

Extended Variable Capital Companies Grant Scheme

Overview

The Variable Capital Companies Grant Scheme (“**VCCGS**”), first introduced on 15 January 2020 for a period of three years till 15 January 2023, has catalysed the adoption of Variable Capital Companies (“**VCCs**”) in Singapore. With effect from 16 January 2023¹, the VCCGS has been extended for a validity period of two (2) years from 16 January 2023 to 15 January 2025 (both dates inclusive) (hereinafter referred to as the “**Extended VCCGS**”).

Under the Extended VCCGS, the Financial Sector Development Fund (“**FSDF**”) will co-fund 30% of qualifying expenses paid to Singapore-based service providers for qualifying work performed in Singapore in relation to the incorporation or registration of a VCC, up to a maximum grant cap of S\$30,000 per application.

Objective:

The Extended VCCGS seeks to build on the momentum and continue to broaden VCC adoption, and support more fund managers in setting up their first VCC.

Criteria:

Applicant Eligibility

Applicants should be **first-time** Qualifying Fund Managers² that must not have previously incorporated or successfully re-domiciled a VCC and must not have previously applied for the VCCGS.

Grant Eligibility

The Extended VCCGS is available only to Qualifying Fund Managers that have incorporated a VCC or successfully re-domiciled a foreign corporate entity to Singapore as a VCC for the first time, and have obtained a Notice of Incorporation or Notice of Transfer of Registration from the Accounting and Corporate Regulatory Authority (“**ACRA**”) (as the case may be) which

¹ For the avoidance of doubt, FSDF Secretariat will process applications under the original scheme parameters for VCCs incorporated or registered on or before 15 January 2023 as evidenced by the date specified in the Notice of Incorporation or Notice of Transfer of Registration issued by ACRA.

² A Qualifying Fund Manager is defined as:

- (i) a licensed fund management company, i.e., a holder of a capital markets services licence for fund management under section 86 of the Securities and Futures Act 2001 (“**SFA**”);
- (ii) 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; or
- (iii) 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 1970 (“**BA**”), a merchant bank licensed under the BA, a finance company licensed under the Finance Companies Act 1967 or a company or co-operative society licensed under the Insurance Act 1966.

specifies a date between 16 January 2023 and 15 January 2025 (both dates inclusive). The following conditions apply:

- (a) The set-up of the VCC cannot be simultaneously funded by other government grants/incentives with respect to the same set of qualifying costs and commitments;
- (b) Each applicant may only apply for the Extended VCCGS for qualifying work performed in relation to one VCC that has been incorporated or successfully re-domiciled;
- (c) Qualifying expenses must be paid to Singapore-based service providers³ for qualifying work performed in Singapore in relation to the incorporation and registration of the VCC and its sub-fund(s) (if any);
- (d) A Qualifying Fund Manager may not claim co-funding under the grant scheme solely for the registration of sub-fund(s) (without the accompanying incorporation or transfer of registration of a VCC). However, a Qualifying Fund Manager may claim qualifying set-up costs incurred for the registration of sub-fund(s) as part of the set-up of an umbrella VCC; and
- (e) Applicants should formally submit their applications within three months from the date specified on the Notice of Incorporation issued by ACRA (for a newly incorporated VCC) or within three months from the date of ACRA's approval of the VCC's evidence of de-registration (for a foreign corporate entity re-domiciled to Singapore as a VCC).

Minimum Operational Period

A VCC which has been awarded a grant under the Extended VCCGS is required to remain operational for at least one year from the Registration Date⁴. This means that the VCC cannot be wound up within the first year from the Registration Date. In the event that the VCC is wound up within the first year from the Registration Date, the Qualifying Fund Manager is to inform MAS promptly and by no later than one week from the date of the application for the winding up or passing of resolution for a voluntary winding up. MAS reserves the right to claw back the grant awarded if the VCC is wound up within the first year from the Registration Date and/or if the recipient fails to inform MAS of the winding up of the VCC within one week from the date of the winding up.

³ For the avoidance of doubt, work performed outside Singapore is not covered under the Extended VCCGS, even if this work relates to the incorporation/registration of the VCC.

⁴ Registration Date refers to the date of incorporation or registration as specified in the Notice of Incorporation or Notice of Transfer of Registration issued by ACRA (as the case may be).

Funding

The table below sets out the qualifying expenses⁵ that may be claimed (on a reimbursement basis) under the Extended VCCGS.

Category	Items that qualify for funding	Funding Level (%)
Legal services	<ul style="list-style-type: none"> Fees charged by law firms for legal work in relation to the incorporation or registration of a VCC, including but not limited to, drafting of legal documents such as the VCC constitution, offering memorandum (or equivalent), subscription agreements, investment management agreements Work done in relation to the authorisation or notification of the VCC's prospectus with MAS⁶ 	30% co-funding of qualifying expenses listed, capped at S\$30,000 per VCC
Tax services	<ul style="list-style-type: none"> Fees charged by tax advisors, fund administrators, corporate secretaries, law firms or other Singapore-based service providers for tax advice connected with the incorporation or registration of a VCC, including but not limited to tax opinions on the incorporation or registration of a VCC as well relating to any tax incentive applications⁷ 	
Administration and regulatory compliance services	<ul style="list-style-type: none"> Fees charged by fund administrators, corporate service providers or company secretaries for work done including for incorporation or registration 	

⁵ For all categories of qualifying expenses, incidentals, disbursements and out-of-pocket expenses (such as printing fees), statutory fees (such as filing fees, licence fees, GST), technology fees and recurring fees are not covered.

⁶ For the avoidance of doubt, work done in relation to the licensing of the Qualifying Fund Manager is not covered.

⁷ The tax advice may cover tax compliance matters as well as any opinions on the VCC's eligibility for Singapore double tax treaties with other jurisdictions, as well as GST remission. Fees charged for liaising with IRAS or MAS on tax matters in relation to the incorporation or registration of a VCC will also qualify.

	<p>services in relation to the set-up of a VCC, appointment of directors and all filings necessary for the incorporation or registration of the VCC</p> <ul style="list-style-type: none"> • Fees charged for work done by regulatory consultants in relation to the authorisation or registration of the VCC with MAS⁸ or setting up a compliance framework or any services listed above is also included⁹ 	
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Contact Us

Interested applicants can write to vcc-fsdf@mas.gov.sg to obtain the application form or for more information.

⁸ For the avoidance of doubt, work done in relation to the licensing of the Qualifying Fund Manager is not covered.

⁹ This includes work done in relation to reviewing the existing compliance framework of the Qualifying Fund Manager to accommodate/make adjustments for the management of the VCC by the Qualifying Fund Manager.