

February 7, 2018

Monetary Authority of Singapore
Asset Management and Insurance Development Division
10 Shenton Way
MAS Building
Singapore 079117

Attention: Jeannie Lim
Assistant Director
Asset Management and Insurance Development Division

Dear Jeannie Lim

Feedback on Proposed Outward Re-domiciliation Framework

We refer to your email dated 1st February 2018 and we would like to provide feedback on the proposed outward re-domiciliation framework. Based on discussions with SVCA's Advocacy Committee:

1. *Would an outward re-domiciliation regime be useful for your company / industry, and why?*

An outward re-domiciliation regime would be useful for companies that want to have a more favourable regulatory and/or tax environment while retaining their corporate/legal history and branding.

Business conditions may become more suitable in another jurisdiction for the commercial objectives of a company and such a regime would facilitate the migration to other jurisdictions.

Such a regime would also be useful for companies that are targeting a listing in another jurisdiction, as well as for privately-held or family-held companies that would want to bring along their closely-held businesses when migrating to another jurisdiction.

An outward re-domiciliation regime would also provide flexibility to the extent that companies re-domiciling to Singapore would not be precluded from re-domiciling elsewhere. This flexibility would make re-domiciling to Singapore a more attractive option as companies may be more at ease knowing that such a decision is not irreversible and that the option of subsequently re-domiciling elsewhere is available to them.
2. *Would having only an inward re-domiciliation regime but no outward re-domiciliation regime have any bearing on whether your company decides to re-domicile to a certain jurisdiction? (i.e. the company may re-domicile into that country, but does not have the option to re-domicile out.) Why or why not?*

It is unlikely to have much of an impact as the commercial decision to re-domicile a company is taken after considering a host of other more material factors, including the regulatory landscape, the business landscape, ease of doing business, access to funds, manpower and skill labour, the tax landscape, infrastructure, etc.

While the ability to "reverse" the decision to re-domicile to Singapore may be a factor, it is unlikely to carry much weight considering that the initial decision to re-domicile is

based on numerous other more material factors. In the event that a decision to re-domicile to Singapore is made, such a decision is unlikely to be reversed unless some unanticipated, extraordinary event occurs.

3. *In your view, would introducing an outward re-domiciliation regime in Singapore likely lead to a net inflow or outflow of corporates?*

While our response is not supported by empirical evidence, it is our view that an outflow of corporates is possible as the “pull” factors identified in our response to question 2 above seem to be weaker than the “pull” or “push” factors identified in our response to question 1.

Whether there is a net outflow of corporates would also depend on the details of the outward re-domiciliation regime. For example, if the intention is to prevent an outflow of corporates, the outward re-domiciliation regime could impose more prohibitive conditions such as the requirement to have very high shareholder approval, the absence or resolution of all litigation prior to outward re-domiciliation, the resolution of all debt, etc. However, it bears mentioning that this may then affect the number of new Singapore incorporations as well as the number of inward re-domiciliations.

4. *Any other related feedback.*
N.A.

Yours sincerely,

Singapore Venture Capital & Private Equity Association