

# S-VACC: A CLOSER LOOK AT THE SINGAPORE LEGISLATION IMPACTING FUND MANAGERS

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**June 2017**

## What is S-VACC and why is it significant?

The Singapore Variable Capital Company (S-VACC) is a new legislation for investment managers and is a solid step towards enhancing Singapore's future as the key financial centre of choice for Asian asset managers.

The S-VACC structure will be enormously helpful in the context of regional passporting. Singapore is already an active participant in regional initiatives such as the Asia Pacific Economic Cooperation (APEC) Region Funds Passport (ARFP) and the ASEAN CIS (Association of Southeast Asian Nations Collective Investment Schemes) framework.

MAS (Monetary Authority of Singapore) is also at the forefront of encouraging FinTechs and has set up a FinTech Regulatory Sandbox to facilitate the experimentation which will further Singapore as a Smart Financial Centre.

## How does S-VACC impact fund managers?

The proposal is for S-VACCs to provide the investment management community with a versatile and fungible structure that will support traditional and alternative fund strategies, both the open-ended and close-ended funds.

## What are the trends in Singapore?

Currently investors are increasingly focusing on innovation and Sustainable Investing – such as complying with UN (United Nations) Principles for Responsible Investment or the “PRI.” In addition, in Singapore we have the Stewardship Principles for Responsible Investors (SSP). In comparison with the well-entrenched funds domiciles like Luxembourg and Ireland they're able to constantly enhance their frameworks allowing for ease of “passporting”.



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Pressure to deliver higher returns, lower fees, and provide a basket of choices are some of the traditional challenges that Asset Managers face.

FinTech can drive Fund Industry Growth: Singapore has the right ingredients in place.

### **How does BNY Mellon respond to local market initiatives?**

Singapore is a vital marketplace for our Asia Pacific growth strategy. Late last year, BNY Mellon opened its 8<sup>th</sup> Global Innovation Centre in Singapore to collaborate with clients and FinTechs on evidence based management solutions.

We have taken a keen interest to ensure that our activities are developed in line with legislative initiatives like the S-VACC.

And we stand ready to collaborate with the investment management community and the regulator to share our insights on asset servicing

### **What are the next steps?**

The announcement of S-VACCs was made on 23 March 2017 by Singapore Minister for National Development and Second Minister for Finance, Mr. Lawrence Wong.

The public consultation ended on 24 April 2017. We are now waiting for the publication of the MAS response to the public consultation. The MAS will issue their response after concluding a thorough review of the feedback received from the market. The S-VACC Act which is currently in draft form and subject to change can then be introduced into legislation. We anticipate this to occur sometime in 2018.

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