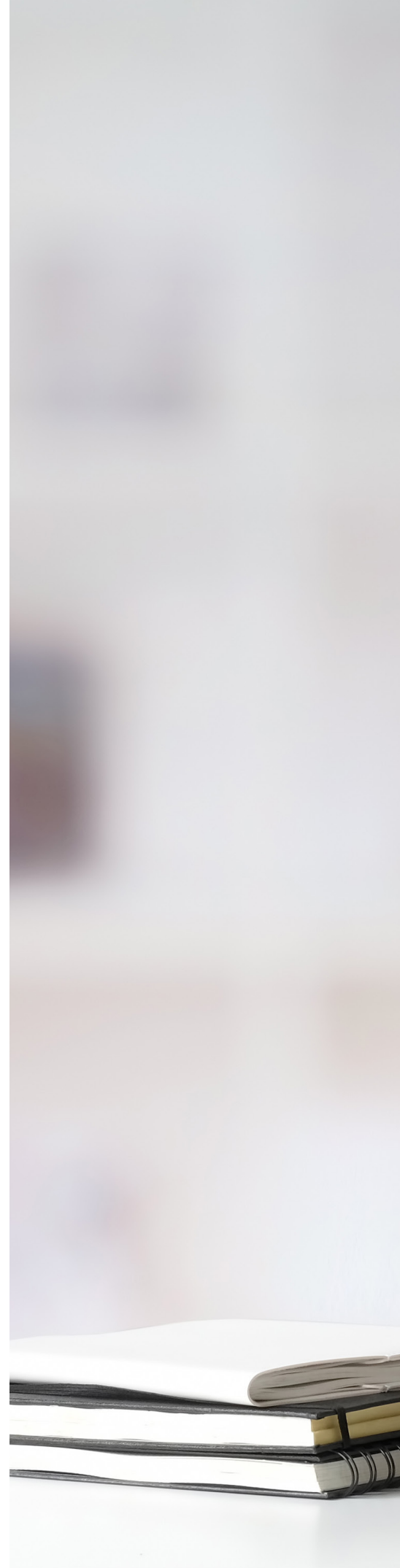




Setting up a single family office in Singapore
Empowering families on their
wealth planning journey

Contents

Foreword	4
Introduction	6
What is a family office?	7
Considerations in choosing a jurisdiction	9
Singapore as the jurisdiction of choice	10
Selection of a suitable vehicle and structure	17
Private wealth structures in offshore jurisdictions and the impact of the regulatory environment	21
Operational considerations	22
What challenges does a family office face?	26
Conclusion	27
References	28
Contacts	29
Disclaimer	30





Foreword by Deloitte



Mr Michael Velten
Deloitte Private Tax Leader
Deloitte Singapore

The global impact of the COVID-19 pandemic has prompted high net worth (HNW) individuals and families to re-examine succession and estate planning, as well as intergenerational wealth transfers. According to a Knight Frank report¹, nearly 60% of HNW and ultra high net worth (UHNW) individuals globally have reassessed their succession planning since the pandemic. For older wealthy generations, the pandemic-driven market volatility and severe global economic downturn have also disproportionately affected them, making them rethink their succession planning strategies.

Wealthy families continue to seek a stable environment to grow their wealth, which is one of the reasons Singapore is gaining international recognition as a preferred destination to set up family offices. A critical aspect of most family offices is the intergenerational transfer of wealth, highlighting the need to create succession plans and ensure sustainability. In a family business, succession planning is crucial to maintaining continuity.

Family offices have played an important role in contributing to the family legacy since the 19th century, and the global pandemic has brought to light the even greater importance of establishing a family office for those who have not done so. This publication, produced in partnership with Bank of Singapore, aims to provide guidance to stakeholders on how to set up a family office; explain its functions, operational challenges, and compliance concerns; and highlight how the features of such a structure can contribute to family business success.

As a trusted advisor to families, our Deloitte professionals have successfully guided families with our holistic solutions tailored to their wealth preservation goals. As the world transitions into a new normal, we are here to support the wealth planning needs of Asia's investors and wealthy families, helping them adapt to changes and achieve their goals for generations to come.

Foreword by Bank of Singapore



Mr. IG (Leong Guan) Lim
Global Head of Products
Bank of Singapore

The rise of Asia and the phenomenal growth seen in businesses have led business families to seek a sustainable solution to address the future management of their wealth and business interests.

Wealth in Asia is relatively young and largely controlled by 1st and 2nd generation business owners. The experience found in Asia of families transitioning their wealth is limited. The search for proven solutions is therefore directed towards families in other parts of the world, especially those who have successfully passed their wealth beyond 3 generations.

Many first-generation families from Europe and America made their first pot of gold through their family businesses. As families grew and as more members became involved, complexities arose. Many families listed their businesses or resorted to disposals. Regardless of these outcomes, some families stayed together to manage their investments and business interests. These families continue to succeed despite weathering through various crises. Common setups comprise professionally run family offices to manage the family's wealth to achieve its vision and objectives.

In Asia, wealth mobility has just started. Notwithstanding the disruptive pandemic and volatile capital markets, the number of ultra high net worth individuals continues to increase with a growth of their combined net worth to US\$35.5 trillion according to Wealth-X report issued in 2021². It is no surprise that we see a tremendous growth in families professionalising their wealth management with the setup of their family offices – especially in Asian countries where private wealth grew at a faster pace compared to other parts of the world.

As Asia's global private bank, we operate from a strong and open economy in Singapore where we are headquartered. With excellent infrastructure, political stability, transparent legal and regulatory frameworks, world class healthcare and education systems, and a business friendly environment with a pool of talented professionals – Singapore will continue to be an attractive destination for wealthy families to set up their family offices. Bank of Singapore has established a dedicated Family Office Advisory team to discuss and journey with families on their interest and set-up of their family offices, integrating their family and investment needs and pursuing their wealth purposes.

We want to be with our clients at every step of this journey.

Introduction

Planning for succession in a family business is one of the most difficult and uncomfortable things to get started on. This is especially so in Asia where it is sometimes seen as a taboo topic.

COVID-19 changed that, prompting many wealthy families to work out their succession plans to prepare against uncertainty.

As a result, wealth preservation and legacy planning have taken on a renewed urgency. About 60% of wealthy individuals worldwide have reassessed their succession plans because of the uncertain times we live in, according to Knight Frank's Wealth Report 2021¹. Succession planning can be a means to assure and ensure continuity, especially during a time of uncertainty.

Most wealthy families have global businesses or investment presence in several countries or have family members across the globe. This adds complexity to succession planning, and this can be difficult without the right advice or depth of knowledge.

As part of their succession planning, many HNW families are considering moving their assets across the globe to a jurisdiction that offers a higher level of political and economic stability.

In some situations, wealthy families with family members stranded in a foreign country for a period longer than expected due to the pandemic may find themselves confronting the issue of their tax residency status and the impact this has on their current succession plans.



Where the heirs to the family wealth are multigenerational, have different nationalities and tax residences across the globe, and hold assets located in multiple jurisdictions, multi-jurisdictional tax reporting may surface as a challenge.

This could be more acutely felt when the wealth is passed to the younger generation. Families often need to factor in the complexities of cross-border reporting and possible double taxation in their succession planning, especially in an era of increased tax transparency.

In planning for intergenerational wealth succession in the current environment, it is important to understand the multi-jurisdictional reporting and tax compliance requirements and attempt to mitigate tax exposures unwittingly created through unplanned tax residency (where possible) to ensure an efficient wealth transition across generations.

Professionalising the family's wealth management through a family office to support succession planning, wealth preservation, and wealth transfer to the next generation is an increasingly popular option amongst HNW families.

What is a family office?

A family office is a professionalised private investment and wealth management entity designed to oversee the day-to-day administration and management of a family's financial and non-financial affairs. A family office can help provide a formal platform for families to discuss their private investment matters.

What are the functions of a family office?

In addition to managing the family's wealth, the family office works with other specialists to provide personalised and highly responsive advice on tax, legal, property, and estate management matters, as well as lifestyle services and education advice for younger generations.

A family office also assists in formulating an investment strategy, taking into account family values, overall needs and goals, and family dynamics. Investment professionals within the family office facilitate the development of a well-thought-out investment policy and process that includes selection and oversight of money managers, effective diversification, and consolidated performance reporting.

In essence, a family office is used as a comprehensive approach to professionalising and protecting a family's wealth.

What are the key benefits of establishing a family office?

A family office coordinates and handles the components of a family's financial affairs, thereby saving time, minimising complexity and ensuring their objectives are met. Costs can be saved through pooled purchasing power.

Families can use the family office and expertise to develop a strategic approach to philanthropy and explore and build a culture of shared purpose. A family office also provides the assurance that if something happens to the chief decision-maker, there is already a structure that supports - and ensures - a smooth transition.

Each family office is unique

A family office will likely embed its family values, culture, personal ethos and beliefs. Yet cultural differences may occur within a family due to generational gaps and contrasting views, posing challenges when setting direction and mandates for the family office.

For instance, the younger generation might be more open to philanthropic giving and ESG (Environmental, Social and Governance) investing that are closer to their hearts than their predecessors. As a result, they might want to allocate a significant portion of their wealth to these causes. However, the elders in the family may not share these same values, which can lead to conflict.

The structure and services of a family office will also vary. For instance, a family who chooses to establish a family office to manage US\$100 million or less of assets may require two or three employees at the outset focused on providing investment services. In contrast, a family office that manages assets above that threshold may require more people with diverse skillsets to serve the family's needs.



Different approaches to family offices

According to Campden Wealth's 2019 study³, an estimated 7,300 single family offices (SFOs) worldwide manage US\$5.9 trillion in assets, with the largest proportion based in North America (42% or 3,100 offices), followed by Europe (32% or 2,300 offices), Asia Pacific (18% or 1,300 offices) and the emerging markets of South America, Africa and the Middle East (8% or 600 offices). The strongest growth has come from the emerging markets (+50%), followed by Asia Pacific (+44%), North America (+41%) and Europe (+28%).

Single family offices have proliferated in Asia in the last decade due to a large increase in wealth in China and emerging markets in the region, and as first and second-generation wealth is being transferred. According to Campden Wealth's research³, Asia has experienced a 44% increase in the number of family offices since 2017. Similarly, the number of SFOs granted tax incentives by Monetary Authority of Singapore (MAS) rose to 1,100 by the end of 2022, marking a significant increase from the 700 in 2021⁴, with many UHNW individuals choosing Singapore as the world's safest haven⁵.

These family offices collectively managed about S\$90 billion worth of assets as at 2021, less than 2 per cent of the S\$5.4 trillion total assets managed in Singapore.

There are a few differences in the approach adopted by Asian family offices as compared to that adopted by the European and American families:

• Reliance on family heads

A significant amount of wealth of European and American families is inherited and consequently considered as "old money" passed down through generations, whereas Asian wealth has only been created over the past three to four decades and widely regarded as "younger" and built through first-generation entrepreneurship.

As a result, in Asia, patriarchs and matriarchs are heavily involved in the family office, with the family business serving as the primary source for wealth

generation. On the other hand, family offices of European and American families have existed much longer and are well equipped to run independently to handle investment mandates, family governance, succession planning and other non-financial matters.

When it comes to philanthropy and ESG investments, the European and American family offices are ahead as they have implemented more defined programs that reflect the family's values and legacy. Family offices have moved beyond managing financial affairs to giving back to societies and pursuing other broader goals. In Asia, giving is more subtle and informal and traditionally a top-down approach initiated by the family head in the form of cheque writing. This is set to change as more of Asia's wealthy millennials are getting proactively involved in the family's philanthropic agenda, and where it involves social impact investing⁶. More Asian families are institutionalising their giving through setting up formal structures, such as a charitable foundation or trust, or through their family office, while imparting social responsibility and charitable values. While the concept of ESG investments is relatively new for Asian families, ESG awareness and investment have been rising rapidly in Asia⁷.

• Investment management vehicle versus a one-stop shop

Asian families consider the family office as more of a private investment arm to manage the families' investment interests commonly held in various holding companies and special purpose vehicles in different jurisdictions.

On the other hand, European and American families set up family offices primarily as a one-stop shop – to handle a broader scope of services from wealth management and investments to philanthropic giving, tax planning and estate planning. They also utilise the governance, education, social and administrative functions of the family office. This full-service model has yet to unfold in Asia, although there is a growing trend in this direction.

Considerations in choosing a jurisdiction



There are a few things families must consider when deciding where to locate their family office:



- **Ease of doing business:** the competitiveness of the jurisdiction and whether business-friendly policies are in place.



- **Political stability and a robust regulatory framework:** the rights and protection offered to local business structures.



- **Attractiveness of the jurisdiction:** such as safety, the quality of the education system, healthcare system, living standards and lifestyle.



- **Local wealth management ecosystem:** whether the jurisdiction has an established financial services industry and the availability of banks, trust companies, fund management companies, lawyers, and accountants.



- **Cost of having a family office in the jurisdiction:** including the setup and ongoing expenses.



- **Tax regime:** the competitiveness of the local tax regime and availability of tax incentives and/or exemptions.

Singapore as the jurisdiction of choice



Singapore has increasingly become the jurisdiction of choice for establishing a family office for the following reasons:

Business-friendly environment with political stability and a robust legal and judicial framework

Singapore is politically stable and has pro-business policies with a high level of transparency and rigorous standards of governance. According to the 2023 rankings by the Economist Intelligence Unit, Singapore has retained its status as the world's best business environment⁸. As a signatory to 27 free trade agreements⁹, Singapore has undoubtedly become one of the most competitive countries to conduct business.

Singapore's transparent and sound legal system has been a key enabler of the country's economic growth over the years. Singapore accepts the rule of law as a universal value, and the judiciary is well regarded globally for its fairness and impartiality.

Leading financial hub

Singapore is one of the world's top financial hubs and is strategically located as a gateway to Asia. It is an attractive asset management location for investors who wish to invest in Asia and Southeast Asia.

Excellent reputation

As a country with an advanced healthcare system, high standard of living, low crime rate and a world-leading education system, Singapore constantly ranks as one of the best and safest places to live in⁵. Many global investors and their families are thus keen to reside and invest in Singapore.

Supportive eco-system for wealth management

The Singapore government has been highly supportive of the country's role as a wealth management hub. The fund management sector in Singapore has been growing strongly due to the government's efforts to groom and attract talent and introduce various tax incentive schemes. In addition, a strong network of financial institutions provides ready access to global and regional financial markets while offering a full suite of wealth management services.

Availability of various fund structures

Singapore offers a wide range of fund vehicles for families – from corporate entities to tax transparent entities such as partnerships. Corporate entities include the private limited company as well as the newly introduced Variable Capital Company (VCC) structure. The VCC structure is a flexible fund structure with both corporate and unique characteristics (please refer to the VCC section on pages 19-20).

With the introduction of enhanced regulations for offshore structures, the relative costs of setting up a Singapore fund have also become more competitive.

Competitive tax regime and regulatory framework

Singapore has one of the most competitive tax regimes internationally. Personal and corporate income tax rates are relatively low compared to other countries. There is no capital gains tax or inheritance tax, or tax on foreign-sourced income for individuals. Along with an extensive network of double tax treaties, the Singapore taxation system is highly attractive to investors and families.

A family office managing the assets of a single family may be exempt from holding a fund management licence if it meets certain criteria. If it does not meet the requirements, a family office may apply to MAS for a licensing exemption. The licensing exemption reduces the administrative and regulatory burden of setting up single family offices, making Singapore a conducive place for incorporating a family office.

In recent years, the government has invested much effort to encourage fund management activities in Singapore and elevate Singapore's position as a global wealth management hub. This can be seen in the variety of fund incentives available for both offshore and onshore funds.

Tax incentives for funds

Singapore has introduced various tax exemption schemes for both onshore and offshore funds managed by a Singapore-based fund manager, to mitigate the Singapore tax exposure for the fund, where the fund is managed by a Singapore fund manager or family office.

The three exemptions under the Income Tax Act 1947 that are most relevant for funds would be:

1. the Offshore Fund Tax Exemption (Section 13D);
2. the Onshore Fund Tax Exemption (Section 13O); and
3. the Enhanced-Tier Fund Tax Exemption (Section 13U).

Under the above schemes, specified income from designated investments is tax-exempt. The scope of the exemption is relatively broad and includes gains and income arising from financial assets such as stocks and shares, debt securities and loans. Gains and income arising from Singapore immovable properties are, however, excluded from the tax exemption.

Families who apply for the tax incentives enjoy tax certainty on the tax treatment of income/gains received by their funds.

Tax exemption schemes in Singapore for funds managed by a single family office

Item	Section 13D	Section 13O	Section 13U
Fund's legal form	Companies, trusts and individuals	Company incorporated in Singapore, including VCC	Companies, trusts, limited partnerships and all forms of fund vehicles, including VCC
Fund's residence	Non-tax resident of Singapore with no presence in Singapore	Singapore tax resident	No requirement
Fund administrator	No restrictions	Singapore-based	Singapore-based if the fund is a Singapore-incorporated and resident company
Investors	Non-qualifying investors (i.e., Singapore non-individuals investing above a certain percentage in the fund) would need to pay a financial penalty to the Singapore tax authorities	Non-qualifying investors (i.e., Singapore non-individuals investing above a certain percentage in the fund) would need to pay a financial penalty to the Singapore tax authorities	No restrictions
Minimum AUM (Net Asset Value)^a	No restrictions	S\$20 million in Designated Investments at the point of application and throughout the incentive period	S\$50 million in Designated Investments at the point of application and throughout the incentive period
Approval requirement	No approval required from the MAS	Approval required from the MAS	Approval required from the MAS
Reporting requirement	Annual statements to investors Tax filing to IRAS for non-qualifying investors	Annual statements to investors Tax filing to IRAS for non-qualifying investors	No requirement
Income tax filing	Generally not required	Annual tax return	Annual tax return
Annual declaration to MAS	Not required	Required	Required
Minimum spending of the fund	No restrictions	<ul style="list-style-type: none"> Tiered Spending Requirement, with minimum S\$200,000 in Local Business Spending Eligible donations and grants⁹ to blended finance structures with substantial involvement of financial institutions in Singapore can be recognized in Tiered Spending Requirement computation 	
Minimum investment professionals (IPs)	No restrictions	2 IPs, with at least 1 IP being an individual who is not a family member of the beneficial owner(s), employed by family office (FO) at the point of application and throughout the incentive period	3 IPs, with at least 1 IP being an individual who is not a family member of the beneficial owner(s), employed by family office (FO) at the point of application and throughout the incentive period

Item	Section 13D	Section 13O	Section 13U
Minimum Capital Deployment Requirement (CDR)	No restrictions	<p>The fund must invest the lower of: (i) 10% of its AUM or (ii) S\$10 million in:</p> <p>Option 1: Equities, REITs, Business Trusts or ETFs listed on MAS-approved exchanges</p> <p>Option 2: Qualifying Debt Securities</p> <p>Option 3: Non-listed funds distributed by licensed financial institutions in Singapore</p> <p>Option 4: Investments into non-listed Singapore-incorporated operating companies with operating business(es) and with substantive presence in Singapore</p> <p>Option 5: Climate-related investments</p> <p>Option 6: Blended finance structures with substantial involvement of financial institutions in Singapore</p> <p>The fund must meet the CDR by the end of the first full-year Annual Declaration^c and in each subsequent financial year.</p> <p>1.5x or 2x amount invested in eligible investments are recognised for CDR computation^d.</p>	
Private Banking (PB) account	No restrictions	The fund must have a PB account with a MAS-licensed financial institution at the point of application and throughout the incentive period.	
Other tax features	Not applicable	Access to the Singapore Double Tax Treaty network	<ul style="list-style-type: none"> • May have access to the Singapore Double Tax Treaty network • Cannot concurrently enjoy other incentives • Scheme is applicable to a Master-Feeder-SPV structure, subject to conditions which may need to be satisfied on an aggregate basis

^aAUM refers to the Net Asset Value based on accounting convention.

^bGrants refer to contribution with no return of principal and income.

^cThe assessment of the 10% of AUM or S\$10 million requirement is determined (based on monthly average figures) at the end of the financial year: Average month-end CDR met \geq S\$10 million or 10% of AUM as at the end of each financial year, whichever is lower.

^dThe CDR computation refers to the average monthly total CDR of the Fund.

Tiered Spending Requirement for 130/U tax incentive scheme

AUM of Fund at the end of its financial year		< S\$50 million	≥ S\$50 million and < S\$100 million	≥ S\$100 million
Spending requirement of the Fund in each Year of Assessment		≥ S\$200,000	≥ S\$500,000	≥ S\$1 million
Spending requirement may be met by	Local Business Spending		Minimum S\$200,000	
	Eligible donations to local charities	-	Recognised as 1x spending	
	Grants ⁹ to blended finance structures	-	Recognised as 2x Spending	

Capital Deployment Requirement (CDR)

The amount invested in certain categories of eligible investments are scaled up by a multiplier when computing if the CDR has been met:

2x multiplier	1.5x multiplier
<ul style="list-style-type: none"> Deeply concessional capital in blended finance structures with substantial involvement of financial institutions in Singapore Equities listed on MAS-approved exchanges ETFs with primary mandates to invest in Singapore-listed equities on MAS-approved exchanges Non-listed funds distributed in Singapore with primary mandates to invest in Singapore-listed equities on MAS-approved exchanges 	<ul style="list-style-type: none"> Concessional capital in blended finance structures with substantial involvement of financial institutions in Singapore

The tables above reflect the revised conditions for the Section 13O and 13U schemes for single family offices, which came into effect on 5 July 2023.



Philanthropy Tax Incentive Scheme for Family Offices

The Philanthropy Tax Incentive Scheme for Family Offices (PTIS) seeks to encourage greater philanthropic giving among Single Family Offices (SFOs) and the growth of philanthropic capabilities in Singapore. The scheme is scoped to SFO applicants who are managing a fund(s) under Section 13O or Section 13U of the Income Tax Act 1947.

Whilst SFO applicants will be required to achieve additional hiring and economic commitments on top of their existing commitments in relation to the award of their Section 13O or Section 13U tax incentive scheme, Qualifying Donors approved under the scheme will be able to claim 100% tax deduction for their overseas donations made through Qualifying Local Intermediaries for a period of 5 years starting from an approved incentive commencement date within the period from 1 January 2024 to 31 December 2028. The tax deduction is capped at 40% of the Approved Qualifying Donor's statutory income.



Global Investor Programme

Singapore has improved the regulatory framework for the Global Investor Programme (GIP) for families. The GIP started in 2004. It is an investment-based route that awards Singapore Permanent Residence (PR) status to investors who invest at least S\$2.5 million in Singapore and meet certain criteria. Investors may invest in new or existing business entities in Singapore or in a GIP fund that invests in Singapore-based companies.

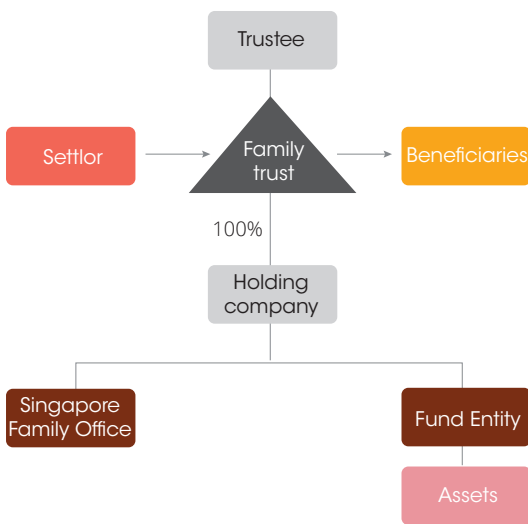
Investors can also qualify under the program if they invest at least S\$2.5 million in a new or existing Singapore-based single family office having net AUM of at least S\$200 million. The eligibility criteria were relaxed with effect from 1 March 2020 to encourage families and business owners to set up family offices in Singapore.

Selection of a suitable vehicle and structure

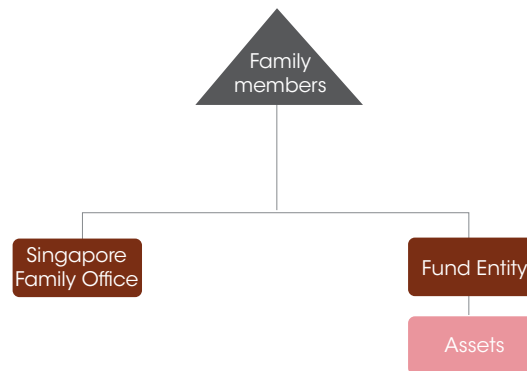
Depending on each family’s requirements, the family office fund structure could range from simple investment holding structures to complex arrangements involving multiple trusts, sub-trusts for individual beneficiaries, private trust companies, multiple funds and complex asset classes, among others. In the simplest form, the family members would hold the family office and fund directly.

Two common structures (with and without a trust) are shown in the diagram below.

Structure 1 – with a trust



Structure 2 – family members are direct shareholders



Singapore family office

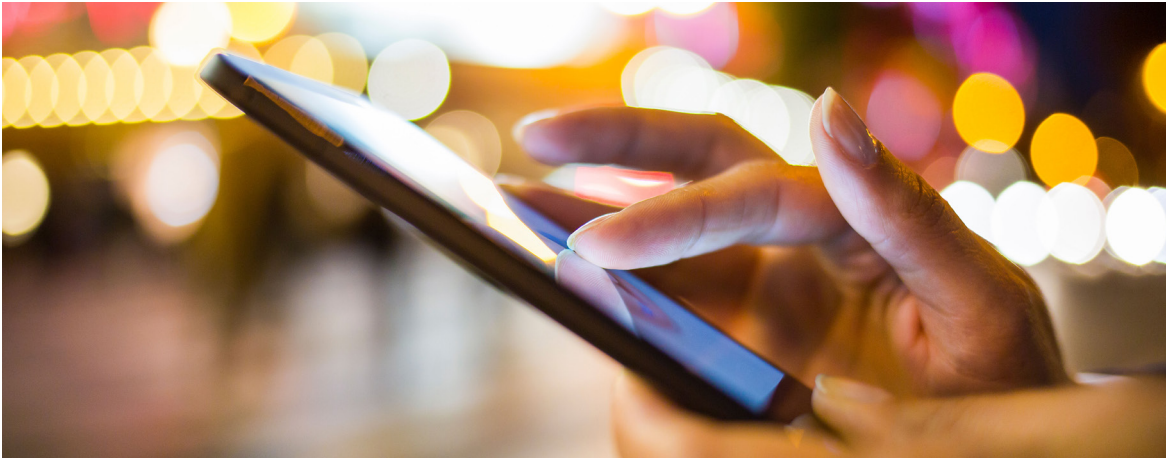
The family office is a Singapore-incorporated company. Generally, single family offices managing funds on behalf of a single family will qualify for licensing exemption if the family office and the fund entity are within the same group of companies (i.e., they are related corporations). Family offices that do not meet the criteria may need to apply to MAS to obtain a specific licensing exemption.

In Structure 1 above, the family office can rely on existing exemptions under the Securities and Futures Act 2001 as both the family office and the fund entity are related corporations, being wholly-owned subsidiaries of the holding company. However, where the fund entity and the family office are held directly by the family trust or the individual family members (as in Structure 2), the existing exemptions under the Securities and Futures Act 2001 would not be available, and the family office would need to apply to MAS for a specific licensing exemption.

Fund entity

The choice of fund vehicles is wide-ranging, and families can choose between onshore (Singapore) and offshore vehicles. Commonly used vehicles in Singapore include a private limited company, a limited partnership and the VCC (refer to discussion on VCC below). Families also have the option of choosing offshore structures, such as the exempt limited partnership, exempted company and segregated portfolio company in the Cayman Islands and the BVI.

Historically, the BVI and the Cayman Islands have been used to establish fund vehicles primarily because such structures have typically been unregulated in these jurisdictions. This has changed with the introduction of private funds regulations in many offshore jurisdictions. In addition, offshore private wealth structures have become less attractive in recent years due to the increased international pressure to adopt stricter disclosure requirements and improve transparency. As a result, wealthy families are turning to onshore structures.



The selection of a suitable fund vehicle and location depends on various factors, including:

- Taxation (e.g., taxation of the vehicle, availability of tax incentives, establishing substance and tax residency, impact of anti-avoidance rules, application of controlled foreign corporation rules, among others)
- Complexity of setup
- Cost of setup and maintenance
- Privacy
- Ease of distributions
- Reporting and compliance obligations
- Non-tax factors including political stability, robust financial regulations, and supportive ecosystem

Holding company

Structure 1 involves a holding company that directly holds the shares in both the family office and fund entity. The holding company can be (although need not be) a Singapore company. Some investors may choose not to interpose a holding company between the trust and the family office and fund entities due to restrictions on investor profile under Section 130 and the additional setup, annual maintenance, and compliance costs resulting from additional layers in the structure.

Where the structure includes a trust, third-party trustees generally prefer to interpose a holding company instead of holding the fund vehicle directly to mitigate risk and facilitate trust administration.

Trust

Some families may incorporate trust structures on their family office platform. The primary purposes for setting up a trust include succession and estate planning, asset protection against creditors and in the event of a marital breakdown, wealth planning, maintaining confidentiality of asset information, ensuring continuity of the family business, and tax minimisation. In addition, a trust facilitates the process of transferring an estate after the settlor passes away whilst avoiding lengthy and potentially costly probate.

Families have traditionally set up their trusts in Jersey, the BVI or the Cayman Islands. Jersey is a renowned trust jurisdiction with tax exemptions for trusts with foreign grantors and beneficiaries. It is highly regulated, and this generally translates to more stringent requirements administratively. The BVI and Cayman Islands are considered tax havens and have increasingly come under increased global scrutiny and political pressure to improve disclosure and transparency. As a result, families are considering onshore jurisdictions to hold their wealth rather than traditional offshore jurisdictions.

Singapore is becoming a popular jurisdiction to set up a trust because it is regulated and has robust trust laws and other legislation to govern trust companies. Moreover, Singapore has a competitive tax regime for trusts, including a competitive corporate tax rate, a territorial tax system, an extensive double tax treaty network, no capital gains tax, estate or inheritance duty, and tax exemptions for trusts.

Where Singapore is the governing law of the trust, the settlor is able to retain investment or asset management powers without invalidating the trust. However, the trust period is limited to 100 years, whereas a trust governed by Jersey law may continue in perpetuity.

Trust planning can be complex, and due consideration should be given to the design of the trust. Each trust setup and governance framework would depend on a family's unique objectives and circumstances.

Individual shareholders/settlers/beneficiaries

For the ultimate beneficial owners (non-Singapore tax residents), due consideration should be given to their home country tax and reporting implications arising from establishing a family office and transferring assets into the family office structure.

VCC

The VCC was introduced to increase the international competitiveness of the fund industry in Singapore by encouraging funds to incorporate and operate in the country through a more flexible corporate structure. The Variable Capital Companies Act 2018 came into effect on 14 January 2020.



The VCC has the characteristics of a Singapore company because it is a separate legal person, but has its own characteristics as well.

Unlike a company, the VCC offers greater privacy as its financial statements are not required to be made public. The VCC also provides flexibility in the issuance and redemption of share capital. The VCC can use its capital/net assets to redeem shares and distribute dividends out of capital.

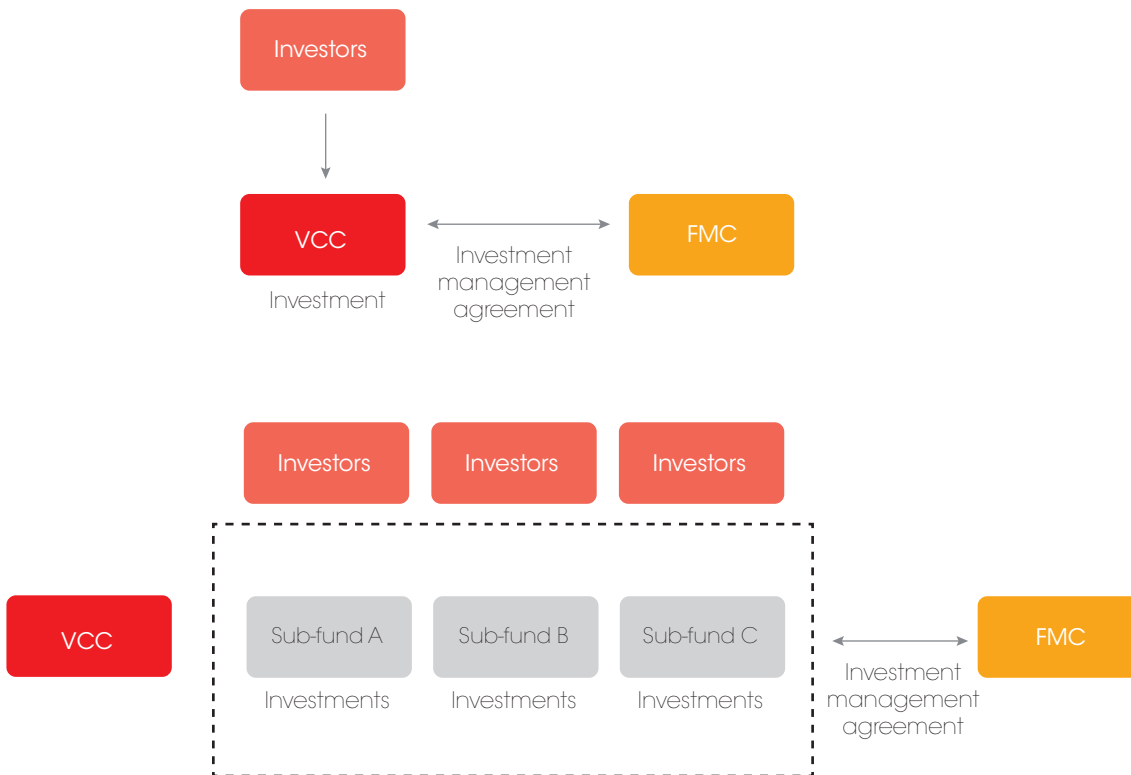
However, a licensed Singapore fund manager is required to manage the VCC. This means that single family offices are currently not able to access the advantages offered by a VCC structure.

The MAS is currently looking into the possibility of expanding the scope of permissible fund managers to allow single family offices to manage VCCs¹⁰. In the interim, there are licensed fund managers who are willing to work with families that wish to set-up a VCC.

A VCC can be set up as:

- 1 a single standalone fund; or
- 2 an umbrella fund with a segregated sub-fund structure, with each sub-fund having its own investment strategy and holding its own investment portfolio.

This is illustrated below.



Under the umbrella fund structure, the sub-funds do not have separate legal personality. The assets and liabilities of the sub-funds would however be ring-fenced (that is, legally segregated). This protects the investors in sub-funds, who would generally not be exposed to the risks under other sub-funds.

The VCC may therefore be a flexible option for multi-family offices that wish to implement various investment strategies under one investment company and accommodate the wishes of multiple family members.

The MAS has introduced a VCC Grant Scheme to help defray the costs of incorporating and registering a VCC. Tax incentives under the Section 130 and Section 13U schemes are also extended to a VCC.

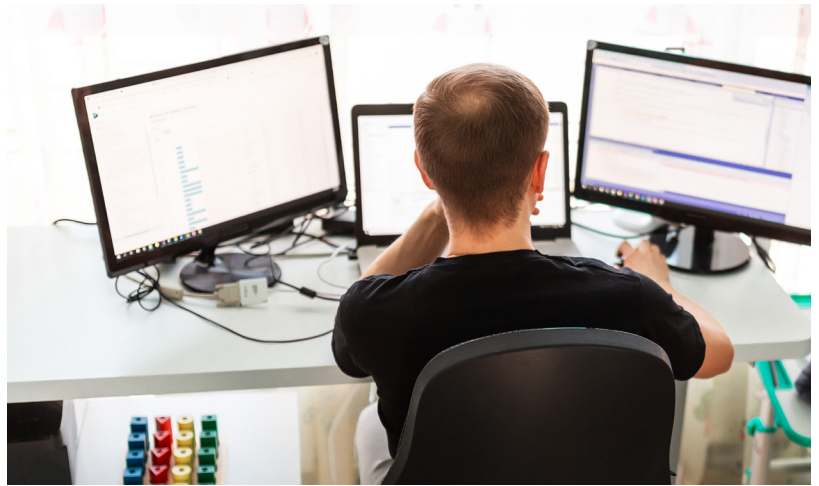
The MAS has seen significant interest in the VCC structure since its introduction¹¹, and the popularity of onshore fund structures is expected to continue to rise.

Private wealth structures in offshore jurisdictions and the impact of the regulatory environment

In recent years, there has been an increased international focus on the transparency and substance of offshore structures. As a result, offshore jurisdictions have implemented the OECD standards of transparency – in particular, the Common Reporting Standard (CRS).

In addition, several offshore jurisdictions (including the BVI and the Cayman Islands) have enacted local “economic substance” legislation in response to a move by the European Union to counter perceived harmful tax practices. The economic substance legislation mandates an “adequate” level of economic substance for resident entities conducting “relevant activities”. Carve-outs for certain entities and activities are in place.

In-scope entities are required to be managed and directed in the offshore jurisdiction and demonstrate that they possess adequate substance (e.g., suitably qualified employees, premises in the jurisdiction and operating expenditure). Reporting mechanisms have been implemented to ensure compliance, while penalties and sanctions are levied for non-compliance.



A few offshore jurisdictions have also introduced private fund regulations. The Cayman Islands introduced the Private Funds Law in 2020, and the BVI and other offshore jurisdictions followed suit. These regulations impose registration and ongoing compliance obligations, such as a requirement to prepare audited financial statements and possibly, record investments at fair value, which could mean significant valuation costs for families.

The stricter regulatory environment in the offshore jurisdictions has led to greater interest in using onshore structures such as Singapore fund vehicles.

Operational considerations

Governance

From an operational perspective, it is important to have an effective governance structure in place for the family office. Such a structure should formalise the activities of the family office, including how it is run and the relationship between the family office and family members. The governance framework should serve as the means by which family members make decisions on key issues. The governance framework can be regularly updated to accommodate the changing circumstances of the family (such as marriage, divorce, children and other external events).

Without an appropriate governance structure, the survival of the family office would be threatened when families have disputes, and the family wealth could be put at risk because of missed investment opportunities. Some important factors to consider in implementing a governance framework, include:

- **Segregating duties between shareholders, employees, the board of directors and the family members.** There should be a clear delegation, and the roles and responsibilities of the family members and the rights and obligations of the management and board of directors should be set out. The board should be focused on how decisions are made and how those decisions should be implemented, whether through external professionals or family members or both.
- **Opening up communication channels among family members.** A culture of transparency and communication should be promoted to facilitate decision-making and openness among family members. This can be done through the family office arranging frequent meetings among family members and between family members and the family office staff.
- **Developing a vision and mission for the family office.** The family should be involved in drafting the vision and mission, and these should be consistent with the values of the family. The mission and vision are often documented in the form of a family charter, which can be continually revised over time. A shared vision and mission would ensure that decisions align with the family's values.
- **Succession planning for the family.** The family office has an vital role to play in the wealth transition and succession planning for the family. A well-planned and well-paved succession provides a level of assurance on the procedures to be undertaken after the family patriarch or matriarch passes on. This will help minimise confusion and disagreements over family affairs and promote harmony among family members.
- **Ensuring a suitable composition of the board of directors.** There should be involvement of both executive and independent directors on the board to maintain a degree of independence. Senior family members can also be involved. The directors chosen should have the relevant expertise.
- **Ensuring the appropriate mix of staff.** A combination of professionals with the right skillsets and values should be hired in the family office. The following section elaborates on the appropriate organisational structure to support the family office and governance structure.





Organisational structure

The size of the family office may range from minimal headcount (i.e., one or two people) to a larger headcount depending on the AUM and the functions to be carried out. Hiring considerations should include individuals with the relevant expertise and individuals with similar beliefs and cultural compatibility with the family.

A family office would usually consist of:

- An executive team (which can include a CEO, CIO, CFO and/or COO) that reports directly to the family members or a representative of the family board.
- An investment team (led by experienced managers who are supported by analysts), that sources deals and investment opportunities, executes transactions and monitors the performance of the investments. The structure of the team would depend on the investment focus of the family office (e.g., financial investments, private equity, venture capital, renewables, art collections, impact investments and more).
- Back-office team to provide support on accounting, legal, tax and risk management, HR and operations, IT and portfolio management.
- Family members who are normally employed in the family office as part of the executive and/or investment team.

Regardless of the size of the family office, there should be a structured hiring policy in place, as family offices are competing with other institutions to attract top talent. Securing the best talent demands an awareness of the market rate for such skills and, increasingly, an understanding of more flexible reward structures especially for those employed in specialised sectors such as private equity and real estate. It is crucial for family offices to identify their talent needs and have proper recruitment and retention policies to ensure the successful running of the family office and make sure that the family's objectives can be met.

In evaluating their manpower policies, families should also decide the extent to which they wish to outsource their functions to achieve an appropriate balance between internal and external resources, and to secure an optimal cost/benefit result.

Family office cost models

With all the benefits a family office brings, there is a cost to running a family office, which varies from family to family. Though each family office is unique and there is no fixed rule on the operating costs - staff costs (compensation and benefits) generally take up a significant portion of the total running costs. This is because the level of talent would drive and determine the success of a family office. Other costs could include overheads and technology, external professional service fees, investment advisory fees and fund administration fees.

A family office that delivers customised services to the family should be adequately compensated. When the family office and the fund entity are considered related parties, there may be a risk of scrutiny by tax authorities of the fee charged for the services.

Therefore, the pricing basis of fees is crucial, and several pricing models exist as a matter of common industry practice:

- A fixed hourly fee for the actual services delivered.
- A fee as a percentage of assets under management.
- Cost-plus (using the costs incurred by the family office as a base).
- Fixed fees based on agreed scope of services.
- Hybrid (combination of any of the above).

Regardless of which pricing model is adopted, the fee should be commensurate with the assets to be managed and services to be delivered by the family office. Families can opt to perform a benchmarking study from a transfer pricing perspective to support the fee structure. Such a study would assure the family that the fees charged are reasonable and comparable to that charged by an unrelated third party.

Outsourcing solutions

Despite the wide range of functions that can be performed by the family office, some functions are better outsourced and delivered by external parties. Otherwise, the cost of maintaining a family office could be prohibitive. The decision to insource or outsource depends on a range of factors: the number of family members served by the family office, the variety and complexity of assets to be managed, expertise, data confidentiality, and more.



For example, the daily bookkeeping and record-keeping could be performed in-house, as data could be confidential. Performing these functions in-house provides the team with immediate access to, and control of the information. The same applies to cash management and administrative services, as these require close or daily monitoring.

Functions that require highly specialised skills or access to sophisticated technology platforms are commonly outsourced to third-party service providers. Doing so allows the family office to gain from the deep technical skills of experienced professionals and benefit from the economies of scale. In addition, by engaging an external advisor, independence and objectivity are maintained.

The diagram on the next page illustrates the types of services that are most commonly done in-house or outsourced.

Scope of family office services

Strategic services	Technology	Tax and wealth planning	Investments	Risk management	Philanthropy	Legal	Family	Finance	Operations
Family education	Social media	Tax compliance	Investment policy	Insurance	Philanthropic mission	Monitoring & oversight of outside counsel	Concierge services	Bookkeeping & reporting	Talent
Governance	Technology platform & controls	Tax planning	Asset allocation	Reputational Risk	Family foundation & operations	Document preparation	Household help	Cash Management	Office policies & procedures
Succession planning	Cloud computing	Wealth transfer planning	Manager selection	Fraud prevention & detection	Family foundation oversight	Contractual review	Property management	Budgeting & forecasting analysis	
	Family & business information continuity	Investment structure design	Bench-marking	Physical security	Charitable bench-marking	Contract oversight	Collections management		
			Performance reporting	Cyber risk	Due dillgence	Litigation oversight	Travel		
				Financial controls	Miscellaneous philanthropic activities	Regulatory compliance			

■ Most often done in-house
 ■ Sometimes done in-house
 ■ Most often outsourced

Source: Deloitte, The Family Office Handbook, 2020

Ultimately, the decision to outsource functions largely depends on the family’s expectations, objectives and focus. Outsourcing provides a way to manage costs and achieve greater operational efficiencies while allowing the family to stay focused on the roles and functions essential to the family office’s purpose.

While there are many benefits to outsourcing, the outcome of outsourcing would depend on the appropriate selection of third-party service providers. Therefore, in choosing external partners, families should be cautious not only to opt for service providers who are capable but who also understand the family’s values.

What challenges does a family office face?



Increased compliance burden

One key compliance challenge is the increased complexity in tax, regulatory and accounting requirements. Families are investing in diverse assets in global markets ranging from traditional equity and fixed-income securities to private equity, direct investments in ventures, real estate, derivatives, cryptocurrencies and hard-to-value art collections, among others. Moreover, the investments are made through separate entities spanning multiple jurisdictions, adding complexity to the structure and increasing the burden of compliance across the globe. As a result, it becomes a challenge to keep abreast of regulatory obligations and ensure compliance due to the depth of knowledge and experience needed.



Generational change

For many family offices, the greatest challenge is generational change. How do you prepare for and manage the transition from one principal, especially the original wealth creator, to the succeeding generation? Educating and motivating the next generation is seen as the single most significant concern for family offices.



Professionalising the family office

Family offices increasingly recognise the need for specialist skills and expertise in specific disciplines, particularly in areas such as IT and HR. Hence, identifying attracting and retaining the right talent to support the family's changing needs is a growing concern for family offices.



Competing priorities and blurred lines

Family offices are unusual in that they often have multiple centres of power and decision-making: the family members, the family office executives and the executive management of the operating companies. This may be further complicated by the family office executive(s) sitting on the board of the operating companies, and members of the family, especially the principal, may have roles in the family office and the operating companies. Consequently, there is an understandable concern with challenges with governance and effective communication in these circumstances.



Technology

Technological advance is another major concern for family offices. How do you stay up to date and secure? Family offices are right to be concerned – the risks and threats are multiplying and many families seem insufficiently aware of the vulnerabilities created by accessing online platforms.



Cyber security

The volume and complexity of cyber-attacks are rising, and family offices are as vulnerable, if not more so, than major corporates – not least because they often lack the expertise to assess the risk and the resources to protect themselves fully. The use of unsecured networks, social media, the mixing of corporate and private data – especially when travelling – and insufficient security around financial and confidential data all put the family's assets and reputation at risk.

Conclusion



As more HNW families hold assets and residencies across borders, the importance of succession planning, wealth preservation and wealth transfer has never been higher. Establishing a family office in Singapore, a jurisdiction that offers political and economic stability as well as excellent infrastructure, has thus become an attractive proposition.

In addition to managing the family's wealth, the family office provides a structured platform for families to formally engage with professional advisors to help provide personalised and highly responsive advice on tax, legal, and estate management matters, as well as guidance on key local matters such as education and healthcare. However, each family office is unique, and families must consider their values and objectives before selecting the structure and services to suit their needs – decisions that will also affect the tax treatment as well as the administration of the entity.

Beyond structure, there are many operational considerations when setting up a family office such as compliance requirements, technology and cybersecurity, while managing the challenges of generational transition. All of these factors mean that professional advice should be sought early in the process – from family office advisors to external wealth planners and tax and legal service providers – to ensure that the family's wealth is preserved for generations to come.

References

- 1) <https://content.knightfrank.com/research/83/documents/en/the-wealth-report-2021-7865.pdf>
- 2) <https://go.wealthx.com/world-ultra-wealth-report-2021>
- 3) <https://www.campdenfb.com/article/global-family-office-growth-soars-manages-59-trillion>
- 4) <https://www.mas.gov.sg/news/speeches/2023/mas-annual-report-and-mas-sustainability-report-2022-2023>
- 5) <https://worldpopulationreview.com/country-rankings/safest-countries-in-the-world>
- 6) <https://www.straitstimes.com/singapore/asias-well-off-millennials-see-value-in-social-impact-investing>
- 7) <https://www.cnbc.com/2021/03/04/sustainable-esg-investments-surged-in-asia-pacific-in-2020-msci.html>
- 8) https://www.eiu.com/n/campaigns/business-environment-rankings-2023/?utm_source=eiu-website&utm_medium=blog&utm_campaign=apr-23-business-environment-rankings-wp
- 9) <https://www.mti.gov.sg/Trade/Free-Trade-Agreements>
- 10) <https://www.businesstimes.com.sg/companies-markets/banking-finance/plan-tweak-vcc-framework-draw-more-single-family-offices>
- 11) <https://www.businesstimes.com.sg/wealth/wealth-investing/building-bridges-future-alternative-investment>

All images and tables are developed by Deloitte Tax Solutions Pte Ltd.

Contacts

Deloitte Private



Michael Velten
Deloitte Private Tax Leader,
Singapore
+65 6531 5039
mvelten@deloitte.com



Emily Yin Liping
Deloitte Private Tax Director
+65 6932 5736
eyin@deloitte.com



Han Junwei
Deloitte Private Tax Director
+65 6531 5075
junwhan@deloitte.com

Bank of Singapore



LG (Leong Guan) Lim
Global Head of Products
+65 6818 3500
lg.lim@bankofsingapore.com



Paul Chua
Global Head of Wealth Planning
+65 6818 7323
paulga.chua@bankofsingapore.com



Carrie Ng
Head, Family Office Advisory
+65 8725 8649
carrie.ng@bankofsingapore.com

Deloitte.

Private

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

About Deloitte Singapore

In Singapore, tax and immigration services are provided by Deloitte Tax Solutions Pte. Ltd. and other services (where applicable) may be carried out by its affiliates.

Deloitte Tax Solutions Pte. Ltd. (Unique entity number: 202008330C) is a company registered with the Accounting and Corporate Regulatory Authority of Singapore.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms or their related entities (collectively, the "Deloitte organization") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.



This material is prepared by Bank of Singapore Limited (Co Reg. No.: 197700866R) (the "Bank") for information purposes only. It is intended only for the recipient, and may not be published, circulated, reproduced or distributed in whole or in part to any other person without the Bank's prior written consent.

This material is not intended for distribution, publication or use by any person in any jurisdiction outside Singapore, Hong Kong or such other jurisdiction as the Bank may determine in its absolute discretion, where such distribution, publication or use would be contrary to applicable law or would subject the Bank or its related corporations, connected persons, associated persons or affiliates (collectively "Affiliates") to any licensing, registration or other requirements in such jurisdiction.

This material and other related documents or materials have not been reviewed by, registered with or lodged as a prospectus, information memorandum or profile statement with the Monetary Authority of Singapore, the Hong Kong Securities and Futures Commission or any other regulator in any jurisdiction.

This material by itself, is not and should not be construed as an offer or a solicitation to deal in any investment product or to enter into any legal relations.

This material does not, by its own, constitute advice (whether financial, legal, accounting, tax or otherwise) on or a recommendation with respect to any investment product, and should not be treated as advice or a recommendation or for any other purpose. This material has been prepared for and is intended for general circulation. This material does not take into account the specific investment objectives, investment experience, financial situation or particular needs of any particular person. You should independently evaluate the contents of this material, and consider the suitability of any service or product mentioned in this material taking into account your own specific investment objectives, investment experience, financial situation and particular needs. If in doubt about the contents of this material or the suitability of any service or product mentioned in this material, you should obtain independent financial, legal, accounting, tax or other advice from your own financial or other professional advisers, taking into account your specific investment objectives, investment experience, financial situation and particular needs, before making a commitment to obtain any service or purchase any investment product.

The Bank and its Affiliates and their respective officers, employees, agents and representatives do not make any express or implied representations, warranties or guarantees as to the accuracy, timeliness, completeness or reliability of the information, data or any other contents of this material. Past performance is not a guarantee or indication of future results. Any forecasts or projections contained in this material is not necessarily indicative of future or likely performance.

The Bank forms part of the OCBC Group (being for this purpose Oversea-Chinese Banking Corporation Limited and its subsidiaries, related and affiliated companies). The Bank, OCBC Group, their respective directors and employees (collectively "Related Persons") may or might have in the future interests in the product(s) or the issuer(s) mentioned in this material. Such interests include effecting transactions in such product(s), and providing broking, investment banking and other financial services to such issuer(s). The Bank, OCBC Group and its Related Persons may also be related to, or receive commissions, fees or other remuneration from, providers of such product(s).

This material has not been prepared by research analysts, and the information in this material is not intended, by itself, to constitute independent, impartial or objective research or a recommendation from the Bank and should not be treated as such. Unless otherwise indicated, any reference to a research report or recommendation is not intended to represent the whole report and is not in itself considered a research report or recommendation.

Structured deposits, dual currency investments and other investment products are not insured by the Singapore Deposit Insurance Corporation or not protected by the Deposit Protection Scheme in Hong Kong.

This advertisement has not been reviewed by the Monetary Authority of Singapore, the Hong Kong Securities and Futures Commission or any other regulator in any jurisdiction.

The Bank is not licensed as an insurer or insurance broker and its employees and representatives are not registered as insurance agents. The Bank is not licensed to, and will not, provide any advice or recommendation on, or arrange or sell any insurance policy. Upon your request, the Bank may refer you to insurers or insurance brokers for the purchase of insurance policies. When referring you to any such insurer or insurance broker, the Bank will not give advice or provide recommendations on any insurance policy, or arrange any insurance policy for you. The Bank may receive commissions or fees in respect of the insurance policies purchased by you. Any insurance policy referred to in this document is issued by a third-party insurer.

If this material pertains to an offer, it may only be offered (i) in Hong Kong, to qualified Private Banking Customers and Professional Investors (as defined under the Securities and Futures Ordinance); (ii) in Singapore to Accredited Investors (as defined under the Securities and Futures Act 2001, as amended or modified); and (iii) in the Dubai International Financial Center, to Professional Clients (as defined under the Dubai Financial Services Authority rules). No other persons may act on the contents of the material.

Other Disclosures

Singapore

Where this material relates to securities or securities-based derivatives contracts, this clause applies:

This material has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this material and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities or securities-based derivatives contracts may not be circulated or distributed, nor may the securities or securities-based derivatives contracts be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in the Securities and Futures Act 2001 of Singapore, as amended or modified (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and, where applicable, the conditions specified in Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where securities or securities-based derivatives contracts are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 2(1) of the SFA) or securities-based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities or securities-based derivatives contract pursuant to an offer made under Section 275 of the SFA except:
 - (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
 - (2) where no consideration is or will be given for the transfer;
 - (3) where the transfer is by operation of law;
 - (4) as specified in Section 276(7) of the SFA; or
 - (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Where this material relates to units of the collective investment scheme authorised or recognised under the SFA, this clause applies:

The collective investment scheme is authorised under Section 286 of the Securities and Futures Act 2001 of Singapore, as amended or modified (the "SFA") or recognised under Section 287 of the SFA. Past performance and any forecasts are not necessarily indicative of the future or likely performance of the fund(s). The value of units and the income from them may fall as well as rise. The fund(s) is/are subject to investment risks. Investors should read the Prospectus and Product Highlights Sheet (where applicable), obtainable from your relationship manager, the fund manager or its distributors, before investing.

Where units of the collective investment scheme are or will be listed on an exchange, and all or most investors may only deal in the units through the exchange, investors cannot redeem the units with the manager for the scheme or investors may only redeem units with the manager for the scheme under certain specified conditions. The listing of the units does not guarantee a liquid market for the units.

Where this material relates to units of the collective investment scheme registered under restricted scheme, this clause applies:

The offer or invitation of the units of the collective investment scheme, which is the subject of this material, does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act 2001 of Singapore, as amended or modified (the "SFA") or recognised under Section 287 of the SFA. The collective investment scheme is not authorised or recognised by the Monetary Authority of Singapore (the "MAS") and the units are not allowed to be offered to the retail public. This material and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA and, accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you.

This material has not been registered as a prospectus with the MAS. Accordingly, this material, and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the units may not be circulated or distributed, nor may the units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in the SFA) pursuant to Section 304 of the SFA, (ii) to a relevant person (as defined in Section 305(5) of the SFA) pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, and where applicable, the conditions specified in Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where units are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the units pursuant to an offer made under Section 305 of the SFA except:
 - (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(c)(ii) of the SFA;
 - (2) where no consideration is or will be given for the transfer;
 - (3) where the transfer is by operation of law;
 - (4) as specified in Section 305A(5) of the SFA; or
 - (5) as specified in Regulation 36A of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

Where this material relates to structured deposits, this clause applies:

The product is a structured deposit. Unlike traditional deposits, structured deposits have an investment element and returns may vary. You may wish to seek independent advice from a financial adviser before making a commitment to purchase this product. In the event that you choose not to seek independent advice from a financial adviser, you should carefully consider whether this product is suitable for you.

Where this material relates to dual currency investments, this clause applies:

The product is a dual currency investment. A dual currency investment product ("DCI") is a derivative product or structured product with derivatives embedded in it. A DCI involves a currency option which confers on the deposit-taking institution the right to repay the principal sum at maturity in either the base or alternate currency. Part or all of the interest earned on this investment represents the premium on this option.

By purchasing this DCI, you are giving the issuer of this product the right to repay you at a future date in an alternate currency that is different from the currency in which your initial investment was made, regardless of whether you wish to be repaid in this currency at that time. DCIs are subject to foreign exchange fluctuations which may affect the return of your investment. Exchange controls may also be applicable to the currencies your investment is linked to. You may incur a loss on your principal sum in comparison with the base amount initially invested. You may wish to seek advice from a financial adviser before making a commitment to purchase this product. In the event that you choose not to seek advice from a financial adviser, you should carefully consider whether this product is suitable for you.

Hong Kong

This document has not been delivered for registration to the Registrar of Companies in Hong Kong and its contents have not been reviewed by any regulatory authority in Hong Kong. Accordingly: (i) the shares/notes may not be offered or sold in Hong Kong by means of any document other than to persons who are "Professional Investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and the Securities and Futures (Professional Investor) Rules made thereunder or in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and (ii) no person may issue any invitation, advertisement or other document relating to the shares/notes whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the shares/notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "Professional Investors" within the meaning of the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules made thereunder.

The product may involve derivatives. Do not invest in it unless you fully understand and are willing to assume the risks associated with it. If you have any doubt, you should seek independent professional financial, tax and/or legal advice as you deem necessary.

Where this material relates to a Complex Product, this clause applies:

Warning Statement and Information about Complex Product

(Applicable to accounts managed by Hong Kong Relationship Manager)

- Investor should exercise caution in relation to Complex Products;
- Investor should take note that the past performance of a Complex Product is not indicative of future performance;
- All Complex Products offered by the Bank are only available to Professional Investors (except for derivative fund without loss absorption features which have been authorized by the Hong Kong Securities and Futures Commission ("SFC") and listed derivatives); and
- All Complex Products are not principal protected.

Where this material relates to a Complex Product – Funds and ETFs, this clause applies additionally:

- For Complex Products where offering documents or information provided by the issuer have not been reviewed by the SFC, investors should exercise caution in relation to the offer and take note that such offering documents have not been reviewed by the SFC;
- For Complex Products described as having been authorised by the SFC, investors should take note that the authorisation does not amount to an official recommendation and that the SFC's authorisation is not a recommendation or endorsement of that Complex Product nor does it guarantee the commercial merits of that Complex Product or its performance.

Where this material relates to a Complex Product (Options and its variants, Swap and its variants, Accumulator and its variants, Reverse Accumulator and its variants, Forwards), this clause applies additionally:

- Investor may incur losses which exceed the amount invested.

Where this material relates to a Loss Absorption Product, this clause applies:

Warning Statement and Information about Loss Absorption Products

(Applicable to accounts managed by Hong Kong Relationship Manager)

Before you invest in any Loss Absorption Product (as defined by the Hong Kong Monetary Authority), please read and ensure that you understand the features of a Loss Absorption Product, which may generally have the following features:

- The product is subject to the risk of being written down or converted to ordinary shares (as the case may be);
- The contingent write-down or conversion may happen upon certain circumstances (e.g. at the point of non-viability or the capital ratio falls to a specified level), and the product may potentially result in a substantial loss;
- The product is a high risk transaction and a Complex Product, as the circumstances in which the product may be required to bear loss are difficult to predict and ex ante assessments of the quantum of loss will also be highly uncertain;
- The product is targeted at professional investors only and is generally not suitable for retail clients;
- The credit ranking of the product is usually subordinated. In the event of liquidation or insolvency of the issuer, investors would only be entitled to be paid after other senior creditors are paid and this may result in a substantial loss of the amount invested.

Where this material relates to a certificate of deposit, this clause applies:

It is not a protected deposit and is not protected by the Deposit Protection Scheme in Hong Kong.

Where this material relates to a structured deposit, this clause applies:

It is not a protected deposit and is not protected by the Deposit Protection Scheme in Hong Kong.

Where this material relates to a structured product, this clause applies:

This is a structured product which involves derivatives. Do not invest in it unless you fully understand and are willing to assume the risks associated with it. If you are in any doubt about the risks involved in the product, you may clarify with the intermediary or seek independent professional advice.

Dubai International Financial Center

Where this material relates to structured products and bonds, this clause applies:

The Distributor represents and agrees that it has not offered and will not offer the product to any person in the Dubai International Financial Centre unless such offer is an "Exempt Offer" in accordance with the Market Rules of the Dubai Financial Services Authority (the "DFSA").

The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers.

The DFSA has not approved the Information Memorandum or taken steps to verify the information set out in it, and has no responsibility for it.

The product to which this document relates may be illiquid and/or subject to restrictions in respect of their resale. Prospective purchasers of the products offered should conduct their own due diligence on the products.

Please make sure that you understand the contents of the relevant offering documents (including but not limited to the Information Memorandum or Offering Circular) and the terms set out in this document. If you do not understand the contents of the relevant offering documents and the terms set out in this document, you should consult an authorised financial adviser as you deem necessary, before you decide whether or not to invest.

Where this material relates to a fund, this clause applies:

This Fund is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA"). The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this Fund. Accordingly, the DFSA has not approved the Prospectus or any other associated documents nor taken any steps to verify the information set out in the Prospectus, and has no responsibility for it. The Units to which this Fund relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Units. If you do not understand the contents of this document, you should consult an authorized financial adviser. Please note that this offer is intended for only Professional Clients and is not directed at Retail Clients.

These are also available for inspection, during normal business hours, at the following location:

Bank of Singapore
Office 30-34 Level 28
Central Park Tower
DIFC, Dubai
U.A.E

Cross Border Disclaimer and Disclosures

Refer to https://www.bankofsingapore.com/Disclaimers_and_Disclosures.html for cross-border marketing disclaimers and disclosures.