

Julius Bär

FAMILY OFFICE  
FROM OUR FAMILY TO YOURS

# Julius Bär

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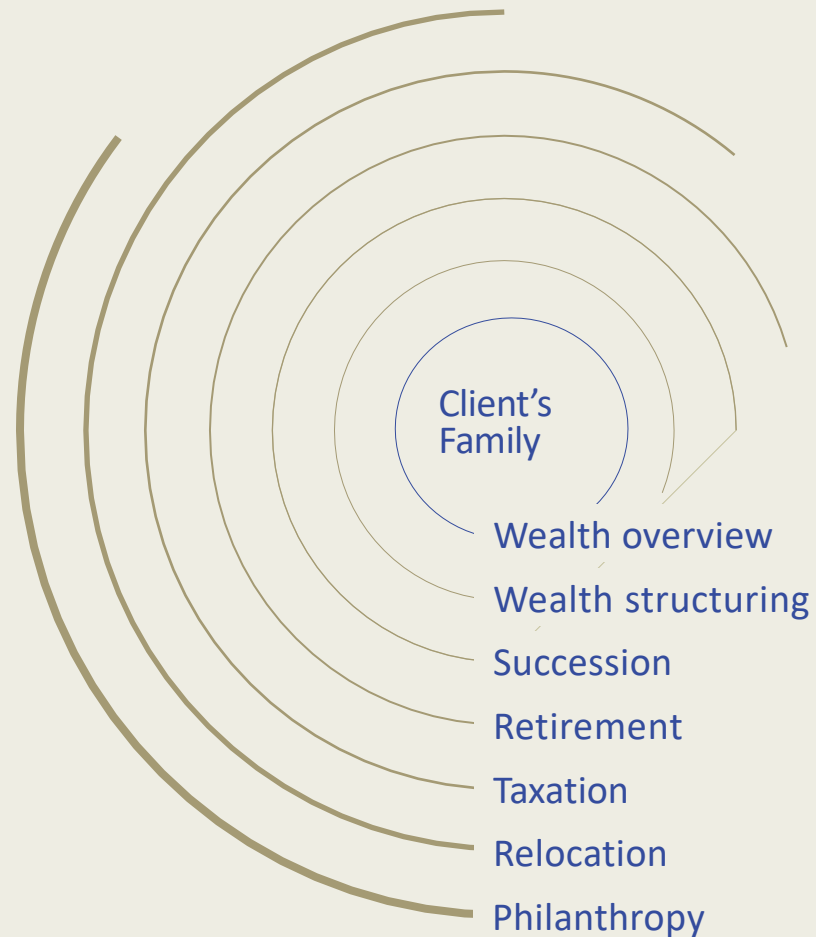
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# WEALTH PLANNING - OUR CORE SERVICES



Core  
services

## Tailored services for our clients



Note: The products and services offered depend on the domicile of the client and the legal entity of Julius Baer. Clients are to check with their relationship manager for further information on the products and services available.

## Wealth planning

### Wealth overview

Understanding our client's wealth

### Wealth structuring

Setting up the right wealth structures for our client's family or business

### Succession

Transferring our client's wealth to the next generation

### Retirement

Helping our client to provide for a comfortable future

### Taxation

Reviewing the local and cross-border tax situation with external tax specialists

### Relocation

Understanding the impact of a potential move abroad

### Philanthropy

Helping our clients to leave their marks on the world through charitable engagement

# SINGLE FAMILY OFFICE





## What is a Single Family Office?



## Single Family Office

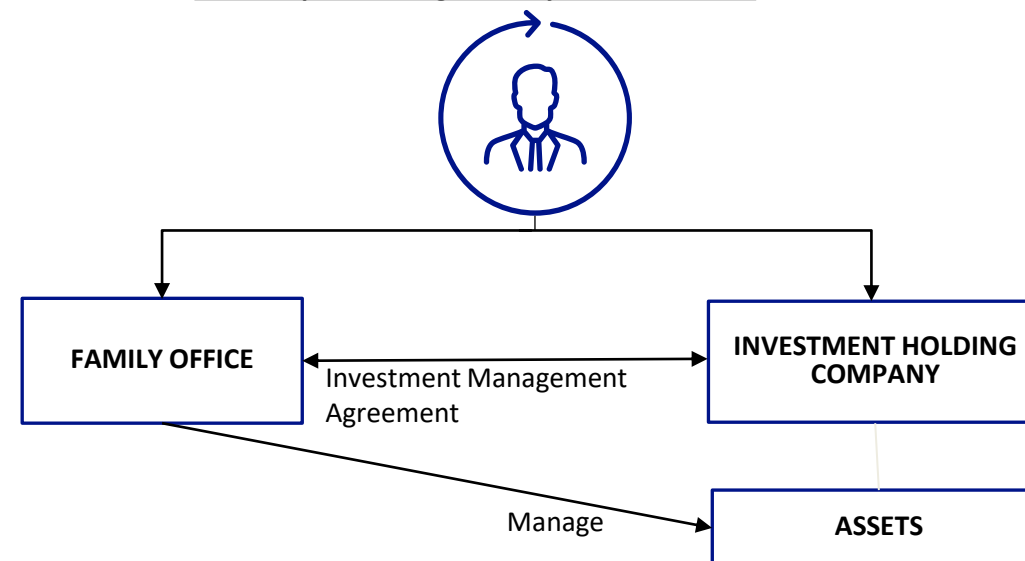
The term family office does not have a fixed definition.

It is a structure created by families to manage the affairs of the family in an organized manner.

For the purpose of clear legal segregation from the families' business operations, it usually involves setting up a legal entity which would hire the relevant family members or professionals to provide the required services to the family.

The services could include investment management, succession planning, management of tax and legal affairs, concierge, philanthropy etc.

### An example of a Single Family Office structure



# SERVICES THAT A FAMILY OFFICE MAY PROVIDE

## INVESTMENT MANAGEMENT

- Dedicated and independent office to oversee the investment of the family in a consolidated manner thereby enhancing returns
- Cater and plan for the liquidity needs of the family over time
- Family members can be appointed to direct or oversee. Professionals may also be hired in-house to manage investments. Also possible to delegate to financial institutions

## CONSOLIDATED REPORTING & RISK MANAGEMENT

- Bird's eye view of family wealth and assets
- Consolidated reporting across various financial institutions, jurisdictions, types of assets for enhanced risk management
- Historical data and performance may be harvested and customised for more efficient benchmark analysis

## FAMILY GOVERNANCE

- Develop policies and processes in line with family values and goals, to bring family closer across units and jurisdictions, given global nature of families
- Create succession planning structures for the family both in respect of family wealth and family business assets
- Train and incubate next generation of family leaders through education and investment exposure
- Design grant selection and monitoring of philanthropic activities

## LEGAL & TAX COMPLIANCE

- Enhanced compliance with ever-changing global legal, tax and regulatory landscape
- Retain legal confidentiality and control of family information
- In-house hires or appointment of professional external advisors, or a combination of both

# CONSIDERATIONS





## CONSIDERATIONS

- **Cost:** Costs of setting up and maintaining a family office, as well as meeting regulatory and compliance policies across jurisdictions, can be high and will need to be balanced against the amount of assets under management.
- **Choice of jurisdiction:** Legal and tax implications will need to be considered in setting up an appropriate structure in suitable jurisdiction, best suited to meet the family's objectives across jurisdictions, generations, and types and geographical locations of assets (liquid and illiquid) held. The licensing requirements and tax incentives available are also relevant considerations.
- **Potential loss of confidentiality across various family units:** Consolidation of family wealth across various family units may result in a loss of confidentiality across these units. If this is an issue, appropriate structuring can address these issues by, for example, allowing a master family trust to hold assets across the extended family, whilst each individual family unit can have a family trust as a beneficiary of the master family trust, to allow for planning in a confidential manner within that family unit.
- **Outsourcing functions:** Outsourcing functions may increase efficiency but increase costs as well. Keeping functions in-house may help to keep a lid on costs and maintain confidentiality, but only if there are capable and qualified family members willing to step up. Direct control over the assets are also maintained if functions are kept in-house.
- **Inclusion of estate and succession planning within the structure:** The issue of whether to keep the family trust and family office within the same structure versus separate structures needs to be considered. This should take into account objectives for both short and long term, as well as legal and tax implications vis-à-vis the jurisdiction of the operation of the family office and trust, where the various involved parties are located (nationality / residency / domicile), as well as any tax benefits that may be reaped/applied for.

# SINGAPORE SINGLE FAMILY OFFICE





## WHY SINGAPORE FAMILY OFFICE

- **International financial and business hub:** Singapore is an established international financial and business hub with substantive economic activities and vibrant wealth management sector. 80 of the world's top 100 tech companies are in Singapore. As Singapore becomes the hub for international deal making and funding, there is also access to deals be it early stage PE, impact and other investments.
- **Strong rule of law and clear regulatory regime:** Singapore has a strong rule of law with stable dispute resolution framework for both court and arbitration processes, for cross-border and international disputes. Single family offices can be structured to qualify for an exemption from licensing requirements for the provision of fund management and financial advisory services.
- **Competitive tax regime:** Several tax exemption schemes are available for qualifying funds to attract and promote Singapore as the place to set up a family office and/or manage wealth.
- **Extensive network of tax treaties:** Qualifying funds may take advantage of Singapore's extensive double tax treaty network with over 90 countries for direct investments into various countries like China, India and Indonesia, and may pay less withholding tax on certain categories of income and capital gains.
- **Global Connectivity:** Gateway to Asia with connectivity to the rest of the world.
- **International Talent support:** Singapore has a wealth of talent with strong industry expertise in investment, trust, administration etc. to support the family office. Access to international legal, tax and other requirements of the family from regional countries, often working with the family's domestic family office staff in the country of origin. Exposure to best in class practices and structures.
- **Relocation Planning:** According to the Global Peace Index, Singapore is one of the safest countries in the world to live in. Family members who wish to reside in Singapore can be employed by the Singapore family office and apply for an employment pass or obtain Permanent Resident status through the Global Investor Programme.

# TAX INCENTIVE OVERVIEW



## TAX INCENTIVES & EXEMPTION SCHEMES

Singapore is widely considered as a preferred location for families to establish their family offices. A Singapore family office may have a taxable presence in Singapore if it manages funds out of Singapore – such income and gains derived may be considered as Singapore sourced and be liable to Singapore tax accordingly.

There are a number of tax incentive schemes that can work to **eliminate/reduce the tax liability**, so long as certain conditions are met. There are three main tax exemption schemes for qualifying funds managed by Singapore-based fund managers, as elaborated below. Under these schemes, “**specified income**” derived from “**designated investments**” as defined in the Income Tax (Exemption of Income of Prescribed Persons Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 are exempt from tax.

Three Main Tax Incentive & Exemption Schemes in Singapore		
Offshore Fund Tax Exemption Scheme	Resident Fund Tax Exemption Scheme	Enhanced-Tier Fund Tax Exemption Scheme
Section 13D Income Tax Act	Section 130 Income Tax Act	Section 13U Income Tax Act

## BRIEF OVERVIEW

	Section 13D Fund Offshore	Section 13O Fund Resident	Section 13U Tier Fund Enhanced
Legal Form	<ul style="list-style-type: none"> <li>• Individual</li> <li>• Company</li> <li>• Trust</li> </ul>	Singapore-incorporated company	<ul style="list-style-type: none"> <li>• No restriction on legal form</li> <li>• Managed accounts</li> </ul>
Fund Residence	Not resident in Singapore	Resident in Singapore	No restriction
MAS Approval	Not required – only notification to MAS required prior to commencement	Application to MAS for approval required	Application to MAS for approval required, involving at least one interview with MAS
Ownership	<ul style="list-style-type: none"> <li>• No restriction</li> <li>• However, “non-qualifying investors” are liable to pay a financial penalty<sup>#</sup> to IRAS</li> </ul>	<ul style="list-style-type: none"> <li>• No restriction</li> <li>• However, “non-qualifying investors” are liable to pay a financial penalty<sup>#</sup> to IRAS</li> </ul>	No restriction

<sup>#</sup> This penalty does not apply to certain classes of investors, eg. an individual or a bona fide entity not resident in Singapore who does not have a permanent establishment in Singapore (other than a fund manager) and does not carry on a business in Singapore.



## BRIEF OVERVIEW

	Section 13D Fund Offshore	Section 130 Fund Resident	Section 13U Enhanced Tier Fund
Singapore-based fund administrator	No requirement	Singapore based fund administrator	Yes if the fund is a company incorporated in Singapore, with its tax residency in Singapore, where the control and management of its business is exercised in Singapore
Reporting requirements to investors	<ul style="list-style-type: none"> <li>Annual statement to each investor</li> <li>Annual declaration to IRAS for non-qualifying investors</li> </ul>	<ul style="list-style-type: none"> <li>Annual statement to each investor</li> <li>Annual declaration to IRAS for non-qualifying investors</li> </ul>	Not applicable
Regulatory filing	<ul style="list-style-type: none"> <li>Annual tax return to IRAS</li> </ul>	<ul style="list-style-type: none"> <li>Annual tax return to IRAS</li> <li>Annual declaration to MAS</li> </ul>	<ul style="list-style-type: none"> <li>Annual tax return to IRAS</li> <li>Annual declaration to MAS</li> </ul>
Access to Singapore Double Tax Treaty Network	Not possible	Possible	Possible if conditions are met

# REVISED QUALIFYING CONDITIONS FOR SINGLE FAMILY OFFICES APPLYING FOR THE TAX INCENTIVES FOR FUNDS

	Section 13D Offshore Fund	Section 13O Resident Fund	Section 13U Enhanced Tier Fund
		Fund managed by exempt SFO	Fund managed by exempt SFO
Fund Vehicle	Any	Singapore incorporated and tax resident company	Any
Minimum Assets Under Management ("AUM")	No minimum	SGD 20 million in Designated Investments (see Appendix 1) at the point of application and throughout the incentive period	SGD 50 million in Designated Investments (see Appendix 1) at the point of application and throughout the incentive period
Minimum Headcount of Fund Manager / SFO	Holds CMS licence or exempted from such requirement	2 Singapore tax resident investment professionals, at least 1 being a non-family member, employed by Family Office at the point of application and throughout the incentive period	3 Singapore tax resident investment professionals, at least 1 being a non-family member, employed by Family Office at the point of application and throughout the incentive period
Minimum Business Spending per Financial Year	No minimum	Tiered Spending Requirement (see Appendix 2), with minimum SGD 200,000 in local business spending	Tiered Spending Requirement (see Appendix 2). Minimum business spending of SGD500,000 of which minimum SGD 200,000 has to be in local business spending
		Donations to local charities and grants to blended finance structures with substantial involvement of financial institutions in Singapore are recognised in Tiered Spending Requirement computation (see Appendix 2)	

# REVISED QUALIFYING CONDITIONS FOR SINGLE FAMILY OFFICES APPLYING FOR THE TAX INCENTIVES FOR FUNDS

	Section 13D Fund	Offshore	Section 13O Fund	Resident	Section 13U Fund	Enhanced Tier
			Fund managed by exempt SFO		Fund managed by exempt SFO	
Capital Deployment Requirement	No requirement		10% of AUM or SGD 10million, whichever is lower in:			
			<div><div>i.</div><div>Equities, REITS, Business Trusts, or ETFs listed on MAS-approved exchanges;</div></div> <div><div>ii.</div><div>Qualifying Debt Securities;</div></div> <div><div>iii.</div><div>Non-listed funds distributed by licensed financial institutions in Singapore;</div></div> <div><div>iv.</div><div>Investments into non-listed Singapore operating companies with operating business(es) and with substantive presence in Singapore;</div></div> <div><div>v.</div><div>Climate-related investments</div></div> <div><div>vi.</div><div>Blended finance structures with substantial involvement by financial institutions in Singapore</div></div>			
			Certain eligible investments will be scaled up by a multiplier when computing if the Capital Deployment Requirement Computation has been met (see Appendix 3)			

# FAMILY OFFICE ROADMAP



## ROAD MAP OF A FAMILY OFFICE

Objectives / Mission	Governance	Setup and structuring	Infrastructure	Investment Management	Risk Management	Counter-parties	Philanthropy	Costs
Purpose of Family Office	Investment Management Framework	Licensing <ul style="list-style-type: none"> <li>Exemption</li> </ul>	Staffing (Job role)	Responsible / Impact Investing	<ul style="list-style-type: none"> <li>Mitigation of: <ul style="list-style-type: none"> <li>Financial Risk</li> <li>Market Risk</li> <li>Internal control process</li> <li>Counterparty risk</li> <li>Cybersecurity risk</li> </ul> </li> </ul>	Family Network	Donor Advised Funds	Insourcing vs Outsourcing
Expectations	Family Governance	Structure <ul style="list-style-type: none"> <li>Trust</li> <li>Private Fund Vehicle</li> </ul>	Systems <ul style="list-style-type: none"> <li>Trading</li> <li>Reporting</li> </ul>	Private Markets		Family Experts	Qualifying Grantmaker	Setup costs
		Tax issues <ul style="list-style-type: none"> <li>Tax incentives</li> </ul>	Office Space	Co-Investment				Ongoing costs
			Bank account opening	Investment Financing				

## Family governance

We help clients to set up the right governance structure to professionalise the management of their family wealth and to ensure alignment among family stakeholders.

We identify the right external partners for our client's family to address topics such as:

setting up a family policy and constitution

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providing relevant education to family members

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having the right succession plans in place

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holding family councils and assemblies

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planning and setting up family structures, including family offices

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Family office services **Family network**

- We offer an exclusive platform for selected families to meet with Bär family members, Julius Baer senior management as well as peer families from all over the world at dedicated events
- We bring our most valued clients together with recognised academic and industry experts
- We offer dedicated educational and networking opportunities, suited to different generations of client families

## Family experts

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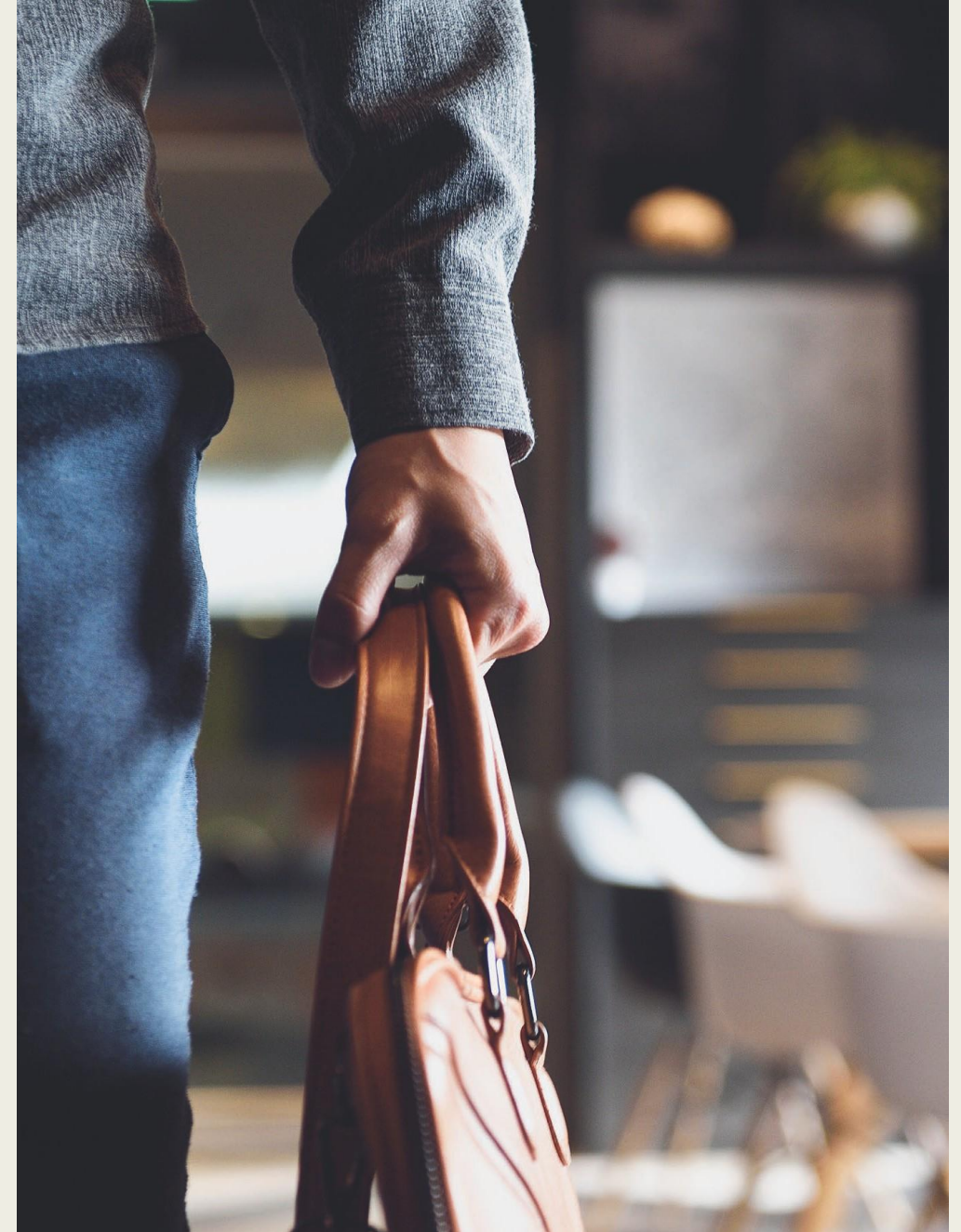
We help families to identify appropriate experts for family-related needs that are not covered by us directly

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We offer a professional due diligence and selection process to identify the most suitable experts tailored to our client's family's needs

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Services may include family governance experts, administrative services, concierge, and lifestyle services, digital solutions and others







## Philanthropic objectives

If our client's aim is to do good for society and the environment with a clear family strategy for philanthropy and responsible investing

We have extensive experience in implementing philanthropic objectives for our clients. Our experts help our client to define and realise their family's philanthropic goals

In addition, we are committed to responsible investing. Incorporating the environmental, social and governance (ESG) perspective is the foundation for two increasingly popular strategies:

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Sustainable investing, with focus on ESG leaders, i.e. companies that show sustainability in their products and services as well as business operations

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Impact investing, focusing on 'doing good', i.e. having a purpose beyond achieving financial returns

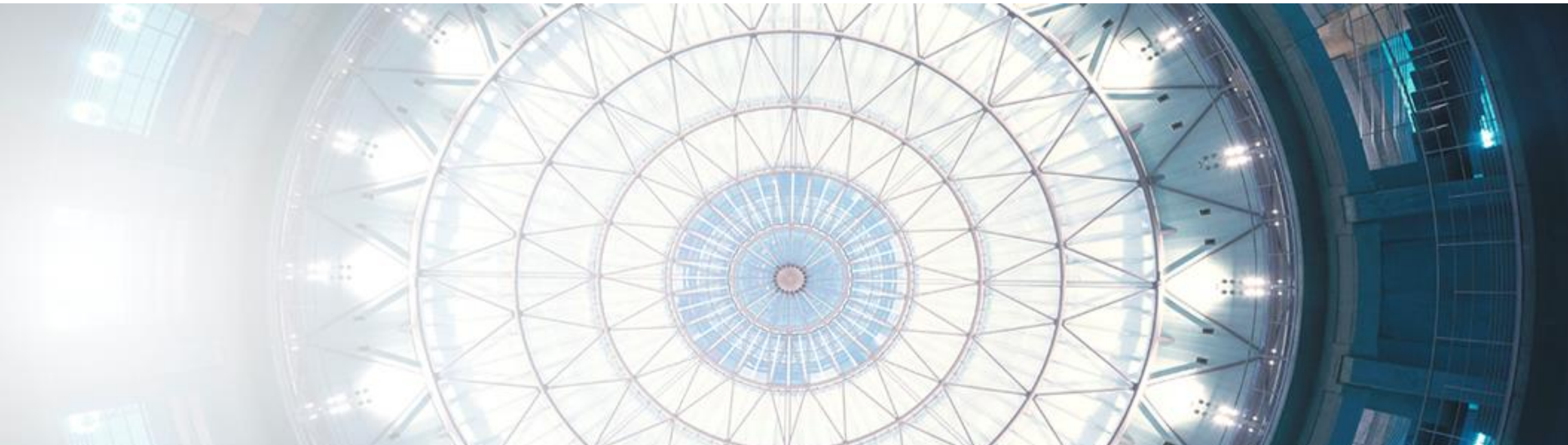
# APPENDIX



# Julius Bär

## APPENDIX 1

### DESIGNATED INVESTMENTS



## DESIGNATED INVESTMENTS

The following is a list of “**Designated Investments**” on or after 19 February 2022:

- a) Stocks and shares of any company, other than an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- b) Debt securities (ie. bonds, notes, commercial papers, treasury bills and certificates of deposits), other than non-qualifying debt securities issued by an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- c) Units in real estate investment trusts and exchange traded funds constituted in the form of trusts and other securities (not already covered in other subparagraphs of this list) but excludes any securities issued by any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- d) Futures contracts held in any futures exchanges;
- e) Immovable property situated outside Singapore;
- f) Deposits placed with any financial institution;
- g) Foreign exchange transactions;
- h) Interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and financial derivatives;
- i) Units in any unit trust, except:
  - i. A unit trust that invests in Singapore immovable properties;
  - ii. A unit trust that holds stocks, shares, debt or any other securities, that are issued by any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development); and
  - iii. A unit trust that grants loans that are excluded under (j);



## DESIGNATED INVESTMENTS (CONT'D)

- j) Loans, except:
  - i. Loans granted to any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
  - ii. Loans to finance/refinance the acquisition of Singapore immovable properties; and
  - iii. Loans that are used to acquire stocks, shares, debt or any other securities, that are issued by an unlisted company that is in the business of trading or holding or Singapore immovable properties (other than one that is in the business of property development);
- k) Commodity derivatives;
- l) Physical commodities other than physical investment precious metals mentioned in (z), if:
  - i. The trading of those physical commodities by the prescribed person, approved company or approved person in the basis period for any year of assessment is done in connection with and is incidental to its trading of commodity derivatives (referred to in this paragraph as related commodity derivatives) in that basis period; and
  - ii. The trade volume of those physical commodities traded by the prescribed person, approved company or approved person in that basis period does not exceed 15% of the total trade volume of those physical commodities and related commodity derivatives traded in that basis period;
- m) Units in a registered business trust;
- n) Emission derivatives and emission allowances;
- o) Liquidation claims;
- p) Structured products;

## DESIGNATED INVESTMENTS (CONT'D)

- q) Islamic financial products and investments in prescribed Islamic financing arrangements under Section 34B of the ITA that are commercial equivalents of any of the other designated investments specified in this list;
- r) Private trusts that invest wholly in designated investments;
- s) Freight derivatives;
- t) Publicly-traded partnerships that do not carry on any trade, business, profession or vocation in Singapore;
- u) Interests in limited liability companies that do not carry on any trade, business, profession or vocation in Singapore;
- v) Bankers' acceptances issued by financial institutions;
- w) Accounts receivables and letters of credit; and
- x) Interests in Tokumei Kumiai ("TK") and Tokutei Mokuteki Kaisha ("TMK").
- y) Non-publicly-traded partnerships that:
  - i. Do not carry on a trade, business, profession or vocation in Singapore; and
  - ii. Invest wholly in designated investments specified in this list; and
- z) Physical investment precious metals, if the investment in those physical investment precious metals does not exceed 5% of the total investment portfolio, calculated in accordance with the formula  $A \leq 5\% \text{ of } B$ , where –
  - i. A is the average month-end value of the total investment portfolio in physical IPMs over the basis period; and
  - ii. B is the value of the total investment portfolio as at the last day of the basis period.

## SPECIFIED INCOME

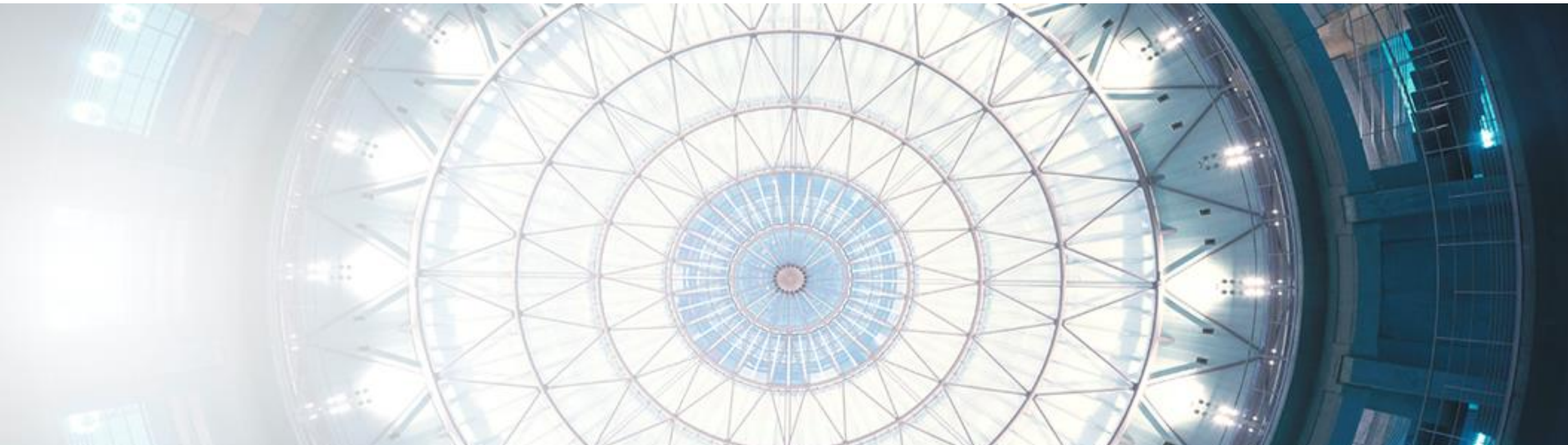
Any income or gains derived on or after 19 February 2022 from Designated Investments specified earlier will be regarded as “**Specified Income**” except for the following:

- a) Distributions made by a trustee of a real estate investment trust that is listed on the Singapore Exchange;
- b) Distributions made by a trustee of a trust who is a resident of Singapore or a permanent establishment in Singapore, other than a trust that enjoys tax exemption under sections 13D, 13F, 13L or 13U of the ITA;
- c) Income or gain derived or deemed to be derived from Singapore from a publicly-traded partnership and/or non-publicly traded partnership, where tax is paid or payable in Singapore on such income of the partnership by deduction or otherwise; and
- d) Income or gain derived or deemed to be derived from Singapore from a limited liability company, where tax is paid or payable in Singapore on such income of the limited liability company by deduction or otherwise.

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## APPENDIX 2

### TIERED SPENDING REQUIREMENT COMPUTATION



# TIERED SPENDING REQUIREMENT COMPUTATION

	AUM<SGD50million	SGD50million<= AUM < SGD100million	AUM>=SGD100million
Spending Requirement of the Fund in each Year of Assessment	>=SGD200,000	>=SGD500,000	>=SGD1,000,000
Spending Requirement may be met by:	<div>Local Business Spending</div> <div>&gt;=SGD200,000</div>	<div>Local Business Spending</div> <div>&gt;=SGD200,000</div> <div>+</div> <div>Local Donations</div> <div>Grants to Blended Finance (recognised as 2x spending)</div> <div>=</div> <div>&gt;=SGD500,000</div>	<div>Local Business Spending</div> <div>&gt;=SGD200,000</div> <div>+</div> <div>Local Donations</div> <div>Grants to Blended Finance (recognised as 2x spending)</div> <div>=</div> <div>&gt;=SGD1,000,000</div>



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## APPENDIX 3

### CAPITAL DEPLOYMENT REQUIREMENT





## CAPITAL DEPLOYMENT REQUIREMENT

2x Multiplier	1.5x Multiplier	1x Multiplier
<ul style="list-style-type: none"> <li>• Deeply concessional capital in blended finance structures with substantial involvement of financial institutions in Singapore</li> <li>• Equities listed on MAS-approved exchanges</li> <li>• ETFs with primary mandates to invest in Singapore-listed equities on MAS-approved exchanges</li> <li>• Non-listed funds distributed by licensed financial institutions in Singapore with primary mandates to invest in Singapore-listed equities on MAS-approved exchanges</li> </ul>	<ul style="list-style-type: none"> <li>• Concessional Capital in blended financial structures with substantial involvement of financial institutions in Singapore</li> </ul>	<ul style="list-style-type: none"> <li>• REITS, Business Trusts, or ETFs (whose primary mandate is not to invest in Singapore-listed equities) listed on MAS-approved exchanges</li> <li>• Qualifying Debt Securities</li> <li>• Non-listed funds distributed by licensed financial institutions in Singapore (with no primary mandates to invest in Singapore-listed equities)</li> <li>• Investments into non-listed Singapore operating companies with operating business(es) and with substantive presence in Singapore</li> <li>• Climate-related investments</li> <li>• Non-Concessional Capital in blended financial structures with substantial involvement of financial institutions in Singapore</li> </ul>

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## APPENDIX 4

### PHILANTHROPY TAX INCENTIVE SCHEME FOR FAMILY OFFICES

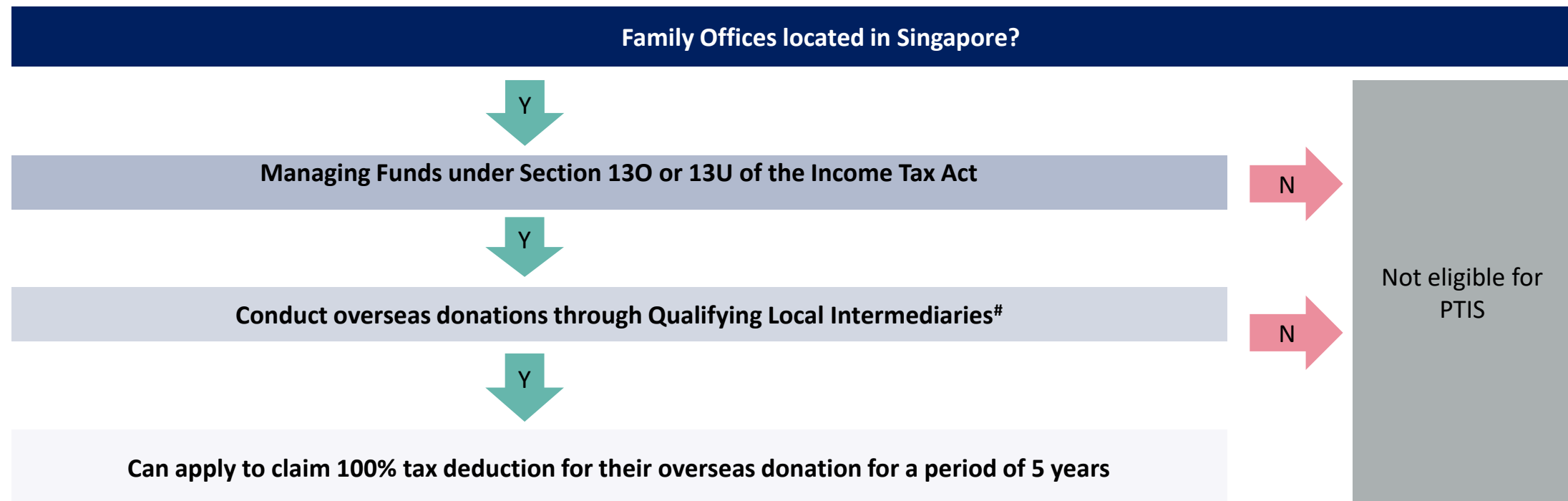


## PHILANTHROPY TAX INCENTIVE SCHEME (“PTIS”)

To encourage greater philanthropic giving amongst Single Family Offices and to grow the philanthropic capabilities in Singapore, the Minister of Finance, during Budget 2023, introduced the **Philanthropy Tax Incentive Scheme** for Family Offices (“PTIS”) operating in Singapore.

The scheme is currently applicable to Single Family Offices in Singapore who are managing funds exempted under the Section 130 or Section 13U of the Income Tax Act. These Single Family Offices can apply for 100% tax deduction on their overseas donations made through Qualifying Local Intermediaries so long as certain conditions, **on top of their existing commitments** under Section 130 or Section 13U, are met.

The tax deduction is capped at **40% of the Approved Qualifying Donor’s statutory income** and is valid for **5 years** from the PTIS commencement date.



# List of Qualifying local Intermediaries will be available on MAS website

## BRIEF OVERVIEW

	PTIS
<b>Qualifying Donor</b>	<p><u>One</u> of the following:</p> <ul style="list-style-type: none"> <li>a. The SFO of the Section 130 or Section 13U fund;</li> <li>b. An Ultimate Beneficial Owner (“UBO”) of the Section 130 or Section 13U fund;</li> <li>c. A Beneficiary of the Section 130 or Section 13U fund; or</li> <li>d. A related Family Business (i.e. an unlisted corporate entity based in Singapore and whose largest shareholder belongs to the same family as the UBO(s) or Beneficiary(ies) of the Section 130 and Section 13U fund)</li> </ul>
<b>Philanthropy Professional</b>	<p>SFO are required to appoint and maintain 1 Philanthropy Professional at the point of application and throughout its incentive approval period. In the event that the SFO is unable to fulfil this criterion at the point of application, the SFO can be granted a 6 month in-principle approval to fulfil the criterion and submit necessary documentation to MAS</p>
<b>Economic Conditions</b>	<p>2 economic conditions need to be met :</p> <ul style="list-style-type: none"> <li>a. Incur an additional SGD 200,000 in local business spending</li> <li>b. Employ additional local Professional Headcount</li> </ul>
<b>Qualifying Local Intermediary</b>	<p>List of entities published on the MAS website which includes the following:</p> <ul style="list-style-type: none"> <li>a. Selected Registered and Exempt Charities with a Valid Fundraising for Foreign Charitable Purpose (“FRFCP”) Permit;</li> <li>b. Charitable Institutions and Not-for-Profit Organizations established by Financial Institutions in Singapore, as specified by MAS;</li> <li>c. Selected Grantmakers under the Ministry of Culture, Community &amp; Youth’s Grantmaker Scheme; and</li> <li>d. Other selected entities, as approved by MAS</li> </ul>

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