributed to a sub-fund once a sub-fund was established;

(b) fund managers of VCCs could be given discretion, through the constitution of a VCC, to terminate sub-funds and classes on the occurrence of certain events; and

(c) VCCs could form investor committees, which were typically formed in private funds to give investors some control over the CIS' investment strategy without appointing representatives to be fund directors.

MAS' Response

3.5 Compared to the proposed cellular structure, a structure in which sub-funds have separate legal personalities has significantly fewer precedents internationally, and would not be able to reap economies of scale. As respondents were generally supportive of these proposals, MAS will proceed as proposed. The VCC Bill provides for safeguards against the risk of cross-cell contagion (i.e., those under paragraph 3.1(a) to (e)) that apply to all VCCs. Any additional safeguards required of Authorised and Restricted Schemes in VCCs, i.e. those under paragraph 3.1(f) and (g), will be set out in amendments to the SFA, its subsidiary legislation and/or the CIS Code.

'Reasonable mitigation' of cross-cell contagion risk

3.6 In particular, when investing in assets located in another jurisdiction, MAS will require the directors and the fund manager of a VCC consisting of Authorised Schemes to take reasonable measures to manage cross-cell contagion risks. The measures which would be considered reasonable will depend on the facts and circumstances in each case. For instance, the fund manager may seek legal advice on the risk of a foreign court refusing to uphold the segregation of assets and liabilities across sub-funds, directly or indirectly, e.g., through refusing to give effect to foreign choice of law clauses in contracts for reasons other than public policy. The fund manager may also wish to consider whether it would be appropriate to subject agreements governing the VCC's overseas assets to laws and jurisdictions which uphold segregation of assets and liabilities across sub-funds, or to contract for terms which limit creditors to claim against relevant sub-fund(s).

Contracting party and attribution of shares

3.7 Sub-funds in an Umbrella VCC will not have legal capacity to enter into agreements. Therefore, the VCC would be the party entering into agreements and opening market accounts on behalf of any of its sub-funds.

3.8 A share in a VCC will generally represent a unit in a CIS, which is the VCC or, in the case of an Umbrella VCC, a sub-fund (except for a share taken by a subscriber to the constitution for the purposes of incorporating the VCC). Therefore, an Umbrella VCC would not have shares attributed to itself (independently of any sub-fund).

Investor committees and termination of sub-funds by fund manager

3.9 VCCs may form investor committees. On termination of sub-funds, MAS would like to clarify that the fund manager, in line with international practices for equivalent structures, will not have discretion to terminate sub-funds. Instead, only the VCC or the Court may wind up sub-funds (see paragraphs 3.13 and 3.14).

Winding Up of Sub-Funds in a VCC

3.10 MAS proposed that the segregation of assets and liabilities of sub-funds in a VCC would apply during insolvency, such that each sub-fund might be wound up as if it were a separate legal person.

3.11 Respondents were supportive of the proposal. A few respondents asked whether claims of creditors would be limited to only the sub-fund that is being wound up and not the other sub-funds in the VCC, and sought clarification on the operational aspects of winding up sub-funds as if they were separate legal persons, such as whether:

(a) assets could be transferred to other sub-funds during insolvency; and

(b) a liquidator needed to be appointed for a sub-fund of a VCC in a voluntary winding-up.

MAS' Response

3.12 MAS will proceed with the proposal. The segregation of assets and liabilities of sub-funds will apply during insolvency, thus claims of creditors of a sub-fund may be discharged only out of assets of that sub-fund and not from the assets of the Umbrella VCC or other sub-funds in the VCC.

3.13 The process for winding up a sub-fund is similar to winding up a VCC, which, in turn, mirrors that under the CA (see section 9). In particular, a liquidator must be appointed in a voluntary winding-up of a VCC, or a sub-fund of a VCC. Details on the winding-up process for a sub-fund are in the VCC Bill and will be set out further in subsidiary legislation.

3.14 A liquidator of a VCC or sub-fund, similar to a liquidator of a company under the CA, will be conferred certain powers in winding-up. For instance, the liquidator may, with the authority of either the Court or the committee of inspection, make any compromise or arrangement with creditors. The liquidator may also sell and transfer the property of the VCC or sub-fund, and act as necessary for winding up the affairs of the VCC or sub-fund and distributing its assets.

4 Shares and Share Capital

4.1 MAS proposed that the valuation and redemption of shares in a VCC be carried out at NAV, except where the VCC is a closed-end fund listed on a securities exchange.

4.2 Respondents agreed with the proposal, with one respondent asking if the issuance of shares in a VCC would be required to be carried out at NAV as well.

4.3 Several respondents suggested that a VCC be given additional flexibility to adjust its NAV such that fees and charges (e.g. in relation to subscription and redemption) may be imposed (i) according to its constitution, (ii) where agreed with its members, or (iii) for tax, regulatory or legal reasons. One respondent asked if there would be limits on the maximum adjustments to NAV.

4.4 Various respondents enquired whether:

(a) NAV needed to be calculated by an independent party;

(b) information on share allotments and redemptions needed to be lodged with the Registrar;

(c) subscription and redemption could be in-kind;

(d) members of a VCC could switch from one sub-fund in the VCC to another; and

(e) current MAS requirements on valuation errors would continue to apply.

MAS' Response

4.5 MAS will proceed with the proposal. The VCC Bill implies, in the constitution of each VCC, that the shares of a VCC are to be issued, redeemed or repurchased at a price equal to the proportion of the NAV represented by each share. In addition, a VCC will have the flexibility to adjust the price for fees and charges in accordance with its constitution. These fees and charges are not subject to any prescribed limits and are intended to accommodate normal operational needs of funds such as liquidity risk management, transaction costs, default remedies and tax or regulatory restrictions.

4.6 MAS would like to clarify that under the VCC Bill, NAV need not be calculated by an independent party. However, it should be noted that a LFMC or RFMC is expected under the Guidelines on Licensing, Registration and Conduct of Business for Fund Management Companies to ensure that assets under management are subject to independent valuation. In addition, information on share allotments and redemptions will not be required to be lodged with the Registrar, who will not maintain the register of members of the VCC. Instead, the VCC will be required to maintain such information in its register of members.

4.7 The VCC Bill does not prohibit in-kind subscription or redemption, or switching of shareholdings between sub-funds of a VCC (provided that this is in accordance with the VCC's constitution).

4.8 Reporting requirements under the CIS Code for valuation errors will apply to Authorised Schemes in VCCs. Additional reporting to the Registrar will not be necessary.

5 Meetings, Accounts and Shareholder Register

Meetings

5.1 Consistent with the current practice for funds, MAS proposed to not require a VCC to hold an AGM where, among others, its directors elected to dispense with the AGM by giving at least 60 days' written notice to the shareholders before the date by which an AGM would have been required to be held. However, shareholder(s) with 10% or more of the total voting rights may require an AGM by giving 14 days' notice to the VCC before the date by which an AGM would have been required to be held.

5.2 Majority of the respondents were supportive of the proposal.

5.3 Some respondents queried whether 10% of the voting rights would be based on total voting rights of the VCC or a relevant sub-fund, and whether it would be possible to

have meetings of shareholders of a particular sub-fund. One respondent also asked whether a member of a sub-fund would have access to minutes to meetings of other sub-funds of the VCC.

MAS' Response

5.4 MAS will proceed with the proposal. AGMs relate to the affairs of a VCC as a whole. Shareholders of the VCC with at least 10% of the voting rights of the VCC as a whole may call for the AGM.

5.5 MAS would like to clarify that it is possible for meetings of shareholders of a particular share class (which could represent a sub-fund) to be convened. It is envisaged that the proceedings of such meetings would be set out in the VCC's constitution, similar to the practice for unit trusts in their respective trust deeds. Whether members of a sub-fund in a VCC will have access to minutes of meetings of other sub-funds will also be governed by the constitution of the VCC.

Audit and Accounting

5.6 In relation to audit and accounting matters, MAS sought comments on the considerations that may influence the accounting standards which a VCC might use. Specifically, MAS proposed to:

(a) require all VCCs to appoint an accounting entity to audit their accounts on an annual basis;

(b) not require VCCs to have an audit committee;

(c) require financial information of each sub-fund in a VCC to be kept separate, but prepared in accordance with a single accounting standard across all sub-funds;

(d) require financial statements of VCCs to be prepared using an applicable ASC Standard (i.e. the SFRS or the SFRS (International)) or the IFRS, and financial statements of VCCs consisting of Authorised Schemes to use the RAP 7; and

(e) require all audited financial statements of a VCC be made available to shareholders of the VCC.

5.7 Most respondents agreed with the proposals. Several respondents commented that the choice of accounting standards would depend on investor preference and location of assets. In this regard, a majority of respondents suggested allowing VCCs to adopt US GAAP to prepare their financial statements. A few respondents further

suggested giving VCCs or their fund managers discretion over the accounting standards to be used to prepare a VCC's financial statements. However, respondents were divided as to whether all sub-funds in a VCC should be required to prepare their financial statements using the same accounting standard.

5.8 A few respondents also suggested exempting certain types of VCCs, such as those with small fund sizes below a minimum threshold or targeting only accredited investors, from the requirement to audit their financial statements.

5.9 A few respondents respectively queried whether:

(a) financial statements of a VCC could be published on a website instead of being mailed to shareholders;

(b) financial statements of a VCC could be provided to prospective investors; and

(c) shareholders of a sub-fund in a VCC would have access to the financial information of another sub-fund in the same VCC.

MAS' Response

5.10 MAS will proceed with the proposals. VCCs consisting of Authorised Schemes will be required (under subsequent amendments to the CIS Code) to prepare their financial statements using RAP 7. However, MAS will allow VCCs which do not consist of Authorised Schemes (i.e. VCCs that consist only of Restricted and/or Exempted Schemes, being CIS offered to non-retail investors) the option to prepare their financial statements in US GAAP, in addition to an ASC Standard or the IFRS.

5.11 In line with international practice, VCCs and their fund managers will not have discretion to choose any accounting standards to prepare a VCC's financial statements. Rather, VCCs will have to use an accounting standard under the VCC Bill or CIS Code (as the case may be). All sub-funds in a VCC will also be required to prepare financial statements using the same accounting standards, which must be audited by an accounting entity.

5.12 To queries raised on the accessibility of VCCs' financial statements, MAS would like to clarify that the VCC Bill requires the financial statements of a VCC to minimally be sent to its shareholders. In particular, where an AGM is held, the financial statements of a VCC must be laid before the AGM. Thus, shareholders of a sub-fund would have access to the financial information of another sub-fund in the same VCC. Financial statements may be sent to shareholders by electronic transmission (e.g. by email or a link to a website

where the financial statements may be retrieved). The VCC Bill does not restrict a VCC from providing its financial statements to prospective investors.

Register of Members, Controllers and Nominee Directors

5.13 MAS proposed that a VCC's register of members must be maintained within Singapore at the VCC's registered office, and mandatory disclosure of the register would be limited only to public authorities for regulatory, supervisory and law enforcement purposes. MAS also proposed to adopt the same requirements to maintain a register of controllers and nominee directors as those under the recently amended CA.

5.14 Most respondents supported the proposals. A few respondents suggested that third-party service providers (e.g. transfer agent or corporate secretary) be allowed to hold the register of members as well, in line with current industry practice for unit trusts.

5.15 Separately, a few respondents expressed concern with making the constitution of a VCC publicly available.

MAS' Response

5.16 MAS will proceed to include the requirements for VCC to maintain a register of members in the VCC Bill. MAS will include requirements to maintain a register of controllers and nominee directors under the MAS AML/CFT Notice for VCCs and will consult industry further on the implementation details in the Notice, at a later stage.

5.17 MAS wishes to clarify that where a VCC engages another party to form the register of members on its behalf, the register may be kept at that party's office at which the work of forming the register was done, provided that office is in Singapore.

5.18 With regard to a VCC's constitution, there is no requirement under the VCC Bill for these to be publicly available, but they must be lodged with the Registrar.

6 Corporate Governance

Board of Directors

6.1 MAS proposed to require:

(a) a VCC to have at least one director who is also a director of the VCC's fund manager;

(b) a VCC consisting of Authorised Schemes to have at least three directors, at least one of whom must be independent[3]; and

(c) a VCC's directors to be fit and proper, and be subject to disqualifications and duties broadly similar to those of directors under the CA.

6.2 Respondents were divided on the proposal for at least one director of a VCC to be a director of the VCC's fund manager. While some respondents indicated that this was a common practice in the funds industry, others said that it could be overly restrictive, impede an individual's ability to carry out his duties properly if he was a director of multiple VCCs, and cause a potential conflict of interest between the VCC and its fund manager.

6.3 Most respondents were concerned with the additional costs of procuring and maintaining an independent director for VCCs consisting of Authorised Schemes. Some respondents sought clarity on the role and liabilities of the independent director. On the other hand, a few respondents suggested that all VCCs (regardless of whether they consisted of Authorised Schemes) should have at least one independent director, or at least three directors of which the majority were independent.

6.4 Most respondents agreed with the proposed requirement for all directors of a VCC to be fit and proper persons.

MAS' Response

At least one common director with fund manager

6.5 MAS recognises that the proposal may place a strain on the directors of some fund managers, in particular those managing multiple funds. In practice, some fund managers appoint portfolio managers or other senior management who are not directors to the boards of the funds that they manage. MAS will therefore amend the proposal and instead require at least one director of a VCC to be either a Qualified Representative or director of its fund manager.

VCCs consisting of Authorised Schemes to have at least three directors including one independent director

6.6 MAS is cognisant that the requirement to have at least one independent director may result in additional operational costs. However, an independent director plays an

[3] The independent director would have to be independent of (i) business relationships with the VCC; (ii) the fund manager of the VCC (and its related entities); and (iii) all substantial shareholders of the VCC.

important oversight role, and provides objective judgement with a view to ensuring that decisions are made in the interests of the VCC's shareholders. On balance and in line with global corporate governance practices, MAS will proceed to require VCCs consisting of Authorised Schemes to have at least three directors, at least one of whom must be independent. Details of the requirements applicable to a VCC's independent director(s) will be set out in amendments to the SFA, its subsidiary legislation and/or the CIS Code.

Directors to be fit and proper persons

6.7 MAS will proceed with the proposal and provide additional details in subsidiary legislation.

Residency and Naming Requirements

6.8 MAS proposed the following residency and naming requirements which mirror those in the CA:

(a) The registered office of a VCC must be in Singapore;

(b) At least one of the VCC's directors must be resident in Singapore;

(c) A VCC must appoint a secretary who must be resident in Singapore; and

(d) A VCC's name must not be undesirable, identical or misleadingly similar to any name of any other company or business, or be a restricted name.

6.9 Respondents were supportive of the proposal. A few respondents asked whether the secretary can be the VCC's fund manager or director.

MAS' Response

6.10 MAS will proceed with the proposal. A secretary of a VCC must be a natural person who complies with the requirements under the VCC Bill. The secretary may be a director, unless the director is the sole director of the VCC. Only a Permissible Fund Manager can be the VCC's fund manager.

Permissible Fund Manager

6.11 MAS proposed that all VCCs must appoint a Permissible Fund Manager to manage their property.

6.12 Most respondents suggested allowing other types of fund managers to manage VCCs, specifically single family offices, as well as fund managers exempted from licensing for managing immovable assets or managing the monies of their related parties.

6.13 A few respondents asked whether:

(a) a Permissible Fund Manager could invest in a VCC that it managed;

(b) a Permissible Fund Manager could delegate fund management and operational activities to other parties (e.g. a sub-manager) that might not be a Permissible Fund Manager; and

(c) a venture capital fund manager[4] would be considered a Permissible Fund Manager.

MAS' Response

6.14 The requirement to have a Permissible Fund Manager that is regulated by MAS was proposed to mitigate the risk of abuse of the VCC structure for illicit and fraudulent purposes. Expanding the scope of Permissible Fund Managers to include entities not subject to MAS' oversight could introduce additional risks. At this juncture, MAS will proceed with the proposal and will look into allowing other types of fund managers, if at all, in subsequent reviews of the VCC framework.

6.15 MAS would like to clarify that Permissible Fund Managers can invest in the VCCs they manage. They may also delegate fund management and operational duties to other parties (e.g. a sub-manager) that are regulated as fund managers in other jurisdictions. However, the Permissible Fund Manager must retain overall responsibility for the fund management duties and must mitigate any conflicts of interests that may arise. In addition, venture capital fund managers are licensed by MAS, and are hence Permissible Fund Managers.

AML/CFT Requirements

6.16 To prevent the abuse of VCCs for unlawful purposes, MAS proposed to:

(a) impose AML/CFT requirements on VCCs, which would be supervised by MAS for compliance;

(b) require a VCC to outsource the performance of its AML/CFT duties to its fund manager, and to hold the VCC ultimately responsible for compliance with its AML/CFT requirements; and

[4] A LFMC that does not carry on business in any regulated activity under the SFA, other than the management of portfolios of securities on behalf of venture capital funds (as defined under regulation 14(5) of the Securities and Futures (Licensing and Conduct of Business) Regulations).

(c) subject a VCC's directors to fit and proper checks, and to require a VCC to have at least one director who is also a director of its fund manager.

6.17 Respondents generally supported proposals (a) and (b). Proposal (c) has been addressed above under the section on "Board of Directors" in paragraphs 6.5 and 6.7. There was feedback that a VCC should be given the flexibility to decide on the entity to delegate the performance of its AML/CFT duties to. Clarification was also sought on whether the VCC's fund manager could further outsource its delegated AML/CFT duties.

MAS' Response

6.18 MAS will proceed with proposal (a). On proposal (b), a VCC will still have to delegate the performance of its AML/CFT duties. However, instead of restricting such delegation to only its fund manager, a VCC will be allowed to delegate such responsibilities to a financial institution regulated and supervised by MAS for AML/CFT purposes (such as a bank acting as a fund distributor). The delegated financial institution may in turn outsource the functions to another entity which may or may not be regulated by MAS for AML/CFT purposes (such as a fund administrator). Notwithstanding the delegation of AML/CFT duties, the VCC will remain ultimately responsible for fulfilling its AML/CFT obligations.

6.19 In the event that the financial institution regulated by MAS for AML/CFT purposes fails to carry out the VCC's AML/CFT duties delegated to it, MAS will consider the relevant facts and circumstances and take the appropriate supervisory action or sanction against the VCC for breaching its AML/CFT obligations under the VCC Bill. In addition, MAS may take supervisory action against or sanction the MAS-regulated financial institution for any breach of its own AML/CFT obligations set out under the relevant MAS AML/CFT Notices (e.g. failing to perform the appropriate customer due diligence checks on the VCC as its customer).

6.20 MAS wishes to clarify that while MAS' Guidelines on Outsourcing do not apply to a VCC which is not a financial institution regulated by MAS, any outsourcing arrangements that a VCC enters into, for the performance of its AML/CFT duties, should be in line with these guidelines.

7 Custodian

7.1 MAS proposed to require Authorised or Restricted Schemes within a VCC to have a custodian[5] that is an Approved Trustee, and to align the duties of the custodian with

[5] Previously referred to as the approved custodian in MAS' consultation paper

those of an Approved Trustee under the SFA, except where such duties are already imposed on the VCC or its directors under the VCC legislation.

7.2 Majority of the respondents disagreed with the proposal. Their concerns related mainly to costs, and the overlap of duties imposed on the VCC's directors and the custodian to safeguard the rights and interests of shareholders. In particular, the overlap of duties could potentially cause uncertainty as to the respective responsibilities of the directors and the custodian. Several respondents also asked for clarity on the segregation of duties among the board of directors, the fund manager and the custodian of a VCC.

7.3 For Restricted Schemes within a VCC, some respondents were of the view that limiting the choice of custodian to an Approved Trustee was unduly restrictive. For example, Restricted Schemes that are hedge funds or private equity funds typically custodise their assets with prime brokers, foreign custodians, or not at all.

MAS' Response

7.4 MAS recognises that under common law, fiduciary duties (to act in the interests of the company) are owed by directors, as opposed to an external oversight entity such as a custodian. This is also evident in Europe where depositaries of UCITS and AIFs undertake the role of general oversight over the fund assets and to ensure certain activities are carried out in accordance with applicable laws, but do not have a general obligation to safeguard the rights and interests of investors.

7.5 MAS will proceed with the proposal for Authorised Schemes in a VCC to appoint a custodian that is an Approved Trustee. However, given that the VCC's directors will be subject to fiduciary duties, and in line with international regulatory practices, MAS will not impose a general obligation on the custodian of Authorised Schemes in a VCC to safeguard the rights and interests of the VCC's shareholders. MAS will provide further details of the role of the custodian of Authorised Schemes in a VCC in amendments to the SFA, its subsidiary legislation and/or the CIS Code.

7.6 MAS also agrees that limiting the custodian for Restricted Schemes within a VCC to an Approved Trustee may present practical difficulties given the current industry practice regarding asset custody. We will instead require these schemes to maintain their assets in trust or custody accounts with a prescribed entity[6]. PE/VC Funds, however, need not appoint a custodian provided the VCC has (i) disclosed this fact to their investors; and (ii) obtained investors' acknowledgement of this arrangement. Further details will be set out in amendments to the subsidiary legislation under the SFA.

8 Re-domiciliation

8.1 MAS proposed to adopt the same requirements as the inward re-domiciliation regime under the CA, for foreign structures that are equivalent to a VCC to re-domicile as a VCC in Singapore, and sought comments on the type of foreign structures which would seek to re-domicile as a VCC.

8.2 All respondents were supportive of having a re-domiciliation regime similar to that under the CA. However, some respondents suggested that the following minimum requirements set out under the CA re-domiciliation regime ("**Small Company Requirements**"), of which a re-domiciling entity must satisfy any two[7], be removed:

(a) value of total assets exceeds S$10 million;

(b) annual revenue exceeds S$10 million;

(c) more than 50 employees.

8.3 One respondent asked whether the name of a fund may be retained after re-domiciling as a VCC, while another queried if the re-domiciliation regime under the VCC Bill would apply to foreign companies whose 'home' jurisdictions do not recognise or

[6] The prescribed entities are:

(i) a bank licensed under the Banking Act (Cap. 19);

(ii) a merchant bank approved as a financial institution under the MAS Act (Cap. 186);

(iii) a finance company licensed under the Finance Companies Act (Cap. 108);

(iv) a depository agent within the meaning of section 81SF of the SFA for the custody of securities listed for quotation or quoted on Singapore Exchange Securities Trading Limited or deposited with the Central Depository (Pte) Ltd;

(v) an Approved Trustee;

(vi) any person licensed under SFA to provide custodial services for securities; or

(vii) 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.

[7] The CA re-domiciliation regime also sets out minimum requirements if the re-domiciling entity is a parent or subsidiary.

apply the concept of a cellular structure. Several applicants also asked for details on the application process for re-domiciliation to a VCC.

MAS' Response

8.4 MAS recognises that imposing the Small Company Requirements on an entity seeking re-domiciliation as a VCC may be prohibitive to certain funds, such as those investing in venture capital or those used to seed and launch a new strategy. MAS will proceed with the proposal to adopt the CA re-domiciliation regime for VCCs, without the Small Company Requirements.

8.5 MAS would like to clarify that the name of a fund that is re-domiciled as a VCC can be retained as long as it does not breach the naming requirements under the VCC Bill. Foreign companies whose 'home' jurisdictions do not recognise or apply the concept of a cellular structure, may apply to re-domicile as a VCC. Once re-domiciled they will need to comply with the VCC Bill. Further details on the application process for inward re-domiciliation will be provided in subsidiary legislation.

9 Winding-up of VCCs

9.1 MAS proposed to adopt a winding-up regime for VCCs similar to that for companies under the CA, with the following additional grounds for winding up:

(a) the VCC is being used to conduct business outside its permitted use as a vehicle for CIS only;

(b) the VCC does not have a Permissible Fund Manager to manage its property for such period as may be prescribed;

(c) the VCC breaches its AML/CFT obligations.

The additional grounds for winding up a VCC above will also be grounds for winding up of a sub-fund – i.e., if the VCC has, on behalf of the sub-fund, conducted business outside its permitted use, or has breached its AML/CFT obligations in respect of the sub-fund. Details on winding-up of sub-funds in a VCC may be found in paragraphs 3.10 and 3.11.

9.2 Most respondents agreed with the proposal. Some commented that the proposed winding-up regime could be burdensome, and that an option for the VCC to be voluntarily wound up without shareholders' resolution should be provided.

MAS' Response

9.3 Other comparable funds jurisdictions allow voluntary winding-up of the corporate fund structure either with shareholders' resolution (e.g. in Ireland) or with the regulator's approval (e.g. in the UK). In line with international regulatory practices, MAS will proceed with the proposal, in which VCCs may only be wound up voluntarily with shareholders' resolution.

10 Debentures and Receivership

10.1 MAS proposed to allow VCCs to issue debentures, including to allow VCCs to issue debentures relating to specific sub-funds, and to adopt a receivership regime similar to that under the CA for VCCs and their sub-funds.

10.2 Most respondents were supportive of the proposal as it provides flexibility for capital management.

10.3 One respondent sought clarity on (i) how the ability to appoint receivers or managers in respect of the property of the VCC as a whole was consistent with the segregation of sub-fund assets, and (ii) the circumstances in which a receiver (or a receiver and manager) can be appointed in respect of a VCC as a whole, instead of a specific sub-fund.

MAS' Response

10.4 MAS will proceed with the proposal. In the case of an Umbrella VCC, assets and liabilities of a sub-fund are segregated from those of the Umbrella VCC, and its other sub-funds (see section 3). Thus, a receiver and manager appointed over the property of an Umbrella VCC which is not attributable to any sub-fund would not be able to look to the sub-funds' assets. It is possible for such a situation to arise, for instance, if the Umbrella VCC incurs liabilities not attributable to any particular sub-fund (e.g. rental expenses for the office building) and does not allocate its liabilities to any of its sub-funds; and if the creditor is entitled under the debt instrument to appoint a receiver (or a receiver and manager).

11 Arrangements, Reconstructions and Amalgamations

11.1 MAS proposed not to adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA, and to require the constitution of a VCC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the VCC and any of its sub-funds.

11.2 Most respondents were supportive of the proposal for flexibility. However, two respondents suggested that the mechanisms for arrangements, reconstructions and amalgamations be set out under law as they involve rights and obligations of creditors. A few respondents were of the view that shareholders' rights in a scheme of arrangement, merger, reconstruction or amalgamation need not be set out in the constitution of VCCs which are private and venture capital funds.

11.3 One respondent asked whether mergers of a VCC with (i) another VCC and (ii) other funds such as unit trusts would be permitted, and whether these mergers would require the approval of shareholders.

MAS' Response

11.4 MAS will proceed with the proposal. While MAS recognises that the approach for restructuring procedures to be governed by each VCC's constitution will not bind third parties (e.g. creditors), the approach accords flexibility in allowing VCCs and sub-funds to restructure under the terms of each VCC's constitution. This approach is also in line with current industry practice for investment funds. As shareholders' rights may be impacted, the VCC Bill, for transparency, requires shareholders' rights in respect of any scheme of arrangement, merger, reconstruction or amalgamation involving the VCC to be set out clearly in its constitution.

11.5 MAS would like to clarify that mergers with other VCCs and other CIS structures are not prohibited. However, VCCs must not as a result conduct business outside the scope of its permitted use as a vehicle for CIS only. The terms of the mergers will depend on the provisions in a VCC's constitution.

MONETARY AUTHORITY OF SINGAPORE

10 September 2018

Annex A

LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON THE PROPOSED FRAMEWORK FOR SINGAPORE VARIABLE CAPITAL COMPANIES

1. Alpha Governance Partners (AGP)
2. Arisaig Partners (Asia) Pte Ltd (APA)
3. Asia Pacific Real Estate Association (APREA)
4. Asia Securities Industry and Financial Markets Association (ASIFMA)
5. Baker McKenzie. Wong & Leow (BMWL)
6. Benoy Philip
7. BlackRock (Singapore) Limited (BRS)
8. BNP Paribas Securities Services / BNP Paribas Trust Services Singapore Limited (BNP)
9. CFA Society Singapore (CFAS)
10. Chan & Goh LLP (C&G)
11. Chris Chong & C T Ho Partnership (CC&CT)
12. Clifford Chance Pte Ltd (CC)
13. Deutsche Bank (DB)
14. Drew & Napier LLC (D&N)
15. Eastpring Investments (Singapore) Limited (EISL)
16. Fullerton Fund Management Company Ltd (FFMC)
17. Heng Hui Hui
18. Nikko Asset Management Asia Limited (NAM)
19. Perpetual (Asia) Limited (PPAL)
20. PK Wong & Associates LLC (PKW)
21. PricewaterhouseCoopers LLP (PWC)
22. RHTLaw Taylor Wessing LLP (RHT)
23. Saw Meng Tee & Partners PAC / EisnerAmper Ireland (SMT/EAI)

24. Shenwan Hongyuan Singapore Private Limited (SH)
25. Shooklin & Bok LLP (SLB)
26. Sidley Austin LLP (SA)
27. Silverdale Capital Pte. Ltd. (SDC)
28. Singapore Exchange Limited (SGX)
29. Singapore Fund Administrators Association (SFAA)
30. Singapore Private Equity and Venture Capital Association (SVCA)
31. Standard Chartered Bank (SCB)
32. The Alternative Investment Management Association Limited (AIMA)
33. United Overseas Bank (UOB)
34. Vanguard Investments Singapore Pte. Ltd. / Vanguard Hong Kong Limited (VGI)
35. Vistra Singapore (VS)
36. Respondent A who requested for confidentiality of identity
37. Respondent B who requested for confidentiality of identity
38. Respondent C who requested for confidentiality of identity
39. Respondent D who requested for confidentiality of identity
40. Respondent E who requested for confidentiality of identity
41. Respondent F who requested for confidentiality of identity
42. Respondent G who requested for confidentiality of identity
43. Respondent H who requested for confidentiality of identity and submission
44. Respondent I who requested for confidentiality of identity and submission
45. Respondent J who requested for confidentiality of identity and submission
46. Respondent K who requested for confidentiality of identity and submission
47. Respondent L who requested for confidentiality of identity and submission
48. Respondent M who requested for confidentiality of identity and submission
49. Respondent N who requested for confidentiality of identity and submission
50. Respondent O who requested for confidentiality of identity and submission
51. Respondent P who requested for confidentiality of identity and submission
52. Respondent Q who requested for confidentiality of identity and submission

53. Respondent R who requested for confidentiality of identity and submission
54. Respondent S who requested for confidentiality of identity and submission
55. Respondent T who requested for confidentiality of identity and submission
56. Respondent U who requested for confidentiality of identity and submission
57. Broad Peak Investment Advisers who requested for confidentiality of submission

Please refer to Annex B for the submissions.

Annex B

SUBMISSIONS FROM RESPONDENTS TO THE CONSULTATION PAPER ON THE PROPOSED FRAMEWORK FOR SINGAPORE VARIABLE CAPITAL COMPANIES

S/N	Respondent	Responses from respondent
1	AGP	**General comments:** Congratulations on a very comprehensive and well-promising framework and thank you for the opportunity to comment. My feedback relates to question 14. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** Directors should together have the formal international educational-, experience- and integrity-credentials to serve, especially but not only in the case of complex investments such as hedge funds, private equity, emerging markets etc. The directors should not have any conflicts of interest, should be incentivised properly (in terms of compensation structure). The board as a group needs to show together encompassing legal, accounting, administrative and investment and operational risk skills and knowledge. The board should at a minimum have 3 directors of which the majority is truly independent, including the Chair – given that the investment construct often exhibits conflicts of interest and/or duty. There should be no maximum on number of directors. Each director cannot have more than ten (10) S-VaCC-board mandates to maintain credibility and to perform the duties, in the end, good governance is real work. At a minimum four (4) board meetings per year should take place, no maximum. Maybe one director needs to be resident of Singapore, although this can lead to quality issues, as witnessed in other fund jurisdictions. Other directors should be able to be based in any jurisdiction, however within 16 hours of travel distance from Singapore with not more than seven (7) hours time-difference to make things work.

S/N	Respondent	Responses from respondent
2	APA	**General comments:** We welcome the proposal to set up a legislative framework for a new corporate structure – Singapore Variable Capital Company. We believe this will be a great initiative to enhance the development of the asset management and investment fund industry in Singapore. We have provided our comments on a number of relevant questions below for your consideration. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** We welcome the move to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. We note that there are currently no provisions in the proposed framework to cater for the conversion of existing Singapore entities to S-VACCs. We recommend that provisions are set out in the final framework which will allow existing Singapore entities to be converted to S-VACCs. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** It is very common for investment funds to have existing fund structures where there is only one sole member for the foreign entity that will be re-domiciled into Singapore as an S-VACC or there is only one sole member for the Singapore entity that will be converted into an S-VACC. We recommend that provisions be set out to cater for such scenarios.

S/N	Respondent	Responses from respondent
3	APREA	**General comments:** The Asia Pacific Real Estate Association is the leading pan-Asian organisation representing the interests of real estate investors and fund managers. In making this submission, we represent the interests of private equity real estate funds with a presence in Singapore. The principal issue in relation to the proposed S-VACC structure faced by private equity real estate funds is that they would not qualify to use the structure. This is because as currently stands, a S-VACC must be managed by a fund management company duly registered or licensed by MAS under the SFA. Private equity real estate funds are generally not registered or licensed by the MAS. The SFA does not require registration or licensing by the MAS for companies managing funds that invest solely in immovable assets or in securities issued by investment holding companies whose sole purpose is to invest into real estate development projects and/or real estate properties; and where the fund is offered only to accredited and/or institutional investors. Private equity real estate funds make up a significant component of Singapore's investment management landscape. We urge MAS to include the same exemption for licensing/registration provided to real estate fund managers under the SFA within the S-VACC framework, thereby allowing real estate fund managers to be a "Permissible Fund Manager" without requirement for licensing/registration. This will ensure private real estate funds are not disenfranchised. Additionally, for: • Question 4 – we believe S-VACCs should be allowed to be structured as either open-ended or closed-ended funds; • Question 8 – while we agree valuation and redemption of shares in a S-VACC should be carried out at NAV, we think it

S/N	Respondent	Responses from respondent
		would be more elegant and less likely to result in unintended procedural issues if this were left to be specified in the constitution of the S-VACC instead of the S-VACC legislation – this would be commensurate with other fund domiciles; • Question 18 and 19 – we believe conversion is equally relevant to re-domiciliation. We have also provided our responses under questions 3, 4, 8, 11, 15, 16, 17 and 19. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** There would be instances due to distribution restrictions in some jurisdictions, viz., European Union, that another pooling vehicle would be required. Thus, S-VACC would then serve as a "master fund" with only one investor. If the provision of two members is continued, then to comply with the said requirement of minimum two members MAS should allow for looking through of the S-VACC. It would be pertinent to have this clarified either in upcoming S-VACC "regulations" or "guidance statements" or "FAQs" so as to enable foreign authorities to rely on such provision to help comply with the local requirements in those jurisdictions. For example, India and Australia have broad-based investor provisions. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We believe S-VACCs should be allowed to be structured as either open-ended or closed-ended funds. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.**

S/N	Respondent	Responses from respondent
		While we agree valuation and redemption of shares in a S-VACC should be carried out at NAV, we think it would be more relevant for the closed-ended funds to have valuation and redemption provisions stated in the constitution. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** It would be also pertinent to allow S-VACC to be prepared as per US GAAP. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** The principal issue in relation to the proposed S-VACC structure faced by private real estate funds is that they would not qualify as "Permissible Fund Manager" and thus would not be able to use S-VACC. This is because as currently stands, a S-VACC must be managed by a fund management company duly registered or licensed by MAS under the SFA. Private real estate funds are exempted from the requirement of registration or licensing. The SFA does not require registration or licensing by the MAS for companies managing funds that invest solely in immovable assets or in securities issued by investment holding companies whose sole purpose is to invest into real estate development projects and/or real estate properties; and where the fund is offered only to accredited and/or institutional investors. The Singapore Resident and Enhanced Tier scheme also allows for exemption provisions for real estate fund managers, which

S/N	Respondent	Responses from respondent
		should thus be ported over to the definition of "Permissible Fund Managers". We understand the intent to have "regulated" permissible fund managers to enable custody and AML/CFT requirements imposed on the "regulated fund manager". This can again be clarified in the upcoming "S-VACC regulations" or "S-VACC guidance statements" or "FAQs" that the obligations of AML/CFT will apply to such exempted fund managers as it would if they were licensed or regulated. As for custody requirements, private real estate fund managers are today exempted from such requirements. Private real estate funds make up a significant component of Singapore's investment management landscape. We urge MAS to extend the current exemptions of fund managers managing immovable assets to be licensed/regulated to the definition of "Permissible Fund Manager". **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** AML/CFT provisions in case of "unregulated fund managers" if allowed to be inserted in the Permissible Fund Manager regime is suggested in Q15. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** The private real estate funds today are exempted from the need for a "custodian". Most private-real estate S-VACCs would be set up as "restricted funds". Therefore, it is suggested that a special dispensation form Authorised Custodian requirement should be extended for restricted funds for at least when set up as "closed-

S/N	Respondent	Responses from respondent
		ended" funds. This we believe would also be applicable for the "private equity" industry. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** For jurisdictions from where such funds could be inward redomiciled they would be as follows: • Channel Islands, Luxembourg, Ireland, Cyprus, Mauritius, British Virigin Islands, Bermuda and Netherlands.
4	ASIFMA	**General comments:** The attractiveness of the S-VACC to our asset management members will depend on a number of factors, including the cost and time involved in setting up a S-VACC and most important, the tax treatment afforded to this new investment structure. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** We assume that MAS will regulate S-VACCs alone, and not in conjunction with ACRA. To the extent that the proposed new S-VACC Act overlaps with current legislation, such as the Securities and Futures Act (SFA), we request that MAS clarifies the interplay between the different legislation/rules and also any difference in applicability of existing rules and regulations to funds structured as unit trusts and funds structured as S-VACCs. For example, we assume that the Disclosure of Interest (DOI) regime will not be applicable to listed S-VACCs since shareholders of S-VACCs will not have discretionary power and that shareholders of S-VACCs holding 20% or more of the S-VACC will not be deemed to have control if the S-VACC becomes a substantial shareholder in an underlying SGX ST listed security. These are some of the issues that some of our members would like MAS to clarify. As noted in our General Comments, we suggest that the S-VACC Act provides for the conversion of existing unit trusts to a S-VACC as well as the re-domiciliation of foreign investment funds in Singapore as

S/N	Respondent	Responses from respondent
		a S-VACC. We also look forward to seeing the tax treatment of S-VACCs being set out either in the proposed new S-VACC Act or in the Income Tax Act. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** No specific comments other than our suggestions that the S-VACC Act also provides for the conversion of existing unit trusts into a S-VACC and the re-domicile of foreign investment funds into a S-VACC. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** No comment. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We support the flexibility afforded by the proposals. We assume that a S-VACC will be permitted to have a mixture of open-ended and closed-end sub-funds within the same umbrella fund in line with other major fund jurisdictions such as Cayman Islands, Ireland and Luxembourg. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** We support the proposed cellular structure for S-VACCs and assume that such a structure does not prevent actions to be taken at the S-VACC level on behalf of all the sub-funds with appropriate safeguards for each sub-fund. For example, when dealing with or entering into agreements, such as ISDA (International Swaps and Derivatives Association) Master Agreements and Credit Support Annexes, with banks or other counterparties or when filing tax registration or tax returns. We also assume that the S-VACC may have general assets/liabilities

S/N	Respondent	Responses from respondent
		which are not attributable to any particular sub-fund and that establishment costs and other expenses (such as directors' fees) of the S-VACC may be allocated to each sub-fund where appropriate or allowable. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** We support the proposed safeguards against the risk of cross-cell contagion within a S-VACC as they are in line with other leading fund jurisdictions. We note that MAS is not imposing a ban on an Authorised Scheme S-VACC investing in jurisdictions which do not have a cellular company structure but what would the MAS consider to be "reasonable mitigation" of the risk of cross-contagion? We suggest that instead of requiring fund managers to make such determination, which may differ from MAS' views, such investments be allowed in jurisdictions that recognise the laws of Singapore and the constitutive documents of the S-VACCs. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** We support the proposal to allow a sub-fund to be wound up as if it were a separate legal person, as this will allow the over-arching umbrella structure, containing other sub-funds, to continue to operate. We assume that during the course of the winding up of a sub-fund that assets of that sub-fund may be sold or transferred to another sub-fund instead of third parties. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** We generally support the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV.

S/N	Respondent	Responses from respondent
		However, it is not clear whether the issuance of shares will also be at NAV. Some of our members think that the requirement to deal at NAV will not allow for a redemption charge or swing pricing, which is one of the tools in fund liquidity risk management and which is allowed in multiple jurisdictions. We would like to see a provision for flexibility to carry out swing pricing or impose redemption/subscription charges for fund liquidity risk management purposes. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** We assume that the ability to dispense with AGMs will not impact the first AGM post incorporation as we understand that this is mandatory. The proposals state that a shareholder with 10% or more of the total voting rights may require an AGM by giving 14 days' notice to the S-VACC before the date by which an AGM would have been required to be held. We request that this notice period is extended to at least 21 days. We also assume that it will be possible to hold general meetings at the sub-fund level as well as at the umbrella fund level and that the requirement that a shareholder have 10% or more of the total voting rights applies at both the umbrella and sub-fund levels. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** We note that MAS does not intend to require that audited financial statements be made publicly available on the basis that they contain proprietary information relating to investment strategy. However, we assume that fund managers are permitted to send audited financial statements not only to S-VACC shareholders but also prospective investors or shareholders. This

S/N	Respondent	Responses from respondent
		is in line with the position for unit trusts where audited financial statements are sent to unitholders as well as being made available on the fund's website. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** We welcome the proposed flexibility in choosing the accounting standards to be applied. In addition to the ASC Standard, the IFRS and RAP 7, some of our members suggest that a S-VACC be permitted to use US GAAP as this will likely be the preferred choice of US investors should managers of a S-VACC wish to offer S-VACC funds in the US. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** We agree with the proposals around privacy and our view is that investors in a S-VACC should have the same right of privacy as investors in unit trusts. We note that the proposal to maintain a shareholder register is consistent with the requirements in Singapore around unit trusts, i.e. the trustee or its transfer agent typically keeps and maintains an up-to-date register of holders in respect of each sub-fund or class of a sub-fund, and such obligation is typically set out in the trust deed. However, it would be helpful to have some clarification on who will be responsible for maintaining the shareholder register for a S-VACC, e.g. company secretary/custodian/registrar/transfer agent. In the case of a unit trust fund, the shareholder register is usually maintained by the transfer agent of the fund. Requiring S-VACCs to have a company secretary may be an additional cost to fund managers using such vehicles.

S/N	Respondent	Responses from respondent
		Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments. We do not have any comments on these proposals assuming that they are in line with the requirements for unit trusts, where the trustee will collate the relevant information on beneficial ownership and nominee directors. However, we request further clarification as to who will be responsible for maintaining this information for the S-VACC, e.g. company secretary/custodian/registrar/transfer agent? **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** We have no objection to the proposed requirement that at least one director of the S-VACC be a director of the S-VACC's fund manager and for its directors to be subject to the disqualification and duties broadly similar to those under the CA. We assume that the duties and responsibilities of the fund manager's director will not be different from those of the other directors under the proposed S-VACC Act even though s/he may be subject to other requirements under the SFA. We query, however, the need for the additional "fit and proper" requirement on all of the directors of the S-VACC, which may discourage unrelated or independent individuals from becoming a director of the S-VACC. Furthermore, we believe that the requirements on directors for Authorised Schemes should be no different for S-VACCs as they are for unit trusts. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** No comments other than we assume that a Permissible Fund Manager may delegate investment to a non-Permissible Fund Manager as long as the former retains responsibility for the investments of the S-VACC and any of its sub-funds.

S/N	Respondent	Responses from respondent
		Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs. We agree that AML/CFT requirements should apply to S-VACCs as they are ultimately responsible for compliance with such requirements. However, we do not consider that it is necessary to require a S-VACC to outsource the performance of AML/CFT duties only to its fund manager. We think that a S-VACC should be given the flexibility as to whom it wants to appoint to perform such duties as the S-VACC is ultimately responsible for such compliance. As indicated above, we suggest that directors of S-VACCs should not be subject to fit and proper criteria, apart from the director of a fund manager which is required to be fit and proper under the SFA. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** Under normal company structures, we expect that the Board of Directors of a S-VACC would play the role of an Approved Trustee in the context of Authorised and Restricted Schemes which are set up as unit trusts. The Board would be independent from the fund manager and have independent oversight over the fund manager's compliance with the Code on Collective Investment Schemes. The proposals in 8.1 and 8.2 of the Consultation Paper suggest that S-VACCs consisting of Authorised or Restricted Schemes will retain an Approved Trustee and that such Trustee would be an approved custodian. We would like to suggest that, to avoid confusing a S-VACC structure (which is more like a company structure) with a unit trust structure, the concept of an Approved Trustee be replaced by an Approved Custodian, if

S/N	Respondent	Responses from respondent
		necessary, and the duties of the Board and the Approved Custodian of a S-VACC be clearly delineated. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** In light of the time available to review the consultation proposals, we do not have any comments at this time. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** Given that many of our members have UCITS and/or Cayman Islands funds, they may seek to re-domicile some of these funds as S-VACCs at some future point of time. However, given the time available to review the consultation proposals, we have not been able to consider the issues that may arise with such re-domiciliations. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** No comments. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** No comments. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** No comments.

S/N	Respondent	Responses from respondent
		Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA. As it is quite common for sub-funds to be merged, we welcome the proposal not to adopt the mechanisms for arrangements, reconstructions and amalgamations under the Companies Act (Cap. 50) for S-VACCs. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** No comments.
5	BMWL	**Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** Considering the objective to develop Singapore as a centre for investment fund domiciliation, MAS may wish to consider allowing S-VACCs to be managed by foreign regulated fund managers as well. This will provide a meaningful alternative to foreign fund managers who may be interested in Singapore as a place of domicile for their funds, where existing options are limited to corporate, partnership or unit trust structure. Conversely, as proposed currently, the S-VACC structure will only serve as an alternative for licensed / registered fund managers and exempt fund managers in Singapore. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** 1. Broadly speaking, currently, AML/CFT requirements in connection with funds are broadly tied to the AML/CFT requirements that the primary investment manager or trustee are subject to. From this perspective, in order to ensure that the S-VACC will provide be an attractive alternative to the current Singapore-domiciled fund structures (by focusing on the

S/N	Respondent	Responses from respondent
		flexibility and economies of scale that S-VACCs can offer through the flexibility in redemption of shares and the proposed cellular structure), MAS may wish to continue to adopt the same principles for S-VACCs. This means that AML/CFT safeguards will apply at the investment manager level (which may be the AML/CFT requirements applicable to licensed / registered fund managers in Singapore or the AML/CFT requirements that the foreign fund manager or trustee are subject to as long as it is consistent with the FATF standards). AML/CFT concerns should not be compromised as there will still be appropriate safeguards at the investment manager level. This approach is also largely consistent with the current AML/CFT framework. 2. However, in the event MAS decides to adopt the proposal, MAS may wish to consider providing flexibility for S-VACCs to outsource the AML/CFT functions to fund administrators or other service providers. This is in line with current market practice where it is common for funds to outsource or appoint fund administrators to conduct AML/CFT functions. The fund administrator will still need to apply the AML/CFT requirements prescribed by the MAS which are imposed on S-VACC. Therefore, there should be no concern with the adequacy of AML/CFT framework that the fund administrators or other service providers are subject to. 3. Additionally, in the event that S-VACCs can be managed by foreign fund managers (see our comment to Question 15 above), we urge MAS to consider permitting the S-VACC to be subject to and held responsible for AML/CFT requirements of the foreign jurisdiction where the fund managers / fund administrators are based, as long as such AML/CFT requirements are consistent with FATF. This will reduce the burden of having to ensure compliance with multiple AML/CFT framework. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved**

S/N	Respondent	Responses from respondent
		Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation. MAS may wish to reconsider imposing the requirement for S-VACCs to have approved custodians. There should be sufficient distinction between a unit trust structure and S-VACC, given that the latter is not constituted as a trust. Therefore, the proposed S-VACC structure may lose its competitive advantage and attractiveness if similar requirements as compared to a trust structure were to be imposed. The safeguard of fund assets may be addressed by imposing a requirement for assets of the S-VACC to be held by independent custodian. In this regard, we propose that the existing exemption from holding fund assets with respect to unlisted securities, or interests in closed end funds used for PE/VC investments which are offered only to accredited / institutional investors to continue to apply notwithstanding any proposal to impose a requirement for approved custodian. The protection of investors may be addressed through the fiduciary duties of the board of directors and the duties and obligations of the investment manager.
6	Benoy Philip	**General comments:** (i). Cell structure in the S-VACC **should be avoided**, so that S-VACC and its individual sub-funds are positioned as legal persons such even a sub-fund can seek registration in other leading fund management jurisdictions. (ii). In relation to S-VACC which is used as multiple fund structure, each of the sub-funds should be constituted as separate legal person. This way, any technical glitches of one sub-fund will not impact rest of the sub-funds under the same S-VACC. (iii) closing down of a sub-fund which is part of a S-VACC, should be done through a simple process of “strike-off” or “de-registration”, provided the dues to all creditors and monies

S/N	Respondent	Responses from respondent
		owing to investors have been paid in full settlement. The Manager should issue a compliance/solvency certificate (counter signed by the auditors) to ACRA, before applying for a strike-off or deregistration of the sub-fund. (iv) The court involved liquidation procedures or winding-up procedures should apply ONLY to S-VACC used as retail fund. (v) Manager and its key managerial employees should mandatorily invest in each fund constituted under the S-VACC, to bring in more alignment of interest with the investors. (vi) Appointment of Trustee should NOT be mandatory for funds catering to professional investors. However, Custodian should be made mandatory for all types of client segments. (vii) Directors of S-VACC will be directors, de-facto for each of the sub-funds constituted under the same S-VACC. (viii) Audit committee to be mandatory for S-VACC used for both retail investors and professional investors. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** 1. Singapore Variable Capital Company (S-VACC) is rightfully conceptualised as a Singapore incorporated company. S-VACC should have two types of equity share capital. (i) Management Shares which are to be held by a MAS licenced Manager or registered fund manager. It should carry voting rights. The other category of share capital to be in the form of (ii) Non-Management shares which will not carry a voting right, except for some critical situations like variation of rights, liquidation or a fundamental change etc. This will be held by the investors. The summary balance sheet of a single fund S-VACC on the opening date to look like…

<table>
<tr><th>S/N</th><th>Respondent</th><th>Responses from respondent</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><th>S-VACC (LIABILITIES SIDE)</th><th>$</th><th></th><th>S-VACC (ASSET SIDE)</th><th>$</th></tr>
<tr><td>Management Shares (held by the Manager)</td><td>100</td><td></td><td>S-VACC Bank A/c</td><td>100</td></tr>
<tr><td>Non-Management Shares held by Investors (at NAV)</td><td>12,000</td><td></td><td>Custodian Bank A/c to hold customer monies</td><td>50</td></tr>
<tr><td></td><td></td><td></td><td>Securities held at Market Value or at current valuation</td><td>11,950</td></tr>
<tr><td>Total</td><td>12,100</td><td></td><td>Total</td><td>12,100</td></tr>
</table>

2. If S-VACC is used as a multiple fund structure, then each of the sub-funds under the same S-VACC should be constituted as a legal person as mentioned above. Upon registration of each sub-fund with ACRA, the sub fund should be a legal person with a distinct registration number. <u>A cell structure as contemplated in the consultation paper is avoidable.</u> Each sub-fund should similarly have two types of equity share capital, similar to the S-VACC. The Management Shares in the sub-funds will be held 100% by the S-VACC. The Non-Management Shares of the respective sub-fund will be subscribed to by the investors of that sub-fund. This arrangement will help the sub fund (if need be) to be registered on a stand-alone in other financial centres like Luxembourg, New York, London, Switzerland etc. Also, this will help each sub-fund to “fund passport” across ASEAN, Asia Pacific, as and when such a need arises. This mechanism will also enable the tax residency certificate at the sub fund level and not only at the S-VACC level.

The summary balance sheet of one sub-fund forming part of the S-VACC as on the opening date will look like…
<table>
<tr><th>Sub-fund 1-

LIABILITIES SIDE</th><th>$</th><th></th><th>Sub-fund 1-

ASSET SIDE</th><th>$</th></tr>
</table>
</td></tr>
</table>

S/N	Respondent	Responses from respondent

Management Shares of sub-fund-1 held by the S-VACC	50		Bank A/c of sub fund 1	50
Non-Management Shares held by Investors of sub-fund-1 (at NAV)	1,200		Custodian Bank A/c for the sub-fund 1	50
			Securities held at Market Value or at current valuation	1,150
Total	1,250		Total	1,250

Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.

Consequential changes required, if the comments are considered worthy.

Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".

This is fine to start with. Broad basing can be looked into at a later stage.

Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.

S-VACC should be permitted for use as closed ended and open ended funds. Rights of and limits to redemption SHOULD NOT be set out in the main section of Constitution, instead should be spelt out as part of the sub-fund documentation or in the sub-fund section of the Constitution (if any). The sub-fund section could well be kept as an annexure to the Constitution for ease of use.

S/N	Respondent	Responses from respondent
		Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs. Please avoid the cellular structure for S-VACCs. It is not desirable for operational reasons. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** This risk can be avoided if each sub fund is a distinct legal person. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** As stated under the General Comments above (iii) closing down of a sub-fund which is part of a S-VACC, should be done through a process of "strike-off" or de-registration, provided the dues to all creditors and monies owing to investors have been paid in full settlement. The Manager should issue a compliance/ solvency certificate to ACRA(countersigned by the auditor), before applying for a strike-off or deregistration of the sub-fund. (iv) The court involved liquidation procedures or winding-up procedures should apply ONLY to S-VACC used as retail fund. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** This approach is correct. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.**

S/N	Respondent	Responses from respondent
		Please allow directors of S-VACC to dispense with AGMs, except for retail funds. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** Audit committee should be made mandatory. Audit should be compulsory. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** Yes. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** Not to be made public. Regulators can have powers to inspect at all times and can be made part of automatic exchange of information between government to government, to tackle the money laundering menace. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** Not to be made public. Regulators can have powers to inspect at all times and the S-VACC should maintain the necessary records. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.**

S/N	Respondent	Responses from respondent
		Not to be made public. Regulators can have powers to inspect at all times and the S-VACC should maintain the necessary records. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** Correct approach to only allow Permissible Fund Managers to manage S-VACCs. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** To follow the same standards as is applicable to CA. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** "an approved custodian that is an Approved Trustee" should be insisted only for retail funds. A licenced custodian should be appointed by all S-VACCs. In other words, both Trustee and Custodian should be appointed for retail funds. Professional Investor funds need to only have a licenced custodian. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** welcome move. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile)**

S/N	Respondent	Responses from respondent
		which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged. This aspect could be looked into on a subsequent date. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** No further comments to add. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** May be permitted at the sub fund level or for a S-VACC used as a single fund. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** May avoid the need to have receivership if custodian is made mandatory. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** No specific comments. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** No specific comments.
7	BRS	**Executive summary** BlackRock is supportive of the development of the Singapore Variable Capital Company structure and believes having

S/N	Respondent	Responses from respondent
		additional fund vehicle structures for investors to choose from would provide investors flexibility and ultimately contribute to the growth of Singapore's fund management industry. We note the prevalence and popularity of offshore investment funds sold in Singapore which are structured as corporates. In addition, a number of private equity and real estate funds are already structured as Singapore companies currently. By having a corporate structure which is designed for investment funds would help overcome some of the challenges presented in the existing companies' legislation. **Conversion of Unit Trusts to S-VACCs** We note the proposals allowing for foreign corporate fund structures to be re-domiciled in Singapore as S-VACCs. Notwithstanding, we would welcome proposals for existing investment funds structured as unit trusts, limited partnerships or Singapore companies to be converted to S-VACCs. **Question 1: MAS seeks comments on the proposed legislative structure for S-VACCs.** We agree with the MAS' proposal to have a new S-VACC Act to govern S-VACCs in a manner similar to the way the Companies Act currently governs companies. Notwithstanding, several sections of the S-VACC Act overlap with existing securities and futures regulations (including provisions in the Code on Collective Investment Schemes). We respectfully request that the MAS clarify the relationship between the S-VACC Act to the extent it overlaps with existing legislation and regulations. This would promote clarity and transparency in the industry. **Question 2: MAS seeks views on the proposed draft S-VACC Act at Annex B.** We have set out our comments on specific issues in the draft S-VACC in the answers to the relevant questions.

S/N	Respondent	Responses from respondent
		Question 3: MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC". We agree with the MAS' proposal to limit the S-VACC structure for use as a vehicle for CIS only. This will prevent potential abuse of the S-VACC structure, for example, by creditors who may take advantage of the freely redeemable share structure. We also agree to confine the use of the term "S-VACC" to companies incorporated under the SVACC Act. This would prevent any unnecessary confusion. However, we are of the view that the inclusion of "S-VACC" should not be a mandatory requirement in the name of the CIS. We wish to highlight that there is currently no similar requirement to include "unit trust" in the name of a CIS which is in the form of a unit trust structure. Any concerns on the lack of clarity to investors as to which structure is being used can be addressed by requiring CIS' prospectuses to contain a description of the structure of the CIS. **Question 4: MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-ended funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We agree with the proposal to allow S-VACCs to be structured as open-ended or closed-ended funds. This would also be in line with the recent regulatory approach to include closed-ended investment funds as CIS. **Question 5: MAS seeks comments on the proposed cellular structure for S-VACCs.** We agree with the proposal to segregate each sub-fund's assets and liabilities. We also agree that each sub-fund should not constitute a separate legal entity, notwithstanding statutory segregation of

S/N	Respondent	Responses from respondent
		their assets and liabilities. This is consistent with the approach for CIS in other jurisdictions which are structured as corporates. **Question 6: MAS seeks comments on the proposed safeguards against the risk of crosscell contagion within a S-VACC.** We agree with the proposed safeguards against the risk of cross-cell contagion within the SVACC and note that this is consistent with the approach in other fund jurisdictions. We also agree with the proposal to require a S-VACC to disclose in documents its name, unique sub-fund identification number and the fact that the sub-fund has segregated assets and liabilities. However, we would like to clarify if the "unique sub-fund identification number" refers to the business registration number, GIIN number, or ISIN number. We would recommend against a proposal to develop a new series of identifiers as this would create additional administrative burden on the CIS. **Question 7: MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** We agree with the proposal to allow a sub-fund to be wound up as if it were a separate legal person. This is consistent with the approach in other fund jurisdictions. We also wish to highlight that a sub-fund should also have the option to be voluntarily wound up. This would allow product providers to wind up the sub-fund and streamline their products according to market demand and needs. In addition, in the unfortunate event that a CIS does not necessarily have the scale which would allow administrative efficiency and cost savings, the fund manager may determine that it would be in the best interests of investors to wind up the sub-fund and return capital to investors. **Question 8: MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried**

S/N	Respondent	Responses from respondent
		out at NAV, except where the S-VACC is listed on a securities exchange. We are of the view that funds should not be required to carry out valuation and redemption of shares at NAV. Although this would not affect exchange traded funds, index funds which are not listed on a securities exchange should also have the flexibility to use bid-offer pricing instead of NAV. We wish to point out that the requirement to deal at NAV will not allow for redemption charge or swing pricing (which does not necessarily equate to how NAV valuation is defined). We are of the view that there should be provisions allowing for flexibility to carry out swing pricing or imposing redemption and/or subscription charges as these are tools commonly used in liquidity risk management. **Question 9: MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** We note that AGMs are usually not necessary in CIS and could be dispensed with by the directors. Notwithstanding and for good corporate governance, there should be a reserved list of matters which requires approval at a general meeting. We note that currently the S-VACC Act allows for two or more members holding not less than 10% of the total number of issued shares of the S-VACC to call a meeting. We wish to suggest that the S-VACC Act clarifies that this threshold should be at both the umbrella and sub-fund level. **Question 10: MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** We agree with the proposal that auditors should be appointed and a S-VACC should not require an audit committee. We would like to clarify on the requirement for publicly available audited statements. Currently, CIS authorized or recognized for

S/N	Respondent	Responses from respondent
		retail distribution in Singapore are required to make available publicly financial reports so that investors and prospective investors are able to obtain relevant information for due diligence and informational purposes. In addition, private funds are also required to provide audited financial statements to existing investors. In light of the above, we wish to suggest that the MAS clarifies that an S-VACC or its fund manager is permitted to send audited financial statements to current and prospective investors. If there is no requirement to publicly disclose financial statements, who would be the responsible body to decide if financial statements may be provided to investors or prospective investors. Please consider clarifying if this should be decided by the fund manager or the board of directors. **Question 11: MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards** We agree that an S-VACC should be allowed flexibility in choosing the accounting standards to be applied. We wish to suggest that an S-VACC should also be allowed to use US GAAP so this is likely the preferred methodology for US investors. In allowing an S-VACC flexibility in choosing the accounting standards to be applied, the S-VACC would be in a better position to provide a product that is more efficient and convenient for its target investors. **Question 12: MAS seeks comments on the proposal regarding the disclosure of a SVACC's shareholder register.** We agree with the proposal to protect the privacy of the investor while balancing the need for transparency to prevent S-VACCs from being used for illicit purposes. This is consistent with the right of privacy of investors in unit trusts.

S/N	Respondent	Responses from respondent
		Question 13: MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA requirements. We acknowledge the importance to enhance the transparency of companies. However, we wish to highlight that it is not current practice for other fund jurisdictions to impose similar disclosure requirements on beneficial ownership information. While it is important to enhance transparency, this should be balanced with pragmatism and competitiveness. We agree with the requirements for nominee directors to disclose their nominee status and nominators to their companies. **Question 14: MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** We agree with the requirements on a S-VACC's directors, residency, and name. Notwithstanding, we are of the view that the inclusion of "S-VACC" should not be a mandatory requirement in the name of the CIS. We wish to highlight that there is currently no similar requirement to include "unit trust" in the name of a CIS which is in the form of a unit trust structure. Any concerns on the lack of clarity to investors as to which structure is being used can be addressed by requiring CIS' prospectuses to contain a description of the structure of the CIS. **Question 15: MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** We agree with the proposal to allow only Permissible Fund Managers to manage S-VACCs. However, the Permissible Fund Managers should be allowed to delegate management of the SVACC to other Permissible Fund Managers and/or managers who are suitably licensed or exempt to conduct investment management activity while retaining overall responsibility for the management of the S-VACC.

S/N	Respondent	Responses from respondent
		Question 16: MAS seeks comments on the proposed AML/CFT requirements on SVACCs. We agree with the proposed AML/CFT requirements to prevent the abuse of S-VACCs for unlawful purposes. **Question 17: MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** We agree that the S-VACC should have an independent custodian to custodise assets. However, we would like to highlight that it is not usual practice for funds which are in the form of corporate structures to have a Trustee. Please note that there is no similar requirement in other fund jurisdictions such as Luxembourg, and a Luxembourg incorporated SICAV is not required to have a Trustee. Generally, the role of the Trustee would be similar to the role of the board of directors of a fund (structured as a corporate). Therefore, to appoint a trustee which would carry out the duties of an Approved Trustee, in addition to a custodian, would duplicate responsibilities of the board of directors of the S-VACC. This is likely to result in administrative burden and additional costs to the CIS. **Question 18: MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** We generally agree with this proposal. Notwithstanding, we wish to highlight that the requirements on re-domiciliation under the CA are relatively new, it is worth considering retaining some flexibility to amend the requirements so as not to be restricted

S/N	Respondent	Responses from respondent
		from being able to react to unpredictable or unforeseen situations. **Question 19: MAS seeks comments on the type of foreign structures (including the original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** We wish to suggest that there should be no preference or explicit exclusion of any foreign jurisdiction. If re-domiciliation is supported by the relevant foreign jurisdiction, and the applicant is able to fulfil the requirements under the S-VACC Act, the application should be genuinely considered. We also wish to take the opportunity to request for more clarity on conversion of domestic structures. For example, would a Singapore constituted unit trust be eligible for conversion into a S-VACC. At this stage, it is not entirely clear if this is permissible. **Question 20: MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** We agree with the proposal to adopt a winding-up regime similar to that under the CA for SVACCs and sub-funds. In particular, we wish to highlight that a sub-fund should have the option to be voluntarily wound up. This would allow product providers to wind up the sub-fund and streamline their products according to market demand and needs. In addition, in the unfortunate event that a CIS does not necessarily have the scale which would allow administrative efficiency and cost savings, the fund manager may determine that it would be in the best interests of investors to wind up the sub-fund and return capital to investors. **Question 21: MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific subfunds.** We agree with the proposal to allow the S-VACC to have leveraged financing in the form of bonds or loans issued to the

S/N	Respondent	Responses from respondent
		investors. We note that this is consistent with REITs and alternative funds. **Question 22: MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** We generally agree with this proposal. **Question 23: MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions, and amalgamations under the CA.** We generally agree with this proposal. **Question 24: MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds).** We generally agree with this proposal. **Conclusion** We appreciate the opportunity to address and comment on the issues raised by the Consultation Paper on the Proposed Framework for Singapore Variable Capital Companies and will continue to work with the Monetary Authority of Singapore on any specific issues which may assist in the discussion of the development of the Singapore Variable Capital Company structure. We would welcome any further discussion on any of the points that we have raised and will continue to work with the Monetary Authority on Singapore on any specific issues which may assist in the development of the S-VACC.
8	BNP	**General comments:** BNP Paribas Securities Services is part of BNP Paribas' banking group. BNP Paribas Securities Services is the 5th largest securities

S/N	Respondent	Responses from respondent
		services provider in the world and No.1 non US global player. It is also Europe's largest custodian bank, with over 90% of clients' assets being held in BNP Paribas' proprietary network. Our trustee/depository service has been developed successfully over the last 25 years. The group provides trustee/depository service in 16 countries: France, Spain, The Netherlands, UK, Germany, Italy, Luxembourg, Ireland, Jersey, Guernsey, Isle of Man, Switzerland, Belgium, Colombia, Hong Kong and Singapore. Assets under depository represent EUR 1,346 billion. BNP Paribas Trust Services Singapore Limited provides trustee and transfer agency services for Singapore unit trusts. The company is an Approved Trustee and also holds a Trust Business license. BNP Paribas Securities Services and BNP Paribas Trust Services Singapore Limited (collectively called "We" or "BPSS") are supportive of the draft Singapore Variable Capital Companies Act ("S-VACC Act"). We agree that S-VACC will provide valuable options to the existing unit trust structure today and contribute to hosting more CIS in Singapore. We provided below our answers and/or comments to the Consultation Paper on the Proposed Framework for Singapore Variable Capital Companies (the "Consultation Paper") based upon our knowledge of and experience from the asset management industry as Approved Trustee, fund administrator, transfer agent and custodian. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** S-VACC Act proposes that the Accounting and Corporate Regulatory Authority ("ACRA") will be the Registrar for S-VACCs as well as for the companies. And, the Monetary Authority of Singapore ("MAS") will be the regulatory body on AML/CFT obligations of S-VACCs. We support the proposed legislative structure in S-VACC Act.

S/N	Respondent	Responses from respondent
		Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B. Overall, we are supportive of the proposal in the Consultation Paper. Detailed comments are included in the answers to the subsequent questions. One point not covered in the below questions/answers is that we suggest that MAS clarify in writing that MAS Guidelines on Outsourcing will not apply to S-VACCs appointing Approved Custodians, fund managers, directors, secretaries, auditors, or any other relevant parties required for operating the vehicle in order to avoid unnecessary effort in operating the vehicle to comply with the Guidelines. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** We support the proposal that the S-VACC structure be used exclusively for CIS and the proposed restriction on the use of the term, "S-VACC". By imposing those restrictions, we believe investors and the market participants will be able to clearly identify S-VACCs and avoid unnecessary confusion with other forms of funds or other entities/partnerships. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We support MAS proposal. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** We support MAS proposal to allow cellular structure for S-VACCs to reap economies of scale. We understand that S-VACCs follow the Protected Cell Company ("PCC") structure, which is adopted

S/N	Respondent	Responses from respondent
		by the majority of fund domiciles in relation to the company-type funds. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** We support MAS proposal on the safeguards and ring-fencing of the assets at the sub-fund level. We, as custodian, plan to keep the accounts and records at the sub-fund level in our book regardless of market condition where segregate account per sub-fund is allowed or not. However, under the PCC structure, the custody accounts can only be opened at the entity level, not under the sub-fund level e.g. Vietnam. In this case, safeguarding against the risk of cross-cell contagion may be challenged. Thus, we suggest MAS consider adopting Incorporated Cell Company ("ICC") structure or a hybrid model between ICC and PCC. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** We support MAS proposal. This is consistent with how sub-funds of an umbrella unit trust are treated. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** We support MAS proposal. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** No comments.

S/N	Respondent	Responses from respondent
		Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs. No comments. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** We support MAS proposal. Nonetheless, we also suggest for MAS to consider the case where one investor has invested in multiple S-VACCs that apply different accounting standards among themselves. In order to avoid any confusion in reading the numbers and implications in various financial reports by investors, MAS may want to impose a disclosure rule about the accounting standards used for the report in the offering document as well as in the financial statements themselves as required in other fund domiciles. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** Section 87 of S-VACC Act currently does not allow for the Approved Custodian to inspect the register of members. Given that it will be responsible for safeguarding the rights and interests of the shareholders of the S-VACC, we would propose that the Approved Custodian be added to the list of the persons allowed to inspect the register of members. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.**

S/N	Respondent	Responses from respondent
		We have reviewed this proposal in line with the Customer Due Diligence ("CDD") requirements imposed on the unit trusts. We respectfully seek MAS clarification on the term "beneficial owner", and whether we may rely on the definition as prescribed within the respective AML/CFT Notices. In particular, we assume that the "beneficial owners" mentioned in point 6.8 in the Consultation Paper include investors who have purchased S-VACC shares via financial intermediaries such as distributors, private banks, trust companies, etc, where this is possible. In the case of unit trusts being distributed via financial intermediaries, investor information is maintained at two different levels – (i) Financial intermediaries apply CDD procedure and maintain information on the investors; and (ii) the registrar of the unit trust maintains information on the financial intermediaries that are recorded as account holder in the registrar's book. The registrar of the unit trust does not have access to the lists of investors that are maintained by the financial intermediaries. If the "beneficial owners" include investors purchasing S-VACC shares via financial intermediaries and that S-VACCs are required to maintain information on these investors, we respectfully seek MAS clarification on how such information may be obtained by S-VACC registrars. We propose that MAS align the requirements for S-VACCS to those for unit trusts – the S-VACC registrar maintains information on the financial intermediaries where relevant and the financial intermediary in turn, maintains information on the investors who have purchased shares of S-VACCS through that financial intermediary. By doing so, we opine that the industry will be able to avoid duplicate processing by financial intermediaries and S-VACC registrars, in terms of maintenance of investor information.

S/N	Respondent	Responses from respondent
		Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC. No comments. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** We support MAS proposal. This is in line with the requirement for Singapore unit trusts. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** We support MAS proposal. The framework is consistent with the requirements imposed on the Singapore unit trusts. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** We agree with MAS' proposal to ensure that investors of funds are similarly protected regardless of the legal structure adopted by the fund by requiring S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee. However, we do have some concerns on MAS' intention to mirror the duties and obligations of the Approved Custodian with that of an Approved Trustee given the difference in the ownership of the accounts with which the assets of the funds are held. In the context of a Singapore unit trust fund, the Approved Trustee and the fund's appointed custodian are often different legal entities. Given that the fund has no legal personality, the cash and securities accounts opened with the custodian would be

S/N	Respondent	Responses from respondent
		in the name of the trustee as trustee of the fund. Being the account holder, the trustee would have full control over the trust assets and the custody accounts to fulfil its duty of safekeeping the assets of the fund. S-VACCs, on the other hand, are separate legal entities and would be able to open the custody accounts directly with the fund custodian. On the assumption that such accounts will be opened under S-VACC's name and not under the name of Approved Custodian, the Approved Custodian may not be granted sufficient control over the S-VACC's assets to discharge a duty of safekeeping which is currently imposed on Approved Trustees for unit trust funds. In this regard, we would suggest for MAS to review and consider the implications on the difference in the ownership of the accounts when determining the duties / obligations to be imposed on the Approved Custodian in relation to the safekeeping of the S-VACC's assets. Notwithstanding MAS proposal that Approved Custodians are to be appointed by S-VACCs and that such Approved Custodians should also be Approved Trustees, we would like to clarify whether MAS would be amending existing MAS rules (e.g. SFA) to include a definition for "Approved Custodian", and to confirm that such Approved Custodians would similarly be exempt from the requirement to hold a separate Capital Markets Services Licence (as aligned to Approved Trustee). **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** No comments. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile)**

S/N	Respondent	Responses from respondent
		which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged. No comments. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** No comments. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** No comments. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** No comments. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** No comments. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** No comments.
9	CFAS	**General comments:** CFA Society Singapore ("CFAS") welcomes the opportunity to participate in the SGX Public Consultation on Possible Listing Framework for Dual Class Share Structures.

S/N	Respondent	Responses from respondent
		Please note that all feedback is made in our personal capacities as CFAS members and do not necessarily represent the views of the organisations where we work. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** CFAS agrees with the proposal to introduce a new legislative structure for S-VACCs so long as MAS retains ultimate supervisory authority over the SVACC's appointed asset managers and designated officers However, MAS should elaborate on the advantages of using such a structure as opposed to the traditional unit trust structure, not only in terms of how this can benefit the investment and fund management and industry but also the investing public. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** We agree. We also presume that S-VACCs will be subject to the CIS code. We suggest that MAS clarify whether SVACCs are subject to the CIS code. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** Our understanding is that variable capital companies or similar corporate structures established for purposes of collective investment schemes tend to be constituted as open-ended funds, as is the case in jurisdictions such as the UK (Open-ended investment company or OEIC), Luxembourg (Société D'investissement À Capital Variable or SICAV) and Hong Kong (Open-ended fund company or OFC).

S/N	Respondent	Responses from respondent
		To avoid confusion especially with the retail investors, we suggest that S-VACCs should not also designate closed-end funds We agree that the rights and limits to redemption should be clearly set out in the constitution of the SVACC. We further suggest that the rights and limits should be more actively made clear to the investor (e.g. in the marketing documents, subscription documents etc.) **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** See comments for Question 6. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** We note that Clause 4.6 indicates that the fund manager is allowed to invest in assets located in a jurisdiction that does not have a cellular company structure, only if any risk of cross contagion has been reasonably mitigated. We suggest that MAS clarify what "reasonably mitigated" means. We also suggest that MAS establish detailed procedures required by the S-VACC's Board of Directors to identify & report on potential cross contagion, as well as itemised steps for cross contagion mitigation. We note that given that S-VACCs may have the additional risk of cross cell contagion, investors may expect managers to obtain a higher return. Would this structure and the expectations lead managers to undertake more risky investments? If so, this should be clearly disclosed. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.**

S/N	Respondent	Responses from respondent
		We note that Clause 4.2 indicates that each sub-fund is to operate without legal personality, yet it can be wound up as a separate legal person. This might create confusion. We suggest that MAS clarify the mechanics of allowing sub-funds to be wound up as if they were separate legal persons if they are not in fact separate. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** This is fine in concept, but may be difficult to apply to closed-end funds in practice. Closed-end funds generally invest in less liquid investments which suggest that obtaining an accurate NAV may not be straight forward. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** We support the proposal to allow directors of S-VACCs to dispense with AGMs as it is likely to be difficult to achieve a quorum for the AGM. However, the Board of Directors of an S-VACC should publish a detailed Management Discussion and Analysis of the funds' circumstances with regards to its market segment, investment strategy and performance outcome. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** We support the proposal to not require audit committees; this is the current practice in the industry. As the boards of S-VACCs are likely to be small, it does not make sense to have various committees.

S/N	Respondent	Responses from respondent
		We suggest however that the same process and requirements that are applicable to unit trusts should be in force for S-VACCs. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** The location of the assets and the fund manager operations should determine the accounting standards adopted. However, MAS should require each S-VACC to ensure homogeneity in accounting standards across all of its sub-funds and its fund managers. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** We support the proposal that S-VACCS's shareholder register should not be made public as this is critical. However shareholder names should be made available to legal and supervisory authorities (as per the prevailing practice with private & retail bank client data). **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** We suggest that nominee directors and other responsible officer information should be recorded and made public as they act in a fiduciary capacity. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** S-VACC directors are required under the proposed section 110 to be fit and proper persons. We request MAS to provide further

S/N	Respondent	Responses from respondent
		guidance relating to how fitness and propriety should be assessed (e.g. adverse news screening, self-declaration), and whether there are grounds to appoint as director an individual with some adverse information but has nevertheless been considered by the board as meeting the fit and proper criteria. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** The characteristics and criteria of "Permissible Fund Managers" should be clearly stipulated and become a part of the requisite criteria under which the S-VACC is supervised. The Consultation defines “Permissible Fund Managers” as licensed fund managers, registered fund management companies or exempted entities [financial institutions exempted under sections 99(1)(a), (b), (c) or (d) of the SFA from the requirement to hold a capital markets services licence to carry on business in fund management i.e., a bank licensed under the Banking Act (Cap. 19), a merchant bank approved under the MAS Act (Cap. 186), a finance company licensed under the Finance Companies Act (Cap. 108) or a company or co-operative society licensed under the Insurance Act (Cap. 142)]. We would like to suggest this structure be made available to REIT managers, Business Trust managers and other property asset managers who are currently exempt from licensing under paragraph 5(1)(h) of the Second Schedule of the Securities and Futures (Licensing and Conduct of Business) Regulations. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** No comment. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already**

S/N	Respondent	Responses from respondent
		imposed on the S-VACC or its directors as covered under the S-VACC legislation. We do not support the proposal for S-VACCs to have an Approved Custodian that is an Approved Trustee, as not all S-VACCs will be unit trusts and this will limit the availability of custodians for S-VACCs. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** No comment. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** An example of the types of foreign structures which could seek to re-domicile as an S-VACC include Master-Feeder funds domiciled in the Cayman Islands, regulated by CIMA. With regards to re-domiciling, a longer transitional period is preferred, say up to 24 months. Re-domiciliation should have no impact on the valuation of the fund's underlying investments (i.e. no gain no loss), and the reporting of fund performance should be contiguous (i.e. performance migration). We would like MAS to clarify on two points: a) For fund clients who are based in the U.S. or in jurisdictions with significantly different reporting and tax requirements, how will re-domiciling in Singapore advantage or disadvantage them? b) What incentives can be provided to funds looking to re-domicile in Singapore to offset the administrative costs and resources expended in the re-domiciliation exercise?

S/N	Respondent	Responses from respondent
		Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications. No comment. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** No comment. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** No comment. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** No comment. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** No comment.
10	C&G	**General comments:** **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** Nil. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.**

S/N	Respondent	Responses from respondent
		<u>Issue 1: What is the minimum number of members required for a S-VACC?</u> Section 28 of the draft S-VACC Act provides that, subject to the provisions of the S-VACC Act, any person may, whether alone or together with another person, form an incorporated S-VACC. This suggests that a S-VACC may be incorporated with a single member. However, section 31 of the draft S-VACC Act provides that a S-VACC shall have a minimum of 2 members. This is inconsistent with section 28 above. If the minimum number of member required for a S-VACC is 2, please clarify the rationale for this requirement bearing in mind that a fund manager may wish to structure a S-VACC as a stand-alone master fund with a single member (i.e. feeder fund). Assuming the minimum number of members is 2, please clarify if the 2 members must be investors given that an S-VACC may issue management shares (with full voting rights and no right to dividends/profits) to the manager/sponsor (or individuals appointed by the manager/sponsor) and participating shares (with limited voting rights and right to dividends/profits) to the investors whereby both the manager/sponsor and investor would be members. If both must be investors (i.e. the management shareholder does not count towards the 2), can the manager/sponsor which invests into the S-VACC itself (by subscribing for participating shares) be counted towards the 2-member requirement? **<u>Issue 2: Will funds using the existing legal structure (private limited company, unit trust, etc) be able to convert to a S-VACC? If so, will MAS provide guidance or regulations for such conversion in the S-VACC Act or subsidiary legislation?</u>** Please clarify if MAS will allow existing funds structured using the existing legal structures to be converted into a S-VACC, assuming all the conditions in the draft S-VACC Act are satisfied. A fund structured as a unit trust or private company may wish to convert

S/N	Respondent	Responses from respondent
		to a S-VACC due to (i) the flexibility, and (ii) the potential tax benefits available (which is not available to unit trusts) under the S-VACC regime. For existing investment companies under the Companies Act ("**CA**"), it is important to allow these investment companies to retain their identity and track record and therefore a conversion process should be drafted into the S-VACC Act. We note that the Irish Collective Asset-management Vehicle Act 2015 ("**ICAV Act**") contains a conversion process for investment company or UCITS to ICAV (see Part 8 of the ICAV Act). We assume conversion of a unit trust to a S-VACC will be similar to a conversion of a unit trust to an open-ended investment company ("**OEIC**") in the United Kingdom (via a termination of the unit trust (upon unitholders' approval at an EGM), transfer of assets from the unit trust to the S-VACC and the issuance of shares in the S-VACC in substitution for the units that unitholders hold in the unit trust). This process will be governed by the provisions in the trust deed of the unit trust (in relation to the termination, transfer of assets of the unit trust and switching of units for new S-VACC shares) and the S-VACC Act (in relation to the issuance of S-VACC shares). We note that the Collective Investment Scheme Sourcebook ("**Sourcebook**") issued by the Financial Conduct Authority (United Kingdom) ("**FCA**") contains rules on the conversion process (known as the scheme of arrangement). A proposal for a scheme of arrangement is also subject to written notice to and approval by the FCA (see paragraph 7.6.1 of the Sourcebook). In this regard, please clarify whether MAS will be issuing any guidance or regulations in relation to the conversion of a unit trust to a S-VACC in respect of an Authorised or Restricted Scheme as existing unit trusts may wish to consider such conversion. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".**

S/N	Respondent	Responses from respondent
		Nil. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** Nil. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** Nil. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** We disagree with the proposal to restrict a fund manager of a S-VACC which is an Authorised Scheme from investing assets in a jurisdiction that does not have a cellular company structure, unless any risk of cross-contagion between the S-VACC's sub-funds has been reasonably mitigated (paragraph 4.5 of the Consultation Paper). There is presently no equivalent restriction for Authorised Schemes structured as unit trusts (which follow the Code of Collective Investment Schemes ("**Code**") and where the Code does not prescribe such a limitation). Imposing this requirement upon S-VACCs may hinder the use of the S-VACC as a fund manager may not be willing to accept such a restriction and take on the additional obligation and cost of ensuring the risk has been mitigated, when they have the option of using a unit trust. Practically, trust deeds of unit trusts also contain ring-fencing provisions which require the assets of one sub-fund to be used to discharge such sub-fund's liabilities, and not the liabilities of other sub-funds. There is typically no requirement in existing trust deeds which relates to the jurisdictions invested into.

S/N	Respondent	Responses from respondent
		Assuming the proposed safeguards are adopted, please clarify if the fund manager is expected to conduct a review on the law relating to cellular company structures for each jurisdiction where an asset invested into is located in or traded on a recognised exchange before making the investment. In addition, please clarify the steps needed for a fund manager to ensure that the risk of cross-contagion has been reasonably mitigated. For example, is a fund manager required to obtain a legal opinion in the relevant jurisdiction or take steps to segregate the investments acquired or create sub-accounts to hold such investment in such relevant jurisdiction for each sub-fund within the S-VACC separately? **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** Nil. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** Nil. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** Nil. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** Nil.

S/N	Respondent	Responses from respondent
		Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)? Nil. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** Nil. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** Nil. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** For Authorised Schemes, MAS has proposed that the S-VACC has at least three directors, of which at least one director has to be independent of: (i) business relationships with the S-VACC; (ii) the fund manager of the S-VACC (and its related entities); and (iii) all substantial shareholders of the S-VACC. **<u>Issue 1: Directors may have a limited role in an investment company</u>** The draft S-VACC Act provides that the business of a S-VACC shall be managed by, or under the direction or supervision of, the directors (section 125). Whilst the S-VACC directors owe fiduciary duties to the S-VACC and its investors, we wish to highlight that the property of the S-VACC will effectively be managed by a

S/N	Respondent	Responses from respondent
		Permissible Fund Manager (section 106), who will, in most circumstances be the sponsor of the S-VACC. Unlike a trading company under the CA where the directors make business decisions and have day-to-day control over the assets of the company, the directors of the S-VACC would not act in a similar capacity since the actual day-to-day investments of the S-VACC would be performed by the Permissible Fund Manager. In addition, since the Permissible Fund Manager will be subject to licensing requirements by MAS, there is already a layer of regulatory oversight in relation to the management of the property of the S-VACC. **Issue 2: How is the role of the independent director different from the Approved Custodian (who must monitor the fund manager's compliance with the CIS Code and safeguard the interest of the shareholders)?** MAS has proposed for the role of the Approved Custodian to mirror those of an Approved Trustee under the SFA. For Authorised Schemes, the Approved Custodian needs to be independent of the S-VACC's fund manager and is intended to safeguard the interest of the shareholders and monitor the fund manager's compliance with the CIS Code. Given that there is already an independent entity monitoring the management of the fund, what is the role of having a separate independent director in the S-VACC board? Since the Approved Custodian effectively performs the role similar to that of a trustee, and given that in a unit trust structure, no independent director is required at the manager's board, is there a need for one at the S-VACC's board? **Clarificatory questions** What is the statutory liability imposed on the independent director and will he/she be required to notify the regulatory authorities (ACRA or MAS or SGX (if the S-VACC is listed)) should he/she disagree with board decisions made at the S-VACC if he/she alleges that the interest of the investors in the S-VACC are

S/N	Respondent	Responses from respondent
		not being considered or where a conflict of interest situation arises which is potentially adverse to investors? The practical considerations of finding independent directors who are willing to take on such responsibilities and the costs associated (e.g. fees, Directors and Officers' Liability Insurance) need to be considered as well. In view of the above, please clarify how an independent director can value-add to the S-VACC, especially since the directors' role in the S-VACC is practically limited once the board has appointed the Permissible Fund Manager to manage the S-VACC's assets. From a corporate governance perspective, the independent director's power is also limited since he/she will be out-voted as there are 2 other directors (presumably representing the Permissible Fund Manager's interest) for Authorised Schemes (amongst the 3 directors). In this regard, will there be matters which require the approval of the independent director or unanimous approval at a board meeting/resolution (prescriptive approach) and if such an approach is taken, will it be unduly restrictive? **Comparison to other jurisdictions** We note that other jurisdictions such as Hong Kong, the United Kingdom and Ireland do not require an independent director. In the United Kingdom, the OEIC is required to have at least one director (which is a body corporate and is an authorised person) or two individual directors that are fit and proper for authorisation (Regulation 15 of The Open-Ended Investment Companies Regulation 2001). In Ireland, a minimum of two directors resident in Ireland is required, neither of whom can be a body corporate. The proposed directors will be subject to the usual requirements concerning levels of experience and expertise, and will also have to meet the requisite Central Bank fitness and probity requirements.

S/N	Respondent	Responses from respondent
		In the Consultation Conclusions issued by the Financial Services and the Treasury Bureau, Hong Kong ("**FSC**"), on the Open-ended Fund Companies ("**OFC**"), the FSC received suggestion to remove the requirement for at least one Hong Kong-resident OFC board member. In accepting the feedback, the FSC noted that the SFC's major regulatory handle will be on the SFC-licensed or registered investment manager. Given that the FSC will retain the requirement that the OFC investment manager must be SFC licensed or registered, the FSC considered it acceptable to relax the requirement that at least one director of the OFC Board must be a Hong Kong resident. In light of the approach adopted in other jurisdictions, we propose removing the requirement for an independent director for Authorised Schemes. **Issue 3: Where will the provisions for independent director be found?** We note that the requirement to have an independent director is not provided for in the draft S-VACC Act. Will this be stated in subsidiary legislation? What happens if an independent director resigns during the life of an authorised scheme (i.e. before the next annual prospectus re-lodgement) – would the S-VACC still be permitted to continue its activities (including accepting new subscriptions) since it may take time to find a replacement independent director? Is the independent director prohibited from resigning until a replacement is found? **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** Nil. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** Nil.

S/N	Respondent	Responses from respondent
		Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation. **<u>Issue 1: Whether common law fiduciary duties of trustees will be applicable to an Approved Custodian?</u>** The duties of an Approved Trustee are set out in the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 and the Code, and these include, amongst others, safeguarding the rights and interest of the investors, ensuring the scheme is audited and ensuring accounts and reports (semi-annual and annual) are sent to investors. In addition, the Approved Trustee is also subject to duties and responsibilities as a fiduciary under common law. Since an Approved Custodian is an Approved Trustee to begin with, is it the intention for the common law fiduciary duties, applicable to trustees generally, to apply to the Approved Custodian in the S-VACC? It should be noted that there is no trust created in an S-VACC (unlike a unit trust) and the role of an Approved Custodian is created via the S-VACC Act. Will the Approved Custodian's duties be listed anywhere? **<u>Issue 2: Provisions relating to how the property of the S-VACC will be applied by the Approved Custodian</u>** In a unit trust structure, the Trust Deed will set out how the deposited property of the trust will be applied by the trustee. In relation to the S-VACC, we assume that the Constitution of the S-VACC will set out how the property of the S-VACC will be applied by the Approved Custodian for Authorised and Restricted Schemes. Please clarify if a template set of provisions for the Constitution of a S-VACC will be provided/introduced which can be used as a default model.

S/N	Respondent	Responses from respondent
		<u>Issue 3: Whether appointing sub-custodians constitutes outsourcing?</u> An Approved Custodian may act as a global custodian where the assets of the S-VACC are held and registered in the name of sub-custodians appointed by the Approved Custodian in various jurisdictions. Please clarify if this arrangement will constitute outsourcing, in particular, where the Approved Custodian does not have the necessary licence to act as a custodian in jurisdictions where the S-VACC's assets may be registered in/kept at. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** The CA re-domiciliation regime does not permit foreign entities which are small companies to re-domicile into Singapore. Is this a relevant restriction for re-domiciliation of funds into Singapore as an S-VACC? **<u>Issue 1: Whether the intent is to only re-domicile investment vehicles/funds which have a net asset value of S$10 million or more</u>** The proposed approach of using the criteria for a small company in the Thirteenth Schedule of the CA (the "**criteria**") should be clarified and refined. The criteria provides that a company is a small company if it is (a) a private company throughout the financial year and (b) satisfies any 2 of the 3 criteria for each of the prior 2 financial years. The three criteria under part (b) of the criteria are: (i) the revenue of the company for each financial year does not exceed $10 million;

S/N	Respondent	Responses from respondent
		(ii) the value of the company's total assets at the end of each financial year does not exceed $10 million; and (iii) the company has at the end of each financial year not more than 50 employees. In relation to the three criteria above, please clarify how this would be applied in the context of investment vehicles/funds. In particular, we note the following:- (a) A fund (private limited company structure) will typically comprise of a board of directors and an investment committee (unless the investment management function has been delegated to an external investment manager). The other key roles of a fund such as the registrar and fund administrator are typically outsourced. Accordingly, a fund will generally not have more than 50 employees for each financial year. Consequently, an investment vehicle/fund will usually satisfy part (iii) above. (b) An investment vehicle/fund does not have any revenue stream per se (apart from income from its investments) unlike a trading company. Consequently, part (i) may not be relevant to an investment vehicle/fund and in most cases, would be met since income received by the fund from dividends received is unlikely to exceed S$10 million, unless the fund's assets under management is very large. (c) We assume the value of the company referred to in part (ii) means the prevailing net asset value of a fund at the time of re-domiciliation application, and not based on its historic or last audited net asset value. In view of the above, the only test relevant for an investment vehicle/fund appears to be limb (ii), since the investment vehicle/fund will usually satisfy limbs (i) and/or (iii). If limb (i) and (iii) are both satisfied, such a fund would automatically be a small company and will be excluded from re-domiciliation. Accordingly, please clarify if the intent is to only re-domicile

S/N	Respondent	Responses from respondent
		investment vehicles/funds which have a net asset value of S$10 million or more. This may unnecessarily prohibit small offshore funds from re-domiciling. We propose removing this requirement given that the purpose of the S-VACC framework is to attract fund managers in Singapore to establish and/or consolidate their funds and have them domiciled in Singapore. A fund may also initially have small assets under management but can quickly grow in size depending on the performance of the managers. Hence, unlike an operating company where the market capitalisation is used as a proxy, a fund may perform well even if small at the outset and hence the relevancy of the small company criteria should be re-considered. **Issue 2: Can a foreign investment company that does not have a cellular structure re-domicile to Singapore?** Please clarify if the re-domiciliation regime will apply to foreign companies which do not have a cellular company structure in their home jurisdiction or under the laws of that jurisdiction. For example, a Cayman Island company may be an exempted investment company which is not established as an SPC (segregated portfolio company). Can such a company re-domicile into an S-VACC? We assume a Cayman Island SPC may do so provided that the re-domiciliation requirements are complied with. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** Nil. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** Nil.

S/N	Respondent	Responses from respondent
		Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds. Nil. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** Nil. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** Nil. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** Nil.
11	CC&CT	**Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** Nil. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** 1. It appears that the proposed draft S-VACC Act is structured based on the existing Companies Act (Cap. 50) ("**CA**"), with applicable variations adopted from the UK Open-Ended Investment Companies Regulations 2001, which is primarily applicable to open-ended structures. Given that there are certain fundamental differences between open-ended and closed-end structures, we would like to clarify whether the

S/N	Respondent	Responses from respondent
		draft S-VACC Act is intended to apply in its entirety to closed-end funds, or whether certain exemptions or carve-outs would apply to closed-end funds, and if so, whether such variances will be set out in the regulations or subsidiary legislation made pursuant to the S-VACC Act. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** Nil. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** 1. We would like to seek confirmation whether there are plans to include a model constitution under the subsidiary legislation of the S-VACC Act, aside from the minimum prescribed contents of the constitution under s 32 of the draft S-VACC Act. 2. Whilst we agree that S-VACCs should be applicable to both open-ended and closed-end funds, we would propose that closed-end funds be exempt from certain requirements, such as the need to appoint an approved custodian (given that closed-end funds may be private equity funds with underlying investments being private company shares instead of quoted securities), as well as audit requirement for funds with small AUMs and only a handful of investors. It is to be noted that closed-end funds constituted in the Cayman Islands are exempt from audit which make such offshore funds comparatively more attractive than the proposed S-VACC structure in terms of compliance costs. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.**

S/N	Respondent	Responses from respondent
		1. We agree that assets of each sub-fund should be protected against the liabilities of or claims against the S-VACC (i.e. the umbrella company). 2. It is not clear from section 55 of the draft S-VACC Act whether the assets of the S-VACC would be protected where one or more sub-funds become insolvent. We would propose that the umbrella company should be similarly protected in the event of insolvency of any sub-fund. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** 1. Although it is contractually plausible to segregate assets and liabilities within a S-VACC on a consensual basis by relying on limited recourse language in relation to creditors in its constitution, and possibly to also limit the recourse of non-consensual third parties under the S-VACC Act to certain specified assets of the S-VACC, the laws of other jurisdictions may not necessarily recognise such limitations. As such, we agree that the prospectus or information memorandum of the S-VACC clearly state as a risk factor that the creditors of an insolvent sub-fund in such situations may be entitled to claim against the assets of another solvent sub-fund. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** Nil. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** 1. We agree that valuation and redemption of shares in a S-VACC should be carried out at NAV, with the directors and/or

S/N	Respondent	Responses from respondent
		the fund manager having the discretion to determine the mechanism for NAV calculation. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** 1. Currently, section 152(1)(a) of the draft S-VACC Act does not prescribe any threshold for directors' approval for dispensation of AGMs. However, under the CA, all shareholders must agree to dispense with the holding of AGMs. Would MAS consider prescribing a threshold (e.g. approval of all directors, or a simple majority of directors) for dispensation of AGMs (with flexibility granted to the S-VACC to vary the threshold in its constitution)? 2. Section 152(1) appears to envisage a dispensation on an annual basis. We would like to propose allowing for dispensation of AGMs for an indefinite period, similar to regulation 37A(2) of the UK Open-Ended Investment Companies Regulations 2001, and s 201(2) of the Companies (Guernsey) Law, 2008 to make Singapore a more competitive jurisdiction. If a dispensation for an indefinite period is adopted, we would suggest to include a mechanism for members to revoke or vary the authority/mandate, similar to s 152(3) of the draft S-VACC Act, or s 201(3)-(4) of the Companies (Guernsey) Law, 2008. 3. Based on s 152(8) read with s 197(5) of the draft S-VACC Act, it appears that an annual return must be lodged even if AGM has been dispensed with. We are of the opinion that clear language in the form of s 197(4) of the CA should be included as a subsection in s 197 of the S-VACC Act to add clarity that an annual return would be required to be filed even if AGM is dispensed with. 4. We would also like to clarify whether the financial statements of the S-VACC is required to be lodged together with the annual return and/or through annual declarations to the MAS (notwithstanding that it is not intended for the general public to be able to obtain an extract of the filed financial

S/N	Respondent	Responses from respondent
		statements as stated in paragraph 6.6 of the Consultation Paper). **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** 1. With reference to s 207(1) of the draft S-VACC Act, we are of the opinion that the appointment of auditors should take place within a certain period after (i) the commencement of the initial offer period, or (ii) the launch of the first sub-fund of the S-VACC. To require an auditor to be appointed within 3 months after incorporation would be onerous and costly, especially if the S-VACC will only accept subscriptions from investors at a later date due to commercial reasons. 2. In conjunction with our 2nd response to Question 4 above, we are also of the opinion that a S-VACC which is constituted as a closed-end fund should be allowed to opt out of, or be exempted from, audit requirement, as is currently the case for closed-end funds constituted in the Cayman Islands. Alternatively, exemptions from audit should be allowed for such S-VACCs if their AUM does not exceed a certain threshold or if investors agree to waive audit requirement. To impose an audit requirement across the board would make S-VACCs less attractive for closed-end funds seeking re-domiciliation in Singapore. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** 1. We would like to clarify whether the Accounting Standards Act will be amended to include US GAAP for S-VACCs (please

S/N	Respondent	Responses from respondent
		see footnote 1 on page 15 of the draft S-VAAC Act) for the reasons set out in paragraph 2 below. 2. Based on the Investments Statistical Digest published by the Cayman Islands Monetary Authority (CIMA) for funds with a financial year end during 2013, approximately 63% of the funds regulated by CIMA adopted US GAAP as their accounting standard. We are of the view that allowing the option of choosing one of the leading financial reporting standards will cater to diverse investor preferences and can encourage more funds to incorporate or be re-domiciled as S-VACCs. 3. We would like to seek clarification on the mechanism to seek Registrar's approval for a change of financial year end of the S-VACC under s 198(4) of the draft S-VACC Act. Would this be a lodgement online with reasons for the change set out in "drop-down boxes", or whether directors' affidavit would be required (as is the case with CIMA), etc.? Would there be guidance provided on the circumstances the Registrar would consider when assessing such an application? **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** Nil. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** 1. We are of the view that the S-VACC (or its fund manager) should not be required to identify the beneficial owners, if the S-VACC is listed on an exchange that is subject to regulatory disclosure requirements, unless there is a suspicion that a transaction is connected with money laundering or terrorist financing. If the S-VACC is not listed, beneficial ownership information should likewise not be required if there exists any beneficial owners under the

S/N	Respondent	Responses from respondent
		stated conditions as provided for under paragraph 6.16 of the MAS Notice SFA04-N02. 2. We would like to clarify whether the director of the S-VACC, who is also a director of the S-VACC's fund manager, is considered a nominee director for the fund manager for the purposes of s 386AL(8) of the CA. The director, if appointed on the Board of the S-VACC, would ordinarily act in accordance with the directions or instructions of the fund manager. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** 1. We would like to seek clarity on the position on whether an order for a civil penalty can be sought twice against a person in the capacity as a director of a S-VACC, and against the same person in his capacity as a director of the S-VACC's fund manager, in respect of a single act or omission giving rise to 2 or more contraventions by virtue of his directorships. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** 1. We would like to propose that foreign fund managers that are licensed or regulated in their home jurisdictions which maintain high standards of financial integrity and regulatory oversight, be eligible for a fast-track application process to be a LFMC/RFMC. This will help to encourage and incentivise foreign CIS vehicles to re-domicile in Singapore as a S-VACC. Alternatively, the foreign fund managers should be able to avail themselves to a fast-track application process if it is concurrently seeking a re-domiciliation of a foreign CIS under its management. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** Nil.

S/N	Respondent	Responses from respondent
		Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation. 1. We note that in the current CIS regime under the SFA, an approved trustee must act as trustee for the CIS in respect of all Authorised Schemes, and for Restricted Singapore Schemes which are constituted as a unit trust. There is no requirement for an approved trustee in respect of Restricted Schemes constituted for e.g. as a company. We would like to seek clarification on the requirement to have an approved custodian that is an Approved Trustee for S-VACCs consisting of <u>any</u> Restricted Scheme, and not only Restricted Singapore Schemes which are constituted as a unit trust. We are of the opinion that such a proposed requirement would impose a higher requirement and add to compliance costs as compared to the current CIS regime, and therefore would not be attractive to fund managers. 2. Further to the above, PE funds, which are often constituted as closed-end funds, are currently not required to have their assets custodised. This is especially so where the underlying assets are shares of private companies. We are of the view that the proposed approved custodian regime should not apply to closed-end funds, as having a custodian serve no practical purpose. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** 1. We note that the Companies (Amendment) Act 2017 has been gazetted on 29th March 2017 but the complete re-

S/N	Respondent	Responses from respondent
		domiciliation provisions (and the corresponding regulations) have yet to come into force. We are of the view that the small company and small group requirement should not be included in the re-domiciliation regime for S-VACCs, as the proposed cap of S$10 million on total assets (as proposed in the Consultation Paper for CA Amendments) would mean that most foreign CIS structures seeking to re-domicile in Singapore would be unlikely to qualify. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** 1. We would like to seek clarification on whether existing local unit trusts, companies or LP funds would be eligible for conversion into a S-VACC. There appears to be a lacuna where foreign structures are incentivised to re-domicile as a S-VACC while local structures are not afforded the same opportunity to do so. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** Nil. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** Nil. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** Nil.

S/N	Respondent	Responses from respondent
		Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA. Nil. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** 1. We are of the opinion that setting out shareholders' rights at the outset in the constitution involves crystal ball gazing of variable parameters, which depend on negotiations between the acquirer and the S-VACC as the target. 2. Shareholders of the S-VACC should be allowed an automatic right to redeem their shares in the event of such corporate actions.
12	CC	**General comments:** **Question 1.** **MAS seeks comments on the proposed legislative structure for S-VACCs.** Clifford Chance generally supports the MAS' proposal to create separate legislation to govern the S-VACC (i.e., the draft Singapore Variable Companies Act). Although it would have been preferable to simply revise the Companies Act to cater for variable capital companies, we understand that creating a separate regime for the S-VACC (rather than trying to amend the Companies Act) is a more straightforward process. Please note, however, that given the S-VACC will be a completely new vehicle, it will be more difficult for this vehicle to be adopted by fund managers and accepted by investors. **Question 2.**

S/N	Respondent	Responses from respondent
		MAS seeks views on the proposed draft S-VACC Act at Annex B. <u>Section 31 of the draft S-VACC Act</u> Clifford Chance welcomes the MAS' clarification (at the MAS' outreach session held on 13th April 2017) that the S-VACC may be used for master-feeder fund structures. However, the requirement for the S-VACC to have at least two members at all times under section 31 of the draft S-VACC Act will be an obstacle for the S-VACC to be used in master-feeder fund structures that have just one feeder fund. It is of course possible to establish an additional member simply to comply with the legislation, but this would impose an unnecessary expense on fund managers. As such, we respectfully suggest that the MAS remove the requirement that an S-VACC needs to have two members at all times, or at least provide an exception for master-feeder structures where an S-VACC is used as the master fund. **Question 3.** **MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** While Clifford Chance supports the MAS' efforts to create a viable and attractive alternative to existing collective investment scheme structures available in Singapore, we predict that PE/VC funds will still be structured as limited partnerships (primarily outside of Singapore) due to investor familiarity and preference. In the PE/VC space, however, we believe there is potential for the S-VACC to be used as an intermediate holding company in overall fund structures. Clifford Chance respectfully requests that the MAS reconsiders its proposal that the SVACC structure be used as a vehicle for CIS only and consider the possibility of allowing the S-VACC to be used below a fund as an intermediate holding company. Such intermediate holding companies are commonly used in PE/VC and hedge fund structures to access double taxation treaties.

S/N	Respondent	Responses from respondent
		For example, at the moment it is common for pan-Asian funds to be structured with multiple parallel and feeder fund vehicles in the EU and elsewhere, which then invest via a Singapore private limited company into investments in Asia. If available, such offshore fund structures would consider using the S-VACC as an intermediate holding company (instead of a private limited company). **Question 4.** **MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** Clifford Chance supports this proposal as this is consistent with the approach taken in other leading fund jurisdictions. For example, the Republic of Ireland and the United Kingdom require companies established using their protected cell company structures to set out the rights and limits to redemption in their constitution. However, we respectfully request that the S-VACC Act expressly permit the payment of dividends and other distributions out of capital of an S-VACC without any requirement for a solvency statement as this is a key distinguishing factor between the S-VACC and a company incorporated under the Companies Act (Chapter 50 of Singapore). **Question 5.** **MAS seeks comments on the proposed cellular structure for S-VACCs.** Clifford Chance respectfully suggests that the MAS avoid imposing too onerous a burden on the directors of S-VACCs in performing their duties to ensure the proper segregation of assets and liabilities of sub-funds, since this may reduce the usage and popularity of the S-VACC as an investment fund vehicle.

S/N	Respondent	Responses from respondent
		Question 6. **MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** Clifford Chance supports these proposed safeguards as these are in line with the approaches taken (in respect of protected cell company structures) in other leading fund jurisdictions. Please note, however, that is not possible to completely eliminate the contagion risk. In the event of insolvency or bankruptcy proceedings in another jurisdiction, there remains a risk that the segregation of assets and liabilities will not be respected. **Question 7.** **MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ringfencing of each sub-fund's assets and liabilities during insolvent liquidation.** Clifford Chance supports this proposal because it is consistent with the S-VACC's segregation of assets and liabilities between sub-funds. **Question 8.** **MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** Clifford Chance respectfully requests that the MAS reconsider this requirement. In PE/VC funds, where an investor is in default as a result of failing to comply with its payment obligations, the options available to the fund manager typically include redeeming such defaulting investor's interests at lower than their net asset value. We therefore suggest that the MAS allow the parties to agree contractually how to value and redeem shares. This does not need to be stipulated in the S-VACC Act. If the MAS wants to be prescriptive on this point, it should exempt PE/VC funds from these requirements.

S/N	Respondent	Responses from respondent
		Question 9. **MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** Clifford Chance supports the MAS' proposal to allow directors of S-VACCs to dispense with AGMs but respectfully suggests that the threshold for a shareholder to require an AGM should be increased to at least 20%, since 10% is a low threshold to request for an AGM. Alternatively, the parties should be able to agree and provide for a threshold for AGMs in the fund documents. **Question 10.** **MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** Clifford Chance supports the proposal that audited financial statements need not be made available to the public. We respectfully request that the MAS expressly provide in the S-VACC Act that the financial statements and the annual returns of S-VACCs, in particular for private funds, will not be made publicly available. **Question 11.** **MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** Clifford Chance supports the MAS' proposal to allow S-VACCs to prepare financial statements using international accounting standards (such as the IFRS). Clifford Chance respectfully suggests, however, that the MAS also provide S-VACCs the flexibility to prepare financial statements using other

S/N	Respondent	Responses from respondent
		international accounting standards, such as US GAAP. The accounting standards used by companies are often determined by the investor profile, and US investors investing into PE/VC or hedge funds often request/expect financial statements to be prepared using US GAAP. **Question 12.** **MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** Clifford Chance supports the MAS' proposal that S-VACCs do not need to disclose their shareholder register to the public but will only need to disclose the same to ACRA, the MAS and other public authorities for regulatory, supervisory and law enforcement purposes. **Question 13.** **MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** Clifford Chance supports this proposal and would be grateful if the MAS could confirm that the fund manager should be the person responsible for maintaining information on the S-VACC's beneficial owners, given that the fund manager would be required under applicable AML laws and regulations to identify and carry out due diligence on beneficial owners. **Question 14.** **MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** No comments. **Question 15.** **MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.**

S/N	Respondent	Responses from respondent
		Foreign fund managers Clifford Chance respectfully suggests that appropriately licensed foreign fund managers should also be allowed to manage S-VACCs. Unless this is permitted, the use of S-VACCs will always be limited since there are only a finite number of managers with a licensed presence on Singapore. This would be in line with the MAS' objective of domiciling more funds in Singapore and in turn would boost fund-servicing activities in Singapore. Exempt fund managers Clifford Chance respectfully suggests that fund managers exempt under paragraph 5 of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB)R") should also be allowed to manage S-VACCs in order to increase the use of S-VACCs. For example, real estate fund managers (some of which rely on paragraph 5(1)(h) of the Second Schedule to the SF(LCB)R) are increasingly establishing open-ended real estate funds and the S-VACC could be a viable alternative fund vehicle for such real estate fund managers. Preventing such fund managers from using the SVACC in their fund structures would therefore be a missed opportunity. Such fund managers are and will continue to be subject to restrictions under the SF(LCB)R, which will ensure that investors are adequately protected. **Question 16.** **MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** We would be grateful if the MAS could confirm that the fund manager's performance of AML/CFT duties for an S-VACC will not be an outsourcing arrangement which is subject to the MAS Guidelines on Outsourcing because the S-VACC is not a financial institution as defined in section 27A of Monetary Authority of Singapore Act. **Question 17.**

S/N	Respondent	Responses from respondent
		MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation. Clifford Chance respectfully requests that the MAS reconsider this requirement because the assets of PE and VC funds (i.e., shares in private companies) as well as real estate and infrastructure funds are not suitable for being held in custody by a custodian. It is not market standard (nor expected by investors) in any jurisdiction for fund managers of a PE/VC fund to appoint a custodian to hold assets. The custodian's role would be limited to physically holding share certificates (assuming the relevant portfolio companies even issue share certificates), which is outside the typical role of a custodian (and we understand not a commercially viable service). Finally, we note that there is no requirement for restricted schemes established outside Singapore to appoint an approved custodian. Clifford Chance therefore respectfully requests that the MAS similarly does not impose a requirement on S-VACCs that are Restricted Schemes to appoint an approved custodian in order to ensure that all Restricted Schemes are subject to the same regulatory requirements. If the MAS imposes additional requirements on S-VACCs that are Restricted Schemes, fund managers may instead prefer to use foreign fund vehicles as Restricted Schemes. **Question 18.** **MAS seeks comments on the proposal to adopt the same requirements on redomiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?**

S/N	Respondent	Responses from respondent
		Mirroring the re-domiciliation requirements under the Companies Act is problematic for a number of reasons, which include in particular the requirement for the foreign entity to be of a certain size before the transfer of registration can take place. We note that if the same requirements on re-domiciliation are adopted, an entity must satisfy any two of the following criteria for the two financial years immediately preceding its application: (i) its revenue for each financial year exceeds S$10 million; (ii) the value of its total assets at the end of each financial year exceeds S$10 million; and (iii) it has more than 50 employees at the end of each financial year. The minimum size requirements for re-domiciliation under the Companies Act have been designed with trading companies in mind and will be ill-suited if applied to fund vehicles. For example, it is unlikely that a foreign fund vehicle seeking to re-domicile to Singapore will have "more than 50 employees". Fund vehicles typically do not have any employees as they are managed by a third party fund manager. The revenue test requiring a foreign fund vehicle to have more than $10 million in revenue is also inappropriate, since fund vehicles are investment holding vehicles where the fund vehicles themselves have no recurring revenue-generating operations (unlike a trading company), and many fund strategies (e.g., growth funds, VC, opportunistic real estate, etc.) do not involve the holding of income-producing assets. As such, Clifford hance respectfully requests that the MAS reconsider this proposal. **Question 19.** **MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** No comments. **Question 20.**

S/N	Respondent	Responses from respondent
		MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications. Clifford Chance respectfully requests that the MAS reconsider some of the additional grounds for winding up proposed by the MAS. The additional grounds for winding up proposed by the MAS based on a breach of various regulations differ from the regime for other financial institutions (e.g., banks and capital markets services licence holders). For example, we note that a breach of regulations or non-compliance of obligations would not typically be grounds for winding up a financial institution. Instead, the usual penalties include fines, revocation of licence and other sanctions. For consistency with the general AML and insolvency framework of financial institutions, we suggest that the MAS consider removing these grounds or provide the rationale for such grounds specific to S-VACCs, as they do not appear to gel with the broader framework. **Question 21.** **MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** No comments. **Question 22.** **MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** Clifford Chance respectfully requests further clarification on this proposal. In relation to the ability to appoint receivers or receivers and managers in respect of the property of the S-VACC as a whole, how does this gel with the segregation of sub-fund assets? What are the circumstances under which a receiver and manager can be appointed in respect of the S-VACC as a whole, instead of in respect of a specific sub-fund?

S/N	Respondent	Responses from respondent
		Question 23. **MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** Clifford Chance respectfully requests that the MAS reconsider this proposal. Having the mechanisms for arrangements, reconstructions and amalgamations governed by the constitution rather than statute appears to afford less transparency to investors, as investors would have to scrutinise each S-VACC's constitution (which varies across SVACCs) to understand the regime governing each S-VACC. Moreover, as such arrangements, reconstructions and amalgamations involve rights and obligations vis-à-vis third parties, it is necessary as a matter of law to provide for the mechanism and implications of such actions to be memorialised in statute rather than governed by the S-VACC's constitution. **Question 24.** **MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds).** Please see our response to question 23 above.
13	DB	**Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** We would like to propose that the MAS clarify the proposed S-VACC arrangement, in particular the term "cellular company structure" used in Paragraph 4.6. 1) Specifically, Paragraph 4.6 requires fund managers to ensure that the risks of cross-contagion between S-VACC sub-funds have been mitigated in jurisdictions without a "cellular company structure". We are unsure if the term "cellular

S/N	Respondent	Responses from respondent
		company structure" used in Paragraph 4.6 refers to a situation where a S-VACC is an investor to a fund-of-funds structure or if it refers to the investment destination country having laws which provide for and/or expressly recognize investment vehicles with segregated portfolios, or both. 2) Regarding whether a "cellular company structure" is present in an investment destination to be used as a trigger for further risk assessment, it will be beneficial if there is a clarification of what aspects of a jurisdiction should be assessed to decide whether or not it has a "cellular company structure". If the requirement is for asset managers to conduct a legal review of investment destinations' asset segregation laws, it would be costly for asset managers (and ultimately, the investors) and may deter the use of S-VACC. 3) While Paragraph 4.6s to 4.7 place responsibilities on fund managers to mitigate risks of cross-cell contagion in jurisdictions that do not have "cellular company structures", Paragraph 8.2 provides for the approved custodian to be "accountable to MAS for safeguarding the rights and interests of the shareholders". We request MAS to clarify the division of responsibility between the fund manager and Approved Custodian as we see potential overlap in the proposed responsibilities. We would also propose that an approved custodian's duty to safeguard the rights and interests of the shareholders is limited to adopting reasonable measures in ascertaining if the fund manager has conducted such assessment and due diligence of investment jurisdictions, and does not extend to having to undertake a direct independent assessment/due diligence of the investment jurisdiction. It would be helpful if a list of jurisdictions with "cellular company structure" is made available and shared with industry players in Singapore to ensure a consistent approach to the implementation of such safeguards.

S/N	Respondent	Responses from respondent
		Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs. We welcome additional clarity on the proposed AML/CFT requirements for S-VACCs. Paragraph 7.6 of the consultation paper provides little detail on what is required and with whom the responsibilities reside, beyond general responsibilities. Further clarity will promote usage of S-VACC structures if all involved stakeholders are aware of their respective obligations under these requirements. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** In Paragraph 8.2, we would like to clarify whether the phrase "…an approved custodian that is an Approved Trustee…" means that an approved custodian needs to be an Approved Trustee, and that the Trustee would not be permitted to appoint any other custodians with an appropriate license to undertake custody activities in Singapore. This would mean that the trustee and the custodian is the same entity with inseparable obligations. We observe that currently in the case of unit trusts, a trustee has flexibility to appoint a custodian or multiple custodians (separate legal entities from the trustee) in charge of local assets. We would also like to propose that the qualifying conditions for a custodian for an S-VACC be separate from the Approved CIS Trustee regime (even if the factors considered by MAS may ultimately be the same). For example, the Securities and Futures Act provides that only a public company may be an Approved CIS Trustee. We would like to clarify if such a requirement is likely to be a barrier for banks providing custody services out of foreign companies registered in Singapore, from qualifying as an

S/N	Respondent	Responses from respondent
		approved custodian. The material criteria to become an approved custodian should be determined on the ability to deliver the appropriate services, not the legal form of the entity. This kind of arrangement will pave the way for more custody-providing banks to apply to be approved custodians, and benefit the industry with choice, competition and service quality. We also suggest that the MAS sets out the minimum obligations expected to be performed by an approved custodian. This will clarify the roles and responsibilities between fund managers and custodians.
14	D&N	**General comments:** The requirement for at least two members is problematic as many master fund structures have only one feeder fund (which constitutes the sole member of the master fund structure). The requirement to have at least two members would force the master-feeder fund structure to incur additional unnecessary costs and inconvenience in having to interpose a "second" intermediary special purpose vehicle to meet such two member requirement. Foreign master fund may also avoid the use of the S-VACC as the intermediary fund company for investment into the region as they will then have to incur the costs and burden of interposing a second member for such SVACC intermediate fund company. This may result in the S-VACC being regarded as unattractive compared with the OEIC structures in other leading funds jurisdictions. Such two member requirement is also anomalous as it is not required in the authorised \ restricted \ exempt unit trust regulatory regime. It is also anomalous compared with the sole member company structure allowed under the Companies Act. Conversion from existing corporate CISs. There are numerous restricted schemes which are structured as companies with redeemable preference shares under the Companies Act. The Minister should be empowered to issue subsidiary legislation to allow such companies to be converted into S-VACCs with appropriate safeguards.

S/N	Respondent	Responses from respondent
		The mandatory requirement for a Singapore MAS-approved Approved Custodian for restricted schemes for accredited investors will result in S-VACCs being rather unattractive, costly and uneconomic for global fund managers whose funds are typically custodized with international prime brokers in London or New York. It makes the S-VACC less competitive compared with other MAS-registered restricted schemes which are foreign OEICs as there is no such Singapore requirement for such foreign OEICs. Just as with foreign restricted schemes, the accredited investors of restricted S-VACC schemes do not find the role of the Singapore Approved Custodian to be useful as they look to the fund manager and the fund directors to ensure that reliable custodians are appointed, and as the assets are typically sub-custodised and would only add to an additional layer of costs and inconvenience. The MAS should consider allowing approved holders of capital markets services licence for custodial services to be Approved Custodians rather than limiting the class of Approved Custodians to existing Approved Trustees[1]. Alternatively, the MAS should consider for restricted S-VACC Schemes the approach under the European Union's AIFM Directive[2] where the custodian (also known as the Depository) may be a foreign custodian, but must be (i) a credit institution; (ii) an investment firm which complies with certain capital adequacy rules and that is authorised to safe keep assets; (iii) a company which is either wholly owned by a credit institution or is wholly owned by an institution in a non-Member State which is deemed by the relevant competition authority to be equivalent or an EU or non-EU institution or company which provides unitholders with protections equivalent to that of a depositary and its liabilities are guaranteed by a credit institution or non-EU equivalent. The Consultation Paper at paragraph 8.2 states that the Approved Custodian's duties (save for those relating to accounts and registers mentioned in paragraph 8.3) will mirror those of an Approved Trustee under the SFA. Similar to the reaction from depositories to the EU AIFMD regulations relating to the trust obligations of depositories, it is likely that there would be

S/N	Respondent	Responses from respondent
		widespread industry resistance from the custodians undertaking the trust obligations in SF(OI)(CIS)R at regulation 7 (1)(B) viz. "(b) take into custody or control all the property of the scheme and ***hold the property on trust for the participants" (emphasis added).*** It would be good if the following were made available for the consultation prior to implementation: • relevant subsidiary legislation under the S-VACC Act e.g. to implement the incorporation requirements, receivership requirements, conversion\ re-domiciliation requirements, arrangements, and amalgamation requirements. • requisite amendments to the Securities and Futures Act (SFA) • requisite subsidiary legislation under the SFA e.g. to implement the approved custodian requirements, exempt offering requirements, fit and proper director requirements, authorised scheme requirements. The "management of a CIS" such as the management of a S-VACC (quite apart from the appointed fund management services provided by the proposed Permissible Fund Manager) will require a capital markets service licence for fund management once the recent amendments of the Securities and Futures (Amendment) Act 2017 come into force. As it seems cumbersome for the management (presumably the directors) of the S-VACC to separately obtain such a fund management licence when there is already a Permissible Fund Manager as required by section 106 of the draft S-VACC Act, it would be good if the MAS could clarify whether this requirement could be dis-applied or else a statutory \administrative exemption granted. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** Preferable to have standalone legislation than to be part of the Companies Act in view of the risk (as with the Irish Companies Act) of the US deeming such companies under the Companies Act as not being entitled to US tax pass-through status. It is preferable

S/N	Respondent	Responses from respondent
		for the S-VACC not to be part of the Companies Act as the latter undergoes frequent amendments which are often not applicable to S-VACCs as CISs with a regulated fund manager. **Q2. MAS seeks views on the proposed draft SVACC Act at Annex B.** See comments in this Response relating to some aspects of draft wording of the S-VACC Act. **Q3. MAS seeks comments on the proposal that the SVACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "SVACC".** It is preferable that the S-VACC with its freely redeemable share structure be used as a vehicle for CIS only, governed by the SFA and with a licensed or regulated fund manager in place. This will provide some safeguards against potential abuses in the freely redeemable share structure vis-à-vis trading counterparties and creditors. The possible amendment of the SVACC Act and subsidiary legislation for other uses can be considered carefully at a subsequent stage with those relevant industry groups when the legal and commercial issues can be consulted separately and not conflated with those currently under consideration for CISs. There should be an exempt power or modification power for the Minister under the S-VACC Act to apply or disapply or modify certain sections of the S-VACC Act for such other uses to minimize the delay and effort required for an amendment legislation to the S-VACC Act. The expression "Singapore Variable Capital Company" or "S-VACC" should be confined to companies incorporated under the S-VACC Act. As "S-VACC" is somewhat unwieldy, perhaps "SVCC" or "SVC" (viz. Singapore Variable Capital Company) or "SCVC" (viz. Singapore Company with Variable Capital) should also be allowed as alternative acronyms to S-VACCs registered under the S-VACC Act. **Q4. MAS seeks comments on the proposal to allow S-VACCs to be structured as openended or closedend funds, and to require**

S/N	Respondent	Responses from respondent
		the rights of and limits to redemption to be set out in the constitution of a SVACC. Applicability to Closed-end Funds As investment funds are often flexibly structured, and as the recent regulatory approach is to treat closed-end investment funds as CISs, it makes sense that the S-VACC Act should apply to both open-ended funds and closed-end funds. This is already currently the case as the definition of CISs in the SFA (as amended by the Securities and Futures (Amendment) Act 2017) specifically applies to closed-end funds. Problem of Partly-Paid Shares for Private Equity Funds As partly paid shares cannot be redeemed as set out in section 66 (2) of the proposed S-VACC Act, the S-VACC structure will be unattractive to private equity fund managers generally as shares in a private equity fund often takes several years to be drawn down and fully paid and yet it is not uncommon in private equity funds for shares to be wholly or partially redeemed before the shares are fully drawn down. Clarification needed for Payment out of Capital In view of the considerable weighty judicial authorities relating to maintenance of capital and the prohibition of dividends out of capital, it should be made clear explicitly in the S-VACC Act that the payment of dividends or other distributions out of capital on shares is allowed (and not merely cryptically under "other payments or returns" as in section 32 (4) (e) (i) of the proposed S-VACC Act). The suggestion that the constitution of the S-VACC would provide for payment of dividend is arguably not sufficient in view of the many judicial case law authorities against payment out of capital. The suggested clarification is set out in italicised wording below:- " [32] (4) (e) (i) the right to participate in or receive profits, income, ***capital distributions*** or other payments or returns arising from the acquisition, holding, management or disposal of, the exercise of,

S/N	Respondent	Responses from respondent
		the redemption of, or the expiry of, any right, interest, title or benefit in the property or any part of the property of the SVACC, or to receive sums paid out of such profits, income, ***capital distribution*** or other payments or returns; ***(emphasis added)*** Such payment of dividends out of capital should be allowed even if such shares are not yet fully paid (and hence could not be redeemed as specified in section 66 (2) S-VACC Act). <u>Redemption provisions to be set out in the Constitution</u> As it would be overly rigid and create onerous statutory liability for the directors to set out the redemption including redemption valuation in the Act, it would be preferable, in line with the UK, Ireland and other leading funds jurisdictions, to require the redemption provisions including the valuation methodology, to be set out in the Constitution instead. There should be power for the Minister or the MAS to prescribe valuation requirements and procedures to minimize misuse and abuses of the valuation of the assets and liabilities of the S-VACC. This is also in line with the approach in retail unit trust CISs where the valuation provisions are set out in trust deeds and not in statutes or subsidiary legislations governing such unit trust CISs. **Q5. MAS seeks comments on the proposed cellular structure for SVACCs.** It is noted that each sub-fund's assets and liabilities are merely statutorily segregated and that each sub-fund does not constitute a separate legal entity. For CISs, it is not the practice nor is it preferred that each sub-fund constitutes a separate legal entity. **Q6. MAS seeks comments on the proposed safeguards against the risk of crosscell contagion within a S-VACC.** The proposed safeguards against the risk of cross-cell contagion within the S-VACC seems sensible and based on similar approaches in other leading funds jurisdictions.

S/N	Respondent	Responses from respondent
		Q7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the subfund's insolvency, and on the ringfencing of each sub-fund's assets and liabilities during insolvent liquidation. This is similar to the UK. It is supported. **Q8. MAS seeks comments on the proposal for the valuation and redemption of shares in a SVACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** It is fundamental to the efficient redemption in open-ended investment companies (OEICs) such as the S-VACC that the valuation and redemption of shares be carried out at NAV in accordance with the provisions of the constitution of the S-VACC. Where the S-VACC is listed on a securities exchange on a tradeable basis, presumably the redemption of shares would be suspended and that transactions in such shares would be through the trading marketplace on such securities exchange. (The commercial problems regarding lack of liquidity and the necessity of market-makers for such market trading should be separately considered before allowing such shares to be listed.) **Q9. MAS seeks comments on the proposal to allow directors of SVACCs to dispense with AGMs.** AGMs are usually not necessary in CISs and could be dispensed with by the directors as the nature of activity is restricted to passive investment business. In the case of the S-VACC, there is an additional safeguard in that the fund manager is a MAS-regulated fund manager and is a mandatory requirement for the S-VACC. The relevant shareholders could requisition for such AGM if necessary. In the authorised retail Singapore unit trust context, trust deeds typically provide that the Fund Manager shall at the request in writing of not less than 50 unitholders or one-tenth in number of the unitholders of the trust (whichever is the lesser) convene the meeting of the unitholders. A similar provision should be

S/N	Respondent	Responses from respondent
		prescribed for the constitution of authorised S-VACCs and this would be more appropriately provided for in the amendments to the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 (SF (OI)(CIS)R) for the Directors of the S-VACC to convene such meeting of the unitholders of the S-VACC or of the unitholders of the relevant Sub-Fund of such S-VACC (as the case may be). In the authorised retail Singapore unit trust context, there are restrictions as to the permissible resolutions for such meetings of the unitholders and consideration should be made for similar restrictions in such constitutions of the authorised S-VACCs. Analogous provisions should also be made for restricted S-VACCs and, perhaps, other exempt S-VACCs The S-VACC Act should make clear that such provisions of the SF (OI)(CIS) Regulations will prevail over the default provision in the S-VACC Act (which follows the position in the Companies Act). A separate study in connection with listing of S-VACCs should be carried out on the extent to which S-VACCs which are listed on the SGX-ST would have to comply with the SGX-ST Listing Rules on AGMs and other meetings of shareholders. **Q10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of SVACCs.** Audits are necessary, particularly as a check on the valuation of assets and liabilities carried out by the custodians, fund managers and fund administrators of the S-VACC. There is no necessity for audit committees. The provisions on disclosure of financial statements of S-VACCs are sensible and are supported. In relation to the Accounts, it is noted that the Consultation Paper at paragraph 6.6 indicated that: “as the audited financial statements of funds contain proprietary information relating to investment strategy, MAS does not intend to require that the statements be made publicly available.” The provisions relating to accounts in Part 8 and elsewhere in the draft

S/N	Respondent	Responses from respondent
		SVACC Act are silent on restrictions on public access to the financial statements. It would be good if the S-VACC Act explicitly state that the financial statements would not be made publicly available. It is apparently commercially important to Irish collective asset-management vehicles and to fund managers that each sub-fund be allowed to adopt the financial accounting standard most appropriate to that such sub-fund. For instance, if the sub-fund is investing into American assets, that sub-fund may wish to report in accordance with US Generally Accepted Accounting Principles (GAAP). As the assets and liabilities of each sub-fund are separate from other sub-funds, and as the investors\ shareholders\ creditors are almost wholly concerned with such sub-fund, and not other sub-funds, this should not cause much confusion. The MAS should have the statutory power, upon application by the fund manager to allow a different financial accounting standard to be applied for a particular sub-fund. **Q11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for SVACCs consisting of Authorised Schemes).** **What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** See Response to Q10 above. Each sub-fund should be allowed to use the appropriate accounting standard applicable to such sub-fund. The choice of accounting standards is often dependent on the expectations of the investors. Investors from the USA would prefer US GAAP to minimize their costs and inconvenience when consolidating such investments in such sub-funds. The S-VACC Act should empower the Minister to prescribe, after sufficient safeguard conditions are imposed, each sub-fund to adopt some other more suitable prescribed accounting standard.

S/N	Respondent	Responses from respondent
		Q12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register. The investors in a S-VACC should have the same right of privacy similar to investors in a retail and restricted \ private unit trust and similar to investors in OEICs in leading fund jurisdictions. The information regarding such investors should not be publicly disclosed, but should be kept with the company secretary at the registered office and not available to the public. The regulatory authorities in exercise of their statutory duties may be granted access to such investor information. **Q13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** The developments on beneficial ownership information are still novel and few jurisdictions have adopted such approach even for trading companies. It is not apparent whether any leading funds jurisdictions have adopted the same for their CISs. If Singapore imposes such requirements too early prior to such adoption by other leading funds jurisdiction, it may be uncompetitive, heavy-headed and out of step with international best practices in the investment funds context. The MAS should monitor developments in the leading international funds jurisdictions and not be out of step with international best practices in such leading funds jurisdictions. At this stage, the S-VACC Act could grant the Minister or the MAS the power to promulgate subsidiary legislation to require such reporting requirements on beneficial ownership. If the international best practices develop to the extent that such reporting requirements on beneficial ownership are regarded as the norm, such requirements could then be introduced by such subsidiary legislation. The approach of the leading funds jurisdiction in granting exceptions should be considered, particularly if these excepted entities are already obligated to comply with similar requirements on beneficial ownership or where it is impracticable to do so.

S/N	Respondent	Responses from respondent
		Broadly, these exceptions will apply to companies (such as S-VACCs) or limited liability partnerships (LLPs) either where they are: (a) listed on the local Stock Exchange or another approved stock exchange (e.g. NYSE, NASDAQ, London or Hong Kong Stock Exchanges); (b) registered or licensed under one of the local regulatory laws (e.g. a hedge fund registered under the Mutual Funds Law (2015 Revision) or a management vehicle registered or licensed under the Securities Investment Business Law (2015 Revision)); (c) managed, arranged, administered, operated or promoted by an "approved person" (see description below) as a special purpose vehicle, private equity fund, CIS or investment fund; (An "approved person" is a person or a subsidiary of a person that is (i) regulated, registered or licensed under a relevant domestic regulatory law or regulated in an approved jurisdiction (e.g. investment advisors or managers regulated by the U.S. Securities and Exchange Commission or the UK Financial Conduct Authority would fall within this limb), or (ii) listed on the local stock exchange or another approved stock exchange.) (d) a general partner of any vehicle, fund or scheme referred to in paragraph (c) above that is managed, arranged, administered, operated or promoted by an "approved person"; or (e) a "subsidiary", being a company or LLC where: (i) more than 75% of the interests or voting rights are, collectively, held by one or more exempt entities or other legal entities; (ii) exempt entities or other legal entities have the right to appoint or remove a majority of directors or managers; or (iii) it is itself a subsidiary of another exempt subsidiary. There seems to be no major objections to the register of nominee directors. We note that the recent developments in the Companies Act pertain not merely to reporting on beneficial ownership but also relates to the register of controllers. It is noted that the

S/N	Respondent	Responses from respondent
		Consultation Paper is not proposing to apply the provisions on register of controllers to SVACCs. **Q14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a SVACC.** The Consultation Paper at paragraph 8.2 states that the Approved Custodian's duties (save for those relating to accounts and registers mentioned in paragraph 8.3) will mirror those of an Approved Trustee under the SFA. Similar to the reaction from depositories to the EU AIFMD regulations relating to the trust obligations of depositories, it is likely that there would be widespread industry resistance from the custodians undertaking the trust obligations in SF(OI)(CIS)R at regulation 7 (1)(B) viz. "(b) take into custody or control all the property of the scheme ***and hold the property on trust for the participants" (emphasis added).*** If in view of such resistance, such trust duties are not imposed by the S-VACC Act on the Approved Custodian, it is likely conceptually that it would be the board of directors of the SVACC that would have to assume such trustee-like duties. In which case, paragraph 2.1 (Trustee's Condition for Appointment) of the Code on Collective Investment Schemes (CIS Code) requires such board of directors to be independent of the manager. If so, it would be difficult to comply with such CIS Code requirement if the director of the S-VACC is also on the board of directors of the fund manager. It would be difficult for a S-VACC director who is also a director of the S-VACC Fund Manager to carry out his fiduciary duties as a director of such S-VACC as he will be in a position of direct conflict-of-interest for any matter concerning such Fund Manager or any action or investment recommendations by such Fund Manager. He will be exposed to onerous personal liability for breach of fiduciary duty if his actions or inaction vis-à-vis the Fund Manager and it will be difficult for him to show that he acted in the best interest of the SVACC and was not swayed by the interest of the Fund Manager. He will be personally well-advised to abstain and leave such decision to the independent directors. It seems strange

S/N	Respondent	Responses from respondent
		that the statutory S-VACC legislation should mandatorily require such a director to assume such a position of conflict-of-interest which is not necessarily in the interest of the S-VACC. If there is no other director, or if the other director is similarly in a position of conflict-of-interest vis-à-vis the Fund Manager, such decision would have to be left to the shareholders of the S-VACC which would not be commercially viable as the shareholders are passive investors who may not have voting rights nor any keen interest in such operational matters, and would expect the directors to take on such role. In practical terms, it might result in an independent director having to be appointed and its concommittant costs being incurred. Institutional investors may use the S-VACC as a private CIS for their investment purposes and they may require that the board of directors of the S-VACC to comprise the nominees of such institutional investors only and not be required to mandatorily appoint a director of the fund manager as a director of the S-VACC. In such situations, the appointed fund manager is merely regarded as a services provider to such institutional investors' S-VACC and there seems no good reason why such institutional investors should be mandatorily required to appoint such fund manager's representative as a director of the S-VACC. Such a mandatory requirement for a director of the S-VACC to be also a director of the Fund Manager may create quasi-entrenchment problems when the shareholders of the S-VACC wish to change the Fund Manager of the S-VACC for reasons of unsatisfactory performance. There is a developing trend in leading funds jurisdictions to require more independent directors to be on the board of directors of OEICs and it seems to be retrograde step to require that one director not to be independent. A study should be made of the listing rules and other initial public offering requirements relating to funds of leading financial centres as to whether it is permissible for a director of a fund company listed in the stock exchanges of such leading financial centres to

S/N	Respondent	Responses from respondent
		place himself as a director of such publicly listed fund company in such a position of conflict of interest vis-à-vis the fund manager of such fund company. If this is not allowed in any leading financial centre, it would be good if the MAS could consider not making this requirement mandatory. In view of the above, it is recommended that the MAS not make it mandatory in the S-VACC Act for the S-VACC to have a director who is also the director of the Fund Manager. There is no such mandatory requirement in comparable OEIC legislation of the leading funds jurisdiction and Singapore should not be an outlier in this regard. Such requirement (if any) should be left to the subsidiary legislation under the SFA to prescribe for each category of authorised S-VACCs, restricted S-VACCs, exempt private placement S-VACCs (with non-retail investors and\or with retail investors), exempt institutional investor S-VACCs, as may be appropriate. For S-VACCs which are intended to be offered or listed in jurisdictions that do not allow such conflicts-of-interest for such directors of the S-VACCs, such requirement should not be made mandatory. As an alternative, such requirement could be part of a S-VACC corporate governance code on a comply-or-explain basis instead of a mandatory requirement for all S-VACCs even in situations where it is clearly against the wishes of and against the interest of the investors in such S-VACC. The requirements on the residency and name of the S-VACC are supported. **Q15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** The MAS should have power, upon application, to allow other categories of fund managers, albeit with additional conditions, to manage S-VACCs. For instance, the MAS could consider an exemption with conditions for a fund manager of S-VACCs where the shareholders are all related corporations of the fund manager; or where all the shareholders are institutional investors. The MAS could also consider an exemption for a joint-venture fund manager managing a S-VACC where each shareholder of the S-VACC owns at least 20% of the fund manager and there is a joint

S/N	Respondent	Responses from respondent
		venture agreement amongst such shareholders in place over such fund manager. As fund managers of immovable property companies and of family offices are a major part of the fund management market, it would greatly diminish the usefulness of the S-VACC and of its contribution to Singapore as a regional\ global asset management hub if such fund managers are completely disallowed from being a fund manager of the S-VACC. There should be a process whereby such fund managers which are better experienced, better qualified and more well-resourced could apply to be approved fund managers for the purposes of the S-VACCand the section 13R\ section 13X tax incentives. (On a drafting point, the reference to registered fund management company in section 106 (2) as being under "regulation 2 of the Securities and Futures (Licensing and Conduct of Business) Regulations" should refer to ***"Second Schedule, paragraph 5(1)(i)*** of the Securities and Futures (Licensing and Conduct of Business) Regulations" (emphasis added) **Q16. MAS seeks comments on the proposed AML/CFT requirements on SVACCs.** Consultation Paper at paragraph 7.6 (b) states that the S-VACC is required to outsource the performance of AML/CFT duties to its fund manager, and to hold the S-VACC ultimately responsible for compliance with its AML/CFT requirements. Presumably the S-VACC is not required to carry out AML/CFT checks additional to similar checks that are already the responsibility of the fund manager and that such wasteful duplicative work is avoided. On this basis, the proposed AML\CFT requirements are supported. **Q17. MAS seeks comments on the proposal for SVACCs consisting of Authorised Schemes or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the SVACC or its directors as covered under the S-VACC legislation.**

S/N	Respondent	Responses from respondent
		The requirement to have an Approved Custodian (analogous to the requirement for an Approved Trustee under section 289 SFA for Authorised Schemes) is supported in principle for authorised retail schemes[3], but is highly objectionable from the feedback given by global fund managers if imposed on restricted schemes as it will make the S-VACC highly unattractive, inefficient and uneconomic for global fund managers. The Consultation Paper at paragraph 8.2 states that the Approved Custodian's duties (save for those relating to accounts and registers mentioned in paragraph 8.3) will mirror those of an Approved Trustee under the SFA. Similar to the reaction from depositories to the EU AIFMD regulations relating to the trust obligations of depositories, it is likely that there would be widespread industry resistance from the custodians undertaking the trust obligations in SF(OI)(CIS)R at regulation 7 (1)(B) viz. "(b) take into custody or control all the property of the scheme ***and hold the property on trust for the participants***" (emphasis added). The mandatory requirement for a Singapore MAS-approved Approved Custodian for restricted schemes for accredited investors will result in S-VACCs being rather unworkable for global fund managers whose funds are typically custodised with international prime brokers in London or New York. It makes the S-VACC less competitive compared with other MAS-registered restricted schemes which are foreign OEICs as there is no such Singapore requirement for such foreign OEICs. Just as with foreign restricted schemes, the accredited investors of restricted S-VACC schemes do not find the role of the Singapore Approved Custodian to be useful as they look to the fund manager and the fund directors to ensure that reliable custodians are appointed, and as the assets are typically sub-custodised and would only add to an additional layer of costs and inconvenience. it is noted that there is no such mandatory requirement in the alternative OEIC structures for accredited investors of many leading competing funds jurisdictions. It is likely to deter many fund managers from using the S-VACC as such requirement makes

S/N	Respondent	Responses from respondent
		the S-VACC rather unattractive, cumbersome and costly compared with the OEIC structures in the leading funds jurisdictions. The MAS should consider the approach under the European Union's AIFM Directive where the custodian (also known as the Depository) may be a foreign custodian, but must be (i) a credit institution; (ii) an investment firm which complies with certain capital adequacy rules and that is authorised to safe keep assets; (iii) a company which is either wholly owned by a credit institution or is wholly owned by an institution in a non-Member State which is deemed by the relevant competition authority to be equivalent or an EU or non-EU institution or company which provides unitholders with protections equivalent to that of a depositary and its liabilities are guaranteed by a credit institution or non-EU equivalent. **Q18. MAS seeks comments on the proposal to adopt the same requirements on redomiciliation as those introduced by ACRA under the CA for SVACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for SVACCs?** As the provisions on re-domiciliation in the Companies Act context are new and untested, it is preferable that the MAS should have broad flexible powers to apply \ dis-apply\ impose conditions regarding the re-domiciliation provisions in the Companies Act. The MAS should have wide statutory powers to impose additional requirements or exempt certain particular applicants from certain requirements with the objective of welcoming bona fide foreign corporate CISs, while keeping out dubious foreign CISs. The MAS should allow an informal application process with the possible grant of an in-principle conditional approval as such foreign CISs, particularly private investment fund structures, would not wish to embark on a formal application process if there is a risk of being rejected. As the considerations under the Companies Act as to the inward re-domiciliation of foreign corporations are different from those under the S-VACC Act, (particularly in view of the limited investment fund nature of collective investment schemes, the

S/N	Respondent	Responses from respondent
		presence of the licensed or regulated fund manager, the fit and proper criteria for directors, the role of approved custodians, and the continued oversight role of the MAS), it would not be advisable to apply strictly the re-domiciliation provisions of the Companies Act to that for S-VACCs. **Q19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to redomicile as an SVACC in Singapore and the issues envisaged.** There should be no explicit exclusion of any foreign corporate CISs from any relevant foreign jurisdiction. So long as such re-domiciliation is permitted by such foreign jurisdiction, and such applicant fulfils the relevant requirements (under the S-VACC Act and the relevant provisions of the SFA), such application should be considered. **Q20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and subfunds, as well as the proposed modifications.** The winding-up regime adapted for S-VACCs and Sub-Funds is supported in principle. It is highly preferable that such provisions be set out in the subsidiary legislation rather than being hard-wired into the main S-VACC Act as there might need to be considerable adaptation needed for the segregated Sub-Fund nature of the S-VACC and as there might be more efficient and less cumbersome procedure to wind up a S-VACC that is a solvent CIS compared with the winding up of a company under the Companies Act which could take more than a year at considerable cost. **Q21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific subfunds.** It is common for international and domestic investment funds to operate with some leverage. This leverage may be in the form of

S/N	Respondent	Responses from respondent
		loans from banks or other financiers, or in the form of bonds and other debentures issued to investors and to the capital markets. The S-VACC will not be regarded as a commercially sensible investment vehicle structure if leverage is not allowed. It is commercially necessary that S-VACCs and each Sub-Fund should have the power to issue bonds, notes and other debentures[4]. As S-VACCs may be utilized as real estate investment trusts at a later stage, and as real estate investment trusts commonly have leveraged financing as a necessary part of its business model, it is important to allow S-VACCs to issue bonds, notes and other debentures. **Q22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds** It is a necessary corollary of leverage including loans, bonds and other debentures that if such loans, bonds or other debentures are in default or if the circumstances satisfy the relevant conditions in such loans, bonds or other debentures, that the law allows the appointment of a receiver, or a receiver and manager, over the assets of the borrower\ issuer S-VACC\ Sub- Fund. If such receivership is not allowed, lenders and investors would be wary of lending to and\or investing in the bonds\ debentures of such S-VACCs and Sub-Funds resulting in S-VACCs being regarded as an unattractive and commercially unworkable investment vehicle, it is highly preferable that such receivership provisions be set out in the subsidiary legislation rather than being hard-wired into the main S-VACC Act as there might need to be considerable adaptation needed for the segregated Sub-Fund nature of the S-VACC. It would be overly difficult to amend the S-VACC Act compared with amendments to such subsidiary legislation. **Q23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.**

S/N	Respondent	Responses from respondent
		There are statutory regulations for arrangements and amalgamations for Irish collective asset management vehicles and UK OEICs. If there are analogous regulations adapted and simplified for S-VACCs, it is not necessary to rely on the Companies Act provisions for such arrangement and amalgamations. It should be highlighted that if the policy intention is to allow S-VACCs, in appropriate circumstances, to amalgamate with companies under the Companies Act, it may then be appropriate to consider allowing the Companies Act provisions on arrangements and amalgamations to be applicable to S-VACCs when amalgamating with such companies. **Q24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the SVACC (including any of its subfunds)** It is legally necessary for arrangements and amalgamations to be effected by way of statutory legislation\ subsidiary legislation as the rights of creditors, and other third parties are affected; and it may involve the dissolution of one or more S-VACCs. It is not legally possible to effect such arrangements\ amalgamations by way of provisions in the S-VACC constitution only. As the UK has detailed regulations to effect simplified arrangements without the necessity for court involvement, and also permitting arrangements and amalgamations with other investment structures under the UK Companies Act or otherwise, which gives flexibility to the fund managers and enhance the attractiveness of Singapore as a funds management structuring and restructuring jurisdiction, it is suggested that the UK position be considered for adoption. ---- [1]Currently, such approved trustees are not required to have a capital markets services licence for custodial services or even a trust company licence and it seems curious to re-name such approved trustee as Approved Custodian

S/N	Respondent	Responses from respondent
		when they do not have the capital markets services licence for custodial services. [2] AIFM Directive (being Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and Amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010) [3] This is subject to the actual wording of the requisite draft amendments to the SFA to effect such change. It may be that some of such duties to be imposed on Approved Custodians (e.g. the duty to hold assets on trust for the investors, and\or the duty to maintain the register of investors, which is typically the responsibility of the fund manager) may be overly onerous if the Approved Custodian do not have the powers and rights of an Approved Trustee under the trust deed. [4] (As an aside, it is noted that such bonds, notes and debentures are not "shares" but are liabilities of the S-VACC.)
15	EISL	**General comments:** We would like to submit that broadly speaking, the cost of setting up a S-VACC, the simplicity of interpreting the regulations, the process of setting up, the time taken to set up and the portability of the S-VACC to other countries for marketing purposes are factors which will determine the attractiveness of the S-VACC. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** **Comments:** (1) Will the MAS consider embedding the S-VACC requirements under the SFA, making MAS the single authority on the structure, legislation and regulator for the S-VACC, which will facilitate operational efficiency? (2) Given schemes regulated by MAS using the S-VACC as a vehicle will still need to observe the relevant laws, rules and regulations issued by MAS, it would be beneficial if MAS could share the prospective amendments to the SFA, SFR and the CCIS especially on the following areas: a) Confirmation that appointed directors need only fulfill the S-VACC requirements on appointment of directors;

S/N	Respondent	Responses from respondent
		b) Scope of duties and operational obligations of the "Approved Custodian"; c) Provision of guidance in instances where there are conflicting requirements between the S-VACC Act/regulations and the relevant MAS laws, rules and regulations requirements (e.g. annual reporting requirements etc.); d) Requirements for Securities Borrowing and Lending activities undertaken by the S-VACC; e) Confirmation that the Disclosure of Interest ("DOI") regime will not be applicable to listed S-VACC in view that shareholders may not have discretionary power and AGMs of S-VACC may be dispensed (i.e. since "voting rights" is a key consideration). Should there be no exemption, we respectfully suggest that DOI regime is only applicable to the S-VACC shareholders at umbrella level; and f) Confirmation that no "deemed control" on shareholders of S-VACC holding 20% or more of S-VACC, should S-VACC becomes a substantial shareholder in an underlying SGX-ST listed security that it invested in. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** **Comments:** (1) Part 4 of draft S-VACC Act refers to the constitution of the S-VACC. However, the draft S-VACC Act is largely silent on the criteria for qualification as an S-VACC – e.g. there are no specifications on the following: (a) converting existing CIS structures into S-VACCs; (b) converting limited partnerships into S-VACCs; (c) the exact threshold of revenue requirements of an entity; (d) minimum size of the CIS before conversion into an S-VACC; or (e) even the jurisdiction or type of laws that apply to the entity to be redomiciled. We respectfully suggest elaboration on the criteria for qualification as an S-VACC.

S/N	Respondent	Responses from respondent
		(2) Section 27 of draft S-VACC Act mandates that the sole object of a S-VACC is to be established and operated as CIS. However, various parts of the Act covers aspects of the S-VACC that appear wider than the sole object – for example, issuing of debentures, taking charges on various properties etc. We would like to seek clarification from MAS on whether the sole object can be extended, as this appears to be the intention of the Act. (3) Section 53 of draft S-VACC Act discusses "prescribed forms" for registration of Sub-Funds – we would like to enquire as to when the templates will be made available for review. (4) Section 55 of draft S-VACC Act envisages that a S-VACC may sue and be sued in respect of any Sub-Fund, as well as exercise rights of set-off in relation to that Sub-Fund. However, we are concerned with the potential recognition and enforceability of such rights in other jurisdictions. For example, is there any certainty that a S-VACC's right of set-off for a Sub-Fund registered for sale overseas will be recognised and enforced in that overseas jurisdiction? **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** **Comments:** No comments. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** **Comments:** (1) It appears reasonable to allow S-VACCs to be structured as open-ended or closed-end funds with the rights and limits to redemption set out in the constitution of a S-VACC. We would however like to clarify whether this means that each S-VACC can only adopt either an open-ended fund or closed-ended fund structure, and not a combination of both under one umbrella fund?

S/N	Respondent	Responses from respondent
		Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs. **Comments:** (1) In terms of operations, does it mean that agreements such as International Swaps and Derivatives Association and Credit Support Annex will be signed only at the S-VACC level given that a S-VACC is a single legal entity, with its sub-funds operating as separate cells (each without legal personality)? (2) How does the authorisation or notification with the MAS work in coordination with the constitution registration with ACRA for a sub-fund? At present, there is a scheme number for each scheme authorised / notified with the MAS. We would like to seek clarity if MAS will continue to be the sole authority for review and approval of the offering documents of investment funds set up as S-VACCs? We would like to enquire if a two-pronged simultaneous process of incorporating the S-VACC corporate entity and seeking authorisation or lodgement of the notification for restricted S-VACCs is possible. (3) We seek clarification on how market accounts will be opened for S-VACCs, namely whether the accounts will be opened at the umbrella or each sub-fund level? **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** **Comments:** No comments. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** Comments:

S/N	Respondent	Responses from respondent
		(1) We would like to clarify whether it is envisaged that excess assets can be transferred to other sub-funds in the event of a sub-fund being wound up? (2) We would like to enquire if the S-VACC is permitted to create a side pocket to separate illiquid investments from other more liquid investments? The purpose is to separate illiquid, hard-to-value assets from liquid assets. The assets of a side pocket account are recorded on a fund's books, but they are tracked separately. When a side pocket account is created, an investor in the fund receives a pro-rata investment in the side pocket account. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** **Comments:** No comments. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** **Comment:** This is in line with the current practice under the Singapore Companies Act and works better for smaller-sized S-VACCs (e.g. with 2 members). Will there be any requirement on minimum size of S-VACCs or minimum number of members consent for dispensation with AGM? **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** **Comment:** (1) We will like to enquire if this is an international practice? Does this require that audited financial statements must be mailed to

S/N	Respondent	Responses from respondent
		shareholders instead of posting on public website under this disclosure in para 6.6 in the Consultation Paper? "6.6 For transparency to investors, MAS proposes to require that all audited financial statements of a S-VACC be made available to shareholders. However as the audited financial statements of funds contain proprietary information relating to investment strategy, MAS does not intend to require that the statements be made publicly available." (2) Public funds should be required to publish its financial statements for transparency to investors. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** **Comment:** (1) Should the regulations allow for S-VACC to include different fund structures (i.e. open-ended and closed-end sub-funds), which is the applicable accounting standard to adopt? (2) We respectfully suggest that the US GAAP be included as an accounting standard in the preparation of the financial statements in order to cater to asset managers who may wish to offer their S-VACC in the US market. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** **Comment:** (1) It is noted that in other fund jurisdictions, the shareholder register of a S-VACC is not commonly made public due to legitimate privacy need of investors, and that MAS recognises the need for transparency to prevent the S-VACC from being used for

S/N	Respondent	Responses from respondent
		illicit purposes. We would like to enquire on the specific requirements on the S-VACC's registered office? Is there any requirement that the registered office must be at the Fund Manager's or Custodian's or Company Secretary's offices? In addition, we seek clarification as to which entity will be responsible for incorporating the S-VACC? (2) We will like to add that for existing unit trust structures, the unit holder register is not publicly disclosed as well. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** **Comment:** (1) We have no objections in adopting the same requirements on beneficial ownership and nominee directors. However, we note that section 139 of S-VACC Act provides that a Secretary should have the requisite knowledge and experience in discharging the functions of Secretary under S-VACC structure. We would like to clarify with MAS on whether the qualifications of a Secretary are similar to those under the Singapore Companies Act i.e.: 1. Been a secretary of a company for at least 3 of the 5 years immediately before his appointment as secretary of the public company. 2. Qualified person under the Legal Profession Act (Cap. 161). 3. Public accountant registered under the Accountants Act (Cap. 2). 4. Member of the Institute of Certified Public Accountants of Singapore. 5. Member of the Singapore Association of the Institute of Chartered Secretaries and Administrators. 6. Member of the Association of International Accountants (Singapore Branch).

S/N	Respondent	Responses from respondent
		7. Member of the Institute of Company Accountants, Singapore. (2) We would like to enquire whether the information on beneficial ownership and nominee directors is to be maintained by the Company Secretary? (3) We would like to enquire if Section 137F of the SFA also entitles a SGX listed S-VACC to request for beneficial ownership information? **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** **Comments:** (1) For good corporate governance, and in view of the role to be undertaken by the Approved Custodian (whose duties will mirror those of an approved trustee), we respectfully suggest that the Approved Custodian should be required to provide regular updates at the S-VACC board meetings. Also, in view that the S-VACC board is not required to appoint an Audit sub-committee, we respectfully suggest that the appointed fund Auditors be required to attend S-VACC Board meetings to enhance the corporate governance process. (2) MAS have proposed to require at least one director of the S-VACC to be a director of the S-VACC's fund manager, and for its directors to be subject to disqualification and duties broadly similar to those under the Singapore Companies Act. We would appreciate MAS' confirmation that the other director(s) of the S-VACC (who are not directors of the S-VACC's fund manager) will not be subject to MAS fit and proper requirements. (3) MAS has also proposed to require S-VACCs consisting of Authorised Schemes to have at least three directors, of which at least one director has to be independent of: (i) business relationships with the S-VACC; (ii) the fund manager of the S-VACC (and its related entities); and (iii) all substantial shareholders of the S-VACC. We respectfully suggest that there

S/N	Respondent	Responses from respondent
		is no need for S-VACCs to have at least one independent director based on the following: a) Currently, Authorised Schemes structured as unit trusts are required under the SFA to have an Approved Trustee. Similarly, MAS has proposed to require S-VACCs consisting of Authorised Schemes to have an Approved Custodian that is an Approved Trustee, and that the Approved Custodian's duties will mirror those of an Approved Trustee in the SFA. Given that the approved custodian is also proposed to be independent of the S-VACC's fund manager, it will act as an independent overseeing entity over the Authorised Scheme structured as S-VACCs. As such, similar to Authorised Schemes structured as unit trusts, the Approved Custodian of a S-VACC would act as an independent party to safeguard the rights and interests of the S-VACC's investors. b) Lastly, it may be difficult for S-VACCs to find independent directors, who understand the S-VACC and its fund managers' business model (to safeguard the investors' interests), as well as who are the right fit for the S-VACC. (4) Section 30 of S-VACC Act requires at least 1 director of the S-VACC to also be a director of the fund manager: (a) This does not make the Restricted S-VACC structure a viable alternative to the existing option of setting up a unit trust under the Singapore Restricted Scheme. Under a unit trust structure, the “responsible person” for the Singapore Restricted Scheme is typically the Investment Manager (CEO). Will the board of directors of the S-VACC assume the responsibilities of the "responsible person" for Singapore Restricted Schemes? We would also like to enquire if there could be a single lodgment to an authority for the annual declaration and annual returns of the Restricted S-VACCs. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** **Comment:** No comment.

S/N	Respondent	Responses from respondent
		Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs. **Comment:** (1) Paragraph 7.6 (b) requires a S-VACC to outsource the performance of AML/CFT duties to its fund manager, and to hold the S-VACC ultimately responsible for compliance with its AML/CFT requirements. We would like to enquire whether the Fund Manager can in turn outsource the AML/CFT to a third party, for example the Fund Administrator, with respect to para 7.6 (b) in the Consultation Paper? (2) In view of the increased focus for AML\CFT requirements, we respectfully suggest that MAS allows the S-VACC to appoint a named MLPO to help address the risks associated with AML\CFT requirements. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** **Comments:** (1) In view of the role of the Approved Custodian requirement under the S-VACC Act, will MAS impose any additional requirements on conflicts management. Also specifically, would MAS require staff performing the role of "Approved CIS trustee" to be properly segregated from the operational role of custodians to fully discharge its fiduciary role of investor protection? (2) Also as part of the corporate governance process, it is suggested to require that the approved custodian appoints a named Trustee (individual) to help address the independence role of this function within the approved custodian. Also suggest

S/N	Respondent	Responses from respondent
		that the appointed auditor independently attests that approved custodian have put in place adequate measures to address any such conflicts. (3) The requirement for Restricted S-VACCs to appoint an approved custodian (that is an Approved Trustee) is a more stringent requirement compared to that of the current Singapore Restricted Schemes regime. We would like to understand the rationale for imposing a more stringent standard on Singapore Restricted S-VACCs. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** **Comments:** No comments **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** **Comments:** (1) We seek more details on re-domiciling SICAV and limited partnership structures and also re-domiciling platforms currently incorporated in Cayman Islands / Mauritius. (2) We seek clarification on converting existing schemes, for example Singapore Authorised unit trusts to S-VACC. There is no mention of conversion of existing domestic structures to S-VACC. (3) For any CIS that is re-domiciled to Singapore under S-VACC framework without changing its primary listing to SGX-ST, we would assume disclosure under DOI regime is not applicable, regardless the legal structure of the CIS itself. (4) In the event, if DOI disclosure is required and the CIS is changing the primary listing to SGX-ST, we would like to enquire

S/N	Respondent	Responses from respondent
		whether MAS / SGX will announce in advance the CIS that applies for re-domiciliation? If disclosure is applicable, will additional turn-around be allowed for disclosure under DOI regime due to the re-domiciliation of S-VACC? **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** **Comments:** (1) No objection to this proposal as the process is well-established in Singapore courts. However, MAS should have already in place various legal/regulatory opinions on the recognition and enforceability of sale of S-VACC Sub-Funds in those jurisdictions, as well as the recognition and enforceability of our insolvency process in those countries. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** **Comments:** (1) We will like to enquire on the use of debt raised by S-VACC envisaged by MAS? (2) Section 27 of S-VACC Act mandates that the sole object of a S-VACC is to be established and operated as CIS. We would like to seek clarification on what else apart from issuing debentures are considered to be part of the sole object of being a CIS? (3) The attraction of an S-VACC structure is visible in that minimally only a sole director is required, board meetings can be waived, and using a Singapore company provides for Singapore based (as opposed to offshore) directors to be appointed. However, exempted companies in the Cayman Islands are not subject to an annual audit requirement, unlike the S-VACC. That being said, the opening of bank accounts in Singapore for Cayman or offshore SPVs has become increasingly uncertain in recent years, which may on balance shift the

S/N	Respondent	Responses from respondent
		proposition towards the attraction of an S-VACC structure over that of an offshore SPV. (4) For the proposal to allow S-VACCs to issue debentures relating to specific sub-funds, we would like to understand how this will impact the DOI regime? We assume that no disclosure is required on the basis that debentures and redeemable debentures are currently not caught under the DOI regime. (5) Would the shares issued by a S-VACC contain voting rights? If yes, would S-VACC be allowed to issue preference shares which usually do not contain voting rights? **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** **Comments:** Success of receivership regime for S-VACC depends on the qualification and experience of the receiver. We respectfully suggest that MAS consider carefully whether to adopt an "approved receivership" regime under the Act. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** **Comments:** Agree with this proposal as with respect to the Sub-Fund holders, it lends certainty on the S-VACC's (lack of) ability to restructure itself and restrict itself to the sole object of CIS. In any event, there is always the option to voluntarily wind up the S-VACC and incorporate a new entity if parties wish to restructure. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger,**

S/N	Respondent	Responses from respondent
		reconstruction or amalgamation involving the S-VACC (including any of its sub-funds) **Comments:** This is fair to all holders of Sub-Funds and members of S-VACC, as the constitution documents are available to the public for a small fee.
16	FFMC	**Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** Nil. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** Nil. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** Nil. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** a) The proposal to allow S-VACCs to be structured as open-ended or close-ended funds provides flexibility for various fund structuring, and it is good to require the rights of and the limits to redemptions to be set out in the constitution or prospectus of a S-VACC, so that the investors are fully aware of the treatment of the fund they are investing. b) Will proposed changes to the constitution be made easily? **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.**

S/N	Respondent	Responses from respondent
		The way how S-VACC is setup as a cellular structure (i.e. umbrella fund with sub-funds) is very similar to a Cayman segregated portfolio company (SPC) structure with each sub-fund set up as a segregated portfolio (SP). The regulation is already comprehensive enough to safeguard against the risk of cross-cell contagion within a S-VACC, though there is still possibility that some jurisdictions may not accept such segregation of assets and liabilities of sub-funds. In that case, it is necessary to disclose such risks in the fund documents to alert the investors. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** Under the proposed rules, S-VACC is obliged to ensure proper segregation of assets and need to "reasonably mitigate" risk of cross-contamination. What would suffice as "reasonable mitigation"? Not clear from consultation paper. Will providing for limited resource language in relevant contracts suffice? **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** Nil. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** Nil. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** a) Are there any reasons why the directors can dispense with AGMs? Is it trying to avoid situations whereby a quorum of S-VACC shareholders can hold an AGM to remove the directors and/or the fund manager? A better way to avoid it to happen

S/N	Respondent	Responses from respondent
		is to create 2 types of shares – a) management or voting shares, which are held by the directors of the fund; and b) participating or non-voting shares, which are held by the investors of the fund. The investors have no voting rights to remove the directors/manager of the fund, if they are satisfied with the performance or management style of the fund, they just need to redeem the fund. b) In respect of AGMs, board of S-VACC may dispense with AGMs by providing 60 days written notice to shareholders. However, the paper provides that shareholders with 10% or more of the total voting rights may require an AGM with 14 days written notice. If such an investor right makes sense, and under what practical scenarios will an investor ever exercise such right? **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** Nil. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** Nil. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** S-VACC will need to maintain register of shareholders at registered office in Singapore. Under the amendments to the Companies Act, there is a requirement for companies to maintain information on beneficial owners. Will the same requirement apply to S-VACCs? Is it practical for Manager to maintain these

S/N	Respondent	Responses from respondent
		registers at the S-VACC registered office which may be Manager's office? **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** Nil. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** Should it require all funds (regardless of whether it is Authorised Scheme or not) to have at least 1 independent director? This is to enhance proper corporate governance and independent assessment of the operations of the S-VACC. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** Nil. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** Is it necessary to have a separate AML/KYC regime applicable only to S-VACCs? **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** Nil. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects**

S/N	Respondent	Responses from respondent
		of the CA re-domiciliation provisions should be modified for S-VACCs? In general, to accept re-domiciliation of foreign structures, the issues that may face include a) different treatment of class rights, b) how to ensure the foreign fund directors adhere to the regulatory requirements of S-VACC, etc. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** Nil. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** Propose to add 1 more ground for winding up, i.e. it contravenes the relevant tax regulations of Singapore. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** Nil. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** Nil. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** Nil. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders'**

S/N	Respondent	Responses from respondent
		rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds) Nil.
17	Heng Hui Hui	**Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** Revenue and total assets not exceeding S$10million is too low for most foreign corporate fund structures to qualify for re-domiciliation. MAS should consider having a separate threshold for S-VACCs, in order for foreign corporate funds managed by Singapore Fund Managers the option of re-domiciliation to Singapore. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** Open-ended and close-ended funds incorporated in Mauritius.
18	NAM	**General comments:** We have the following general comments on aspects of S-VACC framework which were not mentioned in the consultation paper: i) Will the S-VACC qualify to be passported via ACMF, or ARFP in the future? ii) Incentives may be required for fund managers to encourage conversion or re-domiciliation of existing fund structures into S-VACC, and the value propositions should be clear for investors to consider participating in such conversion or re-domiciliation.

S/N	Respondent	Responses from respondent
		iii) Information on the advantage of S-VACC compared against other jurisdictions as a fund domicile would be useful for investors. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** We would like to enquire on the need to consider providing clarity on the advantages of re-domiciliation to S-VACC in terms of tax benefits and global passporting potential. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** We would like to enquire if a S-VACC must have at least two members and does this apply for master-feeder structures whereby the feeder fund will typically only have one member? Further, distributors typically invest in the fund via a nominee account on an omnibus basis and should this be construed as only one member? **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** No comments. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We would like to enquire on the feasibility of imposing gating limits such as limiting daily redemptions to 10% of all outstanding shares of each sub-fund in the S-VACC. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** We would like to enquire on whether different sub-funds under the same S-VACC can have different registration status, i.e. sub-

S/N	Respondent	Responses from respondent
		fund 1 as an Authorised CIS while sub-fund 2 is a Restricted Scheme. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** No comments. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** We would like to enquire if in the event of a winding up of a sub-fund, would the claims of creditors be limited to the assets of that sub-fund only and not the assets of other sub-funds and of the S-VACC itself. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** We would like to enquire on the regulatory provision with regards to dividend distributions out of capital and whether or not they are permitted freely or otherwise; if otherwise we would like to enquire if any restrictions/safeguards should exist such as for protection of creditors of the S-VACC when making such dividend distributions. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** We agree with the proposal to dispense with AGMs, but disagree with the proposal to allow shareholder(s) with 10% or more of the total voting rights to request for an AGM by giving 14 days' notice to the S-VACC. We propose to follow similar guidelines in Singapore UTs to provide rules of Meeting of Holders instead, i.e. to allow shareholder(s) with 10% or more of total voting rights to

S/N	Respondent	Responses from respondent
		request for extraordinary meetings of shareholders instead, not for AGMs. Further, we would like to seek clarification on whether the "10% or more of total voting rights" is interpreted on the sub-fund level or the S-VACC level. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** We agree with the proposal to appoint auditors without audit committees. Further, we would like to propose that the financial statements of S-VACC be prepared and disclosed annually and dispensing with semi-annual reporting requirement. Alternatively, semi-annual reporting may still be done on an optional or voluntary basis. Additionally, akin to Restricted Scheme without audit stipulation and for flexibility, would the Authority consider exempting S-VACCs from statutory audit on prescribed conditions, e.g. size of total assets, shareholders' approval for non-audited financial statements etc? **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** We agree with the proposal of having S-VACC preparing its financial statements using acceptable accounting standards such as IFRS, SFRS, RAP 7 (for S-VACC which is an Authorised CIS) and/or US GAAP for greater flexibility and investor choice. Where a sub-fund of a S-VACC is marketed in a specific locale, investors there should have preference over use of applicable accounting standards with which they have familiarity. We would like to enquire if financial statement consolidation would not be required on underlying sub-funds of a S-VACC. Further, we note

S/N	Respondent	Responses from respondent
		that the Authority does not intend to require that the financial statements be made publicly available but would this be consistent with those applicable under the CIS Code? For Authorised CIS, both the semi-annual reports and annual reports are typically made available on a fund manager's website. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** We agree with the proposal that the shareholder register of the S-VACC should not be made public. However currently for Singapore UTs the register of unitholders is maintained by the registrar, which is typically the transfer agent of the fund, and not by fund manager at their registered office, and we foresee operational issues for a fund manager to build infrastructure to support this requirement. Alternatively, the maintenance of such register can be handled by approved custodians whom typically have the infrastructure to support. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** We would like to enquire if the register of controllers/beneficial owners can be maintained only to the extent that information on beneficial ownership is available. Most fund managers rely on distributors to distribute its funds and most subscriptions are made through omnibus accounts which a fund manager does not have visibility on the underlying customers of a distributor. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** We note that S-VACC, consisting of Authorised CIS, requires at least 3 directors, of which at least one has to be independent, and we foresee difficulty in procuring an independent director and potentially the directors' fees would increase the running costs of the S-VACC and ultimately impacting its shareholders. Further, the appointment of a company secretary would also

S/N	Respondent	Responses from respondent
		increase the running costs. We would like to enquire if such administrative function can be conducted in-house by the fund manager? Separately, we would like to enquire on the frequency that the Board of Directors of a S-VACC should be meeting and whether or not such meeting should be minuted? **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** We would like to seek clarification on whether delegation of certain responsibilities of the "Permissible Fund Managers" is allowed, for e.g. to appoint a sub-manager with discretionary investment responsibilities or to appoint an external middle office entity to provide operational support. Further, we would like to seek clarification on the eligibility criteria of the "Permissible Fund Managers" and the scope of S-VACC management, and whether or not, the S-VACC can appoint a third party management company to manage the day-to-day management of the S-VACC? **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** We would like to seek clarification on whether the delegation of the AML/CFT monitoring requirements from the S-VACC's Board of Directors to the fund manager will be construed as material outsourcing by the S-VACC? **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** We note that most trustee and custodian institutions are set up as separate legal entities and we are not sure if an Approved Trustee is able to function as an approved custodian

S/N	Respondent	Responses from respondent
		operationally within a short period of time. Over time, we think that this is feasible after they have undertaken process-changes and enhancements. In the short run, the proposal for a custodian (and not a trustee) to provide independent oversight over a fund manager may result in higher running costs because of additional resource requirements. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** No comments. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** We anticipate UTs, Segregated Portfolio Companies, SICAVs and/or FCPs to be in-scope. However, it is important for regulators of different countries to agree to recognise or to accord similar status for foreign funds to be re-domiciled as S-VACC, e.g. a SICAV that is currently registered for sale in Europe has to receive similar status on re-domicilation as S-VACC by European regulators to avoid having to re-seek and incur country registration costs. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** We would like to suggest to allow automatic termination of the S-VACC and/or its sub-funds if the assets of the sub-funds fall below a certain amount as this would allow for ease of administration with less legal costs likely to be incurred by the S-VACC.

S/N	Respondent	Responses from respondent
		Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds. No comments. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** No comments. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** We agree with the proposal. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** We agree with the proposal.
19	PPAL	**General comments.** 1. Perpetual (Asia) Limited ("PPAL") is a wholly owned subsidiary of Perpetual Limited, a top 100 ASX listed company in Australia. As at 30 June 2016, PPAL's funds under administration totalled S$16Billion. 2. PPAL's core business is based around investor protection providing independent compliance oversight. PPAL has extensive experience ensuring proper compliance and ongoing operations during the life of respective scheme appointments, including enforcement and ensuring investors' interests are protected. 3. PPAL believes that Singapore continues to be an attractive destination for foreign investors, particularly with respect to

S/N	Respondent	Responses from respondent
		property and infrastructure assets. PPAL therefore welcomes the Singapore Variable Capital Company (S-VACC) regulatory framework proposed by the Authority and believes it will: a. increase the international competiveness of the Singaporean managed funds industry; b. provide an additional investment vehicle with similar features to overseas regimes familiar to foreign investors; and c. enhance the protection of investors through mandated independence. 4. There is currently a void in the product suite available to investors and fund managers in Singapore which has made it difficult to compete on the international stage with other countries which do already possess similar vehicles for investment. 5. In order for the S-VACC structure to be successful and internationally marketable, PPAL believes it is imperative that the structure is viewed as an internationally comparable and viable alternative to the current conventional structures including unit trusts, limited partnerships, business trusts and other types of collective investment vehicles. 6. The S-VACC structure should aim to be cost effective and reduce the chance for regulatory arbitrage through imposition of additional regulatory or administrative burdens on investment managers and investors where possible, 7. The S-VACC structure should also aim to reduce Compliance Risk; that is, the risk that parties to the scheme do not do what they have promised to do. 8. This submission responds to certain questions raised in the Consultation Paper: "Proposed Framework for Singapore Variable Capital Companies" (Consultation Paper), as listed below.

S/N	Respondent	Responses from respondent
		9. The views expressed in this submission represent the views of PPAL only. Unless mentioned below in this response, PPAL is supportive of the proposals put forward by the Authority in the Consultation Paper. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** PPAL welcomes the Authority's initiative in introducing S-VACCS, but is of the view that issues regarding tax treatment of Investors must be addressed simultaneously to the construct of the S-VACC regulatory framework. The underlying objective of the proposed S-VACC structure is to encourage growth of the Funds Management industry in Singapore through provision of a new structure which can compete both internationally with product offerings in other jurisdictions and provide an alternative to existing investment structures within Singapore. It is imperative therefore that all possible incentives are granted to investors and fund managers to encourage the adoption of the new structure, without impediments. Whereas the S-VACC will provide enhanced flexibility and efficiencies compared to current offerings, PPAL believes that the taxation treatment will be a driving factor for the adoption of the structure from offshore investors and therefore certainty on tax treatment should be of paramount importance to the Government. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "SVACC".** Agreed **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.**

S/N	Respondent	Responses from respondent
		PPAL is generally in agreement with the provisions outlined in the consultation paper and draft bill, and acknowledges that it is appropriate for the rights of and limits to redemption be set out in the constitution of an S-VACC. The instances of suspension of redemption rights, or "gating" experienced in various overseas markets have however led in some instances to loss of confidence in a particular asset class or sector for a period of time, adversely affecting the performance of similar but non-related funds. Care therefore needs to be taken to ensure that SVACCS do, in fact, set out detailed procedures in their constitutions that are clearly understood by investors, and disclose fully the associated risks of investing in the SVACC. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** PPAL welcomes the introduction of the cellular structure. We note however that this does give rise to some issues pertaining to corporate governance and would wish to see these matters clearly dealt with within the Act or the Regulations to the Act. As indicated in the discussion paper, there is risk of cross-contamination amongst subfunds, and this is especially possible where such sub-funds invest in jurisdictions that might not recognise the specific segregation afforded to them by virtue of the Singapore law. The concept of "reasonable mitigation" for S-VACCS seeking to invest in such jurisdictions needs to be backed up by risk mitigation policies and strategies by the Permissible Fund Manager which are enhanced by strengthening the corporate governance structure of the S-VACC, at Board of Director and Custodian level. We acknowledge the intention to establish the S-VACC regime as a competitive alternative to existing investment structures and overseas products, but would urge that the new company structure maintains and improves measures adopted in Singapore, and elsewhere, over recent years to improve the

S/N	Respondent	Responses from respondent
		standard of corporate governance across all aspects of business and investment. The new "cellular" structure introduces a concept new to Singapore fund managers and directors and governance standards should start off at a high level wherever possible. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** See above **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** Agreed **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** Agreed **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** PPAL believes that AGM's should still be held for S-VACCS operating an Authorised scheme, thereby providing investors with the ability to engage with the Manager and vote on key matters such as approval of the annual accounts. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a SVACC's shareholder register.** Agreed **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.**

S/N	Respondent	Responses from respondent
		Agreed **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** PPAL firmly believes in establishing a firm platform of corporate governance for any investment vehicle. Whilst conscious of costs and efficiency we believe that there should be a minimum of one independent director on the board of all S-VACCS. All directors must meet the Singapore standards for Fit and Proper Persons. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** As currently drafted, a S-VACC must be managed by a fund manager regulated or licensed by the MAS unless exempted. Exemption appears to be applicable to financial institutions exempt under Section 99(1) of the SFA. (a) As such, fund managers currently exempt from licensing and registration due to real estate funds exemption cannot use S-VACC or otherwise, apply for licensing. PPAL believes this will exclude a significant portion of the market that would normally be expected to utilise the S-VACC structure, and recommend that this be amended to allow exemption from licensing for fund managers dealing with direct real estate funds only. (b) Self-managed S-VACCs will not be permitted to use S-VACCs. This excludes their use by family offices, which again excludes a valuable part of the potential market for S-VACCS. PPAL recommends allowance for family offices above a certain defined AUM, or a multi-family office to use S-VACCs. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already**

S/N	Respondent	Responses from respondent
		imposed on the S-VACC or its directors as covered under the S-VACC legislation. In accordance with our earlier stated views on maintaining a high standard of corporate governance, we agree with the proposal to appoint an approved custodian, and would welcome this being applied to all classes of S-VACC. We note that the primary duties of an approved custodian are as follows: (a) Safeguard the assets of the S-VACC (b) Safeguard rights and interests of shareholders (c) Compliance with investment mandates These duties should be clearly defined as the duties of a custodian under a S-VACC which is a company structure whilst SFA addresses duties under a trust structure. Areas of focus include legal rights to assets, enforcement rights and rights to information are important to ensure that rights and mechanisms are in place for a custodian to discharge its functions effectively. Separately, we note that an approved custodian is a requirement for Authorised and Restricted S-VACCs but not Exempt S-VACC. We are of the view that the appointment should apply to all classes of S-VACCs, with no exception. This will ensure that the SVACC has a standard, transparent practice with independent oversight by a professional custodian. It will provide added assurance to investors, in line with international UCITs and European Frameworks. This extra level of protection for investors, combined with our recommendations for the mandatory appointment of at least one independent director(s), will enhance the standards of corporate governance and help elevate S-VACCS to being one of the preeminent global vehicles for fund management. The division of responsibilities between the Custodian and Board of the S-VACC need to be carefully articulated to ensure effective enforcement. Importantly, by having an approved independent

S/N	Respondent	Responses from respondent
		custodian the S-VACC regime will be comparable with other leading funds markets such as Luxembourg and Ireland that also require an approved independent custodian. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for SVACCs?** PPAL agrees with the intention to encourage re-domiciliation of overseas investment entities through the use of S-VACCS, and believes it is important that all avenues are explored to boost the adoption of S-VACCS so that the structures become a pre-eminent collective investment entity on the global stage Consistent with this, we recommend the same conversion abilities are offered to existing domestic investment entities so that they may utilise the advantages and efficiencies of the new regime in managing and promoting their existing schemes, in circumstances where there is no current effective comparable structure available to them. We note, for example, that the MAS has successfully built up a successful REIT market in Singapore serving investors wishing to invest in liquid real estate securities, and cite this as an example of where conversion of existing domestic products should not be allowed to occur, as a perfectly good structure is already available and to allow conversion would be confusing to investors.
20	PKW	**General comments:** The S-VACC is a welcome addition to the Singapore's fund ecosystem. We generally agree with the framework proposed and have included a few specific comments/questions below. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** 1. Section 31 of the draft S-VACC Act provides that at all times, a S-VACC must have not less than two members. Will it be sufficient for the S-VACC to have only two members who are

S/N	Respondent	Responses from respondent
		related corporations? In addition, if the MAS intends to allow Master-Feeder structures to use an S-VACC – where an S-VACC is the Master, its only member may be the Feeder fund. This will need to be addressed in the proposed legislation. 2. The proposed legislative structure for S-VACC should address the conversion of existing Singapore CIS vehicles into S-VACCs. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** 1. The issue of share rights are not addressed clearly in section 58(2) of the draft S-VACC Act. Will the S-VACC be able to issue shares with different share rights the same way a company incorporated under the CA can? 2. In addition, under section 65(1)(c) of the CA, other than different voting rights, dividends payable on shares issued under the CA depend only on proportion paid up. The capital of a company incorporated under the CA may also be divided into different classes of shares under section 63(1)(d) of the CA. Will the S-VACC be able to similarly issue different classes of shares or pay dividends on shares depending on the proportion paid up? **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** Given the rather convoluted definition of CIS, it would be more helpful to have a clear standalone definition of CIS in the proposed legislation or to clearly define what an S-VACC can be used for, rather than having to refer to the SFA. The proposed legislation should also be clear as to what types of structures an S-VACC cannot be used for. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We agree with this proposal.

S/N	Respondent	Responses from respondent
		Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs. 1. The law of Trusts in most jurisdictions are very clear as to the ring fencing of assets and liabilities, however, with the S-VACC, there is only one legal entity against which legal action can be commenced, whereas the sub funds do not have legal capacity. As such, how would one differentiate the assets belonging to each of the sub-cells when action is taken against the entire S-VACC? 2. Despite the cellular structure, there are concerns that all investors are going to be seen as shareholders of the same S-VACC. Enforcement actions outside Singapore (in a jurisdiction that does not recognise such segregation) will be enforced against the S-VACC as the one legal entity, and may not recognise whether property is held for the benefit of an individual cell, which will have an impact on risk and management issues. It may be useful to make reference to how other jurisdictions with similar vehicles have dealt with this issue. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** 1. Where two sub-cells own property outside Singapore (in a jurisdiction that does not recognise such segregation) and the property is provided as security to a bank, if one sub-cell is insolvent and is unable to pay its portion of the debt, the bank will foreclose on the entire property and will not recognise contractual provisions that uphold the segregation of property between sub-cells. 2. From an investor's perspective, the proposed safeguards against the risk of cross-cell contagion within a S-VACC, such as disclosure of risks, is insufficient and such a risk is unlikely to be acceptable to investors. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing**

S/N	Respondent	Responses from respondent
		of each sub-fund's assets and liabilities during insolvent liquidation. We agree with this proposal. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** We agree with this proposal. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** Dispensation of the AGM should not be the default position and should not be driven by cost considerations as a high level of accountability should be retained notwithstanding that investors agree to the fund being managed as a whole by the fund manager according to an agreed investment policy. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** We agree with this proposal. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** Subject to comments from the accounting community. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** We agree with this proposal.

S/N	Respondent	Responses from respondent
		Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments. We agree with this proposal. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** The S-VACC has a common board of directors, however, their taking a position for the benefit of one sub-cell may prejudice the interests of another sub-cell. Who do the directors owe fiduciary duties to? This may result in a conflict of interest. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** Clarification will be required on what constitutes an Exempted Entity in the definition of a Permissible Fund Manager. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** Section 196 of the SVACC Act conferred powers to the AML/CFT authority to terminate or suspend any transaction entered into by the S-VACC and suspend its business or restricting its business activities. Given that it is the fund manager's responsibility to ensure appropriate AML/CFT controls are in place, it is suggested that the penalty should be on the fund manager rather than the SVACC. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.**

S/N	Respondent	Responses from respondent
		1. If the directors are to represent the investors by ensuring that they are treated equitably and fairly, does having a custodian render the directors irrelevant? Or how would the directors interact with the custodian who is really acting as a trustee? 2. Under Regulation 13B(4) of the SF(LCB)R, the requirement for independent custody of managed assets would not apply if the managed assets are not listed for quotation or quoted on a securities exchange, and are interests in a closed-end fund where the closed end fund is to be used for private equity or venture capital investments; and is offered only to accredited or institutional investors. We would like to check if the S-VACC is still required to appoint an approved custodian if the managed assets fall within the above exemption? 3. The approved trustee is required to safeguard the rights and interests of unitholders. This is similar to the role of a director which is to act in the best interest of the company and avoid conflicts of interest. We would like to check if there will be further clarification on the roles and responsibilities of the directors, fund manager and approved custodian for greater accountability? **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** Subject to the final approved structure of the S-VACC, the inward re-domiciliation provisions in the CA may need to be modified to apply to the S-VACC structure. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.**

S/N	Respondent	Responses from respondent
		Subject to the final approved structure of the S-VACC, the inward re-domiciliation provisions in the CA may need to be modified to apply to the S-VACC structure. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** Providing that the breach of the S-VACC's AML/CFT obligations are additional grounds for winding up is disproportionately unfair to other shareholders in the S-VACC and are unduly draconian. It is suggested that the fund manager be shut down, rather than penalising the shareholders. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** We agree with this proposal. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** We agree with this proposal. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** We agree with this proposal. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** We agree with this proposal.
21	PWC	**General comments:**

S/N	Respondent	Responses from respondent
		The following aspects should be further considered in addition to those specifically detailed in each question requested in the public consultation: • S-VACCs should not be required to have a minimum of two shareholders. This would make S-VACC inflexible when it would own another S-VACC (Master-SPV structures, which may still be required despite the segregated cell option available) or the S-VACC would serve as a master fund to another fund. • Further clarification either in FAQs or guidance note is warranted for the following: o Could Authorised, Restricted and Exempt sub-funds be under the same SVACC umbrella structure? o With the current consultation on venture capital industry, clarification is sought if such fund managers would not be considered "exempted" from setting up S-VACCs? o If the count of minimum members for an S-VACC is at the umbrella or subfund level? **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** No comment. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** The draft bill as it stands, is silent on the possibilities to convert existing CIS legal entity forms to S-VACCs. The absence of such provisions is perceived to imply the prohibition of such conversions. The S-VACC is a solution to the existing issues of inflexibility and operational burdens experienced by CIS in Singapore that are set up as corporations, unit trusts etc. Therefore, we believe that it is pertinent to allow for conversion of existing structures to S-VACCs. There are similar provisions to

S/N	Respondent	Responses from respondent
		draw references from other jurisdictions, for example, the Irish Investment Companies can be converted to ICAVs. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** While we understand the relevance of connecting to SFA's definition of CIS, it may be pertinent to expand the same to include other aspects of asset management that are not currently envisaged in SFA's definition of CIS. These would include securitisation vehicles, insurance asset management, real-estate investment trusts, family offices etc. To simplify things, it might be more useful to define CIS in the S-VACC Act itself and then expanding its definition to include such other asset management vehicles. We agree with the proposal on the use of the term S-VACC. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We agree with this proposal. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** We agree with this proposal. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** It should be stated in the future S-VACC regulations that contracts (oral and written) must state the name of the sub-fund and consequences of the lack of it would risk them being voided by the courts in Singapore. This will enhance the power of segregation.

S/N	Respondent	Responses from respondent
		Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation. We agree with this proposal. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** The principle to enter and exit an S-VACC at NAV seems reasonable if it is an openended fund, however for closed-ended (not listed), it would be pertinent to allow for such mechanisms to be stated in the constitutional documents. This is also on par with the other major fund centres. In addition, S-VACCs should be allowed the flexibility to apply various charges to redemption or subscription prices on top of the NAV, provided these are properly set out in the constitution documents and the fund subscription and redemption documents. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** We agree with this proposal. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** We agree with this proposal. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC**

S/N	Respondent	Responses from respondent
		uses (e.g. fund manager's operations, investors' preference or location of assets)? It is pertinent to note, that most or all of the major fund domiciles allow for US GAAP as a reporting/accounting standard. Since the S-VACC has the ingredients to be distributed in the US market, lack of such flexibility will make it less appealing to that market. The S-VACC needs to overcome of challenges of the lack of familiarity of S-VACC versus other popular fund structures that are sold in the US market. We therefore believe that US GAAP should be allowed for S-VACC as an accounting standard. One option to allow US GAAP for S-VACCs would be to take S-VACCs out of the purview of the Accounting Standards Board (ASB). Currently Business Trusts and Unit Trusts are outside the jurisdiction of the ASB. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** We agree with this proposal. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** We agree with this proposal. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** The requirement to have at least one director of fund manager to be a director of an S-VACC seems onerous. This may mean that enforcement actions on the director could be made twice, i.e. once at the S-VACC level and the other at the fund manager level. A consideration may be the appointment of a "designated person" or "responsible officer" at the S-VACC who would be an executive or employee of the fund manager. The qualification of the board of directors is currently not specified in the S-VACC Act. If it is to be clarified/stated in the S-

S/N	Respondent	Responses from respondent
		VACC regulations, then care should be taken to benchmark the same to the other fund domiciles so as to not be viewed as comparatively onerous. On the current basis where at least one of the directors of the Permissible Fund Manager is required to be a director in the S-VACC, then it would be expected that the same qualification/experience requirements currently applicable under the Capital Markets Services ("CMS") licence requirements for directors of a fund manager would similarly apply to the director of an S-VACC. Consistency should be ensured as currently in the proposed venture capital exemption regime, the requirements for directorship are relaxed to two years, as opposed to five years under the normal CMS licence requirements. As a future consideration, as part of the governance framework to be developed for directors of an S-VACC, it may be worthwhile to put in place a certification requirement as is the case for licensed representatives of CMS licence holders to enable the competency of fund directors to be kept at an internationally acceptable level. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** MAS should consider expanding the definition of Permissible Fund Manager to include private real-estate fund managers as well. If the concern by MAS to disallow such "unregulated" class of asset managers is the lack of supervision over AML/CFT requirements and custody of assets, then amendments to the S-VACC Act could be made to allow for such carve-outs. S-VACC are also seen to be of interest by single family offices. The exclusion of such class of asset managers would be disadvantageous to the efficient structuring for management of assets of ultra/high net-worth individuals. As a private banking and wealth management hub for the region, excluding family offices could potentially exclude a large user base from using S-VACCs.

S/N	Respondent	Responses from respondent
		Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs. We agree with this proposal. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** We agree with the proposal on the requirement of approved custodian for authorised S-VACCs. However, for restricted S-VACCs, the requirement seems inconsistent with similar requirements in other jurisdictions, and also the current practice in Singapore with regards to offshore funds marketed in Singapore. Since restricted schemes are meant for accredited/sophisticated investors, the additional provision for an approved custodian is restrictive and will deter asset managers from domiciling funds in Singapore versus other fund domiciles. For restricted S-VACCs that are used as closed-ended funds, primarily for real estate or private equity strategies, need for a custodian is unnecessary as such funds are already exempted from custody requirements in the current SFA regime. Similar constraints would be felt for open-ended restricted S-VACCs. These would usually be hedge funds, which primarily use prime-brokers for the custody of assets. Again, having an additional requirement of a local “regulated” approved custodian be responsible for safe-keeping of the assets, in addition to the primebroker, would make S-VACCs unappealing. Additionally, safe-keeping obligations that are intended when using "approved custodians" are already present within the duties of a Permissible Fund Manager that is a regulated asset manager in Singapore. Therefore, a duplication of such

S/N	Respondent	Responses from respondent
		requirements for sophisticated investor class seems onerous and would make the S-VACC much less appealing as compared to Cayman Islands, BVI and Bermuda structures. It should be noted that the current regime requires the appointment of an approved CIS Trustee in the case of restricted funds, but that would be where such CIS is constituted as a Unit Trust. There are already existing Singapore corporations that are on the restricted schemes list which do not require the appointment of an approved CIS trustee under current regulations. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA redomiciliation provisions should be modified for S-VACCs?** MAS should benchmark the re-domiciliation provisions for "investment funds" in other fund domiciles to ensure customisation from the Companies Act can be made. The current Companies Act requirement for re-domiciliation have qualification criteria which would not fit well for foreign corporations that are set up as investment funds. A separate study of such redomiciliation provisions from other jurisdictions should be undertaken to ensure the process is seamless, and comparable to other jurisdictions. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** We suggest that the list of jurisdictions be expanded to include, among others, Mauritius, Cayman Islands, Cyprus, British Virgin Islands, Bermuda, Jersey, Guernsey, Labuan and Hong Kong. It is also to be noted that re-domiciliation should be agnostic to the legal entity form in the foreign jurisdictions.

S/N	Respondent	Responses from respondent
		Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications. We agree with the proposal. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** Allowing the issuance of debentures provides for flexibility in the financing arrangement of S-VACCs. This would make S-VACCs an appealing structure for the securitisation industry. Singapore has recently been attracting attention from the securitisation industry and having the S-VACC as an alternative and flexible product to be made available as a securitisation vehicle would increase its attractiveness as an investment fund structure. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** We agree with the proposal. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** We agree with the proposal. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** We agree with the proposal.
22	RHT	**General comments:**

S/N	Respondent	Responses from respondent
		We held a Roundtable discussion attended by 14 attendees from 7 companies on the proposed framework for Singapore Variable Capital Companies ("**S-VACC**") outlined in the Consultation Paper on Proposed Framework for Singapore Variable Capital Companies ("**CP**"). While we are broadly supportive of the proposed regime, we urge MAS to further consider the implications of certain points raised in the CP. We set out below our thoughts on some of the questions in the CP, and include comments and suggestions from the roundtable participants where appropriate. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** We wish to clarify the reason for including an entire section on anti-money laundering and countering the financing of terrorism ("**AML/CFT**") (i.e., Part 8, "Prevention of Money Laundering and Terrorism Financing"), given that the practice to date has been for MAS to promulgate regulatory instruments specifically for each type of financial institution ("**FI**"). We propose that AML/CFT standards be imposed on S-VACCs via regulatory instruments instead. The current practice has the advantage of implementing common standards across different types of FIs while concurrently permitting adjustments to be made to address risks unique to each type of FI. An additional advantage is that regulatory instruments may be amended more quickly than legislation. As international AML/CFT standards and best practices continue to be refined, regulatory instruments appear to be a more appropriate means for ensuring that Singapore keeps pace with these developments. Finally, we wish to note that the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A) and Terrorism (Suppression of Financing) Act (Cap. 325) respectively provide that money laundering and the financing of terrorism are criminal offences in general. Accordingly, there

S/N	Respondent	Responses from respondent
		may be unnecessary duplication should AML/CFT provisions be enacted in S-VACC legislation. As S-VACCs may be used only as a vehicle for collective investment schemes, we propose that the standards applicable to fund management companies be applied. Implementing these standards could be achieved by way of an omnibus provision in the S-VACC Act stating that the AML/CFT regime for fund management companies, as implemented and amended from time to time by MAS, would apply to all S-VACCs. We additionally note that the draft S-VACC Act imposes a minimum member requirement of two members (section 31). While this condition is suitable for a CIS, it would not be feasible in a master-feeder fund arrangement given the absence of a look-through approach in Singapore. To address this, we propose enacting a specific exemption from the minimum member requirement for master-feeder funds. We also wish to note that there are no similar requirements in other business structures legislation (e.g., the Companies Act, the Limited Liability Partnership Act or the Business Trust Act). Therefore, we propose that there should be policy consistency with the other acts. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** An area of concern highlighted during the roundtable related to what measures would qualify as 'reasonable mitigation' in relation to managing the risk of cross-cell contagion. While a 'reasonableness' standard is acceptable, participants agreed that additional guidance or specific examples of acceptable measures would be welcome. To this end, one suggestion raised was to mandate that all fund managers of S-VACC funds include in all contracts entered into with third parties regarding an S-VACC's sub-fund(s) contractual provisions restricting the claims of those third parties as against the relevant individual sub-fund(s) only. Mandating the inclusion of such provisions would set a clear

S/N	Respondent	Responses from respondent
		minimum threshold for the types of measures that would be regarded as 'reasonable mitigation'. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** The vast majority of the participants supported permitting directors to dispense with AGMs via 60 days written notice to shareholders. However, many desire to understand the reason(s) for allowing shareholder(s) with at least 10% of the total voting rights to require an AGM notwithstanding a decision by directors to dispense with an AGM (the "**Proposed Shareholder Right**"). Most collective investment schemes (apart from private equity and venture capital funds) are passive structures (i.e., without interventionist shareholders) and/or have sophisticated investors. While the Proposed Shareholder Right is a mechanism that may be useful for certain setups, it is unlikely to be utilised by most S-VACCs in practice. Furthermore, it may also create operational inconveniences or difficulties across sub-funds that would otherwise function independently of each other. For instance, if the shareholders of one sub-fund are able to duly exercise the Proposed Shareholder Right, they will be able to compel an AGM even where all the shareholders of all other sub-funds do not wish to have an AGM. As a consequence, there does not appear to be a genuine need to impose the Proposed Shareholder Right as a default right across all S-VACCs. Nevertheless, if MAS intends to retain the Proposed Shareholder Right, we urge MAS to consider enacting a specific exemption for private equity ("**PE**") and venture capital ("**VC**") funds. MAS may also wish to consider permitting other S-VACCs to apply for this exemption on an ad hoc or annual basis. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** We wish to clarify the interaction between the AML/CFT standards applicable to FIs and the requirements on obtaining beneficial ownership information under the amended CA.

S/N	Respondent	Responses from respondent
		Specifically, we seek to confirm whether the CA requirement to obtain information about beneficial ownership would apply to a nominee shareholder that would (under the current AML/CFT regime applicable to FIs) be exempted from the requirement to have its beneficial owners identified and their identities verified (e.g., a company listed on a stock exchange that is subject to regulatory disclosure requirements relating to adequate transparency in respect of its beneficial owners). If it would, then we additionally seek clarification on whether the extent of inquiry and penalties for noncompliance will be governed by the CA or the AML/CFT regime currently applicable to FIs. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** In the course of discussing what entities may qualify as permissible fund managers ("**PFMs**"), the question of whether qualifying managers of venture capital funds ("**VC Managers**") under the recently-proposed VC manager regime would be allowed to act as PFMs arose. A related issue participants noted was that assuming the proposed VC manager regime is implemented largely unchanged, VC Managers would be under a lighter touch regime than their PFM counterparts. Participants therefore seek confirmation as to whether VC Managers will be allowed to act as PFMs should the VC Manager regime be implemented and if so, whether additional requirements will be imposed on PFMs that are VC Managers. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** Participants agreed that requiring approved custodians with duties similar to those of approved trustees for Authorised and Restricted Schemes structured as unit trusts would be an important mechanism for safeguarding shareholders' rights and

S/N	Respondent	Responses from respondent
		interests. However, participants wish to confirm whether an approved custodian should be mandatory for S-VACCs that are effectively private funds. As such funds frequently have in-house custodial capabilities, requiring an approved custodian may be operationally or administratively unacceptable for them. We also note that in the MAS presentation on 13 Apr 2017, MAS stated that it would give further consideration to the appropriateness of the approved custodian requirements to PE and VC funds given the highly independent nature of PE and VC funds. We wish to reiterate that we believe this issue will be most appropriately handled through the present fund manager regime, as specific exemptions to the custodian requirement are already in place.
23	SMT/EAI	**General comments:** Nil **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** Currently, Offers of CIS are maintained by Offers and Prospectus Electronic Repository and Access ("OPERA"). As the purpose for S-VACC structure is primarily designed for Collective Investment Scheme ("CIS"), we are of the view that the registrar of S-VACC should also be maintained by MAS. We would encourage MAS to consider whether the use of the ACRA as the administrative body for S-VACCs could lead to confusion by having two corporate regimes with different reasons for establishment behind them. This might give rise to unintended consequences including receiving a disproportionate level of applications from promotors seeking to take advantage of the flexibility offered by the S-VACC structure. Consideration should be given to allowing / clarifying that S-VACC's be US tick the box entities. This would be more transparent for US taxpayers and thus more attractive to investors.

S/N	Respondent	Responses from respondent
		Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B. Nil **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "SVACC".** We agree that S-VACC structures should only be used for CIS. Allowing other activities would cause confusion and potentially loss of confidence in S-VACCs generally. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We are supportive of the proposal to allow S-VACCs to be structured as open-ended or closed-end funds. We note that the Securities and Futures Act Section 2 definition of "collective investment schemes" does not include: a closed-end fund constituted either as an entity or a trust. We propose that MAS harmonise both the S-VACC Act and the SFA. We note that certain Singapore Registered Fund Management Companies are managing funds incorporated in the Cayman Islands ("Cayman Funds"). The Cayman Funds, which are primarily for accredited investors, generally have various clauses of redemption restrictions such as those related to a redemption gate and period in the Private Placement Memorandum. In contrast, Singapore Authorised schemes generally do not have such redemption restriction. We are of the view that there should not be any limits to redemption to be set out in the S-VACC Act. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.**

S/N	Respondent	Responses from respondent
		There are significant risks to retail (and indeed wholesale) investors in relation to the use of cellular structures. We acknowledge the care shown by MAS in this regard, and would encourage MAS to consider mitigating the risk further by requiring that such investments can only be made in jurisdictions that don't formally recognise cell structures via separate S-VACCs or by requiring the receipt of confirmation by the regulatory authority of such jurisdiction that the cell construct is understood and will be treated as valid within the jurisdiction. Any legal challenge to the cell structure could result in loss to investors, and / or a restriction in their ability to access or realize their assets in a timely fashion. Strict rules on segregation will be required to mitigate this risk. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** Allocation of assets and liabilities across sub-funds should be highly restricted, perhaps by requiring commonality of investor. Cross-cell contagion could be limited by seeking investor approval (possibly by majority of assets value) prior to allocating any assets or liabilities between sub-funds. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** Nil **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** We agree with the principle of using NAV for valuation and redemption. However, investor protection measures will be required to ensure protection of value for the remaining

S/N	Respondent	Responses from respondent
		investors where the values of funds/sub-funds are comprised of assets with varying liquidity or realizability factors. Otherwise, the more liquid or realizable assets may be dissipated to pay leaving investors, which could negatively impact on the timeliness or value of remaining assets for remaining investors. We noted that certain Cayman Islands Funds managed by the Singapore Fund Management Companies ("FMC") issue Redeemable Preference Shares ("RPS") to their investors and issue the ordinary shares to the director(s) or shareholders(s) of the FMC. While the RPS is covered in section 70 of the Singapore Companies Act, we would like to seek clarification on whether 1) the S-VACC can issue RPS to investors; and, 2) the SVACC can issue the ordinary shares(s) with voting rights to director(s) or shareholder(s) of the FMC. Based on the assumption that the S-VACC may issue RPS, the MAS may need to consider how the valuation may be performed where there is RPS for investors and ordinary shares owned by the directors or shareholders of FMC. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** The proposed S-VACC Act give the shareholder(s) with 10% or more of the total voting rights to call for a general meeting. The existing unit trust structure generally does not require a general meeting for the unitholder(s). We propose that the power to shareholders(s) to call for a general meeting should be restricted to annual general meeting only (ie, no EGM). **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** We are of the view that the S-VACC should have an independent director who is also independent from the FMC to ensure the S-VACC is acting in the best interest of the shareholder(s). The role

S/N	Respondent	Responses from respondent
		of the independent director will provide governance and oversight on the S-VACC as a trustee under the existing regime. We agree that an audit committee is not required. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** We agree a choice of accounting standards should be available but these should be the same accounting standard for all sub-funds in a S-VACC. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a SVACC's shareholder register.** Nil **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** We agree with the proposal. As a general comment we don't believe that changes in CA legislation should automatically affect S-VACC's. This will avoid unintended consequences where changes to general company law may adversely affect S-VACC's. That is why we recommended that S-VACC's be legislated by the MSA as per our comments in 1 above. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** Nil

S/N	Respondent	Responses from respondent
		Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs. Nil **Question 16. MAS seeks comments on the proposed AML/CFT requirements on SVACCs.** We recognised that it is important to have the AML/CFT requirements provision in place. However, issuing the various existing AML/CFT Guidelines and Notices issued by the MAS, we suggest that the S-VACC Act should refer to the existing AML/CFT Guidelines and Notices instead of having a separate provision on the AML/CFT in SVACC Act. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** Nil **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** We support the re-domicilation of existing unit trusts and investment companies into Singapore and recommend that MAS consider providing arrangements for the existing unit trusts and investment companies to transfer into S-VACC's. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.**

S/N	Respondent	Responses from respondent
		Nil **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** We support this proposal. We recommend that the additional grounds for winding up do not automatically trigger a winding up. We recommend that winding up should be an option for consideration in the case where the issue giving rise to concern cannot be remedied by the S-VACC. This gives maximum flexibility to protect the investors. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific subfunds.** Nil **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** Nil **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** Nil **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** Nil
24	SH	**Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.**

S/N	Respondent	Responses from respondent
		The proposed structure is practical. Whether it will gain wide acceptance will depend on, as compared to structures in other well recognised jurisdictions, how easy to use the S-VACC structure, and whether this is any saving in money. Typically, investors and fund managers will look at these factors: tax incentives, cost and time involved in setting up the vehicle, the recurring/ maintaining cost, the types of on-going regulatory submissions and the cost involved. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** The proposals are fair. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** The proposal does not seem to cater for situations for private funds – (a) where under a S-VACC (the big umbrella), there is demand for open-ended sub-funds and closed-end sub-funds coexist under the same big umbrella. (b) the investors of a closed-end fund may subsequently decide to convert the fund into an open-ended fund with minimal cost and time. (c) the investors of a open-ended fund may subsequently decide to convert the fund into a closed-end fund with minimal cost and time. It would be appreciated that if the Authority could consider allowing S-VACC's structure for private funds to be more flexible so that there could be open-ended sub-funds and closed-end sub-funds coexist under a S-VACC, and that investors are allowed

S/N	Respondent	Responses from respondent
		to convert a closed-end fund into an open-ended fund, and vice-versa, without the need to incur much cost and time. Instead of requiring the rights of and limits to redemption to be set out in the constitution of a S-VACC, it is suggested that the said rights and limits be disclosed in the offer documents and be acknowledged by the investors. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** They are good proposals. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** They are good proposals. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** The proposals are fair. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** The proposal is practical. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** The proposal is practical for private equity funds and venture capital funds. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as**

S/N	Respondent	Responses from respondent
		well as the preparation and disclosure of financial statements of S-VACCs. These are good proposals. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** Factors to consider besides regulatory requirements: market practice, consistency across sub-funds within the S-VACC, able to do meaningful comparison with other successful funds established in other jurisdictions. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** Clarification from MAS is required on the following:- Besides ACRA, MAS, the Singapore Police Force, IRAS, it is not clear whether S-VACCs have the obligation to make the register available to overseas regulatory, supervisory and law enforcement bodies, upon their direct request. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** The requirements are necessary for AML/CFT purpose. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** No objection as long as the proposed requirements do not contradict with criteria used for granting tax incentives for funds and fund managers.

S/N	Respondent	Responses from respondent
		Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs. This is a good proposal. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** Except for the outsourcing arrangement ("require a S-VACC to outsource the performance of AML/CFT duties to its fund manager") the other proposed requirements are necessary for AML/CFT purpose. It is viewed that the proposed requirement that a S-VACC should outsource the performance of AML/CFT duties to its fund manager may be redundant. Currently, the following licensed parties have the regulatory obligations to carry out AML/CFT on funds (including shareholders, directors, authorised persons, beneficial owners, of the fund entities) and their investors (including their authorised parties and beneficial owners):- (a) Fund Manager – AML/CFT duties are performed before it agrees to act as fund manager or advisor to the fund, and on-going monitoring once it accepts the role. (b) Bank – AML/CFT duties are performed before it agrees to open a bank account for the fund, and on-going monitoring after the account is opened. (c) Custodian – AML/CFT duties are performed before it agrees to accept the role, and on-going monitoring after that. (d) Trustee - AML/CFT duties are performed before it agrees to accept the role, and on-going monitoring after that. Even with no outsourcing arrangement, the above parties are under regulatory requirements to carry out AML/CFT duties on funds and their investors. The proposed requirement seeks to impose on the S-VACC to outsource the AML/CFT tasks to the fund manager. This does not

S/N	Respondent	Responses from respondent
		change the existing regulatory obligation of the fund manager to carry out AML/CFT duties on the S-VACC and its investors. The proposed requirement will require both parties (the S-VACC and the fund manager) to formalise an outsourcing arrangement. This will only add legal cost to the fund, for preparation of the outsourcing agreement, and allow the fund manager to charge a AML/CFT fee to the fund under the outsourcing agreement. On the whole, the fund's expense ratio will increase due to the outsourcing arrangement and this may not be desirable. As there are existing regulatory requirements to ensure AML/CFT duties are carried out on a S-VACC and its investors (by at least the four parties mentioned above), there may not be a need to impose a regulatory requirement on the S-VACC to outsource the AML/CFT tasks to the fund manager. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** The proposed requirements are necessary to protect investors. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** Not able to comment. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** Not able to comment.

S/N	Respondent	Responses from respondent
		Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications. Not able to comment. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** This is a good move. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** Not able to comment. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** Not able to comment. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** Not able to comment.
25	SLB	**General comments:** The proposed changes is most welcome and is what the current market is missing, especially when many investors and fund managers still prefer the Cayman segregated portfolio company structure to ring-fence portfolios within a single fund structure. This will complement the full suite of Singapore fund structures and put Singapore on a level playing field with major fund jurisdictions like Cayman Islands and Luxembourg.

S/N	Respondent	Responses from respondent
		Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs. The Authority's proposals on the cellular structure is crucial for the success of the S-VACCs as the investors and fund managers who wish to use a structure like the S-VACC (as opposed to the Cayman segregated portfolio company) will expect and require legislative provisions/protections for the segregation of risks, assets and liabilities among the sub-funds. Having clear provisions in the law and requiring mandatory language in the S-VACC constitution are essential. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** Please see our response to Q5 above. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** a. There is currently no express requirements imposed on existing Singapore fund structures (namely, corporate funds, LP funds and unit trust funds) to ensure that (i) the fund's directors are fit and proper (in fact the LP funds and unit trust funds may not have a board of directors); and (ii) at least one director is also a director of the fund manager. The proposal to require the S-VACC directors to be subject to fit and proper checks will artificially differentiate the S-VACC from existing Singapore fund structures that do not have such requirements. Notwithstanding the above, it is our observation that most funds that have a board of directors, would fill the board seats with the fund manager's directors or portfolio managers for various reasons. Such persons would have already fulfilled the fit and proper requirements when they are appointed as directors or

S/N	Respondent	Responses from respondent
		representatives of the fund managers. There is thus some form of a natural safeguard. b. There is currently no express requirements imposed on existing Singapore retail unit trust fund structures to ensure that there is at least one independent director. This will artificially differentiate the S-VACC from existing Singapore unit trust fund structures and the Cayman segregated portfolio company structure. It is our understanding that independent directors will typically be paid an annual directors' fee. This may increase the operating cost of the S-VACC and make it less attractive to the investors and the fund managers. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** There is currently no express AML/CFT requirements imposed on existing Singapore fund structures (namely, corporate funds, LP funds and unit trust funds), instead the AML/CFT requirements are imposed on the fund managers who manage these funds. The proposal to impose AML/CFT requirements on S-VACCS, which in essence will translate to an express obligation imposed on the directors of the S-VACCs will be onerous and differentiate it from existing Singapore fund structures. This may also discourage some suitably qualified candidates (who might otherwise be willing) from being appointed as directors of S-VACCs. In any event, the S-VACCs will have to be managed by a Permissible Fund Manager (defined to mean a LFMC, RFMC or Exempted Entity), which would already be bound to carry out the usual AML/CFT checks on their clients/investors. There is no need to impose additional AML/CFT requirements on the S-VACCs. Please also see our response in para (a) to Q 14.
26	SA	**General comments:** Sidley Austin LLP acts as legal adviser to numerous fund managers and financial institutions providing fund management and financial advisory services in Singapore. Our clients participate either as investors or as managers responsible for

S/N	Respondent	Responses from respondent
		managing portfolios in various asset classes including public equity, private equity, real estate, infrastructure and private debt. Such funds include those offered to retail as well as non-retail investors. We advise our clients not only in relation to their regulatory obligations as a fund management company, but are often closely involved in helping them to structure new fund vehicles to offer to investors in different jurisdictions. We also participate in the Singapore Venture Capital and Private Equity Association (SVCA), the Singapore chapter of the Alternative Investment Management Association (AIMA) as well as the Investment Management Association of Singapore (IMAS) and have contributed to the responses submitted by each of the aforementioned industry associations. We have considered the issues raised by the Consultation Paper primarily from the perspective of our fund manager and investor clients. We would note that in the Asian private funds space, the limited partnership and the Cayman exempted company have long established themselves as the "market-standard" fund vehicles for closed-end funds and open-ended funds respectively because of the unique features of each legal vehicle that addresses the various operational, legal and tax requirements of each asset class. Whilst clients have expressed their support and interest in the successful launch of an alternative investment fund vehicle in Singapore that is able to accommodate the features of an open-ended fund and closed-end fund, we would re-iterate that more than just "levelling the field" between the S-VACC and the existing vehicles, it is important for the S-VACC to have features that make it a compelling vehicle to use over and above the existing fund vehicles. We note from the consultation paper and the MAS Outreach Session on 13 April 2017 that the policy intent is for the S-VACC to be used as a fund vehicle for both retail funds and private funds. Throughout the consultation paper and at the same MAS Outreach Session, we note that there are numerous instances where the interests of retail funds and private funds appear to

S/N	Respondent	Responses from respondent
		compete or contradict one another (e.g. approved custodian requirement). Therefore, instead of introducing a fund vehicle that would at its outset accommodate both retail funds and private funds, we would suggest focusing first on creating a viable fund vehicle for retail funds, and thereafter engage the private funds industry at a later stage to introduce an investment fund vehicle for private funds. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** We are supportive of the introduction of a new S-VACC Act to govern S-VACCs instead of including the S-VACC under the existing Companies Act (Chapter 50 of Singapore). We also note that such approach will be preferable as the Companies Act undergoes frequent amendments that are often not applicable to S-VACCs as collective investment schemes with a regulated fund manager. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** Our comments on the draft S-VACC Act are as follows: • Section 31 – in order to allow single master-feeder structures, we propose that section 31 be amended to allow a S-VACC to have one member only where that one member is another collective investment scheme. • Section 41(2) – we suggest MAS consider additional grounds similar to those set out in paragraph 3.2(f) of the Code on Collective Investment Schemes, to allow the constitution to be amended by the directors without a shareholders' resolution, e.g.: (i) the alteration does not materially prejudice the interests of shareholders and does not release to any material extent the fund manager from any responsibility to the shareholders;

S/N	Respondent	Responses from respondent
		(ii) the alteration is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law); or (iii) the alteration is made to remove obsolete provisions or to correct manifest errors. All the above are standard grounds in trust deeds of Singapore unit trusts that are authorised schemes ("**Retail Unit Trusts**") for allowing the amendment of the trust deed without a unitholders' resolution. In addition, as a general comment we suggest making it clear that any shareholders meeting or resolution would only be required if the subject matter affects that particular class or Sub-Fund(s). For example, if an alteration affects only one Sub-Fund, any resolution required should only be with respect to shareholders of that Sub-Fund, whereas if an alteration relates to a matter that affects all Sub-Funds, then the resolution required should be with respect to shareholders of all Sub-Funds (this would be in line with current practice for Retail Unit Trusts). • Section 292(1)(a) – this section appears to always require a resolution in general meeting to be passed even when the voluntary winding up is due to, for example, the expiry of the fixed duration of a sub-fund or the occurrence of an event provided for in the constitution. We believe that this would add unnecessary administrative burden and costs, and would also not be in line with current practice for termination of Retail Unit Trusts (typically the trust deeds of Retail Unit Trusts would set out the grounds for termination of the sub-funds which do not require a shareholders' resolution). Hence we would propose that the words "and the S-VACC in general meeting has passed a resolution requiring the S-VACC to be wound up voluntarily" be deleted.

S/N	Respondent	Responses from respondent
		Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC". We agree with the MAS' proposal to limit the S-VACC structure for use as a vehicle for CIS only. We would also request that MAS consider whether the S-VACC can be used as a wholly owned subsidiary of a fund to access the double tax treaties that Singapore has established with other countries. If so, will a modified version of the S-VACC (which dis-applies certain requirements) be made available? We note that other jurisdictions use similar structures for other purposes (e.g. CLO issuance from a Cayman SPC), but agree that such additional uses of the S-VACC can be considered and should be explored further at a subsequent stage. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We support MAS' proposal to allow the S-VACC to be structured either as an open-ended or closed-end fund. **<u>From the perspective of private funds:</u>** We support the approach of including provisions relating to the redemption of shares in the constitution. However, where the S-VACC adopts an umbrella/sub-fund structure, we suggest that these provisions be limited to permissive provisions that set out the broad redemption framework only. Details of redemption rights and redemption limits can be set out in a shareholder's agreement (or other similar agreement) relating to the specific fund / sub-fund. The above approach of an overarching constitution and shareholders agreement per sub-fund would help to preserve flexibility and confidentiality of terms vis-à-vis various sub-funds,

S/N	Respondent	Responses from respondent
		as well as facilitating the negotiation process between the fund and investors. We propose asking the MAS to explore the possibility of introducing an optional "par value" feature to the shares of the S-VACC – a concept that was removed from the Companies Act in 2006. The aggregated "par values" of the shares can be a nominal amount representing the authorised share capital of the S-VACC, and to the extent a share is issued above the par value, any such excess amount is characterised as a "share premium" amount that can be separately accounted for. Most importantly, this allows the share capital of the S-VACC to be a relatively small amount (as compared to the aggregate *issue price* of the shares) and avoid any potential restrictions or complications that may be encountered as a result of the capital maintenance rules. This is the standard approach taken in hedge funds constituted as Cayman exempted companies. This will also be helpful for any closed-end fund that wants to make periodic distributions before it has fully drawn-down the commitments of an investor. We also query whether it will be possible to issue shares in a S-VACC that give investors the right to participate in the economics of a fund's investments, but not have the other typical rights of a shareholder (e.g. vote a general meeting of the S-VACC, appointment of directors, etc.), which would be similar to the features of a redeemable preference share in a company under the Companies Act. This will allow the division of the S-VACC's share capital into "management shares" (the ordinary or typical shares which carry the rights of an ordinary shareholder) and the "economic shares" (shares which allow for participation in economics of the fund only). Such division would be consistent with the commercial relationship of the fund manager that exercises decision-making powers over the portfolio and management of the fund, and the investor that is a passive economic participant in the fund's investments. This is the standard approach taken in hedge funds constituted as Cayman exempted companies. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.**

S/N	Respondent	Responses from respondent
		We support such proposed feature, subject to our further responses to Question 6 below. We note from the MAS Outreach Session on 13 April 2017 that it is currently contemplated that an S-VACC may only have one fund manager. We query whether it would be possible in future for a S-VACC to have different fund managers for different sub-funds. This would support the establishment of platform fund structures where start-up managers can "rent" a sub-fund until such time the AUM is sufficiently large to justify migration to a standalone fund structure or standalone S-VACC that is fully controlled by such start-up manager. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** Paragraph 4.4 refers to the S-VACC's duty to ensure proper segregation of assets and liabilities of sub-funds, and that such duty is also implied in each S-VACC's constitution, so as to provide shareholders with an avenue to recover damages where there is a breach. Would directors of the S-VACC be held personally liable for such breach, and what steps must a director take to ensure that he/she has discharged such duty? In the event there is excessive personal liability on a director for ensuring that there is a proper segregation of assets and liabilities between sub-funds, we believe this may deter individuals from becoming directors of a S-VACC, and in turn potentially limit the uptake of the S-VACC vehicle. Paragraph 4.5 refers to the requirement to disclose, in dealings with third parties prior to entering into oral agreements on behalf of a S-VACC's sub-fund, specific information about the sub-fund. We would like to query the type of circumstances envisaged by MAS and how this is to be carried out in practice. In addition, we would like to understand how this requirement (for oral agreements) will provide additional protection against the risk of cross-cell contagion.

S/N	Respondent	Responses from respondent
		We believe that cross-cell contagion remains a material risk for S-VACCs which invest assets of its sub-funds in different jurisdictions, some of which may not respect the segregation of assets and liabilities between different sub-funds. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** We agree with the proposal to allow a sub-fund to be wound up as if it were a separate legal person and believe this feature is absolutely critical to the success of the S-VACC regime. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** **<u>From the perspective of private funds:</u>** This may impose limitations in a private equity fund or venture capital fund. In a private equity fund or venture capital fund, there may be circumstances where redemption of shares could be at a value which is less than the NAV of such shares. This could happen where the investor fails to advance its commitment and the fund seeks to impose default remedies against such investor (e.g. a defaulting investor scenario) or where certain tax or regulatory restrictions may limit the percentage participation of an investor in order to avoid an adverse outcome for the fund. The S-VACC should accommodate such scenarios, and therefore include flexibility for the redemption of shares to be less than NAV where agreed with an investor, or otherwise for tax, regulatory or legal reasons.

S/N	Respondent	Responses from respondent
		Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs. AGMs are usually not necessary in collective investment schemes. In the case of the S-VACC, there is an additional safeguard in the mandatory requirement for the S-VACC to appoint a MAS-regulated fund manager. **<u>From the perspective of private funds:</u>** We note that in the private equity and venture fund context, typically 50% / 66.67% of investors can require a meeting of investors to be called and therefore a 10% threshold would be too low in the context of a private equity or venture fund. We would propose that the approach is for managers to contractually agree in the S-VACC shareholders agreement any requirements in relation to investors meetings, rather than to hardwire a requirement into the statute or subsidiary legislation. This will provide flexibility for the S-VACC terms to accommodate investor expectations and market standards for the relevant investment fund asset class. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** The appointment of fund auditors is market practice in private equity and venture capital funds. We agree that the S-VACC should not be required to appoint an audit committee. Please clarify whether investors in one sub-fund will have access to the financial information of another sub-fund under the same umbrella fund structure? Please clarify whether the annual return of the S-VACC will be made available to members of the public?

S/N	Respondent	Responses from respondent
		Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)? We support the use of IFRS for the preparation of financial statements. We would also propose allowing sub-funds to adopt the financial accounting standard most appropriate to such sub-fund. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** We agree with MAS' proposal not to disclose the register of shareholders to the public but to make the register available to MAS, ACRA and other public authorities for regulatory, supervisory and law enforcement purposes. Please also confirm whether the register of shareholders must be maintained by the S-VACC/Permissible Fund Manager or can it be maintained by a third party company secretary/fund administrator. Please clarify whether the constitution of the S-VACC will be made available to members of the public? Private equity and venture fund managers are unlikely to use a vehicle where the constitution is (or could become) publically available. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** To the extent this does not go beyond what the RFMC or licensed fund manager is required to do as part of its existing AML/CFT obligations, we see no issue with this.

S/N	Respondent	Responses from respondent
		Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC. We support the requirement for at least one director of the Permissible Fund Manager to also be a director of the S-VACC – this is a common practice in most hedge funds. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** We would propose allowing entities providing carrying out fund management activities under the licensing exemptions in paragraph 5(1)(b) and paragraph 5(1)(h) of the second schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations to be included as Permissible Fund Managers as we believe that the S-VACC structure may be of interest to family offices and real estate / infrastructure fund managers. Assuming the new light-touch regulatory regime for venture capital managers is adopted, will such managers qualify as Permissible Fund Manager for purposes of managing a S-VACC? **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** Please clarify why there is a need to impose the AML/CFT requirements on the S-VACC directly when the Permissible Fund Managers are, as a result of their regulated status, already subject to comparable AML/CFT obligations which would, *inter alia*, require them to carry out customer due diligence on investors of the CIS they manage. This would appear to be duplicative work (and may cause uncertainties in practice if the AML/CFT obligations of the S-VACC and the Permissible Fund Manager are not perfectly aligned). Please clarify whether the Permissible Fund Manager, or the S-VACC, or both entities will be held liable in the event of a breach of the AML/KYC requirements being imposed on the S-VACC.

S/N	Respondent	Responses from respondent
		Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation. **<u>From the perspective of retail funds:</u>** While we have no issue with requiring S-VACCs to appoint independent custodians for the safe-keeping of fund assets, how is it envisaged that the Approved Trustee would interact with the S-VACC, its board of directors, and the fund manager with respect to its duties as trustee? Would the board of directors of the S-VACC need to seek the Approved Trustee's consent for prescribed matters and for review of the constitution and prospectus? While we appreciate that this proposal will make a retail S-VACC similar to a Retail Unit Trust as both would then be required to have an Approved Trustee, we think that this could have a dampening effect on the industry's enthusiasm for using a S-VACC instead of the usual unit trust for Authorised Schemes. A S-VACC does not require a trustee in the same way that a unit trust does (a unit trust requires a trustee due to its lack of a legal personality). On the other hand, a S-VACC would already have governance in the form of its board of directors (plus a secretary for administrative support), and to be additionally subject to oversight from the Approved Trustee would result in the operation of a S-VACC being more burdensome and less flexible than the operation of a unit trust. **<u>From the perspective of Restricted Schemes and private funds:</u>** In the context of Restricted Schemes, we note that this requirement does not apply to the interests of a Singapore limited partnership or any other offshore fund vehicle being offered in Singapore under section 305 of the SFA, and therefore

S/N	Respondent	Responses from respondent
		would disadvantage any fund manager which is considering the use of a S-VACC. In addition, we would highlight that hedge funds and retail funds typically hold investments that are fungible and can be co-mingled, therefore it is a regulatory requirement in many jurisdictions for such funds to appoint a custodian to safe-guard the title to assets in the event of the insolvency. However, the investments typically made by private equity funds and venture capital funds are different (typically being investments in the shares of private companies) and therefore the rationale supporting the appointment of custodians in hedge funds and retail funds does not apply to them. MAS appears to acknowledge such differences in the nature of investments in FAQ 5 of the "Frequently Asked Questions on The Licensing and Registration of Fund Management Companies" (last updated on 6 February 2017). In addition, we would also highlight that it is a common practice for most hedge funds to enter into custody arrangements either as part of or alongside their prime brokerage agreements, and such appointed custodians may or may not be based in Singapore (in fact, most are likely to be based in London or New York). Imposing the approved custodian requirement for Restricted Schemes will be an additional operational requirement which fails to take into account the current market practice, and would likely be an obstacle to the use of the S-VACC as a fund vehicle since other offshore hedge funds (typically domiciled as Cayman exempted companies) are not subject to the same requirement. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** We have no comment on this. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile)**

S/N	Respondent	Responses from respondent
		which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged. We are of the view that the likelihood of any fund managers re-domiciling their foreign fund vehicles as S-VACCs are likely to be low, until such time it becomes a cost-efficient process, and the risks relating to contagion are adequately addressed. Please clarify whether a company under the Companies Act (Chapter 50 of Singapore) and existing Authorised Schemes set up as unit trusts would be allowed to re-domicile as a S-VACC. We also suggest that the details of the re-domiciliation be provided for in subsidiary legislation and not be included as part of the S-VACC Act. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** The winding-up regime adapted for S-VACCs and Sub-Funds is supported. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** We seek clarity on what MAS means by "global industry practice" in paragraph 11.1 of the consultation paper and what types of funds are envisaged by this question. Please also clarify whether the term "debentures" is being used interchangeably with the term "leverage". Whilst we support the ability for a S-VACC to utilise "leverage", the issuance of debt instruments by a CIS itself in the form of "debentures" is not a common practice in either retail or private funds. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.**

S/N	Respondent	Responses from respondent
		We have no comment on this. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** We have no comment on this. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** In the context of private funds, we think that this is a feature that most fund managers are unlikely to need.
27	SDC	**Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** The structure provides flexibility. We suggest that for better transparency and understanding, the separate cells be referred to as Segregated Portfolios or Independent sub-funds. The terminology sub-fund in the global context could imply that they are multiple classes of an umbrella fund and assets are co-mingled. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** The requirement that the rights and limits of redemption be set out in the constitution of the S-VACC could reduce flexibility. This would mean that if the S-VACC is incorporated as a close-ended company, then all independent sub-funds will also have to be close-ended. This is not in line with the international practice in countries like the Cayman Islands (where the Segregated Portfolio structure is very popular), where the independent sub-funds/cells formed can either be open-ended or close-ended. So, we suggest that if the cellular structure is being used, the S-VACC

S/N	Respondent	Responses from respondent
		should be given the flexibility of having both open-ended and close-ended funds. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** Under the structure, each segregated cell is not a separate legal entity. But the understanding is that separate bank accounts and agreements can be signed by the S-VACC for and on behalf of the separate segregated cell. This would help in mitigating the risk of cross-cell contagion and keeping the assets and liabilities separate. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** The proposal to allow the fund manager of a S-VACC consisting of an Authorised Scheme to invest in assets located in a jurisdiction that does not have a cellular company structure, only if any risk of cross contagion between the S-VACC's sub-funds has been reasonably mitigated, could prove to be very onerous for the fund manager. The fund can mention the cross-cell contagion risk in the risk factors section of the fund documentation but there is no mitigation possible in such cases. We suggest that in case of funds offered only to accredited and institutional investors, as they understand the adjunct risk, the investment is such jurisdictions be allowed and the risk associated be duly communicated. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** The IFSR is an international and globally accepted standard. To improve transparency and for the better understanding of the

S/N	Respondent	Responses from respondent
		investors, it is suggested that the IFRS be adopted as the accounting standard for S-VACCs. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** The requirements of maintaining the beneficial owner details to be made applicable except in case the shareholder/subscriber is a regulated Financial Institution/ Investment Vehicle, etc. (as set out in Paragraph 6.16 of the MAS Notice SFA04-N02). **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** If the S-VACC is formed/promoted by Singaporean Citizens/Singaporean PR, the S-VACC will be required to have one local director (and no requirement of an independent director), as the oversight and professional standards will already be befitting of Singapore. If the S-VACC is formed/promoted by foreigners, then the specific requirement of one independent director is to be adhered to. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** MAS has released Notice SFA04-N02 "PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM – CAPITAL MARKETS INTERMEDIARIES" in line with the global AML/CFT standards. It would be beneficial if the same/similar provisions would be applicable to the S-VACCs as well, as most of the Permissible Fund Managers are already guided by it. Further, the AML/CFT duties be delegated to an independent fund administrator instead of the fund manager as this would help in the independent evaluation and checks. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align**

S/N	Respondent	Responses from respondent
		the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation. There should be separation of the duties of the custodian and a fund administrator. The independent fund administrator to be given the responsibility to calculate the Net Asset Value of the S-VACC and carry out the reporting obligations, to prevent any potential fraud. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** The type of foreign structures that could seek re-domiciliation are Segregated Portfolio Companies (SPC), Protected Cell Companies (PCC), Multi-Class funds (i.e. a single fund with various fund-classes). The main issue envisaged is with respect to taxation.
28	SGX	**General comments:** It is not clear from the consultation paper (i) what additional benefits that S-VACC provides over and above the traditional REITs Trust structure and (ii) the key differences between the two structures. The current trust structure seems to work well for REITs. Unless there are additional benefits, introducing an alternative structure for REITs could potentially cause confusion to the market. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** Limiting S-VACC structure to be used as a vehicle for CIS only may restrict the usage and adoption of S-VACC. Currently, under Appendix 1 paragraph 2.13 of the CIS Code, investment in unlisted securities is subject to an aggregate limit of 10% of a scheme's NAV. For funds that intend to have investments in

S/N	Respondent	Responses from respondent
		unlisted securities of more than 10%, they will not be able to adopt the S-VACC structure. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We note pending amendments to the SFA relating to the definition of a closed-end fund. We are supportive of the proposal, as the only difference between open-ended or closed-end funds lies in the investors flexibility to redeem their investments, which can be set out in the constitution of a S-VACC. If the intention is to limit the S-VACC structure to be a vehicle for CIS only, the S-VACC Act should be effective after the pending amendments to the SFA are affective. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** The proposal to allow directors to dispense with AGMs will be useful if there is no actual agenda, as this would unnecessarily increase the cost for managers, which could be in turn passed on to investors. We note that where the SGX-ST Listing Rules provide for annual meetings, such S-VACC would still need to comply. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** Audit committees should be a useful check on S-VACCs which we note is mandatory for companies. [They are central to establishing good internal controls and, as appropriate, risk management systems as well as delivering quality financial reporting and instituting strong processes for the proper review of interested person transactions.] We note that MAS proposes to require that all audited financial statements of an S-VACC be made available to shareholders but not to the public. If S-VACC

S/N	Respondent	Responses from respondent
		were to be listed, Rule 748 (2) of the SGX-ST Listing Rules requires the issuer to announce its financial reports via SGXNET. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** We note that many global fund managers use U.S. GAAP and allowing U.S GAAP may increase attractiveness of S-VACC. This would need to be balanced with other regulatory considerations as to whether S-VACCs should be allowed to prepare their financial statements using U.S. GAAP. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** MAS proposes that a S-VACC need not disclose the register of shareholders to the public, but must make the register available to ACRA, MAS and other public authorities for regulatory, supervisory and law enforcement purposes. In addition, MAS proposes to require S-VACC to maintain information on its beneficial owners. For open-ended funds (constituted as unit trusts) listed on SGX, the units are in the name of the CDP for and on behalf of the investors, and the funds may not have full details of the subscribers or beneficial owners of the units held in omnibus accounts. There is no maximum limit on the number of units which can be issued to investors and units may be issued and redeemed on every dealing day of the fund. Therefore, it may be administratively cumbersome for the issuer to maintain information on its beneficial owners which may be subject to change at any point in time. In addition, this will subject S-VACC to a more stringent requirement compared to unit trusts and hence reduce the attractiveness of this structure.

S/N	Respondent	Responses from respondent
		Under the amended Companies Act, only non-listed Singapore incorporated companies are required to maintain information on their beneficial owners. For reasons mentioned above, it may be more appropriate for the proposed requirement to apply to non-listed S-VACC. At the same time, MAS may also want to consider whether there should be any exception for S-VACC and its substantial shareholders (including the sub-funds and unitholders of the sub-funds) to comply with requirements for disclosure of interests under Subdivisions 2 and 3 of Part VII of the SFA (if applicable). **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** Unlike CIS constituted as a unit trust which does not have directors and executive officers, an S-VACC will have a board of directors who are subject to duties broadly similar to those of a company. Assuming that S-VACC obtains requisite licence, it is worth considering whether the board of directors of the S-VACC should be given the flexibility to manage the fund itself without appointment of a fund manager **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** This is not a requirement under the CIS Code and will subject S-VACC to a more stringent requirement compared to unit trusts.
29	SFAA	**General comments:** Our main comment is that as an association representing the fund administration industry here in Singapore we wish to seek clarification on whether a Singapore based fund administrator is required for the SVACC. While we know that there are provisions currently under IRAS for fund managers to engage with Singapore based fund administrators to avail of certain tax exemptions we feel it is imperative that local administrators are engaged for the SVACC.

S/N	Respondent	Responses from respondent
		To enhance the element of substance for the SVACC and to ensure compliance with the regulations we feel that it is essential to engage with a Singapore based provider
30	SVCA	**General comments:** This response to the consultation paper on the S-VACC has been prepared by the Advocacy Committee of the Singapore Private Equity and Venture Capital Association ("**SVCA**") with feedback from members of SVCA. The members of our advocacy committee include fund managers, law firms, tax advisers and compliance advisers. Additional details about the advocacy committee are available at: http://svca.org.sg/about-us/leadership-staff/advocacy-committee-2015-17/. The responses we provide assume the perspective of the private equity fund and venture capital fund industry. Investment funds in these asset classes are typically (though not exclusively) structured as limited partnerships managed either by an RFMC or a licensed FMC, which is also consistent with the form of vehicle used by managers in Hong Kong, Europe and the U.S.. Some Singapore-based managers may infrequently also use a Singapore private limited company or unit trust as the fund vehicle, but the use of such vehicles are typically driven by considerations specific to the relevant fund. 1. Alternative to the Limited Partnership. We note that US investors, European investors, and Asian institutional investors have become very familiar over a long period of time with the use of a limited partnership (usually Cayman Islands ("**Cayman**"), but also England, Delaware and Singapore) as a closed-end fund vehicle. We believe, therefore, that more than just "levelling the field" between the S-VACC and a limited partnership, it is important for the S-VACC to have features that make it a compelling vehicle to use over and above the long-standing limited partnership structure. In its current proposed form, we believe that the S-VACC may also be attractive as an intermediate holding company (as part of an overall fund structure). We have provided more details on this in our response to question 3.

S/N	Respondent	Responses from respondent
		2. Other proposed amendments and draft legislation. a. It would be good if the following were made available for the consultation prior to implementation: i. relevant subsidiary legislation under the S-VACC Act (e.g. to implement the incorporation requirements, receivership requirements, [conversion]\ re-domiciliation requirements, arrangements, and amalgamation requirements.) ii. requisite amendments to the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") iii. requisite subsidiary legislation under the SFA (e.g. to implement the approved custodian requirements, exempt offering requirements, fit and proper director requirements, authorised scheme requirements.) **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** We are supportive of the introduction of a new S-VACC Act to govern S-VACCs instead of including the S-VACC under the existing Companies Act (Chapter 50 of Singapore). Nonetheless, we would note (as would be the case when introducing any new legislative regime) that it will take the industry more time and resources to familiarise themselves with and adopt the new S-VACC vehicle. In addition, it is preferable to have standalone legislation than to be part of the Companies Act in view of the risk (as with the Irish Companies Act) of the US deeming such companies under the Companies Act as not being entitled to US tax pass-through status. We also note that such approach will be preferable as the Companies Act undergoes frequent amendments which are often not applicable to S-VACCs as collective investment schemes with a regulated fund manager.

S/N	Respondent	Responses from respondent
		Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** We support the MAS' proposal to use the S-VACC structure as a vehicle for CIS at this stage. The expression "Singapore Variable Capital Company" or "S-VACC" should be confined to companies incorporated under the S-VACC Act. As "S-VACC" is somewhat unwieldy, perhaps "SVCC" or "SVC" (viz. Singapore Variable Capital Company) or "SCVC" (viz. Singapore Company with Variable Capital) should also be allowed as alternative acronyms to S-VACCs registered under the S-VACC Act. At the moment, it is common for pan-Asian funds to be structured with multiple parallel and feeder fund vehicles in the EU and elsewhere, which then invest via a Singapore private limited company into investments in Asia. We would also request that MAS consider whether the S-VACC can be used as a wholly-owned subsidiary of such an offshore fund structure to access the double tax treaties which Singapore has established with other countries. If so, will a modified version of the S-VACC (which disapplies certain requirements) be made available? We also note that other jurisdictions use similar structures for other purposes (e.g. CLO issuance from a Cayman SPC), but agree that such additional uses of the S-VACC can be considered and should be explored further at a later point in time. The requirement for at least two members is problematic as many master fund structures have only one feeder fund (which constitutes the sole member of the master fund structure). The requirement to have at least two members would force the master-feeder fund structure to incur additional unnecessary costs and inconvenience in having to interpose a "second" intermediary special purpose vehicle to meet such two member

S/N	Respondent	Responses from respondent
		requirement. The offshore fund structure would also then not be able to use the S-VACC as the intermediary fund company for investment into the region as they will then have to incur the costs and burden of interposing a second member for such S-VACC intermediate fund company. This may result in the S-VACC being regarded as unattractive compared with the OEIC structures in other leading funds jurisdictions. Such two member requirement is also anomalous as it is not required in the authorised \ restricted\ exempt unit trust regulatory regime. It is also anomalous compared with the sole member company structure allowed under the Companies Act. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We support MAS' proposal to allow the S-VACC to be structured either as an open-ended or closed-end fund. We support the approach of including provisions relating to the redemption of shares in the constitution. However, where the S-VACC adopts an umbrella/sub-fund structure, we suggest that these provisions be limited to permissive provisions which set out the broad redemption framework only. Details of redemption rights and redemption limits can be set out in a shareholder's agreement (or other similar agreement) relating to the specific fund / sub-fund. The above approach of an overarching constitution and shareholders agreement per sub-fund would help to preserve flexibility and confidentiality of terms vis-à-vis various sub-funds, as well as facilitating the negotiation process between the fund and investors. *Problem of Partly-Paid Shares for Private Equity Funds*. As partly paid shares cannot be redeemed as set out in section 66 (2) of the proposed S-VACC Act, the S-VACC structure will be unattractive to private equity fund managers generally as commitments in a private equity fund often take several years to

S/N	Respondent	Responses from respondent
		be drawn down and fully paid and yet it is not uncommon in private equity funds for shares to be wholly or partially redeemed before the shares are fully drawn down. *Clarification needed for Payment out of Capital*. In view of the considerable weighty judicial authorities relating to maintenance of capital and the prohibition of dividends out of capital, it should be made clear explicitly in the S-VACC Act that the payment of dividends or other distributions out of capital on shares is allowed (and not merely cryptically under "other payments or returns" as in section 32 (4) (e) (i) of the proposed S-VACC Act). The suggestion that the constitution of the S-VACC would provide for payment of dividend out of capital is arguably not sufficient in view of the many judicial case law authorities against payment out of capital. The suggested clarification is set out in italicised wording below:- "[32] (4) (e) (i) the right to participate in or receive profits, income, *capital distributions* or other payments or returns arising from the acquisition, holding, management or disposal of, the exercise of, the redemption of, or the expiry of, any right, interest, title or benefit in the property or any part of the property of the S-VACC, or to receive sums paid out of such profits, income, *capital distribution* or other payments or returns; [*emphasis added*] Such payment of dividends out of capital should be allowed even if such shares are not yet fully paid (and hence could not be redeemed as specified in section 66 (2) S-VACC Act). **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** It is noted that each sub-fund's assets and liabilities are merely statutorily segregated and that each sub-fund does not constitute a separate legal entity. For collective investment schemes, it is not the practice nor is it preferred that each sub-fund constitutes a separate legal entity.

S/N	Respondent	Responses from respondent
		In addition, whilst we think that the cellular structure will offer a flexible and cost-effective structure to fund managers managing a small AUM (assets under management) who wish to manage more than one fund strategy, fund managers will still need to get comfortable with the inherent risks and obligations associated with such a structure (e.g. contagion risk, liability of directors, etc). **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** Paragraph 4.4 refers to the S-VACC's duty to ensure proper segregation of assets and liabilities of sub-funds, and that such duty is also implied in each S-VACC's constitution, so as to provide shareholders with an avenue to recover damages where there is a breach. Would directors of the S-VACC be held personally liable for such breach, and what steps must a director take to ensure that he/she has properly discharged such duty? We would nonetheless query whether such safeguards will be sufficient to ensure ring-fencing and segregation of assets and liabilities for each sub-fund in a court outside of Singapore (or any other jurisdictions which offer a similar legal structure). **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** We believe this is absolutely critical to the success of the S-VACC structured as an umbrella-fund/sub-fund. We further note that this is similar to the UK approach and has worked without notable problems. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.**

S/N	Respondent	Responses from respondent
		This may impose limitations in a private equity fund or venture capital fund. In a private equity fund or venture capital fund, there may be circumstances where redemption of shares could be at a value which is less than the NAV of such shares. This could happen where the investor fails to advance its commitment and the fund seeks to impose default remedies against such investor (e.g. a defaulting investor scenario) or where certain tax or regulatory restrictions may limit the percentage participation of an investor in order to avoid an adverse outcome for the fund. The S-VACC should accommodate such scenarios, and therefore include flexibility for the redemption of shares to be less than NAV where agreed with an investor, or otherwise for tax, regulatory or legal reasons. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** AGMs are usually not necessary in collective investment schemes. In the case of the S-VACC, there is an additional safeguard in the mandatory requirement for the S-VACC to appoint a MAS-regulated fund manager. We note that in the private equity and venture fund context, typically 50% / 66.67% of investors can require a meeting of investors to be called and therefore a 10% threshold would be too low in the context of a private equity or venture fund. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** The appointment of fund auditors is market practice in private equity and venture capital funds. We agree that the S-VACC should not be required to appoint an audit committee.

S/N	Respondent	Responses from respondent
		Please clarify whether investors in one sub-fund will have access to the financial information of another sub-fund under the same umbrella fund structure? Please clarify whether the annual return of the S-VACC will be made available to members of the public? In relation to the financial statements, it is noted that the Consultation Paper at paragraph 6.6 indicated that: "as the audited financial statements of funds contain proprietary information relating to investment strategy, *MAS does not intend to require that the statements be made publicly available*." The provisions relating to accounts in Part 8 and elsewhere in the draft S-VACC Act are silent on restrictions on public access to the financial statements. The S-VACC Act should explicitly state that the financial statements filed with ACRA will not be publicly accessible. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** We support the use of IFRS for the preparation of financial statements. We propose allowing sub-funds to adopt the financial accounting standard most appropriate to such sub-fund. For instance, if the sub-fund is investing into American assets, that sub-fund may wish to report in accordance with US Generally Accepted Accounting Principles. As the assets and liabilities of each sub-fund are separate from other sub-funds, and as the investors\ shareholders\ creditors are almost wholly concerned with such sub-fund, and not other sub-funds, this should not cause much confusion. The MAS should have the statutory power, upon application by the fund manager of such sub-fund to allow a

S/N	Respondent	Responses from respondent
		different financial accounting standard to be applied for that sub-fund. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** We agree with MAS' proposal not to disclose the register of shareholders to the public but to make the register available to MAS, ACRA and other public authorities for regulatory, supervisory and law enforcement purposes. Please also confirm whether the register of shareholders can be maintained by the S-VACC/Permissible Fund Manager or must it be maintained by a third party company secretary. Please clarify whether the constitution of the S-VACC will be made available to members of the public? Private equity and venture fund managers are unlikely to use a vehicle where the constitution is (or could become) publically available. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** To the extent this does not go beyond what the RFMC or licensed fund manager is required to do as part of its KYC/AML obligations, we see no issue with this. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** We have no comment on this. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** The MAS should have power, upon application, to allow other categories of fund managers, albeit with additional conditions, to manage S-VACCs. For instance, the MAS could consider an exemption with conditions for a fund manager of S-VACCs where

S/N	Respondent	Responses from respondent
		the shareholders are all related corporations of the fund manager; or where all the shareholders are institutional investors. The MAS could also consider an exemption for a joint-venture fund manager managing an S-VACC where each shareholder of the S-VACC owns at least 20% of the fund manager and there is a joint venture agreement amongst such shareholders in place over such fund manager. Would MAS consider allowing private equity real estate managers operating under the licensing exemption in paragraph 5(1)(h) of the second schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations to manage an S-VACC? Assuming the new light-touch regulatory regime for venture capital managers is adopted, will such managers qualify as a Permissible Fund Manager for the purposes of managing an S-VACC? (On a drafting point, the reference to registered fund management company in section 106 (2) as being under "regulation 2 of the Securities and Futures (Licensing and Conduct of Business) Regulations" should refer to "paragraph 5(1)(i) of the *second schedule to the* Securities and Futures (Licensing and Conduct of Business) Regulations" [*emphasis added*] **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** Paragraph 7.6 [b] states that the S-VACC is required to outsource the performance of AML/CFT duties to its fund manager, and to hold the S-VACC ultimately responsible for compliance with its AML/CFT requirements. Presumably the S-VACC is not required to carry out AML/CFT checks additional to similar checks that are already the responsibility of the fund manager and that such wasteful duplicative work is avoided. On this basis, the proposed AML\CFT requirements are supported.

S/N	Respondent	Responses from respondent
		Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation. In the context of Restricted Schemes, we note that this requirement does not apply to the interests of a Singapore limited partnership or any other offshore fund vehicle being offered in Singapore under section 305 of the SFA, and therefore would disadvantage any private equity or venture capital fund manager which is considering the use of an S-VACC. In addition, we would highlight that hedge funds and retail funds typically hold investments which are fungible and can be co-mingled, therefore it is a regulatory requirement in many jurisdictions for such funds to appoint a custodian to safe-guard the title to assets in the event of the insolvency. However, the investments typically made by private equity funds and venture capital funds are different (typically being illiquid investments in the shares of private companies) and therefore the rationale supporting the appointment of custodians in hedge funds and retail funds does not apply to them. MAS appears to acknowledge such differences in the nature of investments in FAQ 5 of the "Frequently Asked Questions on The Licensing and Registration of Fund Management Companies" (last updated on 6 February 2017). Finally, we note that it is unlikely any existing custodian will agree to act as a custodian for a private equity or venture capital fund, since their role would be limited to physically holding share certificates (assuming the relevant portfolio companies even issue share certificates) and this is outside the typical role of a custodian (and we understand not a commercially viable service).

S/N	Respondent	Responses from respondent
		Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs? As the provisions on re-domiciliation in the Companies Act context are new and untested, it is preferable that the MAS should have broad flexible powers to apply / dis-apply / impose conditions regarding the re-domiciliation provisions in the Companies Act. The MAS should have wide statutory powers to impose additional requirements or exempt certain particular applicants from certain requirements with the objective of welcoming bona fide foreign corporate collective investment schemes, while keeping out dubious foreign collective investment schemes. The MAS should allow an informal application process with the possible grant of an in-principle conditional approval as such foreign collective investment schemes, particularly private family fund structures, would not wish to embark on a formal application process if there is a risk of being rejected. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** There should be no explicit exclusion of any foreign corporate collective investment schemes from any relevant foreign jurisdiction. So long as such re-domiciliation is permitted by such foreign jurisdiction, and such applicant fulfils the relevant requirements (under the Singapore Variable Capital Company Act and the relevant provisions of the SFA), such application should be considered. Please clarify whether a company under the Companies Act (Chapter 50 of Singapore) would be allowed to re-domicile as an S-VACC.

S/N	Respondent	Responses from respondent
		We note that there are numerous restricted schemes which are structured as companies with redeemable preference shares under the Companies Act of Singapore. The Minister should be empowered to issue subsidiary legislation to allow such companies to be converted into S-VACCs with appropriate safeguards. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** The winding-up regime adapted for S-VACCs and Sub-Funds is supported. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** We seek clarity on what MAS means by "global industry practice" in paragraph 11.1 of the consultation paper and what types of funds are envisaged by this question. Please also clarify whether the term "debentures" is being used interchangeably with the term "leverage". Whilst we support the ability for an S-VACC to utilise "leverage", the issuance of debt instruments in the form of "debentures" is not a common practice in private equity and venture capital funds. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** We have no comment on this. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** There are statutory regulations for arrangements and amalgamations for Irish ICAVs and UK OEICs. If there are

S/N	Respondent	Responses from respondent
		analogous regulations adapted and simplified for S-VACCs, it is not necessary to rely on the Companies Act provisions for such arrangement and amalgamations. It should be highlighted that if the policy intention is to allow S-VACCs, in appropriate circumstances, to amalgamate with companies under the Companies Act, it may then be appropriate to consider allowing the Companies Act provisions on arrangements and amalgamations to be applicable to S-VACCs. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** It is legally necessary for arrangements and amalgamations to be effected by way of statutory legislation / subsidiary legislation as the rights of creditors, and other third parties are affected; and it may involve the dissolution of one or more S-VACCs. It is not legally possible to effect such arrangements / amalgamations by way of provisions in the S-VACC constitution only. The UK has detailed regulations to effect simplified arrangements without the necessity for court involvement and also permitting arrangements, and amalgamations with other investment structures under the UK Companies Act or otherwise. It is suggested that the UK position be considered for adoption, as this gives flexibility to the fund managers and enhances the attractiveness of Singapore as a fund management structuring and restructuring jurisdiction.
31	SCB	**General comments:** SCB welcomes the introduction of S-VACC in Singapore and wholeheartedly supports MAS in its endeavour. The introduction of S-VACC will allow the growth of fund manufacturing in Singapore – an area which has lagged when compared to the stupendous growth registered in private banking and wealth management.

S/N	Respondent	Responses from respondent
		S-VACC will be not be attractive to Asset Managers unless - Tax related points are clarified by MAS in conjunction with IRAS. - An informal mechanism is made available for funds wishing for re-domiciliation. Delegation of some of the advisory and registration role to the Approved Custodians and Company Secretary will hasten the process. - Roles and responsibilities regarding safeguarding of shareholders interests are clarified and segregated between the directors and the Approved Custodian. We believe Approved Custodians while playing the role of "safeguarding the interests of shareholders" will also be providing valuable data to the directors of an S-VACC and hence this clarification will help Approved Custodians to build reports and MIS for the directors. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** SCB will recommend to have a separate and standalone legislation for S-VACCs. The Company Act (CA) is frequently amended and analysis of each such amendment on S-VACCs will be quite cumbersome. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** No specific comment as they are interspersed with other responses. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** SCB agrees with the MAS' proposal of keeping the S-VACC structure as a vehicle for CIS alone with the governance under the Securities and Futures Act (SFA) and with the asset manager regulated and present in Singapore. This will provide adequate safeguards against potential abuses.

S/N	Respondent	Responses from respondent
		However, SCB will recommend the extension of S-VACCs for captive insurance and for special purpose securitization vehicles also. The expression "Singapore Variable Capital Company" or "S-VACC" should be confined to companies incorporated under the S-VACC Act. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** SCB welcomes the proposal to allow S-VACC to be structured as both open and closed ended funds. It will be challenging for the board of an S-VACC to setup process and mechanism around redemptions. Hence, SCB supports that just like in Open Ended Investment Companies (OEICs) and in Société d'Investissement À Capital Variable (SICAVs) and other such structures, the valuation policies and the redemption structure is setup in the S-VACC constitution. SCB will also recommend that a sub-fund should not be allowed to override these policies at a sub-fund level. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** SCB supports the proposed cellular structure of S-VACCs. It will help an S-VACC save legal and administrative expenditure by keeping the structure simple. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** The proposed safeguards against cross-cell contagion are in line with the provisions in other jurisdictions and SCB supports them. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing**

S/N	Respondent	Responses from respondent
		of each sub-fund's assets and liabilities during insolvent liquidation. SCB supports the winding up procedure and notes that it is in line with the OEIC structure in United Kingdom **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** SCB supports the proposal for valuation and redemption of shares in a S-VACC. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** AGMs will be an overhead for an S-VACC and directors of an S-VACC should be authorised to be dispense with them. According to SCB, the primary safeguards in an S-VACC are 1. MAS regulated fund manager and 2. MAS regulated custodian. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** SCB is supportive of the proposal of appointment of auditors which is necessary but dispensing with an audit committee – a step which allows ease of business. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?**

S/N	Respondent	Responses from respondent
		Each sub-fund of an S-VACC would set up accounting standards and policies dependent on the investor class it is targeting and will be defined in the constitution of the sub-fund. Hence, each sub-fund should have the full flexibility to setup their accounting standards. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** An investor in an S-VACC and an investor in a retail unit trust should be at par when their privacy is compared and it should not be publicly disclosed. Company Secretary at the registered office should have the information, which can be accessed by the regulators should there be a legal or regulatory reason. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** SCB recommends that MAS considers the best practices at other leading funds jurisdictions before considering the proposal of making similar to CA amendments. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** SCB is supportive of the proposal around the number of directors and residency requirements. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** Fund managers of real estate companies and of family offices constitute an important part of the ecosystem and manage enormous wealth for their investors. Leaving them out of the S-VACC framework will diminish the usefulness of the S-VACC. The benefits of S-VACC and its ability to turn Singapore into a global asset management hub will be tremendously reduced by such a provision. However, given the need for time to market S-VACCs,

S/N	Respondent	Responses from respondent
		SCB proposes that MAS provides definitive guidance as to when it sees inclusion of such sectors / segments into S-VACCs. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** SCB is supportive of the MAS' proposal. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** SCB is supportive of aligning and dividing duties around safeguarding the rights of unit holders / shareholders between the directors of the S-VACC and the MAS regulated custodian. However, SCB proposes a structure in which the board of an S-VACC can appoint a custodian directly and proposes to dispense with the need to be an approved trustee and an approved custodian for the following reasons: - It will keep the structure simple for an S-VACC ecosystem. - Custodian is MAS regulated entity and can be audited. In the S-VACC structure we see a lot of duplication of roles if a trustee is also included in the structure. - Trustee and Custodians are separate legal entities and are governed by separate directors and will not serve the purpose as intended. However, if the intention of MAS is to amend the SFA which will have roles and responsibilities of an Approved Custodian analogous to the requirement for an Approved Trustee under section 289 SFA for Authorised Schemes and Restricted Schemes then SCB support it subject to the actual wording of the requisite draft amendments to the SFA.

S/N	Respondent	Responses from respondent
		SCB would also like MAS to note that some of the requirements of an approved Trustee will be too onerous in an S-VACC ecosystem if the Approved Custodian will neither have the powers and rights of an Approved Trustee under the Trust Deed nor the functions of the Approved Trustee. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** Similar to the processes adopted in jurisdictions looking at re-domiciling of funds, MAS should look at setting up of an informal mechanism in which funds / family offices looking at such a scenario should get an idea of what it will take to go through the process. In a few jurisdictions, regulators have allowed the process of registration and advisory with approved custodians. SCB proposes that MAS looks at such provisions. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** SCB's proposal will be to not exclude any jurisdictions from re-domiciliation ambit. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** SCB supports the winding up process as proposed by MAS. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.**

S/N	Respondent	Responses from respondent
		Leverage financing is important for seeding funds and a number of funds are leveraged for variety of reasons. SCB is supportive of the proposal of MAS around debentures. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** SCB does not have any specific comment on the proposed receivership regime but is supportive of such a regime as it is an important component in arranging leverage. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** SCB is supportive of MAS' proposal to have provisions separate from the CA on amalgamations and reconstructions as a CIS would function distinctly differently from a corporate structure. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** SCB is supportive of the proposal from MAS and wants to add that the provisions followed by OEICs can be a good benchmark for MAS to study and possibly adopt to start with.
32	AIMA	**General Points:** 1.1 This response to the consultation paper on the S-VACC has been prepared by the Alternative Investment Management Association[1] (AIMA). AIMA represents the interests of members of the global hedge fund and private credit industry, with a focus on members which operate and manage open-ended private investment vehicles whose investors are primarily institutional and professional investors rather than retail investors. So, our comments are offered primarily on behalf of our manager members who generally run private funds only.

S/N	Respondent	Responses from respondent
		1. Alternative to existing private fund structures. We would note that private fund investors globally, and especially those who invest in hedge funds managed by Asianbased managers have become very familiar over a long period of time with the use of a Cayman Islands ("Cayman") exempted company as the fund vehicle. We also note that Cayman has as recently as in July 2016 introduced the Limited Liability Company ("LLC") structure which borrows heavily from the Delaware LLC structure and which has seen a favourable take-up rate since its incipience. Indeed, commenting on the general approach in creating the S-VACC structure, we believe that the proposed SVACC can benefit greatly from looking at the Delaware LLC and how Cayman, the leading hedge fund domicile, has adopted and tweaked it for its own purposes. In any case, we believe that more than just "levelling the field", it is important for the S-VACC to have features that make it a compelling vehicle to use over and above the established Cayman fund vehicles. Nonetheless, several constituents have expressed their support and interest in the successful launch of an alternative investment fund vehicle in Singapore that is able to accommodate the features of an open-ended fund. 2. Other proposed amendments and draft legislation. It would be good if the following were made available for consultation prior to implementation: a. relevant subsidiary legislation under the S-VACC Act (e.g. to implement the incorporation requirements, receivership requirements, conversion / redomiciliation requirements, arrangements, and amalgamation requirements.) b. requisite amendments to the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") c. requisite subsidiary legislation under the SFA (e.g. to implement the approved custodian requirements, exempt offering requirements, fit and proper director requirements, authorised scheme requirements.)

S/N	Respondent	Responses from respondent
		Our Response to the Consultation Questions: **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** We are supportive of the introduction of a new S-VACC Act to govern S-VACCs instead of including the S-VACC under the existing Companies Act (Chapter 50 of Singapore). In addition, it is preferable to have standalone legislation than to be part of the Companies Act in view of the risk (as with the Irish Companies Act) of the US deeming such companies under the Companies Act as not being entitled to US tax pass-through status. We also note that such approach will be preferable as the Companies Act undergoes frequent amendments which are often not applicable to S-VACCs as collective investment schemes with a regulated fund manager. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** We have made suggestions to the draft text in other sections of this response. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** We agree with the MAS' proposal to limit the S-VACC structure for use as a vehicle for CIS only. With that being said, we request that MAS leave the door open for the possible usage of the S-VACC for purposes other than for CIS. This would allow for greater flexibility and innovation in how the S-VACC is used. The necessary protections to ensure that the S-VACC structure is not abused should be provided for in tandem with this.

S/N	Respondent	Responses from respondent
		We also agree to confine the use of the term "S-VACC" to companies incorporated under the S-VACC Act. This would prevent any unnecessary confusion. As "S-VACC" is somewhat unwieldy, perhaps "SVCC" or "SVC" (viz. Singapore Variable Capital Company) or "SCVC" (viz. Singapore Company with Variable Capital) should also be allowed as alternative acronyms to S-VACCs registered under the S-VACC Act. However, we are of the view that the inclusion of "S-VACC" should not be a mandatory requirement in the name of the CIS. We wish to highlight that there is currently no similar requirement to include "unit trust" in the name of a CIS that is in the form of a unit trust structure. Any concerns on the lack of clarity to investors as to which structure is being used can be addressed by requiring CIS' prospectuses to contain a description of the structure of the CIS. We would also request that MAS consider whether the S-VACC can be used as a wholly-owned subsidiary of a fund to access the double tax treaties which Singapore has established with other countries. If so, will a modified version of the S-VACC (which disapplies certain requirements) be made available? We note that other jurisdictions use similar structures for other purposes (e.g. CLO issuance from a Cayman SPC), but agree that such additional uses of the S-VACC can be considered and should be explored further at a subsequent stage. The requirement for at least two members is problematic at several levels: • many master fund structures have only one feeder fund (which constitutes the sole member of the master fund structure). The requirement to have at least two members would force the master-feeder fund structure to incur additional unnecessary costs and inconvenience in having to interpose a "second" intermediary special purpose vehicle to meet such two-member requirement.

S/N	Respondent	Responses from respondent
		• a foreign master fund may also avoid the use of the S-VACC as the intermediary fund company for investment into the region as they will then have to incur the costs and burden of interposing a second member for such S-VACC intermediate fund company. This may result in the S-VACC being regarded as unattractive compared with the OEIC structures in other leading funds jurisdictions. • the two-member requirement is also not viable for managed accounts or fund-of-one type arrangements. Such two-member requirement is also anomalous as it is not required in the authorised / restricted / exempt unit trust regulatory regime. It is also anomalous compared with the sole member company structure allowed under the Companies Act. • Thus, we would propose dis-applying the two-member requirement where the relevant S-VACC sub-fund is acting as a master fund entity and therefore would not itself be directly offering interests to investors, or when the S-VACC is a managed account or fund-of-one. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We support MAS' proposal to allow the S-VACC to be structured either as an open-ended or closed-end fund. We support the approach of including provisions relating to the redemption of shares in the constitution. However, where the S-VACC adopts an umbrella/sub-fund structure, we suggest that these provisions be limited to permissive provisions which set out the broad redemption framework only. Details of redemption rights and redemption limits can be set out in a shareholder's agreement (or other similar agreement) relating to the specific fund / sub-fund. The above approach of an overarching constitution and shareholders agreement per sub-fund would help to preserve

S/N	Respondent	Responses from respondent
		flexibility and confidentiality of terms vis-à-vis various sub-funds, as well as facilitating the negotiation process between the fund and investors. In view of the considerable weighty judicial authorities relating to maintenance of capital and the prohibition of dividends out of capital, it should be made clear explicitly in the S-VACC Act that the payment of dividends or other distributions out of capital on shares is allowed (and not merely cryptically under "other payments or returns" as in section 32 (4) (e) (i) of the proposed S-VACC Act). The suggestion that the constitution of the S-VACC would provide for payment of dividend out of capital is arguably not sufficient in view of the many judicial case law authorities against payment out of capital. The suggested clarification is set out in italicised wording below:- "[32] (4) (e) (i) the right to participate in or receive profits, income, *capital distributions* or other payments or returns arising from the acquisition, holding, management or disposal of, the exercise of, the redemption of, or the expiry of, any right, interest, title or benefit in the property or any part of the property of the SVACC, or to receive sums paid out of such profits, income, *capital distribution* or other payments or returns;" [*emphasis added*] Such payment of dividends out of capital should be allowed even if such shares are not yet fully paid (and hence could not be redeemed as specified in section 66 (2) S-VACC Act). **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** It is noted that each sub-fund's assets and liabilities are merely statutorily segregated and that each sub-fund does not constitute a separate legal entity. For collective investment schemes, it is not the practice nor is it preferred that each sub-fund constitutes a separate legal entity. We note from the MAS Outreach Session on 13 April 2017 that it is currently contemplated that an S-VACC may only have one

S/N	Respondent	Responses from respondent
		fund manager. We query whether it would be possible for an S-VACC to have different fund managers for different sub-funds in the near future. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** We agree with the proposed safeguards against the risk of cross-cell contagion within the SVACC and note that this is consistent with the approach in other fund jurisdictions. Paragraph 4.4 refers to the S-VACC's duty to ensure proper segregation of assets and liabilities of sub-funds, and that such duty is also implied in each S-VACC's constitution, so as to provide shareholders with an avenue to recover damages where there is a breach. Would directors of the S-VACC be held personally liable for such breach, and what steps must a director take to ensure that he/she has properly discharged such duty? Paragraph 4.5 refers to the requirement to disclose, in dealings with third parties prior to entering into oral agreements on behalf of an S-VACC's sub-fund, specific information about the sub-fund. We would like to query the type of circumstances and parameters envisaged by MAS and how this is to be carried out in practice. We also agree with the proposal to require an S-VACC to disclose in documents its name, unique sub-fund identification number and the fact that the sub-fund has segregated assets and liabilities. However, we would like to clarify if the "unique sub-fund identification number" refers to the Singapore business registration number, GIIN number, LEI number or ISIN number. We would recommend against a proposal to develop a new series of identifiers as this would create additional administrative burden on the CIS. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ringfencing**

S/N	Respondent	Responses from respondent
		of each sub-fund's assets and liabilities during insolvent liquidation. We agree with the proposal to allow a sub-fund to be wound up as if it were a separate legal person. This is consistent with the approach in other fund jurisdictions. We also wish to highlight that a sub-fund should also have the option to be *voluntarily* wound up by the S-VACC directors without the necessity of a shareholder special resolution upon the request of the fund manager for either of the following reasons: (i) that it is illegal or inconsistent with any regulatory requirement for the S-VACC (or sub-fund) to continue business, or (ii) it is no longer economically viable for the S-VACC (or-sub-fund) to continue business by reason of its size or operational costs. This would allow product providers to wind up the sub-fund and streamline their products according to market demand and needs. In addition, in the unfortunate event that a CIS does not necessarily have the scale which would allow administrative efficiency and cost savings, the fund manager may determine that it would be in the best interests of investors to wind up the sub-fund and return capital to investors. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** We are supportive of MAS' proposal for the valuation and redemption of shares in an S-VACC to be carried out at NAV as the default position, subject to certain exceptions described below. We are of the view that certain funds should not be required to carry out valuation and redemption of shares at NAV. For example, index funds which are not listed on a securities exchange should have the flexibility to use bid-offer pricing instead of NAV.

S/N	Respondent	Responses from respondent
		We wish to point out that the requirement to deal at NAV will not allow for redemption charge or swing pricing (which does not necessarily equate to how NAV valuation is defined). We are of the view that there should be provisions allowing for flexibility to carry out swing pricing or to impose redemption and/or subscription charges as these are tools commonly used in liquidity risk management processes. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** AGMs are usually not necessary in collective investment schemes. In the case of the S-VACC, there is an additional safeguard in the mandatory requirement for the S-VACC to appoint a MAS-regulated fund manager. A separate study should be carried out on the extent to which S-VACCs which are listed on the SGX-ST would have to comply with the SGX-ST Listing Rules on AGMs and other meetings of shareholders. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** We agree with the proposal that auditors should be appointed and an S-VACC should not require an audit committee. We would like to clarify on the requirement for making publicly available such audited statements. Currently, CIS authorized or recognized for retail distribution in Singapore are required to make available publicly financial reports so that investors and prospective investors are able to obtain relevant information for due diligence and informational purposes. In addition, private funds are also required to provide audited financial statements to existing investors. If there is no requirement to publicly disclose financial statements, who would be the responsible body to decide if financial statements may be provided to

S/N	Respondent	Responses from respondent
		investors or prospective investors, would this be the fund manager or the board of directors? Please clarify whether investors in one sub-fund will have access to the financial information of another sub-fund under the same umbrella fund structure? Please clarify whether the annual return of the S-VACC will be made available to members of the public? In relation to the financial statements, it is noted that the Consultation Paper at paragraph 6.6 indicated that: "as the audited financial statements of funds contain proprietary information relating to investment strategy, *MAS does not intend to require that the statements be made publicly available*." The provisions relating to accounts in Part 8 and elsewhere in the draft SVACC Act are silent on restrictions on public access to the financial statements. The S-VACC Act should explicitly state that the financial statements filed with ACRA will not be publicly accessible. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** We support the use of IFRS for the preparation of financial statements. Some constituents have also expressed the wish for US GAAP to be permitted as well. We propose allowing sub-funds to adopt the financial accounting standard most appropriate to such sub-fund. For instance, if the sub-fund is investing into American assets, that subfund may wish to report in accordance with US Generally Accepted Accounting Principles. As the assets and liabilities of each sub-fund are separate from other sub-funds, and as the investors /

S/N	Respondent	Responses from respondent
		shareholders / creditors are almost wholly concerned with such sub-fund, and not other sub-funds, this should not cause much confusion. The MAS should have the statutory power, upon application by the fund manager of such sub-fund to allow a different financial accounting standard to be applied for that sub-fund. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** We agree with MAS' proposal not to disclose the register of shareholders to the public but to make the register available to MAS, ACRA and other public authorities for regulatory, supervisory and law enforcement purposes. Please also confirm whether the register of shareholders can be maintained by the SVACC/ Permissible Fund Manager or must it be maintained by a third-party company secretary. Please clarify whether the constitution of the S-VACC will be made available to members of the public? We would note that the constitution of a hedge fund domiciled as a Cayman exempted company is not accessible by members of the public. **Question 13. MAS seeks comments on the proposal to adopt the same requirements onbeneficial ownership information and nominee directors as those under the CA amendments.** To the extent this does not go beyond what the RFMC or licensed fund manager is required to do as part of its KYC/AML obligations, we see no issue with this. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** We support the requirement for at least one director of the Permissible Fund Manager to also be a director of the S-VACC. This is a common practice in most hedge funds.

S/N	Respondent	Responses from respondent
		Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs. The MAS should have power, upon application, to allow other categories of fund managers, albeit with additional conditions, to manage S-VACCs. For instance, the MAS could consider an exemption with conditions for a fund manager of S-VACCs where the shareholders are all related corporations of the fund manager; or where all the shareholders are institutional investors. The MAS could also consider an exemption for a joint-venture fund manager managing an S-VACC where each shareholder of the S-VACC owns at least 20% of the fund manager and there is a joint venture agreement amongst such shareholders in place over such fund manager. Would MAS consider allowing private equity real estate managers operating under the licensing exemption in paragraph 5(1)(h) of the second schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations to manage an S-VACC? On a related drafting point, the reference to registered fund management company in section 106 (2) as being under "regulation 2 of the Securities and Futures (Licensing and Conduct of Business) Regulations" should refer to "paragraph 5(1)(i) of the *second schedule to the* Securities and Futures (Licensing and Conduct of Business) Regulations" [*emphasis added*] **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** Paragraph 7.6 [b] states that the S-VACC is required to outsource the performance of AML/CFT duties to its fund manager, and to hold the S-VACC ultimately responsible for compliance with its AML/CFT requirements. Presumably the S-VACC is not required to carry out AML/CFT checks additional to similar checks that are already the responsibility of the fund manager and that such

S/N	Respondent	Responses from respondent
		wasteful duplicative work is avoided. On this basis, the proposed AML/CFT requirements are supported. Please clarify whether the Permissible Fund Manager, or the S-VACC, or both entities will be held liable in the event of a breach of the AML/KYC requirements. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** We agree that the S-VACC should have an independent custodian to custodise assets. However, we would like to highlight that it is not usual practice for funds which are corporate structures to have a Trustee. There is no similar requirement in other fund jurisdictions such as Luxembourg, where a Luxembourg incorporated SICAV is not required to have a Trustee. Generally, the role of the Trustee would be similar to the role of the board of directors of a fund (structured as a corporate). Therefore, to appoint a trustee that would carry out the duties of an Approved Trustee, in addition to a custodian, would duplicate responsibilities of the board of directors of the S-VACC. This is likely to result in administrative burden and additional costs to the CIS. In addition, we highlight that it is a common practice for most hedge funds to enter into custody arrangements either as part of or alongside their prime brokerage agreements, and such appointed custodians may or may not be based in Singapore (in fact, most are likely to be based in London or New York). Imposing the approved custodian requirement for Restricted Schemes will be an additional operational requirement which fails to take into account the current market practice, and would likely be an obstacle to the use of the S-VACC as a fund vehicle

S/N	Respondent	Responses from respondent
		since other offshore hedge funds (typically domiciled as Cayman exempted companies) are not subject to the same requirement. Alternatively, the MAS should consider for S-VACC Restricted Schemes the approach under the European Union's AIFM Directive[2] where the custodian (also known as the Depository) may be a foreign custodian, but must be (i) a credit institution; (ii) an investment firm which complies with certain capital adequacy rules and that is authorised to safe keep assets; (iii) a company which is either wholly owned by a credit institution or is wholly owned by an institution in a non-Member State which is deemed by the relevant competition authority to be equivalent or an EU or non-EU institution or company which provides unitholders with protections equivalent to that of a depositary and its liabilities are guaranteed by a credit institution or non-EU equivalent. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on redomiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** As the provisions on re-domiciliation in the Companies Act context are new and untested, it is preferable that the MAS should have broad flexible powers to apply / dis-apply / impose conditions regarding the re-domiciliation provisions in the Companies Act. The MAS should have wide statutory powers to impose additional requirements or exempt certain particular applicants from certain requirements with the objective of welcoming bona fide foreign corporate collective investment schemes, while keeping out dubious foreign collective investment schemes. The MAS should allow an informal application process with the possible grant of an inprinciple conditional approval as such foreign collective investment schemes, particularly private family fund structures, would not wish to embark on a formal application process if there is a risk of being rejected.

S/N	Respondent	Responses from respondent
		We also suggest that the details of the re-domiciliation be provided for in subsidiary legislation and not be included as part of the S-VACC Act. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** There should be no explicit exclusion of any foreign corporate collective investment schemes from any relevant foreign jurisdiction. So long as such re-domiciliation is permitted by such foreign jurisdiction, and such applicant fulfils the relevant requirements (under the Singapore Variable Capital Company Act and the relevant provisions of the SFA), such application should be considered. We wish to request for additional clarity on conversion of domestic structures as compared to foreign structures. For example, would a Singapore constituted unit trust be eligible for conversion into an S-VACC. At this stage, it is not entirely clear if this is permissible. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** The winding-up regime adapted for S-VACCs and sub-funds is generally supported. In the case of a retail unit trust authorised by MAS pursuant to section 286 of the SFA, the unit trust deed (which is approved by the MAS as part of such authorisation) of the authorised unit trust typically provides that either the trustee or the fund manager may terminate the trust in certain situations without the necessity of a unitholder special resolution. For example, the trustee may terminate the trust if the trustee fails to appoint a new fund manager within three months of removing the old fund manager. As the position for authorised S-VACCs should be consistent with that for authorised unit trusts, the MAS should

S/N	Respondent	Responses from respondent
		consider reserving a power under the S-VACC Act to provide for subsidiary regulations allowing the MAS-approved constitution of the authorised S-VACC to provide for the S-VACC directors or its fund manager to have the power to wind up the authorised S-VACC or sub-fund in similar circumstances. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** We seek clarity on what MAS means by "global industry practice" in paragraph 11.1 of the consultation paper and what types of funds are envisaged by this question. Please also clarify whether the term "debentures" is being used interchangeably with the term "leverage". Whilst we support the ability for an S-VACC to utilise "leverage" (whether direct or embedded in the instruments that it invests in), the issuance of debt instruments in the form of "debentures" is not a common practice in hedge funds. In any case, we are supportive of this and of the potential the S-VACC may have as a securitisation or collateralised debt obligation vehicle. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** We have specific comments. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** There are statutory regulations for arrangements and amalgamations for Irish ICAVs and UK OEICs. If there are analogous regulations adapted and simplified for S-VACCs, it is not necessary to rely on the Companies Act provisions for such arrangement and amalgamations.

S/N	Respondent	Responses from respondent
		It should be highlighted that if the policy intention is to allow S-VACCs, in appropriate circumstances, to amalgamate with companies under the Companies Act, it may then be appropriate to consider allowing the Companies Act provisions on arrangements and amalgamations to be applicable to S-VACCs. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** It is legally necessary for arrangements and amalgamations to be effected by way of statutory legislation / subsidiary legislation as the rights of creditors, and other third parties are affected; and it may involve the dissolution of one or more S-VACCs. It is not legally possible to effect such arrangements / amalgamations by way of provisions in the S-VACC constitution only. The UK has detailed regulations to effect simplified arrangements without the necessity for court involvement and also permitting arrangements, and amalgamations with other investment structures under the UK Companies Act or otherwise. It is suggested that the UK position be considered for adoption, as this gives flexibility to the fund managers and enhances the attractiveness of Singapore as a fund management structuring and restructuring jurisdiction. --- [1] AIMA is the global representative of the alternative investment industry, with more than 1,800 corporate members in over 55 countries. AIMA works closely with its members to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programmes, and sound practice guides. Providing an extensive global network for its members, AIMA's primary membership is drawn from the alternative investment industry whose managers pursue a wide range of sophisticated asset management strategies. AIMA's manager members collectively manage more than US$1.8 trillion in assets. AIMA is committed to developing industry skills and education standards and is a co-founder of the Chartered Alternative Investment Analyst designation (CAIA) – the industry's first and only specialised educational

S/N	Respondent	Responses from respondent
		standard for alternative investment specialists. For further information, please visit AIMA's website, http://www.aima.org/. AIMA includes the Alternative Credit Council (ACC) and references to AIMA in this letter incorporate the ACC. The ACC is a global body that represents asset management firms in the private credit and direct lending space. It currently represents over 80 members that manage US$300bn of private credit assets. The ACC is an affiliate of AIMA and is governed by its own board which ultimately reports to the AIMA Council. ACC members provide an important source of funding to the economy. They provide finance to mid-market corporates, SMEs, commercial and residential real estate developments, and infrastructure as well as trade and receivables business. The ACC's core objectives are to provide direction on policy and regulatory matters, support wider advocacy and educational efforts and generate industry research with the view to strengthening the sector's sustainability and wider economic and financial benefits. Alternative credit, private debt or direct lending funds have grown substantially in recent years and are becoming a key segment of the asset management industry. [2] AIFM Directive (being Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and Amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010)
33	UOB	**General comments:** 1) We would like to seek clarification as to whether MAS will prescribe specific capital treatment under MAS Notice 637 for banks' investments in S-VACCs, or if current capital rules under MAS Notice 637 will continue to apply. 2) We would like to seek clarification as to how a fund structured as a S-VACC will be treated for purposes of section 32 of the Banking Act. Will it be treated like a company under the Companies Act? 3) Section 152(3) of the draft S-VACC Act provides that members of the S-VACC holding not less than 10% of the total paid-up shares may require the holding of an AGM by giving notice to the S-VACC not later than 14 days before the date by which an AGM would have been held. We do not have an issue if the S-VACC is used as a stand-alone fund. However, if the S-VACC is used as an umbrella fund with multiple sub-funds, it would not be practical (aggregation?) or in the interest of the fund manager or investors to fix the 10% at the S-VACC level. It would be more meaningful and practical to fix the 10% at the sub-fund level of an umbrella structure.

S/N	Respondent	Responses from respondent
		4) We understand that the directors of every S-VACC is required under section 200 of the draft S-VACC Act to lay its financial statements before the S-VACC at its AGM. If a S-VACC is a parent company (i.e. S-VACC with subsidiary companies), we understand that it would have to present the consolidated financial statements of the group at its AGM. Where the S-VACC is an umbrella fund, we would like to understand the purpose of the requiring the S-VACC to present the balance-sheet of the S-VACC and its sub-funds at its AGM. We would also like to seek clarification whether the financial statements of the sub-funds would have to be consolidated or will made known to the shareholders of another sub-fund. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** No further comment. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** We note that section 31 of the draft S-VACC Act requires a S-VACC to have not less than 2 members. And so, based on the draft S-VACC Act, the S-VACC cannot be used for a master-feeder structure where there is only 1 member. A comparison is made with the Luxembourg SICAV structure which does not impose a minimum number of member. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** No further comment. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We would like to seek clarification whether a S-VACC can have both open-ended sub-funds, closed-end sub-funds and listed sub-funds within the same umbrella structure. If so, whether only

S/N	Respondent	Responses from respondent
		the listed sub-fund, or both S-VACC and listed sub-fund would be required to comply with the SGX listing requirements. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** We would like to clarify with MAS that if authorised funds and restricted funds can be registered as sub-funds under the same umbrella structure. If the answer is yes, whether the S-VACC (the umbrella level) is required to comply with the regulatory requirements applicable to the authorised fund (section 286 of the Securities and Futures Act ["SFA"] or the restricted fund (section 305 of the SFA). **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** We would like to seek clarification on the types of risk mitigation that is expected to be put in place for an authorised fund investing in a jurisdiction that does not have a cellular company structure. It would be useful if the MAS or ABS or IMAS could provide the industry a list of such jurisdictions. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** No further comment. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** No further comment. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** With respect to AGMs, it is mentioned that shareholders with 10% or more of the total voting rights may require an AGM by giving 14 days' notice to the S-VACC. Where the fund is sold through distributors, the underlying investors would not be

S/N	Respondent	Responses from respondent
		transparent to the S-VACC. Hence, we are of the view that the 10% total voting rights should be determined at the nominee level. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** No further comment. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** The considerations that may influence the accounting standards which a S-VACC uses include the investment strategy of the fund, investors' base and expensing policy of the applicable ASC Standard. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** No further comment. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** Authorised funds (and most restricted funds) are typically sold through distributors and the underlying investors are not transparent to the fund manager. Hence, it would be a challenge if the same requirements on beneficial ownership information and nominee directors under the Companies Act are adopted. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** No further comment.

S/N	Respondent	Responses from respondent
		Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs. Based on section 106 of the draft S-VACC Act, we understand that a licensed fund manager, a registered fund manager as well as exempt fund managers such as the banks fall within the definition of Permissible Fund Manager. However, a person managing funds for a related person (a fund manager exempted under regulation 14 and listed in paragraph 5 of the Securities and Futures (Licensing and Conduct of Business) Regulations) would not qualify as a Permissible Fund Manager. We would like to understand the rationale of excluding such fund managers from the definition in section 106. Section 108 of the draft S-VACC Act requires at least one of the directors of the S-VACC to be a director of the S-VACC's fund manager. Hence, the S-VACC (even in an umbrella structure) would have only one fund manager. However, we are of the view that the fund manager should be allowed to appoint sub-managers or sub-advisers to each sub-fund. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** The Consultation Paper mentioned that the S-VACC is ultimately responsible for compliance with its AML/CFT requirements. We would also like to clarify with MAS that the AML due diligence should be carried out at the distributor or beneficiary owners level. We understand that requirements in relation to AML/CFT will be imposed on the S-VACC and it will be required to outsource the performance of AML/CFT duties to its fund manager. Will the fund manager have any regulatory obligations and responsibilities in its fulfilment of AML/CFT duties to the S-VACCs? Does the obligation on proposed AML/CFT requirements on S-VACCs apply to third party providers of transfer agency services appointed by the fund manager? In view of the fact that the S-VACC is a fund vehicle, how is the S-VACC expected to discharge all the obligations under the MAS Outsourcing Guidelines?

S/N	Respondent	Responses from respondent
		Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation. We agree that there is a need to safeguard the interests and assets of the shareholder. However, we are of the view that regulation 13B(4) of the Securities and Futures (Licensing and Conduct of Business) Regulations should still apply where the S-VACC is used as a closed-end fund for private equity investments and is offered as a restricted scheme. Therefore, the assets of such fund should not be subject to the requirement of independent custody arrangements. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** No further comment. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** No further comment. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** We would like seek further clarification and details on the proposal to use the S-VACC legal structure to issue debentures (structured notes). **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** No further comment.

S/N	Respondent	Responses from respondent
		Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA. No further comment. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** No further comment.
34	VGI	**Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** We welcome MAS's proposal to introduce a new Singapore Variable Capital Companies ("S-VACC") Act. With the introduction of S-VACC as a new corporate form of investment fund vehicles in Singapore, market participants will benefit from the additional flexibility in establishing and operating funds. We agree that this will help attract more market participants to domicile or re-domicile their funds in Singapore. Having said that, it is important that the new legal framework will provide sufficient flexibility to the asset management industry whilst protecting the interests of investors. In particular, the S-VACC legal framework should provide a wide range of benefits to both private and public funds. Concerning the impact on public funds, we hope that the proposed S-VACC Act will not contain provisions that will explicitly prohibit creation of ETF share classes, together with other mutual fund share classes within an S-VACC. It is our hope that S-VACC will provide such flexibility for creation of sub-sub-fund cell. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.**

S/N	Respondent	Responses from respondent
		No specific comments on the language of draft S-VACC Act but please refer to our response to other questions for our general comments on the proposal. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** We agree with the proposal that the S-VACC structure will be used as a vehicle for CIS only. We also agree with the proposed restriction on the use of the term, "S-VACC" as the naming restriction would provide a clear distinction between S-VACCs and other types of entities registered with ACRA. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** Agree with the proposal. Other than redemption rights, payment of dividends out of capital is also allowed and accordingly should also be set out in the constitution of an S-VACC. In the U.K., variable capital companies may defer or suspend redemptions provided that such information is clearly set out in the constitution and Prospectus. The S-VACC Act should also provide such flexibility in relation to the exercise of any liquidity management tools. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** Agree with the proposal. The Prospectus of an S-VACC and all related contracts should clearly disclose that the entity is a protected cell entity. It is common in the U.K. to include contractual provisions specifically confirming such separation of liabilities and preventing the creditor from claiming against other funds for losses not attributable to them. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.**

S/N	Respondent	Responses from respondent
		Agree and also see above. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** Agree. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** Agree. The Prospectus of an S-VACC should clearly disclose such valuation method, similar to the disclosure requirement imposed on unit trusts. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** Agree. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** Agree. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** S-VACC should be allowed to choose whatever appropriate accounting standard for preparing their financial statements

S/N	Respondent	Responses from respondent
		based on their specific operations and location of assets so long as the chosen accounting standard must be applied consistently. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** The provisions relating to the shareholder register should not be worded narrowly that it has to be maintained at the S-VACC's registered office. For some funds, a third party Transfer Agent of the Sub-Fund or Company Secretary may be appointed to undertake the creation of shares and maintenance of registers. Thus, we suggest that the S-VACC Act should provide the flexibility for maintenance of a shareholder register at third-party service providers. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** The identification of beneficial ownership should not be extended to underlying investors registered under a nominee company, in particular where bank distributors commonly use their nominee companies for account opening and in practice, it would be difficult to maintain such a register of beneficial ownership at the S-VACC's registered office given the frequent changes to the beneficial ownership for certain types of funds. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** We are concerned that the requirement for a director to be independent of the investment manager of S-VACC is not feasible in practice and may create difficulty and complications over the selection of independent directors. Such requirement (and the residency requirements) will reduce an S-VACC's competitiveness compared to the usual unit trust structure or investment fund structure in other jurisdictions. These requirements would only incur additional costs to the fund without creating much value.

S/N	Respondent	Responses from respondent
		Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs. Agree. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** Agree. No comments. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** We disagree with the "Approved Custodian" proposal, which seems to be pushing S-VACC to the unit trust model where a trustee is required. In an S-VACC company-like structure, the Board of Directors of the S-VACC already owes fiduciary duties to the S-VACC and its underlying sub-funds and should be the party who is responsible for ensuring compliance with applicable laws and regulations and discharging its fiduciary duties with regards to supervision of the funds. The extent of the duties of the Approved Custodian should only be related to its role in respect of custody and safekeeping of assets. It seems onerous to require S-VACC to appoint a trustee-like "Approved Custodian" to safeguard the rights and interests of shareholders of the S-VACC Sub-Fund which will increase the administration cost of S-VACC. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** Agree and we have no comments.

S/N	Respondent	Responses from respondent
		Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged. Agree and we have no comments. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** A winding-up regime similar to that under the CA for S-VACCs and sub-funds should only apply to compulsory winding-up. If an S-VACC or a sub-fund of a public fund nature is to be terminated for commercial reasons (i.e. when the fund size falls to a certain level or it has become economically difficult to manage the fund), such winding-up regime should not apply. We suggest that the voluntary winding-up regime for public funds must be more straight-forward and cost efficient without compromising investor protection. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** Agree and no comments. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** A receiver regime could be costly to public funds. The voluntary termination/winding-up process, as discussed under Q20, should be streamlined and cost efficient without incurring further costs to an S-VACC that is of a public fund nature. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.**

S/N	Respondent	Responses from respondent
		Agree. The mechanisms for arrangements, reconstructions and amalgamations are specific to companies and should not be adopted for S-VACCs that are intended as a public CIS vehicle. Merger of sub-funds should be a commercial decision and objection to such merger by the shareholders of a public S-VACC fund should be limited. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** Agree. See Q23 above.
35	VS	**Question 1: MAS seeks comments on the proposed legislative structure for S-VACCs.** We note that the S-VAAC structure read in conjunction with the draft Act is highly intrusive from an administrative and regulatory compliance perspective. While we respect that MAS would like to regulate funds to the fullest extent possible, we are of the view that funds or fund managers may not want this structure due to the compliant nature of the Act. We are of the view that the S-VAAC is another Companies Act which may end up detrimental to the funds industry due to compliant nature of the Act. We suggest a more tried and tested form of structure on the lines of fund regimes in other Asian countries. The other fund structures are simpler, whereby investors typically form a trust, where the fund manager has an investment team/ committee who help in pooling the funds for downstream investments into the permitted categories of industries as prescribed in the relevant regulations. Unlike S-VAACs there is no need of a board or directors, AGM's, charter documents etc. As a fund is limited only to pooling money, we suggest minimal compliances from a regulatory perspective as the same is unlike a full-fledged business.

S/N	Respondent	Responses from respondent
		However if MAS does not want to consider the above suggestion we suggest that existing funds should have an option to become an S-VAAC as well. **Question 2: MAS seeks views on the proposed draft S-VACC Act at Annex B.** We suggest that a trustee have oversight on reporting and investor grievances of SVAACs and the sub funds. We believe flexibility is improved compared to a Fund in Company form but why a minimum of 2 members/shareholders? This case, it will not allow a S-VaCC to be a master fund of a 100% Master-Feeder arrangement. **Question 3: MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** We suggest that S-VACC is extended to all Fund related activities that is currently not under the CIS definition. We agree that the use of the name S-VACC only applies to S-VACC structures **Question 4: MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** We agree to open and close ended funds. However the definition of CIS under the SFA excludes close ended funds. The same need to be clarified in context to this Act. **Question 5: MAS seeks comments on the proposed cellular structure for S-VACCs.** We agree to allowing a cellular structure for S-VACC on the basis that it completely removes the risk of cross-contamination and be absolutely clear in relation to segregation of assets and liabilities in each sub-fund.

S/N	Respondent	Responses from respondent
		To make the cellular structure attractive, we propose that the cell does not have to incur any license fee but rather the master fund be charged a license fee depending on the number of cells. **Question 6: MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC with more than one sub-funds.** We suggest that that in addition to the disclosure recommendations provided in consultation paper the sub-funds also disclose the details of their assets and liabilities **Question 7: MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** No comments **Question 8: MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** No comments **Question 9: MAS seeks comments on the proposal to allow S-VACCs to dispense with AGMs, and for the constitution of a S-VACC to clearly state the rights of shareholders to vote at any general meeting of the S-VACC.** No comments **Question 10: MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** No comments

S/N	Respondent	Responses from respondent
		Question 11: MAS seeks comments on whether and why S-VACCs should be allowed to prepare their financial statements in accordance with accounting standards other than SFRS, SG-IFRS, IFRS and RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)? We suggest to include US GAAP and other internationally recognized GAAP reporting standards. This will make it more attractive from GPs and LPs from the US, UK, and Japan who otherwise will use Cayman, Bermuda, and Channel Island fund structures. **Question 12: MAS seeks comments on the proposal for the disclosure of a S-VACC's shareholder register.** We suggest that no such disclosure takes place except if they have Singapore investors where their identity and participation in the Fund can be disclosed to Singapore authorities. **Question 13: MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those that will be imposed on companies incorporated under the CA.** S-VACC requires at least one Singapore resident direct and it will also require to be governed by a BOD which will hold primary responsibility for the governance of the S-VACC. Under the CA amendments, a director is a nominee if the director is accustomed or under an obligation whether formal or informal to act in accordance with the directions, instructions or wishes of any other person. The obligation to act in accordance with the directions, instructions or wishes of any other person may arise from legal obligations (e.g. contract; trust) or informal arrangements. Under these circumstances, how does MAS define or determine if the director of S-VACC will be able to consider as a nominee director. Suggest to have a clearer guideline in classifying the nominee director's term.

S/N	Respondent	Responses from respondent
		As a fund manager regulated or licensed by MAS, they are obliged to comply with AML/CFT requirements, including performing KYC and gathering the information of the beneficial ownership. As such, the requirements to know the beneficial owners will be deemed comply. MAS should disregard the concept of nominee directors for the S-VACC. Resident directors who are fit and proper and have the caliber to be appointed on board should be considered instead, in order to meet the requisite substance requirements. MAS should come up with a "Personal Questionnaire" to be completed by a director to be appointed of a S-VACC, in order to determine whether the latter is fit and proper. **Question 14: MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** Currently, MOM has imposed the requirement if the Company wishes to appoint an Employment Pass holder from another company; it will require to first seeking approval from MOM. Employment Pass holder will only be allow to taking up the secondary directorship for purpose related to their primary employment. Given that S-VACC must have at least one director who is also a director of the fund management company, we would expect that the director of the fund management company may also be an Employment Pass holder. Suggest to have an automate grant approval from MOM (i.e. MAS should coordinate with MOM to have the back to back approval) to the Employment Pass holder when the fund management company apply for the formation of S-VACC with MAS. **Question 15: MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** We believe consideration should be given to exempt Real Estate Fund Manager's. RE Industry is a key sub-component of the Singapore Fund Industry and the exempt status is one of the key

S/N	Respondent	Responses from respondent
		attractions for RE Fund Managers to come to Singapore and set up a shop. Allowing the exempt Fund Managers to be eligible for S-VACC's to further grow this sub-sector. **Question 16: MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** No comments **Question 17: MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** We note that the definition of an Approved Trustee under the section 289(1) of the SFA is not as detailed or clear as it should be. We suggest that the definition of a Trustee needs to be defined separately for this Act to include other trustees who are not Approved Trustees under the aforementioned definition who may have relevant experience in the funds domain. We also suggest that the duties of a Trustee under this Act be separately defined. We believe there should be clarity in terms of who will take up this duty – either a Bank or Trustee? How will a Custodian be granted the rights/discretion to safeguard assets or shareholders interests? Will Custodian be a final approver of changes in underlying transactions? And to what extent will the obligations and liabilities end? Finally, wouldn't it make more sense to require funds to be administered by professional fund administrators?

S/N	Respondent	Responses from respondent
		Question 18: MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs? Most of the Singapore Fund is capitalized or it invested in using redeemable preference shares. Suggest not only focus on allowing the foreign corporate entities to transfer their registration to Singapore, but may also to consider to allows the current Singapore based entities to transfer their registration as a Private Limited entity to S-VACC. **Question 19: MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** While we appreciate the flexibility to allow for foreign structures to come to Singapore and re-domicile, we believe some allowance should also be provided to the local Singapore players to convert their existing structures to S-VACC. **Question 20: MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** We suggest that trustees to the SVAAC have oversight on winding up for SVAACs and the sub funds. **Question 21: MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow sub-funds within S-VACCs to issue debentures relating to specific sub-funds.** We suggest that it is clarified that the trustee of the SVAAC will be the default trustee to the debenture holders in the event the S-VAAC decides to issue debentures. This will help to ensure that there is no overlap of SVAAC sub fund assets.

S/N	Respondent	Responses from respondent
		Question 22: MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds. We suggest that the Approved Trustee have receiver oversight on its duties and responsibilities. **Question 23: MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** No comments. **Question 24: MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out provisions that govern mergers of (i) the S-VACC with other S-VACCs and (ii) their sub-funds.** No comments.
36	Respondent A	**General comments:** Thank you for the opportunity to provide feedback with respect to the proposed S-VACC regime being considered to be introduced in Singapore. We welcome this development in the context of the wider changes and enhancements in the Singaporean fund management industry, and are excited to make a contribution towards Singapore taking advantage of this time of change to continue to be on the forefront of reinforcing its position as a premier funds management centre. Before we address some of the questions posed by the MAS in the Proposed Framework for Singapore Variable Capital Companies ("Consultation Paper"), we would first like to make comment on two matters which we consider to be relevant to S-VACC regime, but which were not addressed in the Consultation Paper: a) conversion of domestically incorporated companies to S-VACCs; and

S/N	Respondent	Responses from respondent
		b) the dispensation of physical share certificates. <u>Conversion of domestically incorporated companies to S-VACCs</u> We note the MAS is considering allowing foreign domiciled funds to be re-domiciled in Singapore. We also note the incentives provided to such funds to re-domicile including the waiver of stamp duty. We sense that the spirit behind these changes is to attract foreign fund interest in domiciling themselves in Singapore. We believe this is a positive development but would suggest that it be expanded to allow domestically domiciled private limited companies to also convert to an S-VACC with similar treatment to its foreign counterparts, assuming other criteria are met (such as the obligation to be managed by a CMSL holder). Over the past 10 years, the landscape of the Singaporean fund management space has changed dramatically and the funds under management in Singapore have grown impressively. Many funds and fund managers have turned to Singapore to take advantage of various welcome incentives as well as take advantage of Singapore's strong talent pool. Whilst a significant portion of funds take the form of a unit trust, there are some that are in the form of a private limited company. Often, this is to take advantage of existing double-taxation treaties which only generally apply to individuals and corporates. Whilst we welcome the re-domiciliation of foreign funds to Singapore, we feel the Consultation Paper in its current form leaves many loyal private limited funds that are already domiciled here, and operating here, 'out in the cold'. We don't see issue, and in fact only see advantages, of allowing existing domestically domiciled private limited funds convert to the S-VACC. The advantages include: (a) these funds are already managed by a Singaporean CMSL holder; (b) these funds are already subject to the Singaporean funds management regulatory framework, including AML/ CTF laws;

S/N	Respondent	Responses from respondent
		(c) these funds already have established processes and procedures that are bespoke to Singapore; and (d) these funds currently experience the many disadvantages of operating a fund using a private limited company which was evidently crafted for 'active' businesses, rather than passive investment activities. Further, we understand that over 70% of offshore funds sold in Singapore, and which would be subject to the re-domiciliation feature are also corporate form funds. <u>Dispensation of physical share certificates</u> As foreshadowed in point (d) immediately above, much of the provisions in the Companies Act is tailored towards governing active enterprises rather than passive investment activities. One such example, if the requirement for the issue of physical share certificates. Feedback we have received from investors is that this adds an unnecessary cost (particularly, replacement cost) and burden. In today's digital age, such certificates are seen as redundant and archaic. We would welcome the removal of the physical share certificate requirement. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** We welcome the new proposed S-VACC structure. We are particularly fond of the ability to set up not only a singular fund, but also an umbrella structure that will accommodate multiple sub-funds. Where we are particularly interested is in the potential for different sub funds to be created as separate and distinct legal person. We find great potential in this to allow Singaporean funds market to US Investors. Accepting US Investors has always been a daunting task. Not only from a US regulatory point of view, but also from a US tax perspective. Taking advantage of the tax laws in the US has traditionally necessitated the need to create somewhat artificial master-feeder structures. This entailed, often times,

S/N	Respondent	Responses from respondent
		unnecessary cost and complexity and has certainly contributed to deterring us, and anecdotally, others as well from accepting monies from US Investors which we feel is an unnecessary loss of opportunity for ourselves and the broader Singaporean funds management market. Although not explicitly referred to in the Consultation Paper, we would welcome greater attention to the changes in the law relating to S-VACCs to ensure Singaporean funds managers can take advantage of the sub-fund structure to cater for different types of US Investors (both taxable and tax-exempt) without the need for the creation of additional feeders to provide the requisite discriminatory treatment. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** No comments. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** No comments. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** No comments. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** See response to Question 1, above. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** No comments. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in**

S/N	Respondent	Responses from respondent
		the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation. No comments. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** No comments. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** We are in favour of the proposed change to allow the directors of the S-VACC to dispense AGMs with a 60 days notice, while giving the shareholders the right to request for an AGM if they so wish provided more than 10% of the shareholders makes the motion in favour of the AGM. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** No comments. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** No comments. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.**

S/N	Respondent	Responses from respondent
		We welcome this change. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** No comments. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** No comments. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** We welcome this requirement. We recognise the need to ensure that Singapore remains a fund centre of substance. We appreciate that it is only fair to require fund managers who wish to take advantage of the S-VACC structure and tax incentives in Singapore to ensure that their fund management activities are conducted in Singapore. This is not only to buttress Singapore's position as a premier funds management centre, but ensure that fund management is conducted to a high standard which can only be assured by ensuring such entities are subject to MAS oversight and regulation. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** We welcome the proposals. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.**

S/N	Respondent	Responses from respondent
		We would be minded to exempt this requirement for funds that only cater to accredited and institutional investors. Further many corporate funds in Singapore are not, and have not been subject to, oversight by a trustee. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** No comments. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** No comments. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** No comments. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** No comments. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** No comments. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.**

S/N	Respondent	Responses from respondent
		No comments. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** No comments.
37	Respondent B	**General comments:** • We suggest that MAS provide further details of how the board composition works if there are a number of sub-funds or where the investors provide investment discretion to the fund managers. We also suggest that flexibility be accorded to allow the board to delegate authority to investment committees formed for the funds as this is quite common. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** • We suggest that further details be provided in terms of how the board composition works especially if there are a number of sub-funds or where the investors provide investment discretion to the fund managers. We also suggest that flexibility be accorded to allow the board to delegate authority to investment committees formed for the funds as this is quite common. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** We suggest that MAS consider flexibility for the S-VACC to adopt other accounting standards such as US GAAP, in accordance with investor preferences.

S/N	Respondent	Responses from respondent
		Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications. We suggest that MAS provide details of credit protection and liquidation and that feedback be sought from financing institutions such as banks to ensure they are comfortable i.e. structure can be financed. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** Please see comments for Question 20 **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** Please see comments for Question 20 **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** Please see comments for Question 20
38	Respondent C	**Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** Nil. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** Nil. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".**

S/N	Respondent	Responses from respondent
		Nil. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** Nil. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** Nil. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** We note your Authority proposed to allow the fund manager of a S-VACC to invest in assets located in a jurisdiction that does not have a cellular company structure, only if any risk of cross-contagion between the S-VACC's sub-funds has been reasonably mitigated, and where there is reasonable grounds to believe otherwise, the fund manager must take appropriate steps to mitigate the risk. Your Authority may wish to consider similar steps taken in other jurisdictions such as Ireland, UK, Luxembourg and Cayman to mitigate the risk, and to provide clarification to fund manager through FAQ on the steps required. For your Authority's reference, steps taken by such jurisdictions to re-inforce segregation of liability amongst sub-funds in countries where there is no equivalent legislation include the following: 1. In all S-VACC contracts the recitals should clearly state that the company is a segregated liability one. For example. (1) [ ] having its registered office at [ ], which is an [open-ended investment company] [and an umbrella scheme with segregated liability between its Sub-Funds] (as defined below) (the "Fund").

S/N	Respondent	Responses from respondent
		The Fund is [an umbrella]/a stand alone] open-ended investment company. (2) Umbrella funds 1.1 [The parties to this Agreement acknowledge that the Fund is an umbrella scheme (as that term is defined in the UCITS Rules). The parties accordingly acknowledge that notwithstanding any other provision of this Agreement, the assets of any Sub-Fund: 1.1.1 belong exclusively to that Sub-Fund; and 1.1.2 shall not be used to discharge (directly or indirectly) the liabilities of or claims against the Fund or any other person or body or any other Sub-Fund, and shall not be available for such purpose and any liability incurred on behalf of or attributable to any Sub-Fund shall be discharged solely out of the assets of that Sub-Fund.] (3) The Depositary/Service Provider acknowledges that the Fund is an umbrella fund formed under the laws of England and Wales with segregated liability between Sub-Funds. Any liability incurred on behalf of or attributable to a Sub-Fund shall be discharged solely out of the assets of that Sub-Fund. 2. The following disclosures should be required to be stated in the S-VACC incorporation document e.g. M&A and in its Prospectus: - the Instrument must include a statement that the assets of a sub-fund belong exclusively to that sub-fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the umbrella or any other sub-fund, and shall not be available for any such purpose. Note the use of the words "or indirectly" so the obligation is wide ranging; - this wording needs to be repeated in the Prospectus; and

<table>
<tr><th>S/N</th><th>Respondent</th><th>Responses from respondent</th></tr>
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- in addition, there is a requirement that there be disclosure in the Prospectus to prospective investors that, while the provisions of the OEIC Regulations provide for segregated liability between sub-funds, the concept of segregated liability is relatively new.

Examples of such type disclosures is below:
<table>
<tr><td>OEIC instrument of incorporation:</td><td>“The assets of a Fund belong exclusively to that Fund and shall not be used to discharge the liabilities or claims against the Company or any other person or body, or any other Fund, and shall not be available for any such purpose”</td></tr>
<tr><td>OEIC prospectus:</td><td>“The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and will not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company or any other Fund and will not be available for any such purpose”</td></tr>
<tr><td>Contract:</td><td>“The parties acknowledge that the Sub-funds are segregated portfolios of assets, and, accordingly, the assets of a Sub-fund belong exclusively to that Sub-fund and any liability incurred on behalf of or attributable to a Sub-fund can only be discharged out of the assets of that Sub-fund....”</td></tr>
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3. Risk Warning Disclosure in Prospectus as to foreign courts not enforcing segregation of liability.

4. Notwithstanding all of the above, regulators such as FCA also have concerns regarding the potential risk that overseas jurisdictions would not respect segregated liability. As such, UK OEICs have to include language in prospectuses that explains that “where claims are brought by local creditors in foreign courts or
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S/N	Respondent	Responses from respondent
		under foreign law contracts, it is not yet known how those foreign courts will react" (FCA Collective Investment Schemes Sourcebook 4.2.5 R (2A)(b)). Under the proposed steps, should a fund manager arrange for the above clauses/disclosure in the fund documentation and agreements, these should be deemed to be reasonable mitigating steps. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** Nil. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** Nil. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** Under paragraph 6.1 of the consultation paper, it is proposed that shareholders with 10% or more of the total voting rights may require an AGM by giving 14 days' notice to the S-VACC. It is not clear if investors of a sub-fund in a S-VACC may require an AGM for that sub-fund. We respectfully propose that investors of a sub-fund in a S-VACC representing 10% (as an example) or more of the total holding in that sub-fund, should be allowed to request for AGMs amongst investors of that sub-fund. In addition, we wish to seek clarification from your Authority as to whether a fund manager will be required to hold an extraordinary resolution of investors of a sub-fund for matters affecting that sub-fund, for instance, changes that are materially

S/N	Respondent	Responses from respondent
		prejudicial to investors of that sub-fund or to sub-fund investors generally. Finally, we respectfully propose that sub-fund investors be provided with similar rights to approve material matters that affect them (for the particular sub-fund), as with the current provisions provided for participants of unit trust funds under the Code on Collective Investment Schemes. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** Nil. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** Nil. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** Nil. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.** Nil. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** Nil.

S/N	Respondent	Responses from respondent
		Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs. Nil. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** We agree that the S-VACC and its board of directors should be responsible for AML/CFT and that such responsibility can be delegated to the fund manager. This reflects how AML/CFT checks work in practice, as the manager is the party that sources and interacts with underlying investors. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** Under the proposed framework, we understand that S-VACC will appoint the approved custodian to safeguard the rights and interest of shareholders, and the approved custodian may in turn appoint custodians to take custody of the property of S-VACC (as with current arrangement for unit trust collective investment schemes where Approved Trustee appoints custodian to take custody of the property of trust). We would also humbly seek the MAS' confirmation that the approved custodian itself, contrary to what its name may suggest, is not required to apply for additional Capital Markets Services licence for custodial services, where such services are solely incidental to the business for which the approved custodian are registered (ie. Approved Trustee, registered trust companies under Trust Companies Act). **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced**

S/N	Respondent	Responses from respondent
		by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs? Nil. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** Nil. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** Nil. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** Nil. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** Nil. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** Nil. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)**

S/N	Respondent	Responses from respondent
		Nil.
39	Respondent D	**General comments:** **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** No comments. **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.** No comments. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** No comments. **Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** No comments. **Question 5. MAS seeks comments on the proposed cellular structure for S-VACCs.** No comments. **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** No comments. **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.**

S/N	Respondent	Responses from respondent
		No comments. **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** No comments. **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** No comments. **Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs.** No comments. **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** No comments. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** No comments. **Question 13. MAS seeks comments on the proposal to adopt the same requirements on beneficial ownership information and nominee directors as those under the CA amendments.**

S/N	Respondent	Responses from respondent
		No comments. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.** It is important for S-VACCs to have substance in Singapore; therefore, we support the proposal to have a director residing in Singapore. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** No comments. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** No comments. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** No comments. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs?** Would the MAS allow the transfer of the track record of re-domiciled funds? **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile)**

S/N	Respondent	Responses from respondent
		which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged. Corporate forms of off-shore fund jurisdictions such as Cayman Islands funds, BVI, Bermuda, Mauritius, Guernsey and Jersey may seek to re-domicile as an S-VACC in Singapore. **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** No comments. **Question 21. MAS seeks comments on the proposal to allow S-VACCs to issue debentures, including to allow S-VACCs to issue debentures relating to specific sub-funds.** No comments. **Question 22. MAS seeks comments on the proposal to adopt a receivership regime similar to that under the CA for S-VACCs and their sub-funds.** No comments. **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** No comments. **Question 24. MAS seeks comments on the proposal to require the constitution of a S-VACC to clearly set out shareholders' rights in respect of a scheme of arrangement, merger, reconstruction or amalgamation involving the S-VACC (including any of its sub-funds)** No comments.
40	Respondent E	**Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".**

S/N	Respondent	Responses from respondent
		• Where the S-VaCC will be used as a sub-Fund or will be wholly owned (in order to segregate assets classes in a master Fund situation), an S-VaCC should be allowed to have a single shareholder. Otherwise, the S-VaCC can never be used as an SPV or in a master fund structure (with one feeder which is also common) or for segregated mandates and so on. **Question 12. MAS seeks comments on the proposal regarding the disclosure of a S-VACC's shareholder register.** • We would like to record our support for the proposal. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** • Fund managers operating under the related party exemption from licensing requirements should be allowed to manage an S-VaCC. The innovation and flexibility of the S-VaCC in dealing with capital flows can also assist single family arrangements as it would enable transfers to take place unimpeded by the capital maintenance rule. • Family offices need confidentiality in terms of ownership and the publication of financial statements. Companies under the Companies Act do not offer that confidentiality. It is important that the S-VaCC would be available to family offices, many of which benefit from the related party exemption from licensing. • S-VaCCs should be allowed to house investment professionals and related staff. A separate fund management company whether licensed or not should not be required in single family arrangements. In all situations, the S-VaCC should be allowed to have employees. **Question 18. MAS seeks comments on the proposal to adopt the same requirements on re-domiciliation as those introduced**

S/N	Respondent	Responses from respondent
		by ACRA under the CA for S-VACCs. In particular, what aspects of the CA re-domiciliation provisions should be modified for S-VACCs? • On the expectation that the S-VaCC will be a successfully utilized innovation, it is important to make it available not only for new entities, but also for existing entities. The cost of creating a new entity and transferring service contracts and other legal arrangements could be prohibitive and prevent existing entities from benefitting from the S-VaCC. • Overseas entities in corporate as well as other legal forms should also be allowed to convert to S-VaCC. This will allow for an overall improvement in the global standard of governance as more entities are able to re-domicile to Singapore and obtain access to and benefit from the strong Singapore legal system and governance requirements. Also, if a re-domiciled company or other legal form can be an S-VaCC, it would broaden the take-up and make Singapore a more attractive location for fund management. Facilitating re-domiciliation would simplify the transfer of the entity to Singapore, enabling it to be governed by Singapore law.
41	Respondent F	**General comments:** - If we have an existing fund (i.e. unit trust structure) domiciled in Singapore, does the regulation allows this fund to convert to a S-VACC structure? - Would investment in such structure by a banking entity, trigger Section 32 Banking Act restrictions? - Would investment of the S-VACC by the fund manager for fund seeding purposes trigger Section 32 Banking Act restrictions if the fund manager is a subsidiary of a bank? - Would investment of the S-VACC by the fund manager trigger the CMS licence condition where prior approval from MAS is required for the acquisition or holding whether directly or

S/N	Respondent	Responses from respondent
		indirectly an interest of 20% or more of the share capital of any corporation (whether in Singapore or elsewhere)? - A S-VACC structure is definitely a positive step towards further developing Singapore asset management ecosystem. In order for S-VACC to be widely adopted by the industry, it needs to be competitive if not superior to existing schemes such as SICAV, OEIC, etc. Some of the key factors an asset manager will consider when deciding on fund structure and domiciliation include: • Flexibility • Cost (set up and running cost) • Time to market • Tax efficiency Our comments to the questions below revolve around seeking clarification / confirmation on flexibility, cost and time to market. **Question 1. MAS seeks comments on the proposed legislative structure for S-VACCs.** - What is the sequence of events for setting up a S-VACC? Do we get the S-VACC incorporated with ACRA and then we file fund prospectus with MAS to get it authorised and / or registered (for restricted scheme) or can we concurrently incorporate the legal entity with ACRA and at the same time, lodge prospectus with MAS for approval? - If the filings with ARCA and MAS are not concurrent, this may potentially prolong the time to market. - For material changes to S-VACC, which will be the regulatory bodies to review and / or approve such changes? - Will S-VACC structure be recognised by CPF Board for inclusion under CPFIS scheme? **Question 2. MAS seeks views on the proposed draft S-VACC Act at Annex B.**

S/N	Respondent	Responses from respondent
		Section 31: Do we need to declare the members or obtain the minimum number of members at the point of registering S-VACC? For unit trust, usually there will not be any shareholder at the point of registering. Once the unit trust structure is setup, there will be a period of Initial Offering Period when the fund is launched for subscription. This minimum number of members should not be imposed from the date of registering the S-VACC to the date of the first NAV. **Question 3. MAS seeks comments on the proposal that the S-VACC structure be used as a vehicle for CIS only, and on the proposed restriction on the use of the term, "S-VACC".** - Can REIT be setup using S-VACC structure? - It is getting common for asset managers to offer bespoke investment solutions to clients, both high net worth and / or institutional clients. - Under the draft S-VACC regulations, we do not seem to be able to provide bespoke investment solutions for a single client as there needs to be at least two members at all times. - If a CIS is distributed exclusively by a distributor, will the sole distributor be considered as a single member and as such, we make the S-VACC structure unavailable? - What about a master / feeder structure? Example, an offshore fund is the sole investor in the S-VACC. - If the minimum two-member requirement is strictly imposed, the usage of S-VACC will be greatly reduced. - The minimum two-member requirement is to be applied at the umbrella level or the sub-fund level? **Question 6. MAS seeks comments on the proposed safeguards against the risk of cross-cell contagion within a S-VACC.** - In relation to the requirement to disclose unique sub-fund identification number in third parties' dealings, this would

S/N	Respondent	Responses from respondent
		create operational challenges to the trade dealing/settlement teams (e.g. modifying existing swift transaction codes). **Question 7. MAS seeks comments on the proposal to allow a sub-fund to be wound up as if it were a separate legal person in the event of the sub-fund's insolvency, and on the ring-fencing of each sub-fund's assets and liabilities during insolvent liquidation.** - If a S-VACC is wound up voluntary, is there a need to appoint liquidators? - Can the Board pass a resolution to wind up a S-VACC on a voluntarily basis or does it require an EGM? **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** - Can subscription and / or redemption be in kind? - What happens if there are NAV pricing errors? Do we follow the current MAS guideline on NAV error? Will these be reportable events to both MAS and ACRA? - Can a S-VACC member switch from one S-VACC sub-fund to another? **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** - In relation to the section in which shareholder(s) with 10% or more of the total voting rights may require an AGM by giving 14 days' notice, we seek clarification on whether the shareholder(s) needs to hold 10% or more of the voting rights at the S-VACC level, or at individual sub-fund level, to be entitled to call for the AGM.

S/N	Respondent	Responses from respondent
		Question 10. MAS seeks comments on the proposals for the appointment of auditors, not requiring audit committees, as well as the preparation and disclosure of financial statements of S-VACCs. - The S-VACC is required to lodge an Annual Return with ACRA after its general meeting within 7 months from the end of its financial year end. Can S-VACC dispense with the need to file the financial statements in XBRL format given that the current unit trust structure is not required to file its financial statements in XBRL format? - For S-VACC under the restricted scheme, the requirement to have it audited will add to the running cost of the fund, especially in the early years where the fund size could be small. There is currently no such requirement for unit trusts under the restricted scheme. - Will there be exemption for S-VACC with small AUM and / or S-VACC with a pre-determined maturity date? **Question 11. MAS seeks comments on whether S-VACCs should be allowed to prepare their financial statements using an applicable ASC Standard, the IFRS or RAP 7 (for S-VACCs consisting of Authorised Schemes). What are the considerations that may influence the accounting standards which a S-VACC uses (e.g. fund manager's operations, investors' preference or location of assets)?** - For institutional investors such as insurance companies investing into S-VACC, will the insurance companies be expected to consolidate the S-VACC or will there be look through to the underlying securities? - Besides authorised schemes, would restricted schemes under the S-VACC structure be allowed to use RAP 7 as its accounting standard to disregard consolidation of assets when investing into sub-funds.

S/N	Respondent	Responses from respondent
		Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC. - The requirement to have a director independent of the fund manager of the S-VACC (and its related entities), would result in additional cost to source for and to appoint such director instead of having directors from affiliates of the fund manager. - Is approval from MAS or ACRA required for change in the Board of Directors? - Does the role of company secretary need to be an independent party and can it be an individual or a qualified institutional entity. **Question 15. MAS seeks comments on the proposal to allow only Permissible Fund Managers to manage S-VACCs.** - Will clarification be provided on the ability to have sub-advisers or sub-managers of the Fund for both authorised and restricted schemes under S-VACC. **Question 16. MAS seeks comments on the proposed AML/CFT requirements on S-VACCs.** - For 7.6 (b), does it imply that the S-VACC needs to have an outsourcing agreement with the fund manager? What does S-VACC ultimately being responsible for AML requirement means? That the AML procedures/issues need to be approved by the S-VACC board? We are of the view that the requirements of the Guidelines on Outsourcing will not apply since the S-VACC will not be a regulated entity by MAS. Can MAS provide clarification if the Guidelines on Outsourcing will apply? - In outsourcing the AML/CFT duties to the fund manager, are there any restrictions on whether the fund manager can further outsource such duties to a service provider (e.g.

S/N	Respondent	Responses from respondent
		approved custodian) or make similar outsourcing arrangements. - Will the S-VACC, being an empty shell company, be expected to conduct outsourcing due diligence on the fund managers? **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** - The board of directors will be exercising oversight over the fund and this overlaps with that of the custodian. In the event there is a slip-up in performing fiduciary duties between the board and the custodian, who is to be held responsible? - In relation to private equity funds under restricted scheme, there is no appointment of custodian in the fund. Would the new S-VACC structure require otherwise for the fund? **Question 20. MAS seeks comments on the proposal to adopt a winding-up regime similar to that under the CA for S-VACCs and sub-funds, as well as the proposed modifications.** - In winding-up a sub-fund, does the fund have to go through the process of engaging a liquidator. The time and cost to liquidate a sub-fund might be relatively more prohibitive. - Does S-VACC allow voluntary winding-up of the sub-fund or share class by the board of directors? **Question 23. MAS seeks comments on the proposal to not adopt the mechanisms for arrangements, reconstructions and amalgamations under the CA.** - Will merger of S-VACCs be permitted? Will this be at the Board's discretion or will this require EGM to seek members' approval?

S/N	Respondent	Responses from respondent
		- Can a S-VACC merge with a Singapore unit trust and / or an offshore fund?
42	Respondent G	**Question 4. MAS seeks comments on the proposal to allow S-VACCs to be structured as open-ended or closed-end funds, and to require the rights of and limits to redemption to be set out in the constitution of a S-VACC.** 1. Are Master-Feeder fund structures allowed for S-VACCs? 2. If so, can a Master Fund which is set up as a S-VACC, be allowed to have only one Feeder Fund (i.e. a single member)? **Question 8. MAS seeks comments on the proposal for the valuation and redemption of shares in a S-VACC to be carried out at NAV, except where the S-VACC is listed on a securities exchange.** 1. Is there a requirement for the NAV to be independently calculated such as by a third-party Fund Administrator? 2. Do share allotments and/or share redemptions have to be lodged with ACRA? Doing so could be administratively cumbersome for open-ended funds where investors come in and out of the funds freely. Would it be sufficient for the Company Secretary to keep its own internal records of such share transactions taking place? 3. Would transfer of shares in S-VACCs attract stamp duty? **Question 9. MAS seeks comments on the proposal to allow directors of S-VACCs to dispense with AGMs.** To reduce the administrative burden of S-VACCs, we propose that the directors of a S-VACC have the sole discretion to dispense with holding an AGM, without the need to give written notice to its shareholders. **Question 14. MAS seeks comments on the proposed requirements on a S-VACC's directors, residency and name of a S-VACC.**

S/N	Respondent	Responses from respondent
		We would like to clarify if the same Singapore director can also be appointed as the Company Secretary of a S-VACC. **Question 17. MAS seeks comments on the proposal for S-VACCs consisting of Authorised or Restricted Schemes to have an approved custodian that is an Approved Trustee, and to align the duties of the approved custodian with those of an Approved Trustee under the SFA, except where such duties are already imposed on the S-VACC or its directors as covered under the S-VACC legislation.** Under the current licensing guidelines, licensed and registered fund managers are required to ensure that their assets under management are subject to independent custody by custodians that are suitably licensed, registered or authorised in their respective jurisdictions. These independent custodians do not need to be an Approved Trustee. Accordingly, we propose that S-VACCs be required to have an independent custodian that is suitably licensed, registered or authorised in their home countries and such custodian does not need to be an Approved Trustee under the SFA. **Question 19. MAS seeks comments on the type of foreign structures (including their original jurisdiction of domicile) which would seek to re-domicile as an S-VACC in Singapore and the issues envisaged.** 1. Which foreign jurisdictions are considered as equivalent to a S-VACC for purposes of re-domiciliation? 2. The draft S-VACC legislation only contemplates the re-domiciliation of foreign structures. We would like to ask if existing Singapore investment funds are allowed to convert into S-VACCs and if so, the procedures for transitioning to a S-VACC.

Summary of Key Feedback on Tax Framework

1. **Extend existing tax incentive schemes to S-VACCs**
   a. Avail current funds tax incentive schemes under the Income Tax Act to S-VACCs, with modifications and necessary concessions.
   b. Conditions and economic commitments for tax incentives should be applied at the S-VACC level, not at each segregated cell.
   c. Fund managers managing S-VACCs should be given a lower tax rate on fee income.
2. **Extend existing GST remission to S-VACCs**
   a. GST remission currently in place for investment funds in Singapore should be extended to S-VACCs.
3. **Remove stamp duty**
   a. Exempt issue, transfer, repurchase or redemption of shares in S-VACCs from stamp duty.
4. **Re-domiciliation**
   a. Allow for re-domiciliation of foreign investment funds to Singapore as S-VACCs, with no Singapore tax exposure even if there is a change in ownership of the funds' assets upon re-domiciliation.
5. **Conversion**
   a. Provide an option for an existing fund to be converted to an S-VACC without any Singapore tax consequences even if there is a change in ownership of the entity's assets upon the conversion.
6. **Tax treaty**
   a. S-VACCs should be able to rely on the tax treaties that Singapore has with other countries.
   b. S-VACCs should be issued Certificates of Residency if they can prove tax residency in Singapore.

Monetary Authority of Singapore