

Oversight

Extension of VCC Grant Scheme

January 2023

Introduction

The Monetary Authority of Singapore (the MAS) has extended the Variable Capital Companies (VCC) Grant Scheme (the VCCGS) for a validity period of two years from 16 January 2023 to 15 January 2025 (the Extended VCCGS). This Oversight article canvasses key points to note regarding the Extended VCCGS.

Extension

The VCCGS was first introduced on 15 January 2020 to encourage industry adoption of the VCC framework in Singapore. It sought to achieve this by helping to defray costs involved in incorporating or registering a VCC. The VCCGS expired on 15 January 2023, and the MAS announced on 13 January 2023 that it would be extending the VCCGS for two years from 16 January 2023 to 15 January 2025 (both dates inclusive).

Changes to grant quantum

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

This is a reduction from the funding available under the VCCGS, which provided for co-funding of up to 70% of eligible expenses paid to Singapore-based service providers, and had a higher maximum grant cap of S\$150,000 per application.

Changes to eligibility

The Extended VCCGS is only available to Qualifying Fund Managers¹ that have incorporated a VCC or successfully re-domiciled a foreign corporate entity to Singapore as a VCC for the first time. Each such applicant may only apply for the Extended VCCGS for qualifying work performed in relation to one VCC.

¹ A Qualifying Fund Manager is defined as:

- I. a licensed fund management company, i.e., a holder of a capital markets services licence for fund management under section 86 of the Securities and Futures Act 2001 (SFA);
- II. a registered fund management company, i.e. a corporation which is exempted from holding a capital markets services licence under paragraph 5(1)(i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations; or
- III. a financial institution exempted under sections 99(1)(a), (b), (c) or (d) of the SFA from the requirement to hold a capital markets services licence to carry on business in fund management i.e., a bank licensed under the Banking Act 1970 (BA), a merchant bank licensed under the BA, a finance company licensed under the Finance Companies Act 1967 or a company or co-operative society licensed under the Insurance Act 1966.

Previously, an applicant could apply for the VCCGS for work done in relation to a maximum of three VCCs incorporated in or successfully re-domiciled to Singapore.

Minimum Operational Period

Qualifying Fund Managers should note that a VCC which has been awarded a grant under the Extended VCCGS must remain operational for at least a year from the date of incorporation or registration of the VCC (the Registration Date). The Qualifying Fund Manager must inform the MAS no later than one week from the date of application for winding up or the passing of resolution for a voluntary winding up if the VCC is wound up within the first year from the Registration Date. If the VCC is wound up within the first year from the Registration Date and/or the Qualifying Fund Manager fails to inform the MAS of the winding up within one week from the date of the winding up, the MAS may claw back the grant awarded under the Extended VCCGS.

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