

## Video Transcript

# Family Offices in Singapore – Achieving a Sustainable Legacy for Business Families

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### **Singapore is an internationally recognized financial center and a global wealth hub.**

The favorable regulatory environment, political stability, and robust infrastructure are amongst the key reasons why Singapore has successfully attracted wealthy families and entrepreneurs globally to establish their family offices in Singapore. With support from the Monetary Authority of Singapore (MAS) and the Singapore Economic Development Board (EDB), the number of Single-Family Offices (SFO) that has successfully established in Singapore has witnessed a growth from 400 as at end-2020 to approximately 1100 as at end-2022.

The development of the Family Office Ecosystem in Singapore is constantly evolving to match the changing needs of Ultra-High-Net-Worth (UHNW) families.

### **Overview of Family Office Schemes**

In July 2023, the Monetary Authority of Singapore has announced further changes to the eligibility requirements\* for the MAS 13 series family office schemes, namely the resident fund scheme or Section 130 and enhanced tier fund scheme or Section 13U.

The latest update requires minimum assets-under-management (AUM) of SGD 20 million and SGD 50 million to be invested in Designated Investments as defined in the Singapore Income Tax Act, at the point of application and to be maintained throughout the incentive period.

To qualify for the Section 130 and 13U schemes, the fund needs to satisfy the tiered spending requirements depending on the total AUM, with a minimum of SGD 200,000 in local business spending. The latest revisions also allow for eligible donations to local charities and grants to blended finance structures to be recognized in the Tiered Spending Requirement computation.

The family office needs to hire at least 2 and 3 investment professionals for 130 and 13U respectively, of whom at least one shall be a non-family member at the point of application and throughout the incentive period.



A new Capital Deployment Requirement was also introduced in July 2023 to replace the original Local Investment requirement. This expands the options to fulfill the lower of SGD10 million or 10% of AUM to invest in the following options.

Part of the change encourages family office capital to participate in climate related and socially beneficial projects through blended finance structures. Certain eligible deployment will be recognized for up to 2 times the amount invested in the computation of the Capital Deployment Requirement

1. Equities, REITS, Business Trusts, or ETFs listed on MAS-approved exchanges;
2. Qualifying Debt Securities;
3. Non-listed funds distributed by licensed financial institutions in Singapore;
4. Investments into non-listed Singapore operating companies;
5. Climate-related investments;
6. Blended finance structures with substantial involvement of financial institutions in Singapore

In addition, the SFO Fund Vehicle must have a private banking account with a MAS-licensed financial institution at the point of application and throughout the incentive period.

The EDB's Global Investor Programme<sup>^</sup>, underwent a major revision back in March 2023. It was reported that around 200 people were granted Singapore Permanent Residency status through the Global Investor Programme from 2020 to 2022.

If the main applicant can satisfy 1 of the 4 investor profiles as shown, and has the intention to establish their business operations in Singapore, the family can select 1 of the 3 investment options. This includes initiating or expanding their existing business operations in Singapore with paid up capital of at least SGD 10 million, investing SGD 25 million into GIP-Select funds or investing in a new or existing Singapore based single family office managing at least SGD 200 million of which at least SGD 50 million must be transferred into Singapore and deployed in any of the 4 investment categories:

- (i) Equities, REITS or Business Trusts listed on Singapore-approved exchanges;
- (ii) Qualifying debt securities listed on MAS' enquiry system;
- (iii) Funds distributed by Singapore-licensed/registered managers or financial institutions; and
- (iv) Private equity investments in non-listed, Singapore-based operating companies.

The further refinements of the MAS 13 series family office schemes and the EDB's Global Investor Programme reflect the clear direction of the regulators to promote a more purposeful

deployment of wealth and to encourage further contribution to the local economy through local capital deployment and employment.

Under the stewardship of the relevant Singapore authorities, we expect family offices in Singapore to continue to deliver sustainable impact to the region as well as for the families they serve.

References:

\* [Fund Tax Incentive Schemes for Family Offices \(mas.gov.sg\)](https://www.mas.gov.sg/fund-tax-incentive-schemes-for-family-offices)

^ [Economic Development Board: Global Investor Programme \(edb.gov.sg\)](https://www.edb.gov.sg/global-investor-programme)

*All information is up to date as of 12 December 2023.*