The Singapore Variable Capital Company

An analysis of comparative structures

The new VCC regime is on par with corporate form funds found in established global fund centres like Luxembourg, Ireland and Mauritius, and allows for investment funds to issue shares and debt instruments.

The structure is applicable to both alternative and traditional investment funds which operate across either closed- or open-ended strategies.

Singapore recently took steps to continue to position itself as a prominent fund centre by introducing the Singapore Variable Capital Company ("VCC") structure into the asset management market.

The new fund structure seeks to introduce in the Lion City, fund structures which are common across other established global fund centres like Luxembourg, Ireland and Mauritius, among others.

This document will examine in greater detail the legal responsibilities and rights of the newly-enabled VCC funds across the other fund structures found in other global fund centres. It will analyse the VCC structure from various perspectives including its governance, fund managers, reporting requirements, redomiciliation, tax, fund service providers and across other aspects and stakeholders.

While the introduction of a new fund structure could be seen as a radical step, the reality is far from that. The legislation draws on existing frameworks from jurisdictions which have been operating such funds successfully for many years and in some ways simply brings Singapore up to a level expected of an international investment funds hub.

The Lion City has demonstrated its willingness to fundamentally change everything about establishing a fund in Singapore in order to remain relevant in today's constantly changing world.

For more information, read our guide on the VCC: **pwc.to/2GMg4le**

Overall framework

The VCC has its own legal framework that enables it to be used as an alternative or traditional investment fund and also allows for both closed- and open-ended strategies. It is on par with corporate form funds in the global fund centres as it can issue shares and debt instruments. The Hong Kong and UK legislation is part of the investment fund laws of their jurisdiction. The Australia, Luxembourg, Mauritius and Cayman Islands legislation is the corporate law or an extension of the corporation law of their jurisdiction.

Singapore		Hong Kong		Australia	Ireland		United Kingdom	Luxembourg			Cayman Islands	Mauritius	
Authorised VCC	Restricted/ Exempt VCC	HK Public OFC	HK Private OFC	Corporate CIV	ICAV set up as QIAIF	VCIC	OEIC	SICAR (SICAV)	SIF (SICAV)	RAIF (SICAV)	Exempted Company	Mu-Funds (CI)	Mu-Funds (CEF)
Legal framework													
Variable Capital Companies Act 2018		Code on Open-Ended Fund Companies made under the Securities and Futures Ordinance		Corporations Act 2001 (Cth)	Irish Collective Asset-management Vehicles Act 2015 ("ICAV Act")	Irish Companies Act 2014 ("Companies Act")	Open-Ended Investment Companies Regulations 2001 ("OEIC Regulations") and the FCA Handbook	Law of 15 Jun 2004 on investment company in risk capital ("SICAR Law")	Law of 13 Feb 2007 on SIFs ("SIF Law")	Luxembourg Law of 23 Jul 2016 ("RAIF law")	Mutual Funds Law (2019 revision)	Securities Act 2005 Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 Income Tax Act Financial Services Act Companies Act	
Status													
14th January 2020		Enacted		CCIV is not yet enacted The Treasury has consulted on the draft legislation for CCIVs in five tranches	Enacted		Enacted	Enacted			Enacted	Enacted	

Overall framework (continued)

Singapore		Hong Kong		Australia	Ireland		United Kingdom	Luxembourg			Cayman Islands	Mauritius	
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Regulatory authority													
MAS/ACRA		SFC		ASIC	Central Bank of Ireland		Financial Conduct Authority (“FCA”)	CSSF		N/A	CIMA	Financial Services Commission (“FSC”), Registrar of Companies, The Mauritius Revenue Authority	
Judicial system													
Common law		Common law		Common law	Common law		Common law	Civil law			Common law	Hybrid system, common and civil law	
Types of securities that can be issued													
Shares, debentures		Shares		Shares, debentures	Shares, debentures		Shares	Shares, debt			Shares, debt	Shares, debt	

Ireland’s ICAV is incorporated under its own stand-alone legislation like the VCC, however it is administered and regulated by the Central Bank of Ireland. Whereas, VCC is administered by the city-state’s Company Registrar (ACRA) and the Monetary Authority of Singapore (MAS) regulates Authorised VCC and the AML/CFT aspects.

Governance

In comparison, the governance framework of Singapore VCC is on par with other fund centres. VCC only requires one locally resident director. In addition, it does not mandate the need for “independent” directors for alternative funds marketed to non-retail investors. VCC legislation does require representation of at least one director or a qualified representative of the fund management company on the board of the VCC. This is comparable to other on-shore jurisdictions such as Ireland and Luxembourg, where regulators encourage the “promoter” of the fund to have representation on the board of the fund. The Irish fund law does not compel independence of directors but the corporate governance code requires at least one independent director. Similar is the case of Luxembourg, which encourages independence rather than a statutory requirement.

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Number of directors required													
3 directors required	1 executive director and must have at least 1 independent director	2		1 corporate director	3		1^	3			1	At least 1 director for a domestic company other than a Global scheme At least 2 resident directors for a Global Scheme	
Are directors required to be independent of fund manager?													
Independent directors would be required only incase of Authorised VCCs (retail funds)	No	No, one director must be independent of the custodian		The external director requirement (at least half of the corporate director’s board must be external directors) only applies to public funds.	Not required by the law Irish Funds voluntary corporate governance code requires a minimum of 1 independent director		No, typically the ACD is fund manager entity	No, but CSSF’s expectation is for majority of Directors to be independent of the fund manager			No	No The Board can act as CIS manager of a Collective Investment Scheme if the scheme is constituted as a company	No The CEF can be self managed by the Board
Are fund manager directors required?													
Yes	Minimum 1	No, one director must be independent of the custodian		No	No		No However, the ACD is the fund manager acting through its directors	No			No	Yes	
Must directors be resident?													
1 Director must be resident		No, the directors would need to be approved by the SFC and so would need to meet their ‘fit and proper’ criteria, but this has no residency requirement. A non-resident director would need to appoint a local process agent in Hong Kong.		Corporate director must be a public company holding an AFSL	2 Directors must be resident		No specific requirement, but there is a requirement for an ACD	No			No	1 Director must be resident while for a Global Scheme, at least 2 resident directors required	

^If the company only has 1 director, it must be a body corporate which is an authorised person FCA authorised person* i.e. the Authorised Corporate Director (ACD)) *Or authorised by the relevant EU home state regulator where a UCITS management company or AIFM are passporting into the UK under the current regulatory regime

Fund manager

A key differentiator of the Singapore VCC regime is the requirement that the fund manager be located in Singapore, as is the case with Hong Kong. Only Ireland and Luxembourg require via fund regulations minimum capital to either launch or maintain the fund.

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Location of fund manager													
Singapore	Singapore only	Hong Kong		Australia	Must be based in EU, or approved in equivalent non-EU countries		Typically the ACD is the fund manager An EU UCITS management company or AIFM can effectively be the fund manager pursuant to current UCITS and AIFMD regimes. The position may change post Brexit	AIFM Law compliant: must be based in EU but portfolio management can in principle only be delegated to a regulated entity anywhere Not AIFM Law compliant: any location; delegated portfolio management must in principle be a regulated entity		Must be based in EU but portfolio management can be delegated to a regulated entity anywhere	Not required	Incorporated or registered and have its place of business in Mauritius However, a Global scheme may appoint and retain a CIS manager established in a foreign jurisdiction subject to the approval of the FSC	
Minimum capital requirement of the fund													
N/A	N/A	N/A		N/A	Minimum subscription for QIAIF is EUR 100,000 Self managed funds minimum capital of EUR 300,000	No minimum subscription for a UCITS Minimum subscription is EUR 100,000 for a QIAIF Self managed funds minimum capital of EUR 300,000	1GBP	Minimum capital of EUR 1 million to be reached within 12 months following approval	Minimum capital of EUR 1.25 million to be reached within 12 months following approval		No	Prospectus of a scheme shall specify that the scheme must receive a minimum subscription of at least 5% of the total amount to be raised from investors so as to begin operating the scheme or such higher amount as may be disclosed in prospectus	No

Reports and registers

In comparison to other jurisdictions, the Singapore VCC currently allows for International, US and Singapore financial reporting standards. However, similar to other jurisdictions it does allow for financial statements to be prepared on a sub-fund basis. The financial statements and shareholder's information of VCC is not publicly retrievable. Mauritius and Irish offer the most flexibility and optionality of international GAAPs for presentation of the financial statements.

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Can FS be prepared at sub-fund level?													
Yes		Yes		Yes	Yes	No	No	Yes			Yes	Yes	
Financial Statements GAAP													
Presentation as per the Code of Collective Investment Schemes RAP7^	SFRS, IFRS, US GAAP	An OFC may apply HKFRS or IFRS. The financial statements must include the information set out in Chapter 9.4 of the Code on Open-ended Fund Companies. Other accounting standards will be acceptable where appropriate for the OFC.		IFRS, Australian GAAP/AASB	IFRS, US GAAP, Irish GAAP, Japanese GAAP and Canadian GAAP		IFRS, UK GAAP	IFRS, Lux GAAP			Any GAAP	IFRS as per Companies Act However, a Category One Global Licence can also apply UK GAAP, US GAAP, Singapore GAAP and South African GAAP	
Are Financial Statements publicly available?													
No		No		Financial statements lodged with ASIC	No	Yes	No	No However, it is filed with the register of commerce in Luxembourg which is public			No	Yes, except for Global Scheme	Yes, except where the CEF holds a Category One Global Licence
Financial statements provided to which authority?													
ACRA only, not publicly available		SFC		Only public funds must lodge financial statements with ASIC	Central Bank of Ireland	Central Bank of Ireland & Companies Registration Office	FCA	CSSF and Register of Commerce For RAIF, there is no CSSF filing			CIMA	No	
Are Shareholder lists publicly available?													
No		No		No	No		No	No, with the exception of the effective beneficial owner			No	No	

^Specific presentation for retail mutual funds based on principles of IFRS

Check the box and Redomiciliation

As US investors make up a significant portion of the global investor base, key competitive feature would be for the investment fund to have “check-the-box” election under US IRS code. VCC appears to have the necessary ingredients to avail of the “check-the-box” election, this is yet to be tested as the legislation is yet to take effect, however, ICAV (Ireland), Mauritius and Cayman Islands has precedence of “check-the-box” election.

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Check-the-box election?													
Yes		Not mentioned		No, Public Limited Company	Yes	No	No, OEICs are not tax transparent	Yes, depending on legal form			Yes	Yes	
Redomiciliation allowed?													
Yes		No, migration of the corporate fund to Hong Kong may in practice be conducted by alternative means including for example by way of an asset transfer or share swap. No restriction on the restructuring of unit trusts into OFCs provided that the relevant requirements for establishing an OFC under the Amendment Ordinance, the OFC Rules and OFC Code are complied with and that such restructuring could be conducted in accordance with the unit trust’s constitutive documents.		CCIV is required to be a company limited by shares	Yes		No	Yes			Yes	Yes	

Tax treaties

Singapore has a wide network of tax treaties, particularly with countries in the Asia Pacific region. Being a body corporate (as opposed to being a unit trust which does not have a legal personality), the VCC can meet one of the requirements for accessing Singapore's tax treaties. The VCC will also have to be managed by a fund manager in Singapore.

Given ongoing developments in the Organisation for Economic Cooperation and Development's (OECD) Base Erosion and Profit Shifting (BEPS) initiative, with tax treaty shopping under the limelight, it has become more important to be able to demonstrate that the choice of location for a fund is not made for such reasons. Whether funds globally will be able to continue to rely on the benefits of any tax treaty will depend on the developments on the action plan on tax treaty benefits under the BEPS initiative, and should be closely monitored.

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Number of tax treaties in the jurisdiction													
86		37		44	74		>130	83			NIL	46	
Can the fund access the tax treaties?													
Yes		Yes, must meet certain conditions		Generally yes, but depends on the country	Depends on the country		Yes	Limited			N/A	Yes	

Service providers

A progressive fund legal framework is not the only aspect that makes a jurisdiction competitive. The sophistication of a jurisdiction's ecosystem also has a key role to play. This is the key development impetus for the enhancement of the local economy. Most of the jurisdictions, including Singapore requirement local service providers.

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Company Secretary													
Yes		N/A No company secretary is required		No Company Secretary for CIV*	No, but registered office in Ireland		No specific requirement	No			No But registered office in Cayman Islands	Yes	
Administrator													
Yes However, only via the tax incentives	Yes However, only via the tax incentives	N/A No requirement for appointment of administrator		Not yet known	Yes		No specific requirement for an administrator for OEICs^	Yes			Only for Administered funds	A CIS may appoint an administrator	N/A
Custodian													
Yes, should meet the same eligibility requirements as set out in the Code of Collective Investments Schemes	Yes, Singapore registered Custodian Not for private equity and real estate funds	Yes, should meet the same eligibility requirements as set out in the Code on Unit Trusts and Mutual Funds		Yes+	Yes		Yes	Yes			No	Yes	N/A
Auditor													
Yes		Yes		Yes, for public funds only	Only an approved statutory auditor or audit firm under Part 4 of the Audits Regulations is eligible for appointment as auditor of an ICAV	Only an approved statutory auditor or audit firm under Part 4 of the Audits Regulations is eligible for appointment as auditor of an Irish Company established under the Companies Act 2014	Yes	Yes			Yes, for all CIMA registered funds	Yes	

^The ACD is responsible for the day to day operations of the OEIC and can also act as the shareholder administrator. The depositary is the key service provider that should be independent of the ACD/fund manager, any other directors and the OEIC itself.
+The depositary must be a public company or a registered foreign company that holds an AFSL authorising it to act as a depositary for the CCIV. The depositary of a CCIV (and any entities performing depositary functions) must also meet independence requirements.
* At least 1 resident Company Secretary required for Corporate Director

Listing, AGM, Cross sub-fund limit

Other features such as listing, possibility to dispense of annual general meetings, and cross sub-fund investing also give each of the jurisdictions structures an edge respectively. Most of the jurisdictions allow for dispensation of the annual general meeting. Those structures which are based on corporate law, do not statutorily allow for dispensation of the AGM. Segregation of assets and liabilities are also statutorily stated in Singapore, Hong Kong, Australia, Ireland, Cayman Islands. Segregation of the assets and liabilities is stated in the investment fund law which is overlaid on the Corporate structure. Cross sub-funds investments is allowed in most of the jurisdictions' legislations, however some jurisdictions have prescribed limit.

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Listing ability?													
Yes	Yes	Not mentioned		No, subject to the consideration of the outcomes of consultation	Yes		Not stated	Yes			Yes	Yes	
Are shareholder meetings required?													
Can be dispensed		Subject to the OFC's instrument of incorporation		No^	Can be dispensed	Yes	Yes	Yes, for incorporated entities			Not required	Required annual general meeting	
Segregation of assets and liabilities for umbrella fund legislatively provided													
Yes		Yes		Yes	Yes		Yes	Yes, in the SiCAR law	Yes, in the SIF law	Yes, in the RAIF law	Yes	Yes, under the Protected Cell Company regime	
Cross sub-funds investments													
Yes		No		No, subject to the consideration of the outcomes of consultation	Yes		Yes	No	Yes, with restrictions		Yes, with restrictions	Yes, with restrictions	Yes
Are there cross sub-fund investment restrictions?													
No		Yes		N/A	No		Yes	Yes, with restrictions			No, where appropriately structured	Yes, with restrictions	

^The corporate director may pass a resolution on behalf of the CCIV if the directors of the corporate director pass a resolution that expressly states it is on behalf of the corporate director and the CCIV to which the resolution applies.

Others

Tax return filing is a requirement in almost all the jurisdictions.

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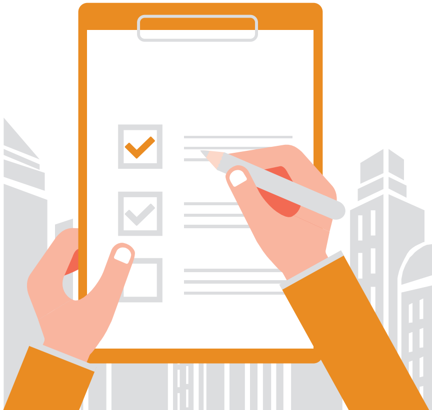
Tax Returns to be filed													
Yes		No	Only if there is a charge to Hong Kong tax	Yes	An Irish authorised fund must register for investment undertaking tax ("IUT") with the Irish Revenue Commissioners Once registered for IUT an Investment Undertaking will be allocated a tax reference number by the Revenue Commissioners and this will allow the required bi-annual IUT Returns to be made in respect of the Investment Undertaking To the extent there are Irish resident investors (other than certain categories of exempt Irish investors) tax must be deducted by the Investment Undertaking on distributions made to such Irish resident investors. The purpose of the bi-annual IUT Returns is to facilitate the collection of any such taxes (appropriate tax) that are due		Yes OEICs are subject to corporation tax	Yes			No	Yes	



The Fund Centres at a glance

Cayman Islands

The Cayman Islands is a British Overseas Territory that offers a stable economic and political climate. The legal system is based on English common law, with a judiciary operating a specialised financial services division.

With this in mind, the Cayman Islands is the chosen domicile of approximately 85% of the world's hedge funds according to Cayman Finance, making it the pre-eminent jurisdiction for hedge funds. The jurisdiction has multiple legal structures available for funds (companies, segregated portfolio companies, unit trusts, limited partnerships, and LLCs), each with its own unique features catering for the specific needs of investors and asset managers.

The regulatory regime operated by the Cayman Islands Monetary Authority also provides for differing registration categories. This offers flexibility in the structuring of a fund to meet the particular needs of its investors and its asset manager. These fund products are supported within the Cayman Islands by a long standing and well established fund industry with world class infrastructure, lawyers, accountants, corporate governance specialists, and other service providers.

With no direct taxation of any kind, the Cayman Islands is a competitive investment fund domicile as there are no corporate, capital gains, withholding, profit, or income taxes. In addition, a fund has the option of obtaining an undertaking from the government that it will remain tax free for at least 20 years. There are also no currency controls or restrictions imposed by the Cayman Islands on a fund's investment strategy, which provides for maximum flexibility in the techniques applied to pursue the fund's objectives.

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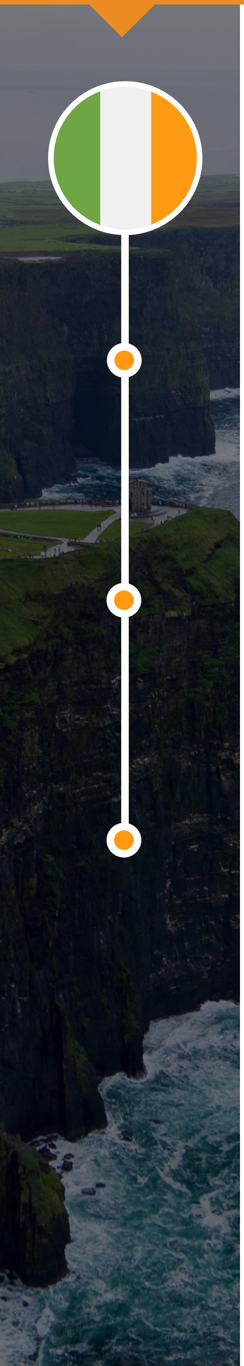
Republic of Ireland

Ireland is a leading European domicile for UCITS funds, alternative investment funds (AIFs), money market funds and exchange-traded funds (ETFs), as well as the world's premier jurisdiction for the stock exchange listing of investment funds.

986 fund managers from 53 countries have assets administered in Ireland. 17 of the top 20 global asset managers have Irish domiciled funds. Ireland offers managers access to the EU-wide marketing passport for UCITS and AIFs. Ireland is a committed member of the European Union and will remain so, providing full market access to the EU. Ireland is an English-speaking member of the EU and Eurozone and is known for its clear and practical regulatory framework and support for the funds industry.

Ireland was the only domicile of the 5 largest in the EU (Lux, Ireland, France, Germany and the UK) to register growth in domiciled assets under management in 2018. Assets under management in Irish funds grew by 1.1% in 2018 to EUR 2.4 trillion. Net sales into Irish domiciled funds of EUR 93 billion in 2018 were 38% of total net sales into European domiciled funds in 2018. The number of funds domiciled in Ireland grew by 6.6% in the year. The assets under management in Irish domiciled ETFs grew by 2.8% to EUR 365 billion. Irish domiciled ETFs represent 58% of all European ETFs. The registration of Irish UCITS funds for sale in other EU member states grew by 17.7% in 2018. Registrations in the UK grew by 18.4% and registrations in Switzerland grew by 25%.

With over 16,000 professionals employed exclusively in the servicing of investment funds, the Irish funds industry has developed as a centre of excellence with expertise that spans a wide range of services including fund administration, transfer agency, depositary, legal, tax and audit services, stock exchange listing, compliance and consultancy services.



Republic of Ireland (continued)

From traditional ‘long only’ to complex alternative strategies, Ireland offers world class, innovative product solutions catering to the widest spectrum of investment strategies. Ireland was the first regulated jurisdiction to provide a regulatory framework specifically for the alternative investment fund industry. The Irish funds industry is at the forefront in preparing for and reacting to regulatory developments at the EU and national level. Ireland’s responsiveness and adaptability enables clients to bring innovative products to market quickly, supported by the most developed regulatory, product and service infrastructure available.

The Irish regulatory environment for investment funds is founded on the principles of openness, transparency and investor protection. Ireland has an excellent reputation as a location for robust and efficient regulation, which facilitates market and product developments while protecting investor interests.

Ireland’s tax regime is highly efficient, clear and certain, open, transparent and fully compliant with OECD guidelines and EU law. Irish regulated funds are exempt from Irish tax on income and gains derived from their investments and are not subject to any Irish tax on their net asset value. There are additionally no net asset, transfer or capital taxes on the issue, transfer or redemption of units owned by non-Irish resident investors. Other than in respect of certain funds which hold interests in Irish real estate (or particular types of Irish real estate related assets), non-Irish investors are not subject to Irish tax on their investment and do not incur any withholding taxes on payments from the fund.

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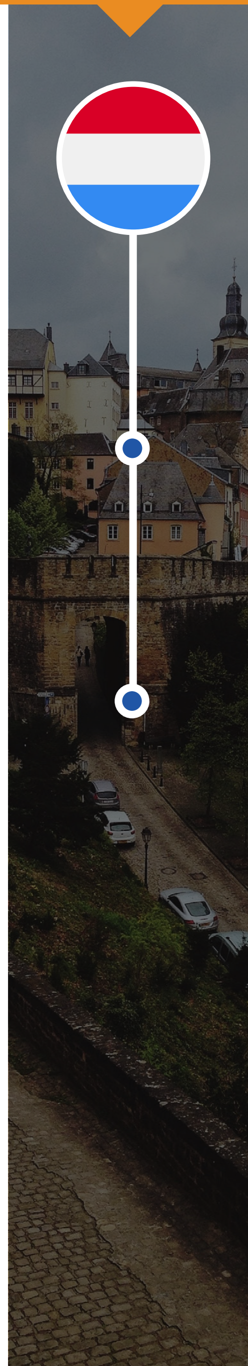

Luxembourg

Luxembourg is the European largest investment fund center, as well as the second largest investment fund center worldwide. The Grand Duchy has been as the forefront of the UCITS fund industry for many years and is offering the highest possible levels of investor protection. Since the introduction of AIFMD in 2013, the country has also become a prime location for alternative investment funds (AIFs), such as private equity, venture capital, hedge funds and real estate funds. Luxembourg is moreover the second European domicile for exchange-traded funds (ETFs).

Assets under management in Luxembourg funds has grown to over EUR 4.4 trillion of asset under management in 2019. Net sales into Luxembourg domiciled funds of EUR 93 billion were 37% of total net sales into European domiciled funds in 2018. In 2018, the number of funds decreased by 3%, however, the number of sub-funds in the same year increased by 2%.

Luxembourg is considered as the leading cross-border investment fund center in the world, with Luxembourg based funds offered in more than 80 countries. Two out of three asset management giants have chosen the country as the first domicile to set up their funds, which is further reflected by 61% of authorisations for cross-border distribution coming from funds that are domiciled in the country. Situated right at the heart of Europe, The Grand Duchy is a proud and committed member of the European Union, thereby providing full market access to the rest of EU.

The Luxembourg regulatory landscape is continuously improving to offer the best tools for investment managers to structure their funds and to protect investors. The tax regime is highly efficient and transparent. Incentives for investors are also very strong, as Luxembourg regulated funds are exempt from tax and are not subject to withholding tax on dividends and capital gains.

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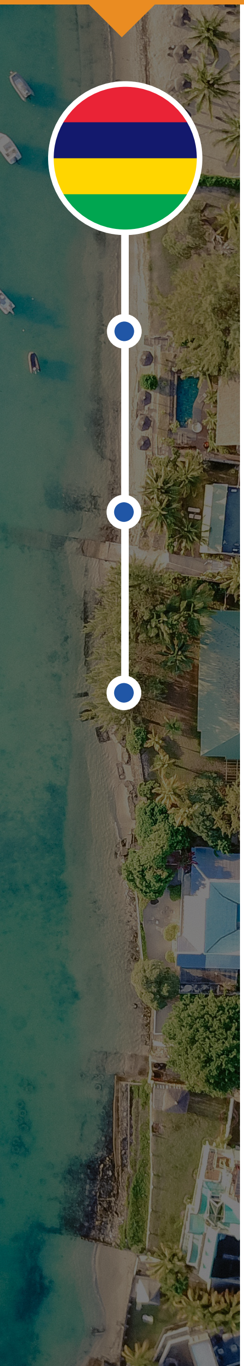
The Fund Centres at a glance



Mauritius

Thanks to its strategic location, Mauritius is optimally placed for fund houses looking to access the increasing investment opportunities coming out of the African continent. This prime location is further backed by a competitive taxation regime, and strong supporting industries.

Mauritius offers a range of fund structures to investors and Asset & Wealth managers. These structure cover open and closed-ended funds, have seen substantial growth in recent years and the afore mentioned taxation regime means many funds are subject to an effective taxation rate of 3% on foreign dividends and interest. Mauritius also boasts a network of nearly 46 double tax treaties, including with many African nations which removes capital gains considerations.

With increasing numbers of HNWIs, family offices, global administration, global treasury offices and other Asset & Wealth managers establishing operations in the jurisdiction, the Asset & Wealth management industry has expanded steadily and as investment opportunities in surrounding areas increase, Mauritius is well-positioned to seize on increased demand for access to these areas via funds with its established infrastructure.

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Hong Kong

Formerly a British colony, Hong Kong was handed back to China in 1997 and under the arrangement retains its legal system, based off common law, and other privileges until 2047.

Since its founding in the 19th century, Hong Kong has served as a gateway to China. While tea, silks, guns, and opium may no longer be the commodities driving wealth in the territory, Hong Kong has emerged as a global financial centre in its own right and continues to act as a financial conduit between China and the rest of the world.

This position has been further solidified in recent years with numerous cross-border programmes between Hong Kong and the Mainland being implemented, one of which being the Mutual Recognition of Funds ("MRF") scheme which enables qualifying Hong Kong-domiciled funds to be sold in China and vice-versa.

Following the inaugural MRF with China, Hong Kong has entered into numerous other MRF regimes with European nations, namely France, Switzerland, The Netherlands, Luxembourg, and the United Kingdom.

Hong Kong also authorised a new type of fund structure in 2018 called the Open-ended Fund Company ("OFC"), enabling funds to be established in a corporate form in addition to the traditional unit trust structure.

Over 60% of funds currently sold in Hong Kong are UCITS, but the various MRF arrangements and the new OFC regime are increasing the attractiveness of Hong Kong as a fund domicile location.

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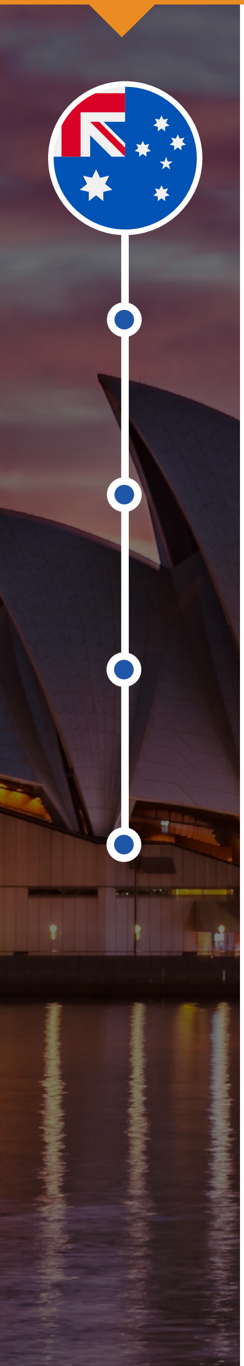
The Fund Centres at a glance



Australia

The Australian funds market is a mature and sophisticated market predominantly focused on supporting the retirement savings established under the compulsory defined contribution, occupational retirement savings scheme that operates in the country.

Known as the superannuation system, it has experienced significant inflows which a variety of asset managers, both foreign and domestic, seek to manage in the form of open and closed ended vehicles and mandates which extend across standard traditional investments to alternatives such as real estate, infrastructure, and private equity investments.

The industry's openness to a diverse range of investment styles and structures have been driven by a desire to optimise investment returns for retirees. Inroads have been made to encourage foreign asset managers to access the Australian fund market by providing greater regulatory certainty and reducing associated costs. The introduction of the Alternative Collective Investment fund structure and the Foreign Australian Financial Services License are examples of this. With an interest in joining the Asia Region Fund Passporting scheme, Australia may open up further to foreign asset managers.

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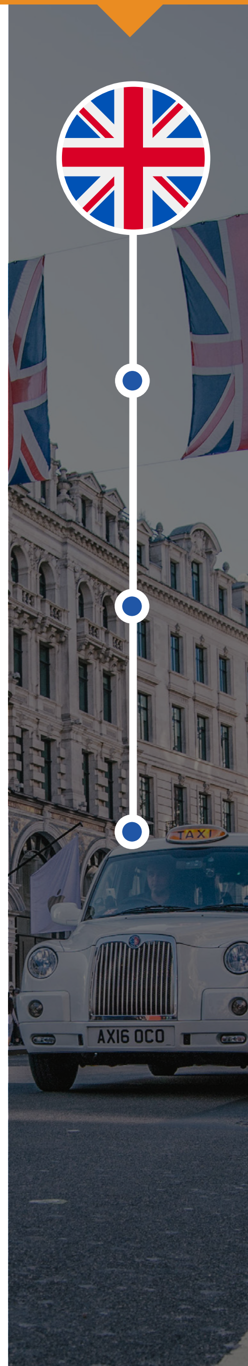

United Kingdom

The United Kingdom ("UK"), in addition to founding the Common Law legal system found across many other fund centres mentioned here and across the world, enables a broad range of fund structures to operate within its jurisdiction, promoting fund domiciliation within the UK itself. The investment management industry itself is recognised by authorities and the government does not take it for granted, launching the Investment Management Strategy in 2013 with the objective of furthering the growth of the industry across the UK. This national strategy has seen integration across policy makers, regulators, industry associations, and other players in the Asset & Wealth management space in striving to achieve a common goal.

The tax treatment of funds domiciled in the UK is also an attractive drawcard for Asset & Wealth managers with numerous reliefs and exemptions meaning little tax is paid at the fund level and eliminating double-taxation at an investor level. This domestic tax policy is enhanced with a network of nearly 130 double tax treaties.

Recent changes in the approach of regulators to the industry have seen a shift from implementing new regulations towards ongoing supervision of existing requirements. With 2018 being an informal "grace period" for firms to adapt to new regulations, 2019 will be one of scrutiny and examination on how new regulations have been implemented. Should such examinations prove unsatisfactory, alterations may follow to ensure the UK remains a fund centre of choice.

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