

## **New Regulatory Regime for Venture Capital Fund Managers (VCFM Regime)**

VCFM who wish to operate under the new VCFM Regime must satisfy the following requirements:

<b>Fund Investment Restrictions</b>	<ul style="list-style-type: none"> <li>• VCFM may only manage funds that: <ul style="list-style-type: none"> <li>(a) invest at least 80% of committed capital in securities that are directly issued by an unlisted business venture that has been incorporated for no more than ten years at the time of initial investment; and</li> <li>(b) be allowed to invest up to 20% of committed capital in other unlisted business ventures that do not satisfy the test at (a) above; i.e. they have been incorporated for more than ten years at the time of the initial investment, and/or the investment is made through acquisitions from other investors (e.g. other VC funds and existing owners) in the secondary market.</li> </ul> </li> <li>• VC managers should not circumvent these restrictions by setting up new companies to buy over the assets of an existing portfolio company.</li> <li>• Private equity managers are not precluded from operating under the regime as long as they are able to meet the above specified criteria.</li> </ul>
<b>Fund Size</b>	No cap on fund size and no minimum fund size.
<b>Minimum Investment Amount</b>	No minimum investment amount.
<b>Domicile of Fund</b>	No prescribed domicile of fund.
<b>Subscription Period</b>	VC funds must have a prescribed fund raising period and cannot admit investors after the final closing.
<b>Redemption</b>	Closed-end funds only, i.e. fund interests cannot be redeemable at the election of holders of units and redemption is only allowed at the end of the fund life.
<b>Type of Investors</b>	A VC fund may only be offered to accredited or institutional investors (as defined under the Securities and Futures Act, Chapter 289 of Singapore).
<b>Leverage</b>	No restriction on leverage used by a VC fund.
<b>Regulatory Supervision of VC Manager</b>	<ul style="list-style-type: none"> <li>• No prescribed competency, capital and ongoing business conduct requirements.</li> <li>• Requirement to disclose to investors (i.e. in the PPM or other offering document) that the VCFM is not subject to all of the regulatory requirements imposed on fund management companies.</li> <li>• VCFM will be listed separately on the financial institutions directory on MAS website.</li> </ul>

	<ul style="list-style-type: none"> <li>• VCFM will continue to be subject to fitness and proprietary screening of its CEO, directors, shareholders and representatives.</li> <li>• MAS retains the power to revoke the regulatory status of the VCFM and issue prohibition orders against its CEOs, directors and representatives.</li> </ul>
<p><b>Implementation</b></p>	<p>Existing licensed fund management companies or registered fund management companies need not undergo new licensing process but only need to notify MAS of their intention to convert to a VCFM by submitting Form 1V (Application for CMS licence to operate as VCFM), which can be accessed <a href="#">here</a>.</p>