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Investment Funds

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WongPartnership LLP

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WongPartnership LLP the firm's well-respected investment funds practice advises private equity, infrastructure and real estate funds on the full spectrum of issues. It is especially well-placed to advise on fund formation, regulation and structuring. The firm regularly advises a broad range of domestic and international investors and fund managers, and is frequently engaged on cross-border matters concerning Singapore law. Clients additionally benefit from the firm's strength in other practice areas – including corporate, banking and real estate – when implementing their investment strategies. The asset management and funds practice has an excellent track record in structuring, advising and acting for general partners and limited partners of private equity, venture capital, hedge funds, infrastructure, real estate, fund of funds and collective investment schemes targeted at retail investors. The firm is familiar with the Singapore Tax Resident Fund scheme and works towards creating tax-optimised fund structures while ensuring compliance with the regulatory requirements in the country.

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1. Fund Formation

1.1 Formation of Investment Funds

Managers and advisers looking to raise capital from investors in jurisdictions outside of the USA and EU frequently set up investment funds in Singapore. Singapore is a key location for managers of private equity, real estate and hedge funds to be based in, especially for investments in the Asia Pacific region.

1.2 Raising Capital from Investors

Managers and advisers set up investment funds in Singapore to raise funds from investors within Singapore and internationally.

1.3 Common Process for Setting Up Investment Funds

The incorporation of a Singapore private company limited by shares or registration of a Singapore limited partnership as the fund vehicle involves a two-stage procedure comprising reservation of name and submission of application papers, which usually will take less than three business days to complete. The entire process is done electronically and a one-off fee (no recurring fee is payable) is payable to the relevant government agency. There is no minimum capital requirement. Corporate service providers and law firms provide incorporation services.

The core documents used for a fund in Singapore will be the constitutional document of the fund legal vehicle (eg, constitution, trust deed or limited partnership agreement), subscription agreement and fund management agreement/investment advisory agreement.

1.4 Regulation of Fund Structures

Fund management is a regulated activity in Singapore for which a capital markets services licence is required. Investment funds in Singapore are commonly managed by manag-

ers or advisers who hold this capital markets services licence or are exempted from the requirement to hold a capital markets services licence.

1.5 Limited Liability

Investors in investment funds formed in Singapore generally benefit from limited liability. A Singapore private company limited by shares has a separate legal existence from its shareholders so investors would not be responsible for the obligations of the investment fund. The 'corporate veil' will be lifted only where there are abuses of the limited liability status of the corporation; for example, where third-party investors induce others to give credit to the investment fund, where they know there is no reasonable expectation that the debt could be repaid. A limited partner in a Singapore limited partnership shall not, save for certain instances, be liable for the debts or obligations of the limited partnership beyond the amount of its agreed contribution, solely by reason of it being a limited partner of the limited partnership. A limited partner may be liable for debts or obligations of the limited partnership if this limited partner takes part in the management of the limited partnership.

Investors in an investment fund typically request for a legal opinion confirming the limited liability status of the investor.

1.6 Common Tax Regimes

The investment fund may apply to the Monetary Authority of Singapore (MAS) to be approved as a Singapore tax-resident fund to enjoy certain tax incentives under Section 13R of the Singapore Income Tax Act (the Scheme). Under the Scheme, as long as the conditions set out below are met, the investment fund will be exempted from most forms of Singapore income tax, including the gains or profits realised from the acquisition and divestment of portfolio investments that might otherwise be taxable as trading income. Note that the Scheme will not exempt the fund from income tax arising from the holding of Singapore immovable properties or Singapore-sourced interest.

The conditions under the Scheme are as follows:

- the fund must be a Singapore incorporated company and Singapore tax resident;
- the fund must not be 100% beneficially owned by Singapore resident persons;
- the fund must be managed or advised directly by a Singapore fund management company and use a Singapore-based fund administrator if the administration is outsourced by the fund manager;
- the fund must incur at least SGD200,000 in local business spending each year. The expenses can include the fund management fees; and
- the fund must not change its investment objective or strategy after being approved for this tax incentive scheme.

Another consideration arising from the Scheme is that 'qualifying investors' of the fund will be effectively exempted from all Singapore tax on distributions made by the fund to them. However, there will be a punitive effect on 'non-qualifying investors' who shall be required to pay a financial amount to the Inland Revenue Authority of Singapore, based on its share of the fund's income (as reflected in the fund's audited accounts) multiplied by the corporate income tax rate (currently 17%). The following persons will be regarded as 'qualifying investors':

- any natural person investing in the fund;
- any bona fide non-Singapore tax resident investor that (i) does not have a permanent establishment in Singapore (other than a fund manager) or (ii) has a permanent establishment in Singapore but does not use funds from its Singapore operations to invest in the fund;
- any person so designated by the MAS; and
- any person not covered above and who does not (on its own and with his or her affiliates) own more than 30% of the fund's equity if the fund has fewer than ten investors, or 50% of the fund's equity if the fund has ten or more investors.

Any person who is not a 'qualifying investor' shall be a 'non-qualifying investor'.

The investment fund may also apply to the MAS to be approved as a tax-resident fund to enjoy certain tax incentives under Section 13X of the Singapore Income Tax Act (the Enhanced-Tier Scheme). Under the Enhanced-Tier Scheme, as long as the conditions set out below are met, the fund will be exempted from most forms of Singapore income tax, including the gains or profits realised from the acquisition and divestment of portfolio investments that might otherwise be taxable as trading income. Please note that the Scheme will not exempt the fund from income tax arising from the holding of Singapore immovable properties or Singapore-sourced interest.

The conditions under the Enhanced-Tier Scheme are as follows:

- the fund must be a Singapore incorporated company, trust or limited partnership;
- the fund must have a minimum fund size of SGD50 million in committed capital;
- the fund must be managed or advised directly by a Singapore fund management company and use a Singapore-based fund administrator if the administration is outsourced by the fund manager;
- the fund management company must employ at least three investment professionals;

- the fund must incur at least SGD200,000 in local business spending each year (the expenses can include the fund management fees);
- the fund must not change its investment objective or strategy after being approved for this tax incentive scheme; and
- the fund must not concurrently enjoy other tax incentives.

If the investment fund is constituted as a Singapore limited partnership, tax will not be levied at the limited partnership level as it does not have a separate legal personality. Instead, the share of the income accruing to each limited partner of the limited partnership will be taxed at the rates applicable to them accordingly. Resident individual investors are taxed at progressive tax rates of up to 22% on their taxable income. Corporates are taxed at 17% on their taxable income.

1.7 Investment Sponsors

Managers and advisers often set up investment funds in Singapore for venture capital and private equity investments in Southeast Asia. Singapore has a wide network of comprehensive Double Taxation Agreements which can be accessed by an investment fund formed in Singapore.

1.8 Disclosure Requirements

Regulated managers are required to ensure adequate disclosure to the investors of the funds it manages, regardless of the type of fund. Disclosures should, at the minimum, cover the following:

- the investment policy and strategy, as well as risks associated with the strategy;
- the terms with respect to fees, termination or exit and, where applicable, gating, side-pocketing, lock-up or suspension of redemptions, including any penalties that may apply under these circumstances;
- the valuation policy and performance measurement standards (where there are investments in hard-to-value or illiquid assets, the methodology and procedures for their valuation should be disclosed);
- the use of leverage, to the extent permitted by the investment mandate. The definition and measurement of leverage, as well as the circumstances under which leverage may be used, should be disclosed;
- the counterparties, brokers and prime brokers used by the fund or account;
- the custodians, trustee, fund administrators and/or auditors used by the fund or account; and
- the circumstances under which the fund or account can be terminated, as well as the processes for effecting this termination.

These disclosures should be provided at the inception of the fund and should be provided to the investors not only on a periodic basis, but as and when material changes occur.

In Singapore, an offer of units in a collective investment scheme is required to be made in or accompanied by a registered prospectus unless one of the following safe harbours applies:

- an offer to an unlimited number of institutional investors;
- private placements to no more than 50 persons in Singapore within any period of twelve months, subject to aggregation rules; and
- offers to an unlimited number of 'relevant persons', which includes accredited investors.

If an offer of units in a collective investment scheme is made pursuant to the safe harbour in paragraph (iii) (Restricted Scheme), an information memorandum issued in connection with the offer of units in the Restricted Scheme has to include various prescribed statements and requirements. This includes, among others:

- the investment objectives and focus of the Restricted Scheme, investment approach of the manager, risks associated with subscribing for units of the Restricted Scheme;
- details of the financial supervisory authority regulating the Restricted Scheme (if applicable);
- details of the manager, trustee and/or custodian of the Restricted Scheme;
- conditions, limits and gating structures for redemption of the units (if applicable);
- policy of the Restricted Scheme regarding side letters that may further qualify the relationship between the Restricted Scheme and selected investors;
- the nature and scope of these side letters;
- past performance of the Restricted Scheme;
- details on where the accounts of the Restricted Scheme may be obtained; and
- fees and charges payable by the investors and by the Restricted Scheme.

1.9 Legal Forms

Investment funds in Singapore are typically structured as a Singapore private company limited by shares (SG Co) or as a Singapore limited partnership (SG LP). An SG Co is a separate legal entity from its members and directors and can enter into contracts, hold assets and be party to legal proceedings in its own name. The board of directors are responsible for the day-to-day management and running of the business of the SG Co. The board of directors do not assume unlimited liability for the debts and obligations of the SG Co.

On the other hand, an SG LP does not have a separate legal personality and can only enter into contracts, hold assets and be party to legal proceedings through its general partner. The general partner is also responsible for the day-to-day

management and running of the business of the SG LP. The general partner has unlimited liability for all debts and obligations of the SG LP incurred while it is a general partner in the SG LP.

The SG LP is an attractive legal structure for investment funds due to the statutory privacy protection, flexibility in the capital structure, as well as relative ease of day-to-day administration and management. In Singapore, investment funds constituted as investment companies are uncommon because of the restrictions under the Companies Act (Chapter 50 of Singapore). These restrictions impede the normal operations of investment funds; for example, the flexibility to pay dividends and redeem shares as well as the ability to consolidate certain administrative functions.

1.10 Regulatory Status

Investment funds are not regulated in Singapore. Managers and advisers who manage the investment funds are regulated by the Monetary Authority of Singapore. More details on the regulatory regime applicable to managers and advisers are covered in **3.2 Territorial Reach of Regulators**.

1.11 Legal, Regulatory or Tax Legislative Changes

The Securities and Futures (Amendment) Act 2017 which came into effect on 8 October 2018 amends the definitions of "accredited investors" and "institutional investors" in the Securities and Futures Act (Chapter 289 of Singapore). Managers and advisers who are licenced or registered to raise funds from accredited investors and institutional investors only in Singapore will benefit from the broadened definition of institutional investors and accredited investors. Further, various investors who are previously regarded as accredited investors may be treated as institutional investors under the revised definitions.

In addition, an opt-in and opt-out regime for accredited investors will become effective on 8 April 2019. In summary, under the opt-in/opt-out regime. For new investors who qualify as an accredited investor, they will have to elect to either (i) opt in to be treated as an accredited investor, or (ii) remain as a retail investor entitled to the full regulatory protections available to a retail investor. For existing investors who continue to qualify as an accredited investor, they may opt out of being treated as an accredited investor. However, the opt-out approach in respect of individuals will only be effective until 8 July 2020. This means that if a manager or adviser wishes to continue to treat existing accredited investor clients who are individuals as accredited investors after that date, the manager or adviser will need to obtain a specific opt-in from the client.

However, the 'opt-out' procedure is waived for existing investors of licensed fund managers managing closed-end private equity funds. Licensed managers and advisers can continue to treat the investor as an accredited investor in respect of all capital committed prior to 8 April 2019. It is not necessary to provide existing investors the option to opt out, provided these investors are not able to make further commitments or subscriptions into funds or mandates managed by the managers and advisers.

There are certain procedural steps involved for the opt-in and opt-out approach. For instance, a manager or adviser will need to explain, in a clear and easily understood manner, the regulatory safeguards which would be waived if an investor decides to opt in to be treated as an accredited investor.

Separately, the Variable Capital Companies Act 2018, the framework for Singapore Variable Capital Companies (SVACC), was passed although it is not yet in force. The SVACC offers flexibility in relation to the return of capital, efficiency in administering sub-funds and greater privacy for investors.

The SVACC will be able to create sub-funds for each investment with segregated assets and liabilities within the SVACC. These sub-funds may be wound up separately without affecting the continuing status of the SVACC. The capital maintenance rules under the Companies Act (Chapter 50 of Singapore) will also not apply to a SVACC, easing the distribution and redemption process. The SVACC will be allowed to freely redeem shares and pay dividends using its capital. However, to protect the creditors' interests, the shares may only be valued and redeemed at their net asset values. To balance the privacy needs of the investors against the need for transparency regarding the SVACC, the register of shareholders need not be disclosed to the public but must be available to ACRA, the MAS and other public regulatory authorities for regulatory, supervisory and law enforcement purposes.

2. Fund Investment

2.1 Types of Investors

We see interest from all classes of investors, including institutional investors, high net worth individuals and family offices, in investment funds set up in Singapore.

2.2 Legal, Regulatory and Investment Structures

Most investors prefer the investment fund to be constituted as a Singapore limited partnership structure for reasons shared in **1.9 Legal Forms**.

2.3 Legal, Regulatory or Tax Themes/Issues

The preliminary considerations for an investor in Singapore would be its investor class classification under the securities law in Singapore. An investor in Singapore is generally classified as a retail investor, an accredited investor (as defined in the Securities and Futures Act (Chapter 289 of Singapore) (SFA)) or an institutional investor (as defined in the SFA). A

retail investor is entitled to a suite of regulatory safeguards which is not available to an accredited investor and an institutional investor, but is generally limited in the type of investments it has access to. As there are restrictions on managers and advisers on the class of investors they may manage funds for, an accredited investor and institutional investor generally have access to both retail funds and investment funds managed by managers and advisers who are licensed to carry out the regulated activity of fund management for accredited investors and institutional investors only. A retail investor would not have access to these investment funds which are not retail funds.

Another common issue will be the tax treatment of the distributions received by the investor from the investment fund. Managers and advisers typically structure the investment fund for tax efficiency. In addition, the investment fund will usually apply to the Monetary Authority of Singapore to be approved as a Singapore tax-resident fund to enjoy certain tax incentives under Section 13R or Section 13X of the Singapore Income Tax Act (Tax Incentive Scheme). Under the Tax Incentive Scheme, as long as the prescribed conditions set out are met, the investment fund will be exempted from most forms of Singapore income tax, including the gains or profits realised from the acquisition and divestment of portfolio investments that might otherwise be taxable as trading income.

2.4 Restrictions on Investors

There are no restrictions on an investor in Singapore in terms of the type of investment funds it may invest in. However, there are restrictions on managers and advisers on the class of investors they may manage funds for. For instance, a manager or an adviser licensed to carry out the regulated activity of fund management for accredited investors and institutional investors only may not accept a retail investor's investment in any of the investment funds it manages.

2.5 Marketing Restrictions

Generally, offers of units of an investment fund to any person in Singapore, regardless of the types of funds, require a registered prospectus and, if the investment fund is characterised as a collective investment scheme, the collective investment scheme needs to be duly authorised (if the scheme is constituted in Singapore) or recognised (if the scheme is constituted outside Singapore) by the Monetary Authority of Singapore (Offering Requirements). A manager or an adviser offering units of an investment fund to persons in Singapore usually relies on one of the following exemptions from the Offering Requirements:

- an offer to an unlimited number of institutional investors;
- private placements to no more than 50 persons in Singapore within any period of twelve months, subject to aggregation rules; and
- offers to an unlimited number of 'relevant persons', which includes accredited investors.

3. Regulatory Environment

3.1 Regulatory Regime

Under the securities law of Singapore, a corporation that carries on a business in fund management in Singapore would need to either hold a capital markets services licence for the regulated activity of fund management (CMSL Holder), be registered with the MAS as a registered fund management company (RFMC) (the RFMC and CMSL Holder collectively, the FMC) or rely on any other exemptions from the licensing requirement. All FMCs should be Singapore-incorporated companies and have a permanent physical office in Singapore. All FMCs should also meet the following criteria.

- Competency of Key Individuals – an FMC should ensure that the minimum competency requirements are met.
- Fit and Proper – an FMC should satisfy the MAS that its shareholders, directors, representatives and employees, as well as the FMC itself, are fit and proper, in accordance with the Guidelines on Fit and Proper Criteria issued by the MAS.
- Base Capital – an FMC must at all times meet the prescribed base capital thresholds as follows:
  - (a) for FMCs carrying out fund management in respect of any collective investment schemes offered to any investor other than an accredited or institutional investor, the base capital requirement is SGD1,000,000;
  - (b) for FMCs carrying out fund management in respect of a non-collective investment scheme on behalf of any customer other than an accredited or institutional investor, the base capital requirement is SGD500,000; or
  - (c) for FMCs carrying out fund management other than that described in (i) or (ii) above, the base capital requirement is SGD250,000.
- Compliance Arrangements – the MAS expects an FMC to have in place compliance arrangements that are commensurate with the nature, scale and complexity of its business.
- Risk Management Framework – an FMC should put in place a risk management framework to identify, address and monitor the risks associated with customer assets that it manages.
- Internal Audit – the MAS expects the business activities of an FMC to be subject to adequate internal audit. The internal audit arrangements should be commensurate with the scale, nature and complexity of its operations.
- Independent Annual Audits – an FMC will need to meet the prescribed annual audit requirements.
- Professional Indemnity Insurance (PII) – the MAS may impose a licence condition requiring a CMSL Holder

who manages funds for the retail public to obtain PII that complies with the prescribed minimum requirements. CMSL Holders who manage funds for accredited and institutional investors only and RFMCs are strongly encouraged to maintain adequate PII coverage.

In addition to the above, a CMSL Holder will also have to comply with the risk-based capital framework on an ongoing basis, such that it has sufficient financial resources to match or exceed 120% of its operational risk requirement. Where appropriate, the MAS may require CMSL Holders to procure a Letter of Responsibility from its parent company.

When assessing applications for a CMS licence in fund management, the MAS may consider other factors, for example:

- the track record of the CMSL Holder or its holding company or related corporation, where applicable;
- whether the FMC, its holding company or related corporations are subject to proper supervision by a competent regulatory authority;
- the commitment of the FMC's holding company to the FMC's operations in Singapore; and
- the commitment from the FMC's shareholders, as demonstrated through seed investments in funds managed by the FMC.

Corporations may apply to be a CMSL Holder or RFMC by submitting the relevant MAS forms and supporting documents through the MAS Corporate Electronic Lodgement System. The MAS will take approximately four months to process and approve an application. To expedite the review process, the applicant should ensure that it fully meets the admission criteria, and has ensured that the application is complete, free of errors or inconsistencies and is accompanied by the requisite supporting documents as stated in the application form. The MAS may raise further queries on the application documents submitted and a common issue raised is the potential conflicts of interests arising from the business interests of the management team and the fund management business of the applicant.

3.2 Territorial Reach of Regulators

A manager registered in another jurisdiction who wishes to provide services to a fund in Singapore needs to obtain a capital markets services licence for conducting the regulated activity of fund management unless it is exempted from this licensing obligation.

Generally, where a person acts partly in and partly outside Singapore, which, if done wholly in Singapore, would constitute an offence against the Singapore securities laws, that person will be guilty of that offence as if the act were carried out by that person wholly in Singapore, and may be dealt with as if the offence were committed wholly in Singapore.

3.3 Regulatory Approval

For marketing of investment funds to retail investors, a registered prospectus is required and if the investment fund is characterised as a collective investment scheme, the collective investment scheme needs to be duly authorised (if the scheme is constituted in Singapore) or recognised (if the scheme is constituted outside Singapore) by the MAS.

For marketing of investment funds to 'relevant persons', which includes accredited investors, an offer of units should be made in or accompanied by an information memorandum which contains the prescribed statements and requirements. A summary of the prescribed statements and requirements is set out in **1.8 Disclosure Requirements**. A copy of the information memorandum must be submitted to the MAS for record purposes.

For marketing of investment funds to institutional investors, a prospectus is not required and there are no requirements for any other offering documents. A collective investment scheme offered to institutional investors is also exempted from all authorisation and prospectus requirements.

3.4 Authorisation of Marketing Activities

The approvals and/or authorisation required for offers of units of an investment fund in Singapore, as detailed in **3.3 Regulatory Approval**, does not differentiate between the types of marketing activities. It applies to all marketing activities in Singapore.

3.5 Investor-Protection Rules

There are no investor-protection rules which restrict ownership of fund interests to certain classes of investors.

3.6 Approach of the Regulator

The MAS is generally co-operative and open to discussing regulatory questions. Whether the MAS tends to be punctual in dealing with matters within expected timeframes depends on various factors including the complexity of the matter, the number of follow-on queries and how adequately the client addresses them. Any formal regulatory and enforcement actions taken by the MAS for breaches of the securities laws in Singapore are published on the MAS website, with a focus on breaches of laws on anti-money laundering and countering the financing of terrorism.

4. Fund Finance

4.1 Access to Fund Finance

Investment funds in Singapore are generally able to secure borrowing.

4.2 Borrowing Restrictions/Requirements

There is no unique borrowing restriction or requirement for investment funds' financing compared to financing of other

kinds of entities, such as operating business entities or non-externally managed investment entities.

4.3 Securing Finance

Investment funds typically secure borrowings against the uncalled commitments of investors of the investment funds. Under this loan arrangement, the investment fund will grant a security (by way of an assignment, security, mortgage, charge, pledge, lien or any other security interest) over the rights of the investment fund to draw down on the uncalled commitments of the investors to any lender from whom the investment fund is borrowing money.

4.4 Common Issues in Relation to Fund Finance

The common issues encountered are similar to financing of non-fund entities which relate mainly to perfection of security agreements required under Singapore law. One atypical issue encountered in funds financing is the management of 'Know-Your-Client' due diligence exercises undertaken by banks on borrowers which are fund entities. These exercises often require the managers or advisers to give private disclosures to the banks regarding beneficial ownership of their limited partners. Given that the practice among established lenders in Singapore is divergent, this may result in frustration of managers or advisers.

5. Tax Environment

5.1 Tax Framework

The investment fund, if constituted as a Singapore incorporated company, would be subject to corporate income tax on its income just like any Singapore incorporated company. There is no capital gains tax in Singapore. There is no withholding tax on dividend distributions by the fund to non-resident investors. If any interest or royalty is paid by an investment fund to non-resident investors, withholding tax at the rate of 15% is applicable.

The investment fund may apply to the Monetary Authority of Singapore to be approved as a Singapore tax-resident fund to enjoy certain tax incentives under Section 13R or Section 13X of the Singapore Income Tax Act, as the case may be (the Scheme). Under the Scheme, as long as the prescribed conditions are met, the investment fund will be exempted from most forms of Singapore income tax, including the gains or profits realised from the acquisition and divestment of portfolio investments that might otherwise be taxable as trading income. Note that the Scheme will not exempt the fund from income tax arising from the holding of Singapore immovable properties or Singapore-sourced interest. More details of the prescribed conditions of the above-mentioned tax incentives can be found at **1.6 Common Tax Regimes**.

If the investment fund is constituted as a Singapore limited partnership, tax will not be levied at the limited partnership level as it does not have a separate legal personality. Instead, the share of the income accruing to each limited partner of the limited partnership will be taxed at the rates applicable to them accordingly. Resident individual investors are taxed at progressive tax rates of up to 22% on their taxable income. Corporates are taxed at 17% on their taxable income.

5.2 Tax Treaty Network

An investment fund in Singapore would be able to access any of the tax treaties entered by Singapore since the investment fund will be resident in Singapore. Currently, there are 93 comprehensive avoidance of double taxation agreements, which generally cover all types of income.

5.3 FATCA and CRS Regimes

Singapore has committed to implementing the Common Reporting Standard (CRS) issued by the Organisation for Economic Co-operation and Development.

The Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016 (CRS Regulations) incorporate the requirements of the CRS into Singapore's domestic legislative framework. The CRS Regulations entered into force on 1 January 2017.

The CRS Regulations requires and empowers all financial institutions (FIs) to put in place necessary processes and systems to collect financial account information from 1 January 2017. Singapore has adopted the 'wider approach', which means that FIs will need to collect and retain the CRS information for all account holders and where the account holder is a Passive Non-Financial Entity (NFE), the controlling persons of the Passive NFE in the case of new accounts, instead of only for account holders and controlling persons who are tax residents of Singapore's competent authority agreement (CAA) partners. For CRS reporting purposes, Singapore FIs will need to transmit to the Inland Revenue Authority of Singapore (IRAS) the financial account information relating to tax residents of Singapore's CAA partners from 2018. IRAS will subsequently exchange the reported information with Singapore's CAA partners.

5.4 Tax Structuring Preferences of Investors

Please see **5.2 Tax Treaty Network**.

6. Miscellaneous

6.1 Asset Management Industry Bodies

The principal regulatory body of the asset management industry is the MAS, the central bank of Singapore. The MAS administers the Securities and Futures Act (Chapter 289 of Singapore), which applies to managers and advisers in Singapore. The mission of the MAS is to promote sustained non-inflationary economic growth, and a sound and progressive financial centre, which includes encouraging fund managers

in Singapore to establish the domicile of their investment funds in Singapore and strengthening Singapore's position as a full-service international fund management centre.

If the investment fund is incorporated as a Singapore private company limited by shares or a Singapore limited partnership, it would also be regulated by the Accounting and Corporate Regulatory Authority of Singapore.

6.2 Preference for Courts or Arbitration

Arbitration is generally preferred in relation to fund documents governed by the laws of Singapore.

6.3 Level of Litigation/Arbitration

There is no publicly available data on the level of litigation and arbitration involving investment funds management and their managed funds as disputants. Anecdotally, this firm does not believe that a higher proportion of fund managers and their funds are involved in contentious proceedings as compared to other financial service sectors.

6.4 Periodic Reporting Requirements

Investment funds constituted as an SG Co need to make regular filings with the Accounting and Corporate Regulatory Authority (ACRA) as required under the Companies Act (Chapter 50 of Singapore). These include, without limitation, filing of financial statements, annual returns, updates on change in particulars of the company's directors or return of allotment of shares.

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For investment funds constituted as an SG LP, a general partner of the limited partnership is required to lodge a statement with ACRA if there are changes in the particulars of the limited partnership as prescribed under the Limited Partnerships Act (Chapter 163B of Singapore).

A member of the public can access the name, address, identification number, nationality, number of shares held and the type of shares held by a shareholder in a SG Co through the purchase of the SG Co's business profile on ACRA. However, if the SG LP is a limited partnership established primarily for the purpose of establishing a fund for investment and the fund is managed by a general partner who is a licensed fund manager or a licensed fund manager appointed to manage the fund by a general partner with the authority to do so, the particulars of the limited partners of the SG LP and any document containing the particulars of these limited partners filed or lodged with ACRA shall not be open to inspection by the public.

6.5 Powers of Attorney

Investors in Singapore may give power of attorney in favour of the fund managers for ease of administration. The power of attorney is typically granted to the fund managers to do these acts as are necessary for the operation of the investment fund. This typically includes regulatory and tax filings or entry into all instruments that the management determines to be appropriate in connection with forming and operating the investment fund. However, the instrument granting the power of attorney will generally not permit the fund manager to amend the constitutional documents of the investment fund unless these amendments are made in accordance with the provisions of the constitutional documents.