

GOVERNANCE & SUCCESSION  
FAMILY BUSINESS  
FAMILY OFFICE

6 / 6

24 SEP 4:00 PM (GMT + 8)

GOVERNANCE & SUCCESSION  
*Single Family Office*

MCCARTHY  
DENNING

ShookLin&Bok

PK Wong  
&Nair.

ABNR  
COUNSELLORS AT LAW

AZB & PARTNERS  
ADVOCATES & SOLICITORS

PJS  
PUYAT JACINTO &  
SANTOS  
LAW


Shearn Delamore & Co

IBDO


MORI HAMADA & MATSUMOTO

ONE  
LAW  
OFFICE


1




**Spencer Hsu**  
Deputy Director  
MAS




**Jennifer Chih**  
Partner  
PK Wong & Nair



**Zac Lucas**  
Partner  
McCarthy Denning



**Tan Woon Hum**  
Partner  
Shook Lin & Bok



**Kylie Luo**  
Executive Director  
BDO Tax Advisory

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## Agenda:

- Variable Capital Company (VCC) | Update
- The Family Office Client
- Corporate Family Office | Options
  - Effective Stewardship
  - Effective Succession
- Trust Family Office
  - Effective Stewardship
- Family Office Succession – Tax Implications

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## Variable Capital Company | Update:

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# The Family Office Client:

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## Family Office Defined

- Multi-Family Office
- Investment Office
- **Single Family Office**

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## Key Objectives

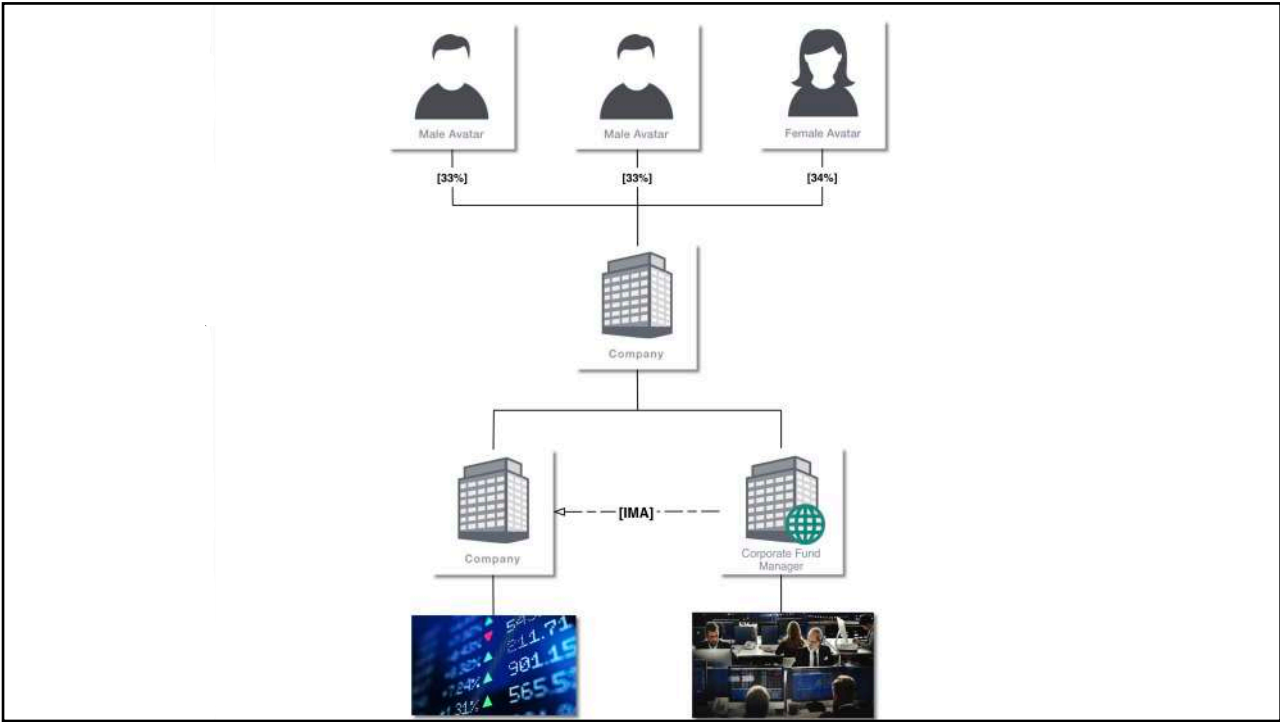
- Consolidated Asset Management
- Enhanced Investment Returns
- Cost and Efficiency Gains
- Multi-Generational:
  - **Effective Stewardship**
  - **Effective Succession**



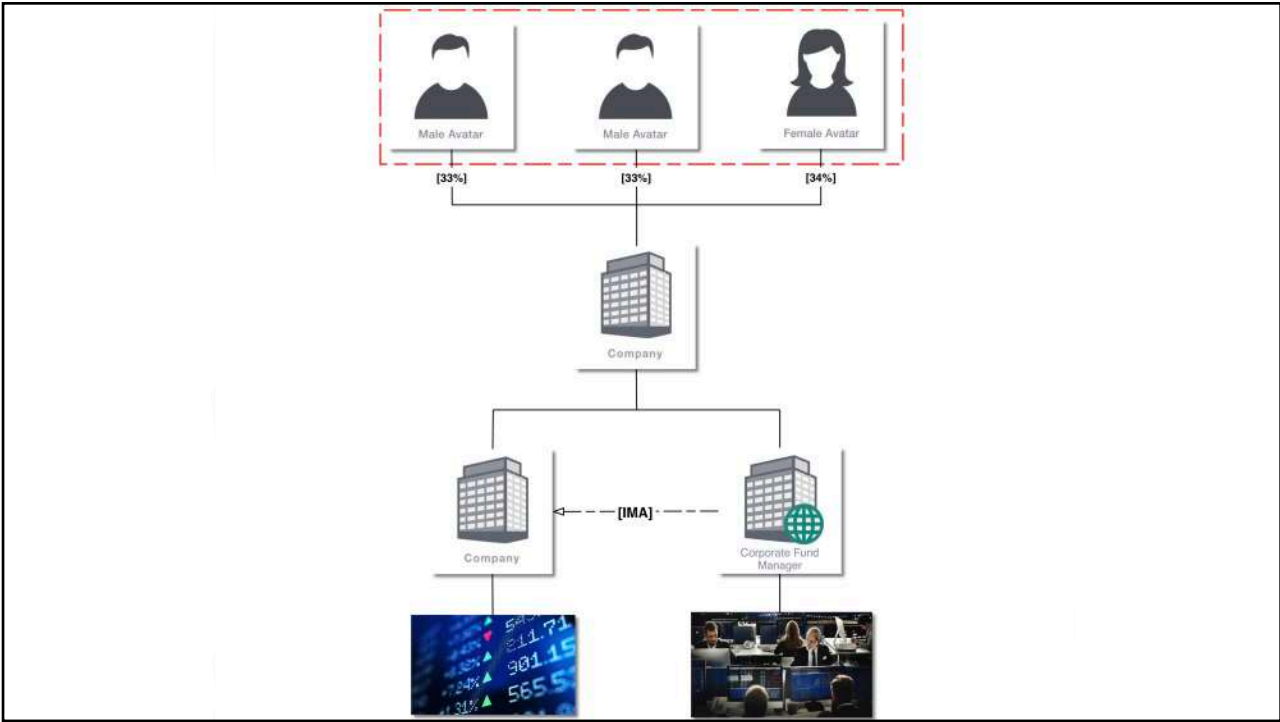
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## Corporate Family Office Options:

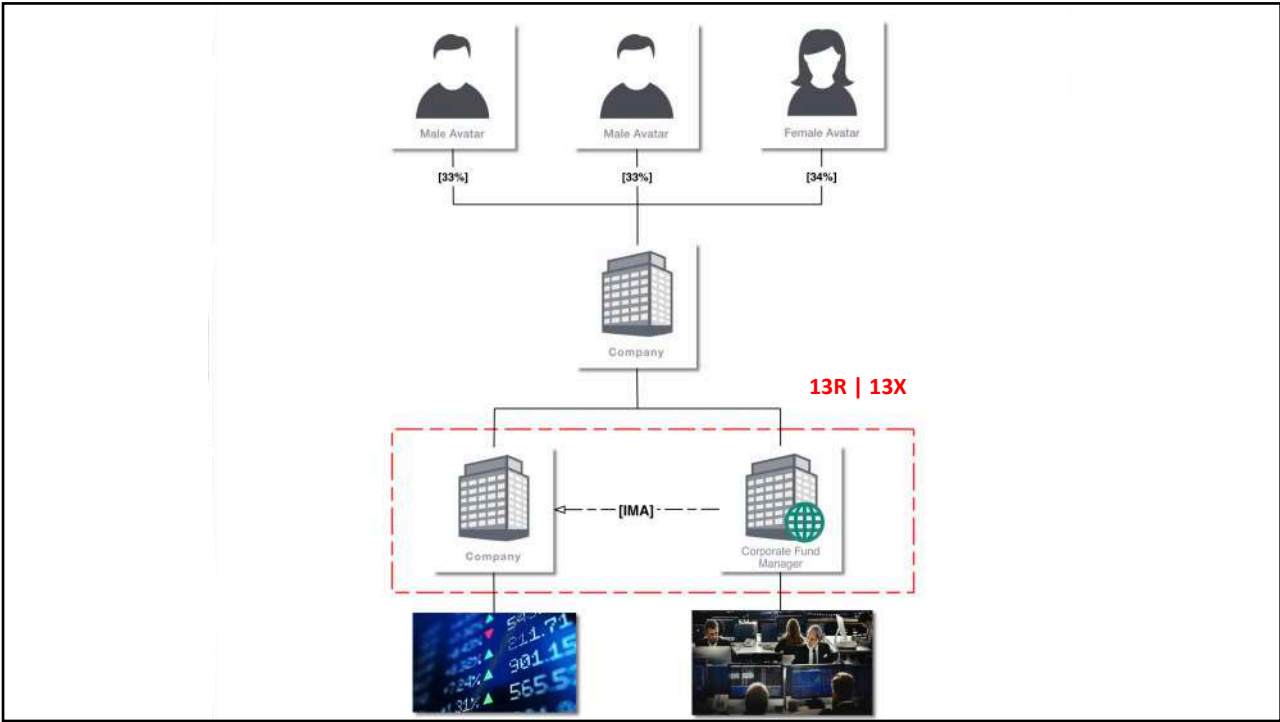
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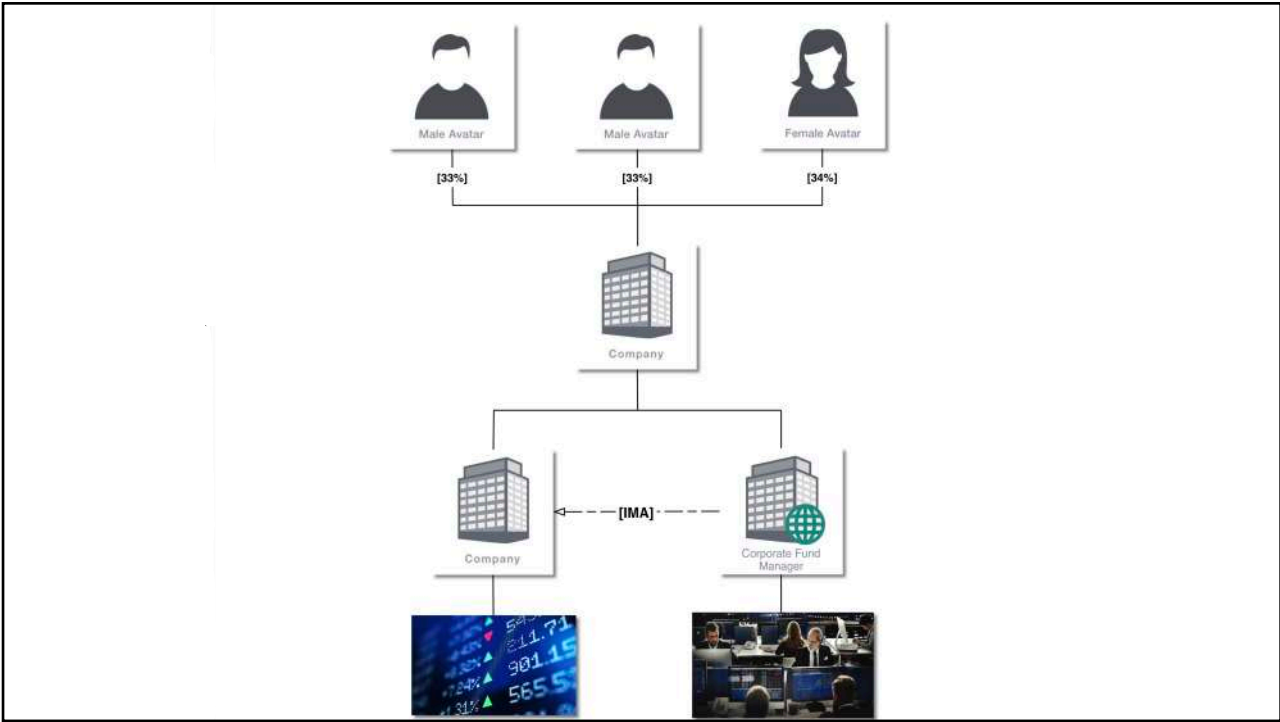
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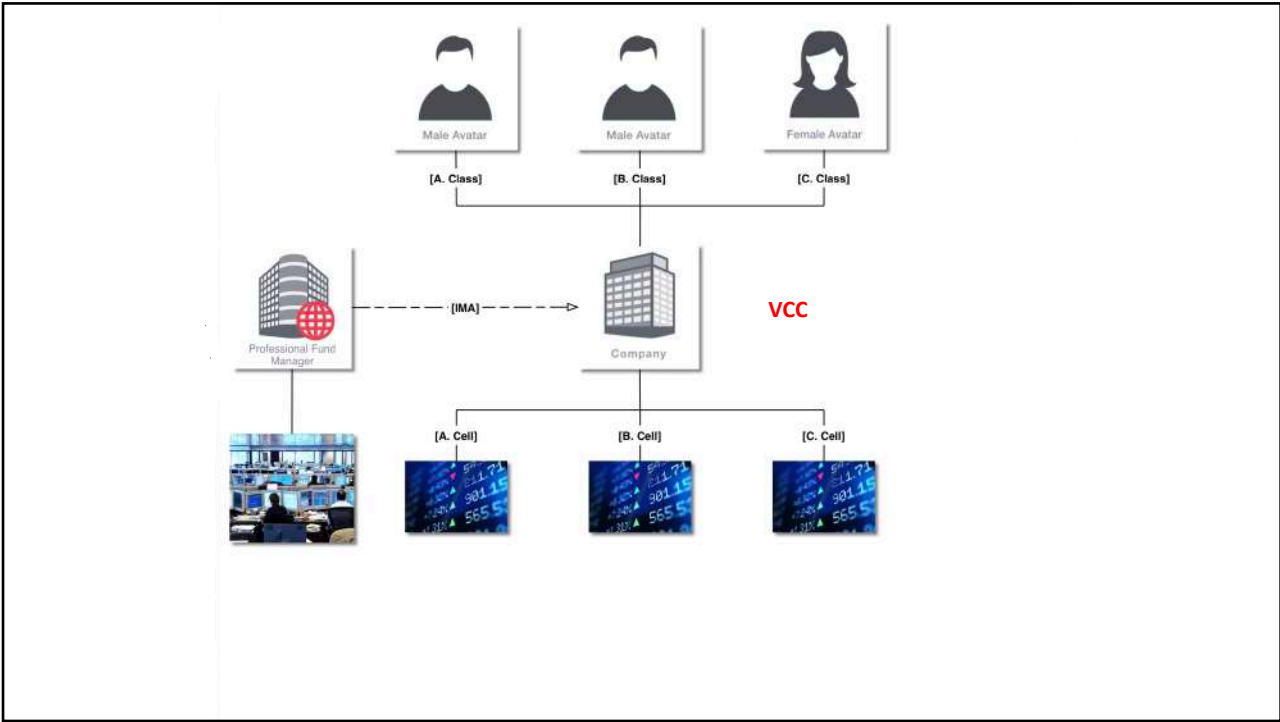
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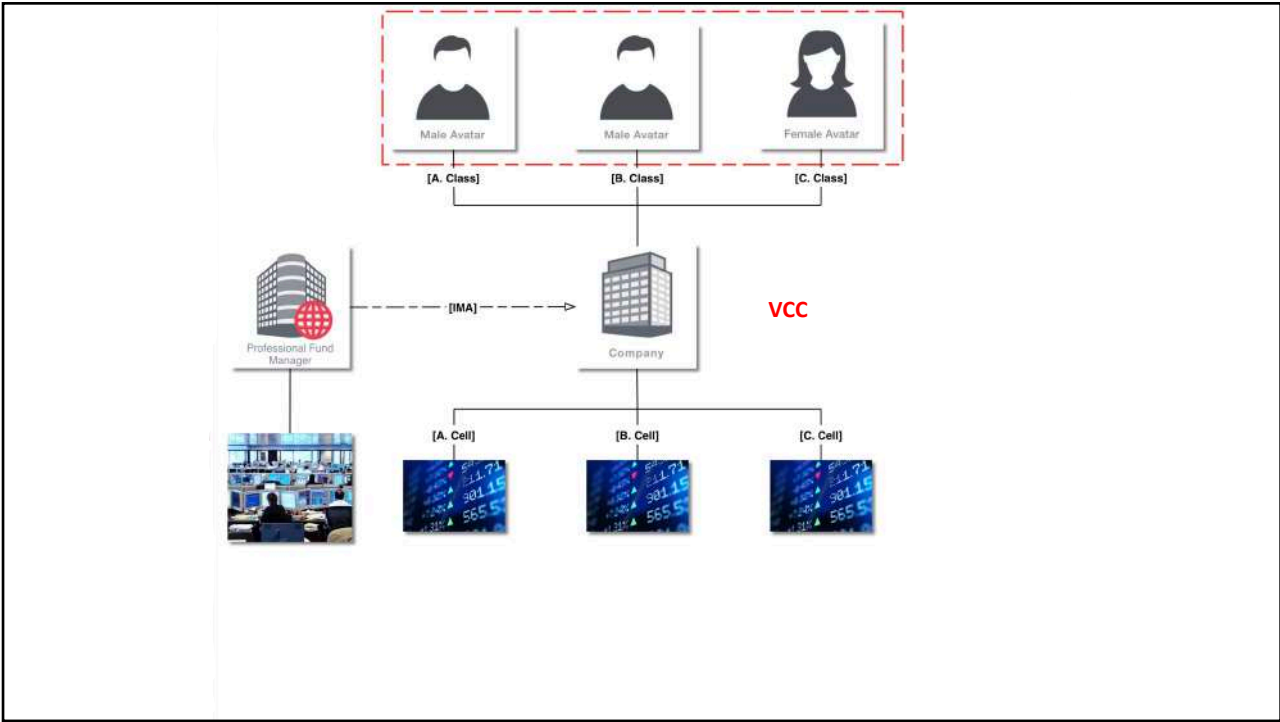
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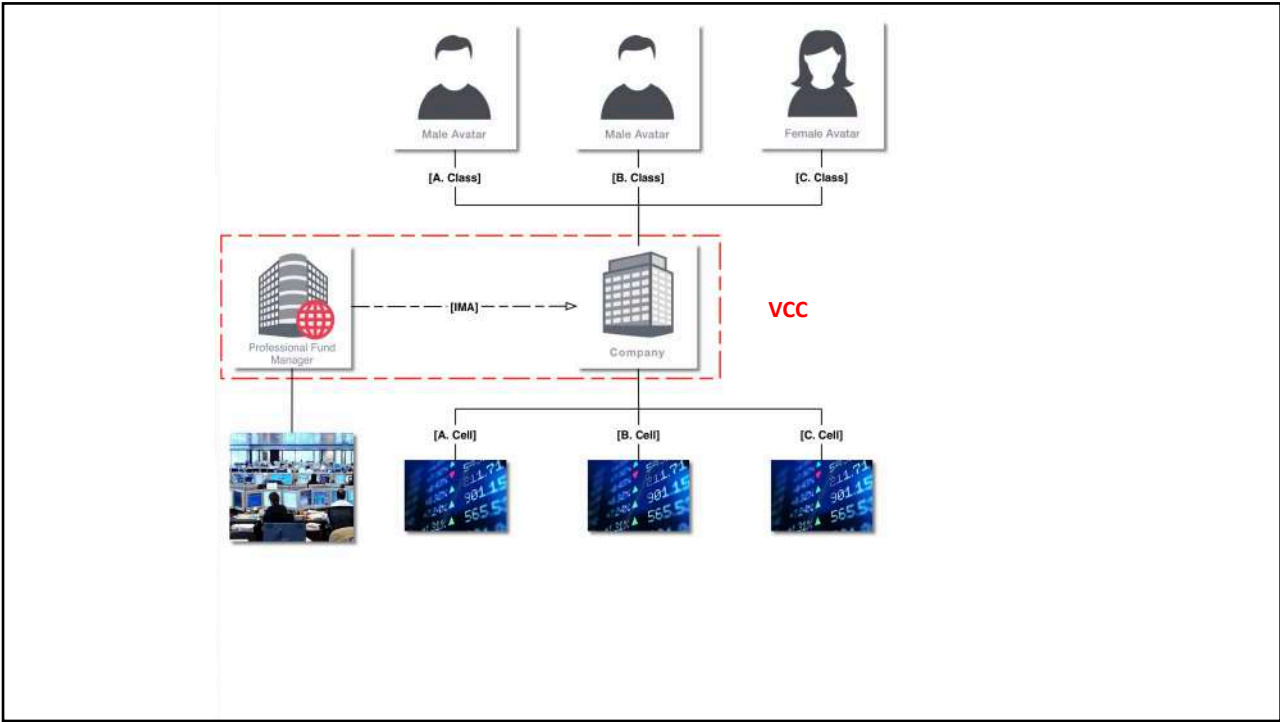
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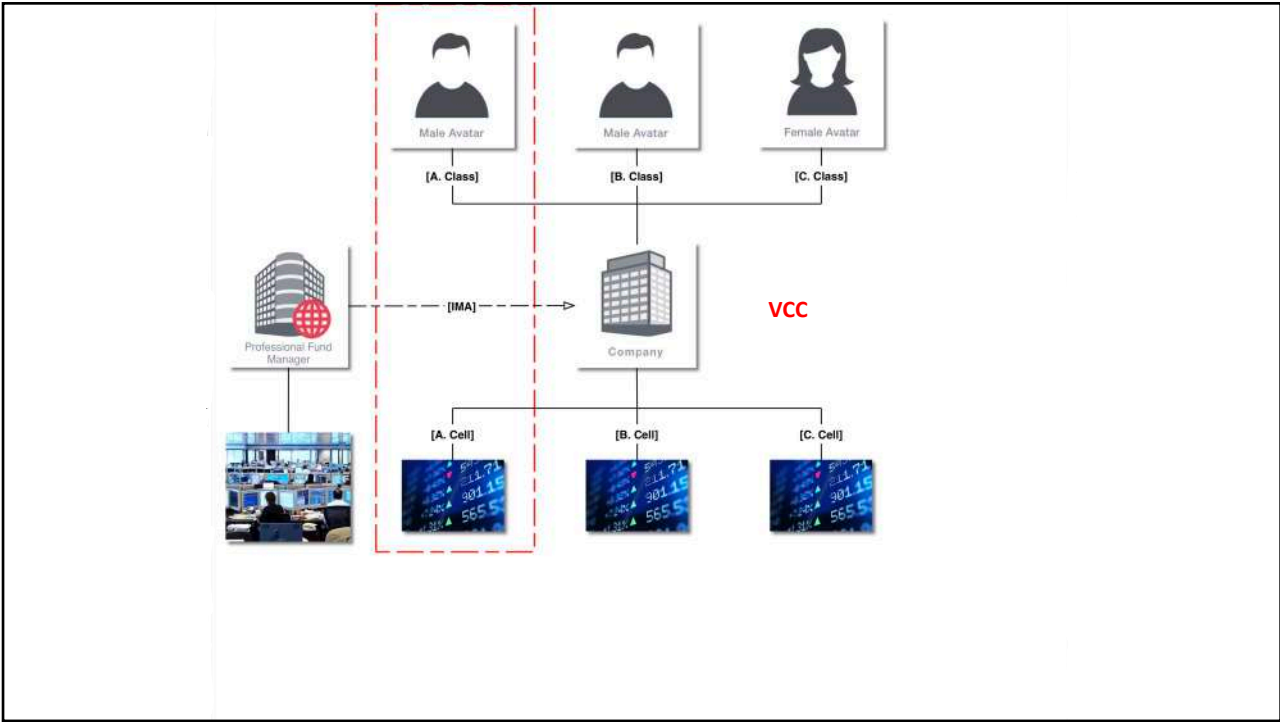
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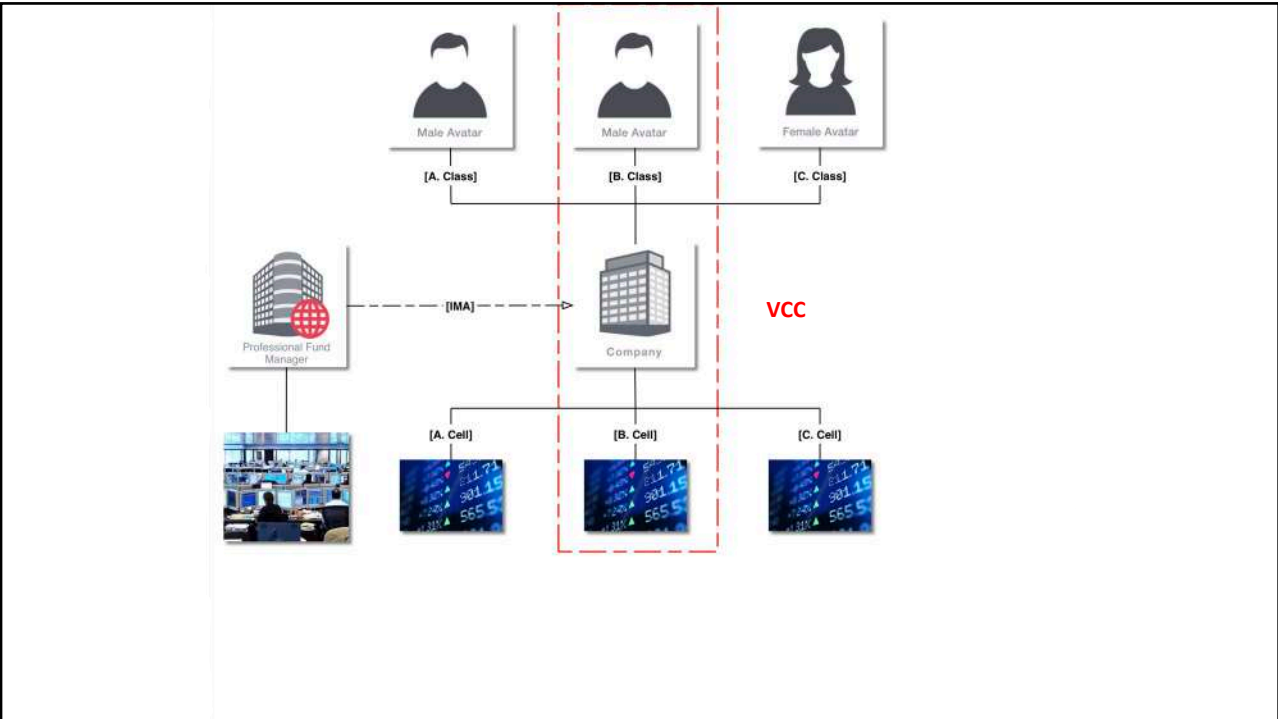


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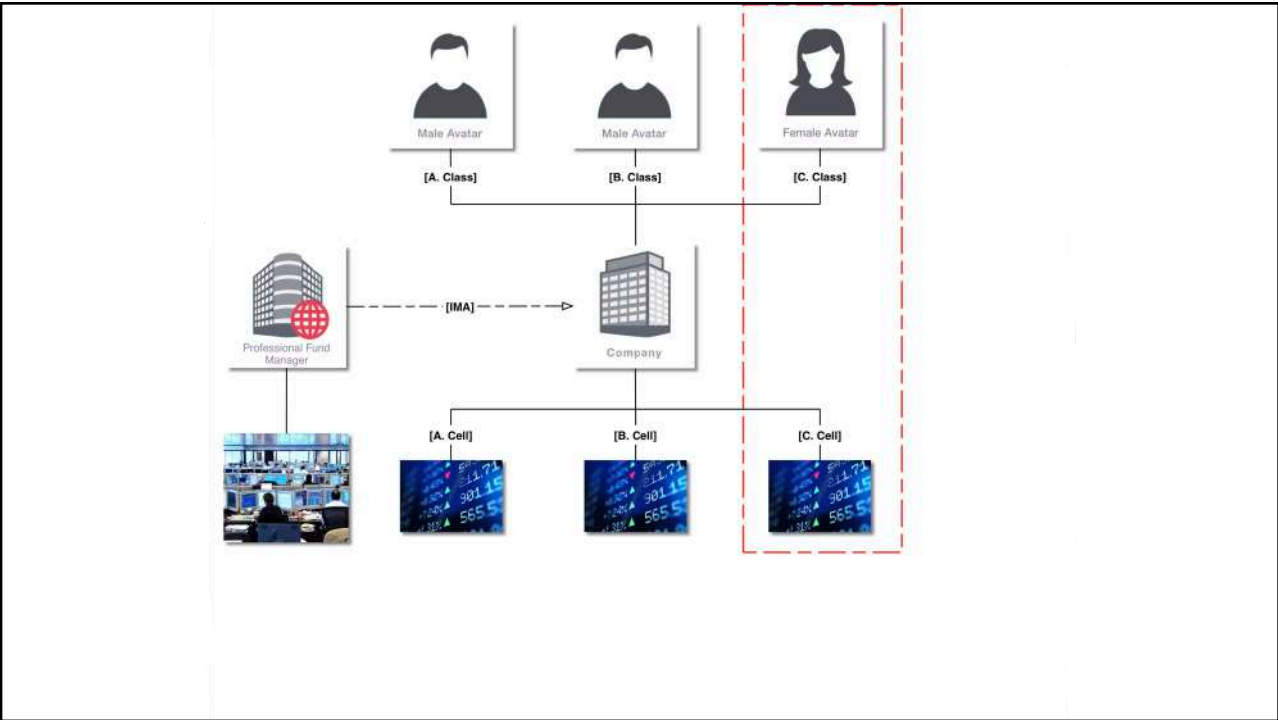


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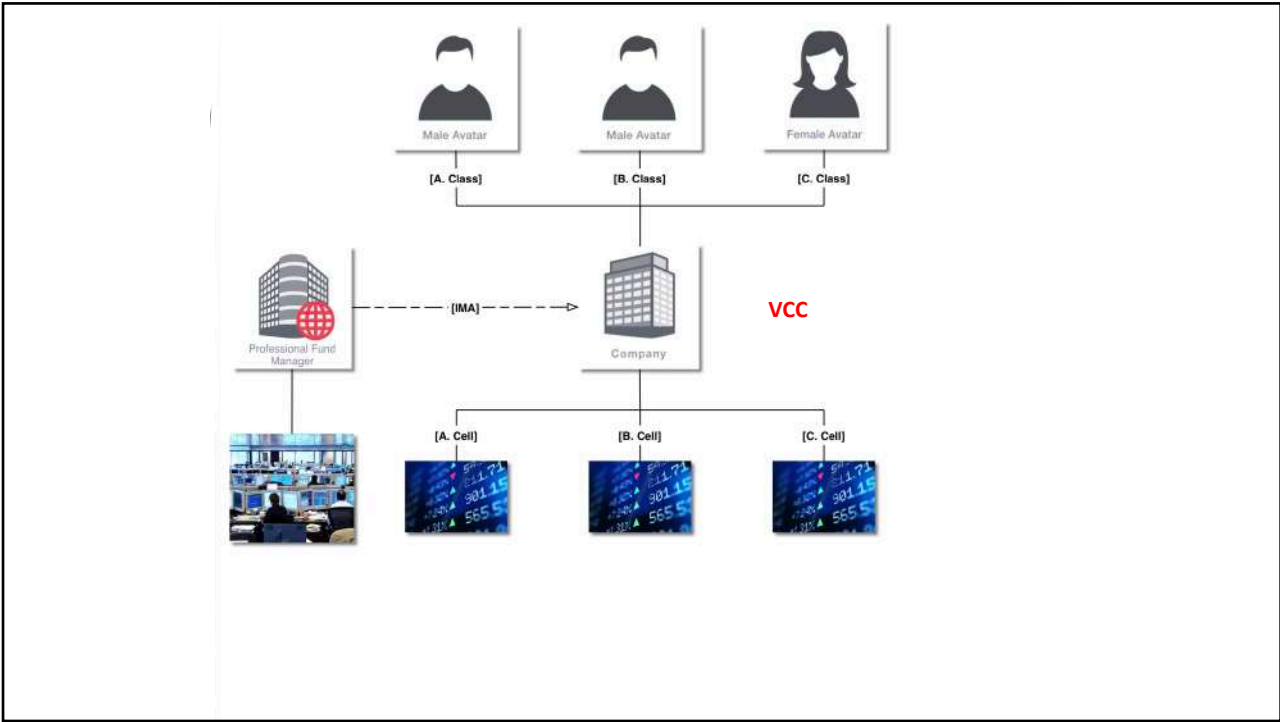




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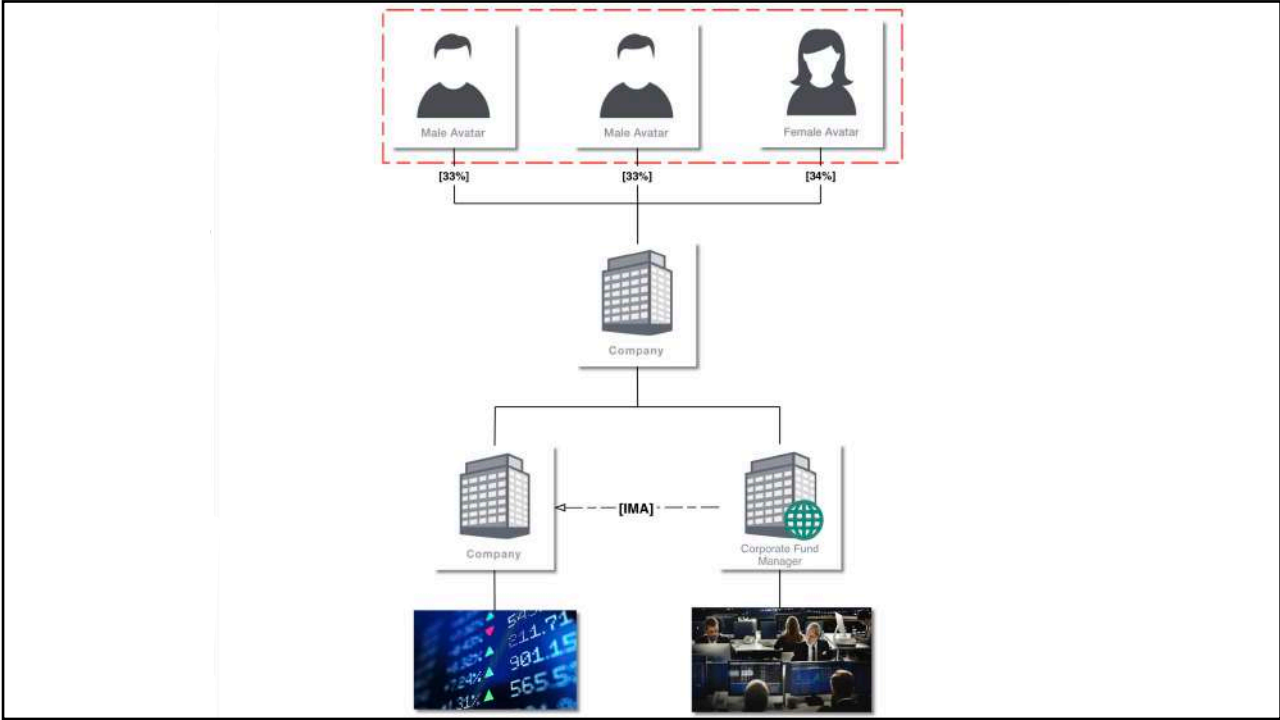
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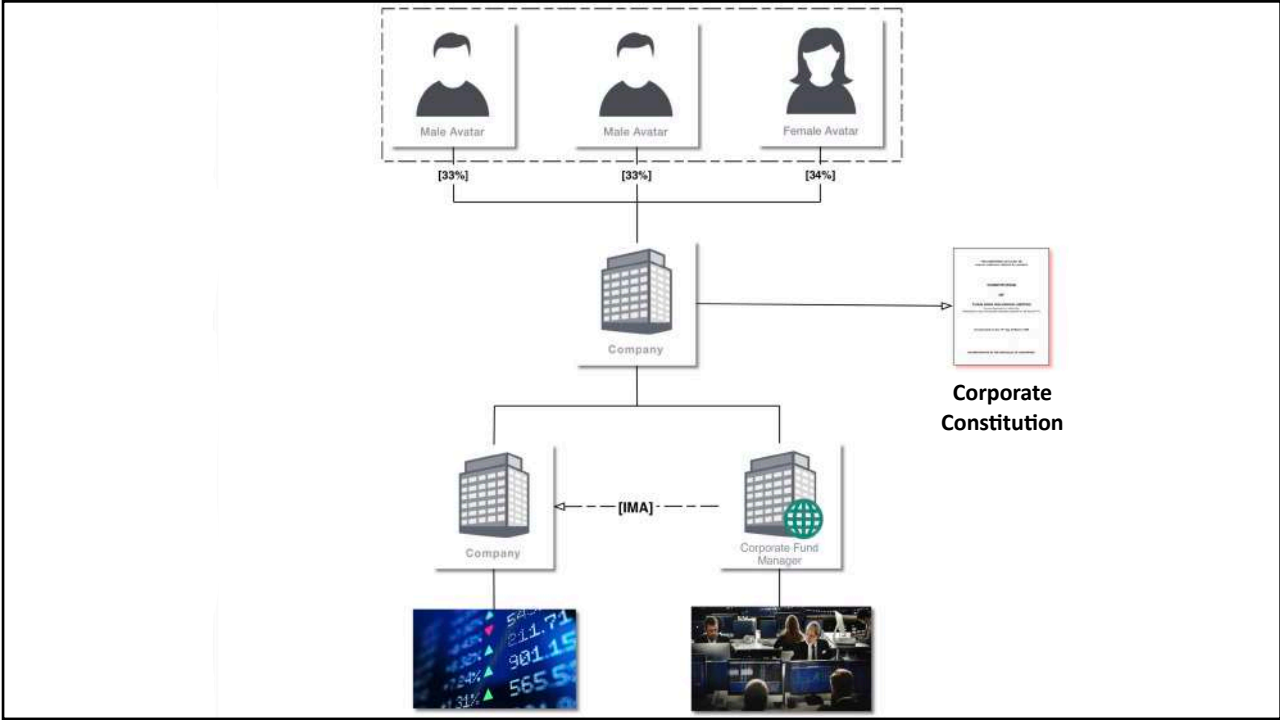
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Effective Stewardship:

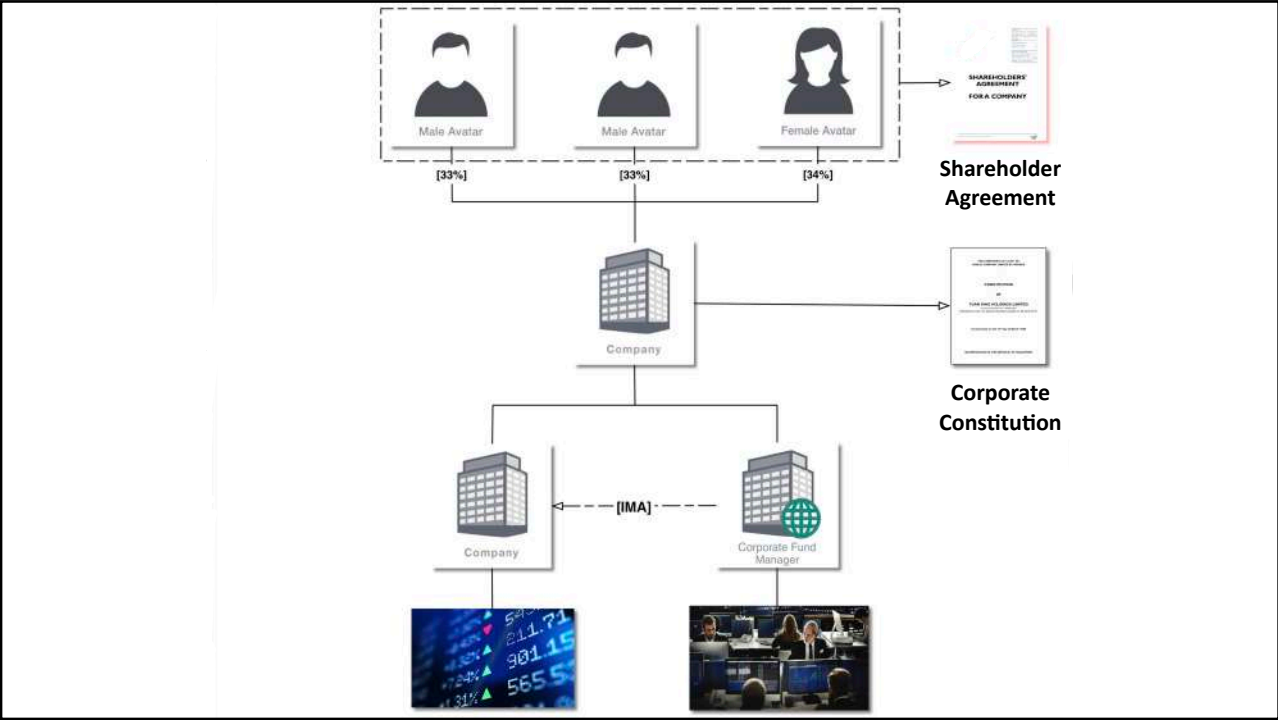
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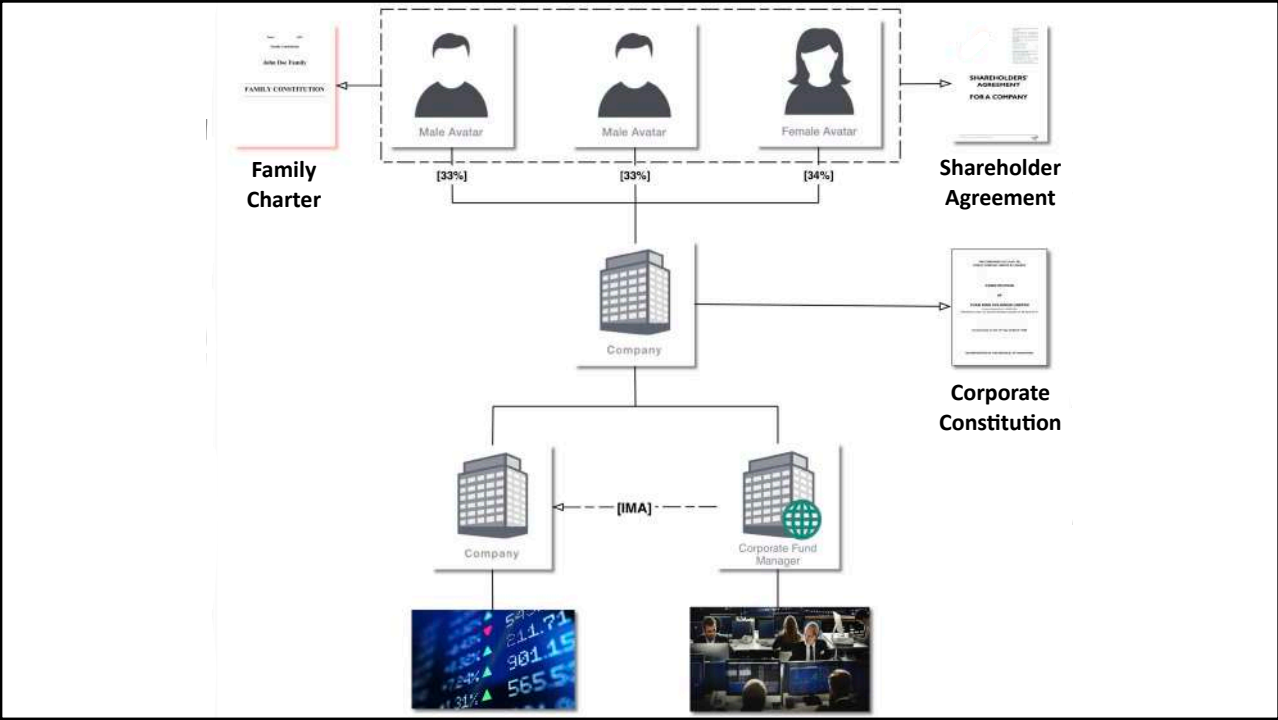
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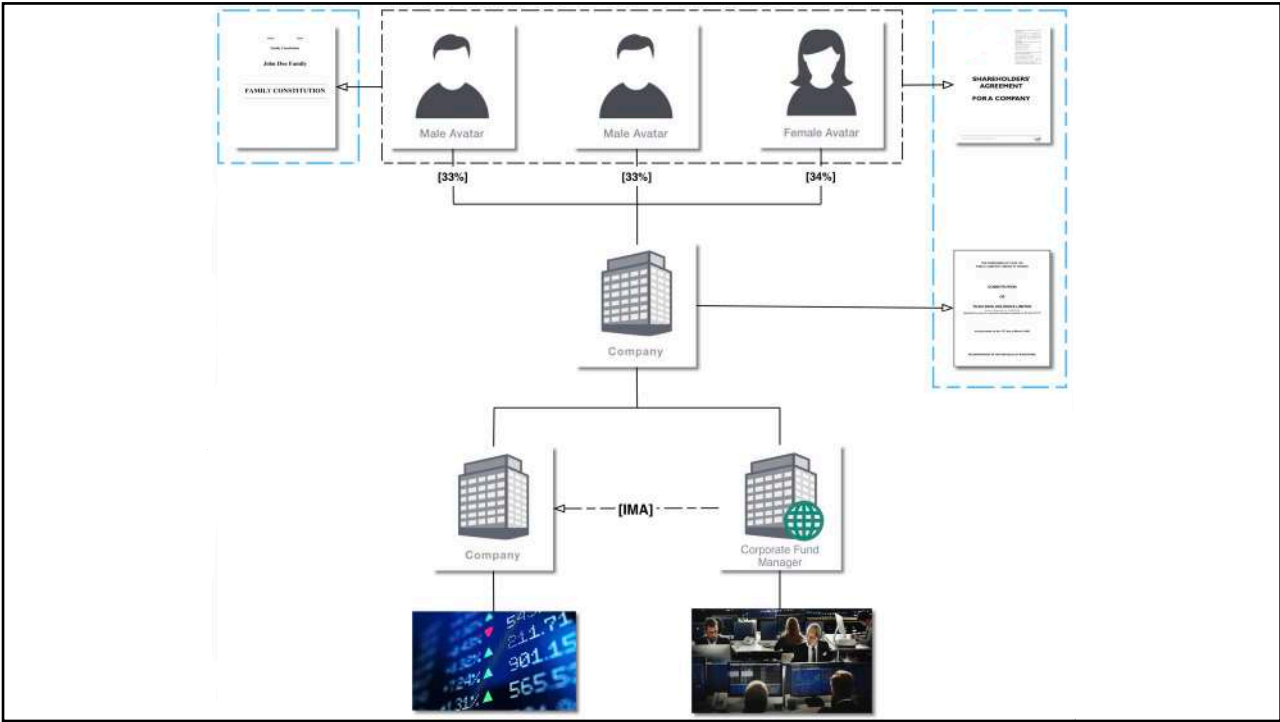
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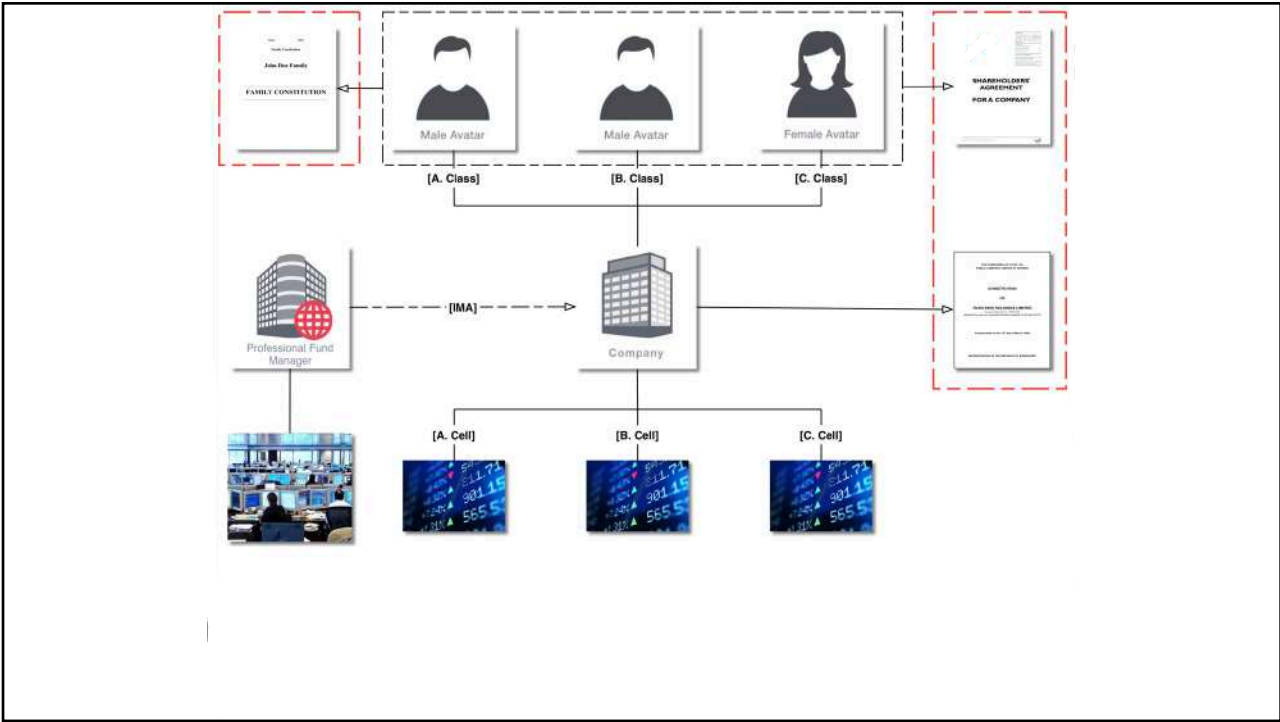
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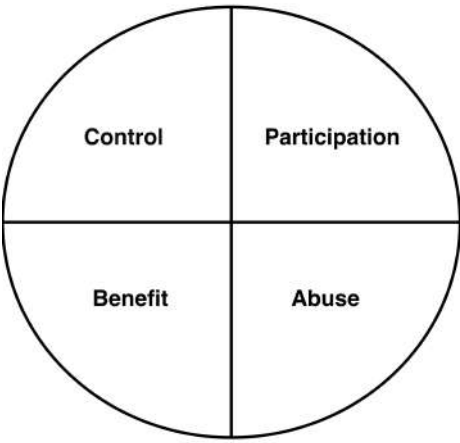
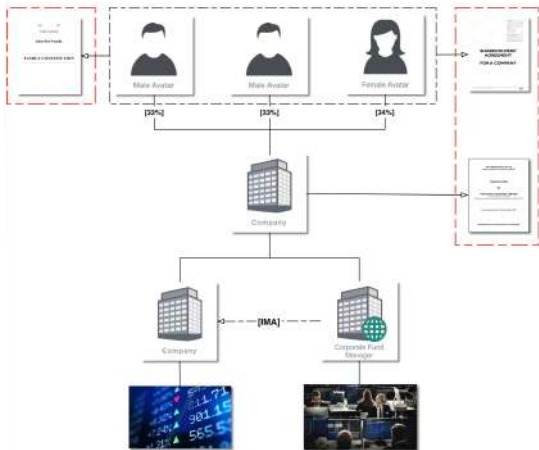


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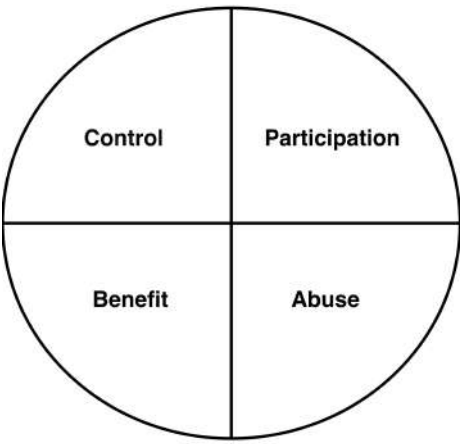
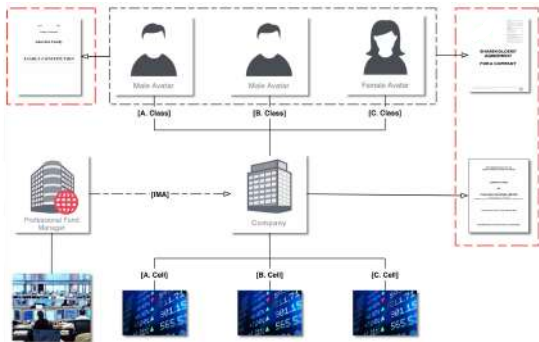
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Governance Framework:



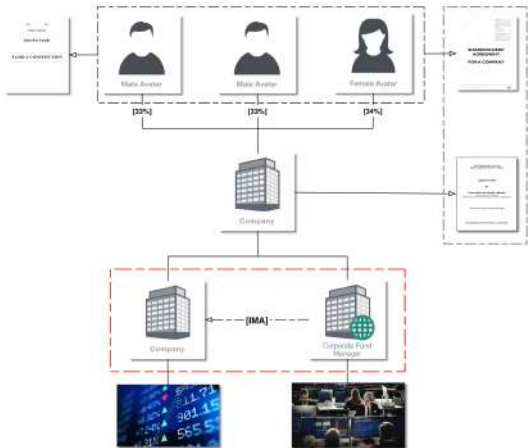
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Governance Framework:



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# Control:

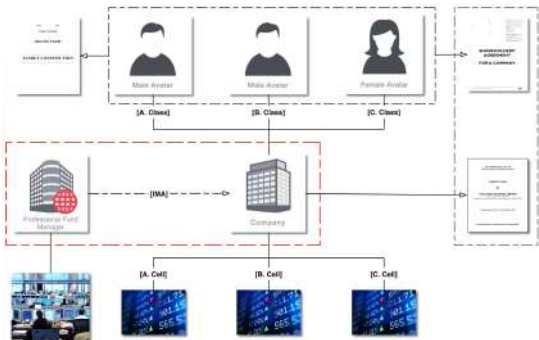


## Participatory Control:

- Branch Nominee Director?
- Investment Policy Formulation | Execution – Shareholder Approval?
- Executive Team | CIO Recruitment – Shareholder Approval?
- Executive Team | CIO Removal – Shareholder Approval? ➡

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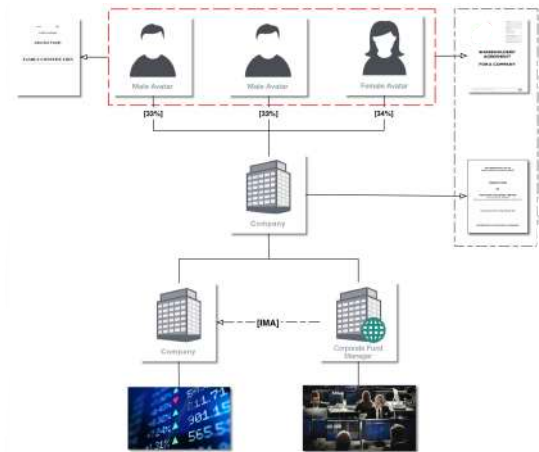
# VCC Control:



- Compulsory Director?
- Third Party Fund Management? ➡

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Participation:

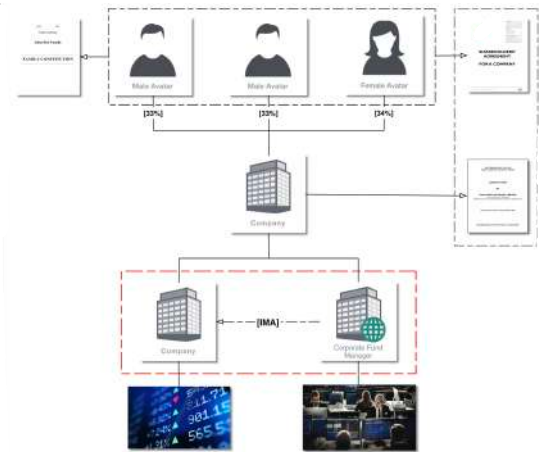


Restricted Ownership:

- “Family Only” Restriction
- Pre-Emption Rights:
  - Disposal | Gift
  - Rights Issue
  - Transmission | Succession ➡

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Participation:



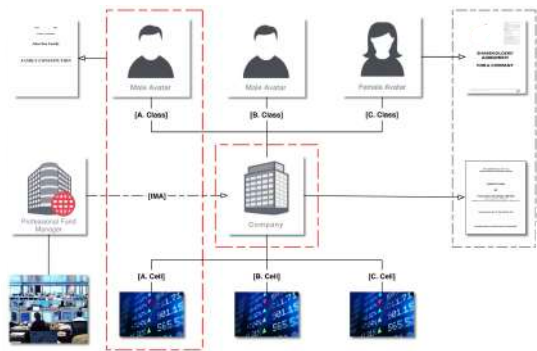
Involvement:

- Family Employment Policy
- CIO Qualifying Criteria
- Family Member Removal Protocol ➡

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## VCC Participation:



### Restricted Ownership:

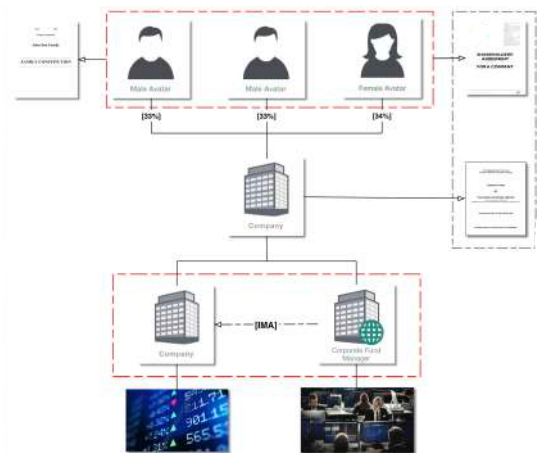
- Class Share Pre-Emption “*Family Branch Only*” Restriction
- Disposal | Gift
- Rights Issue
- Transmission | Succession

### Involvement:

- Director “*Fit and Proper*” Statutory Criteria ➡

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## Benefit:



### Legacy Endowment:

- Distribution vs. Reinvestment Policy – Locus of Control
- Income Distribution Statutory Criteria
- Share Redemption | Buy Back Statutory Criteria ➡

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### VCC Benefit:

- Income Distribution Statutory Criteria
- Redemption | Buy Back Statutory Criteria ➡

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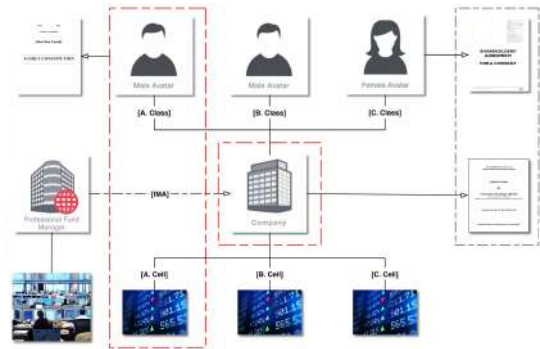
### Abuse:

**Transparent and Accountable:**

- Enhanced Information Sharing | Shareholders
- Enhanced Shareholder Oversight:
  - Related Party Transactions
  - Directors | Executive Pay
  - Independent Audit ➡

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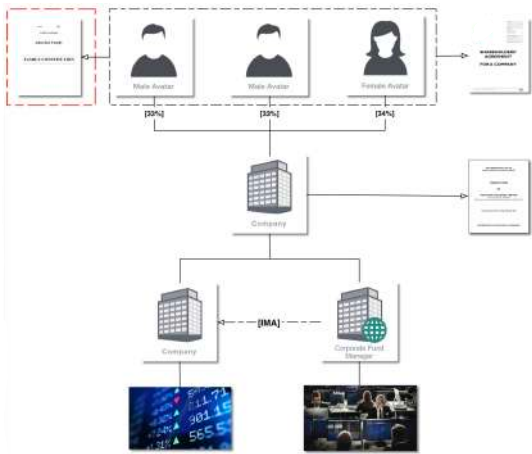
# VCC Abuse:



- Application of Statutory Minority Protections:
- Minority Oppression Share Class Holder?
- Just & Equitable Winding Up Share Class Holder? ➡

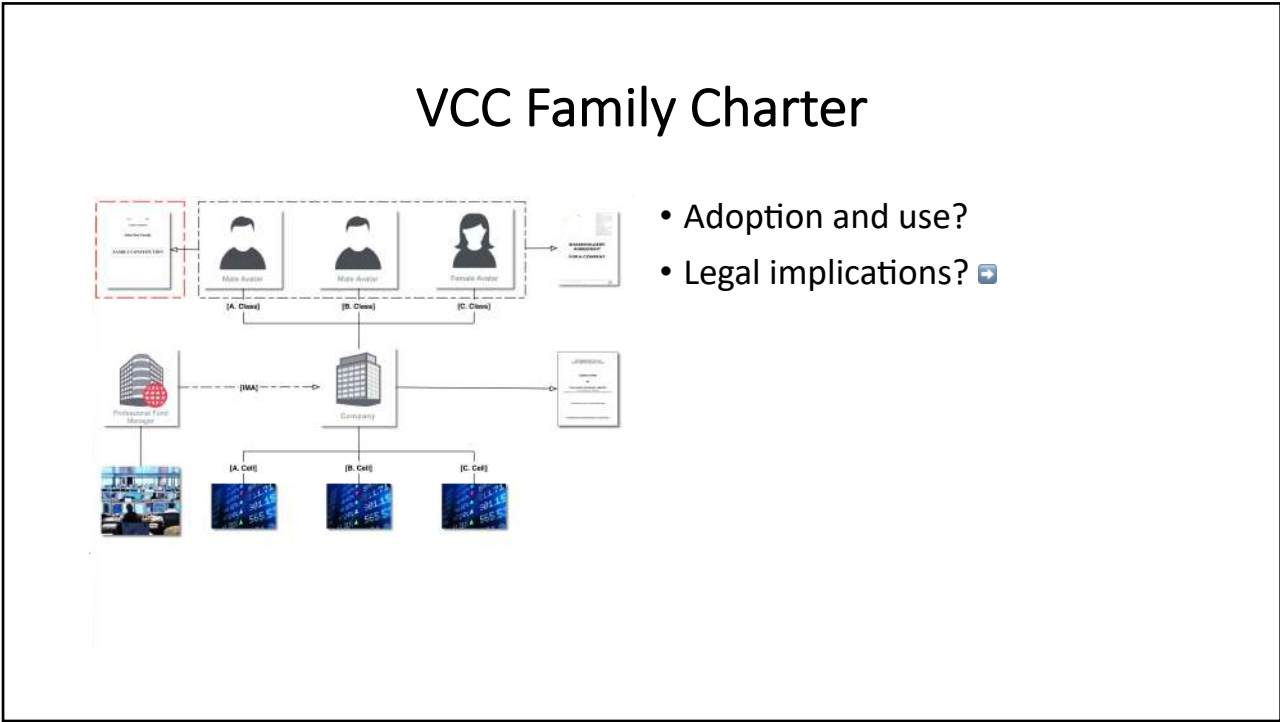
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# Family Charter

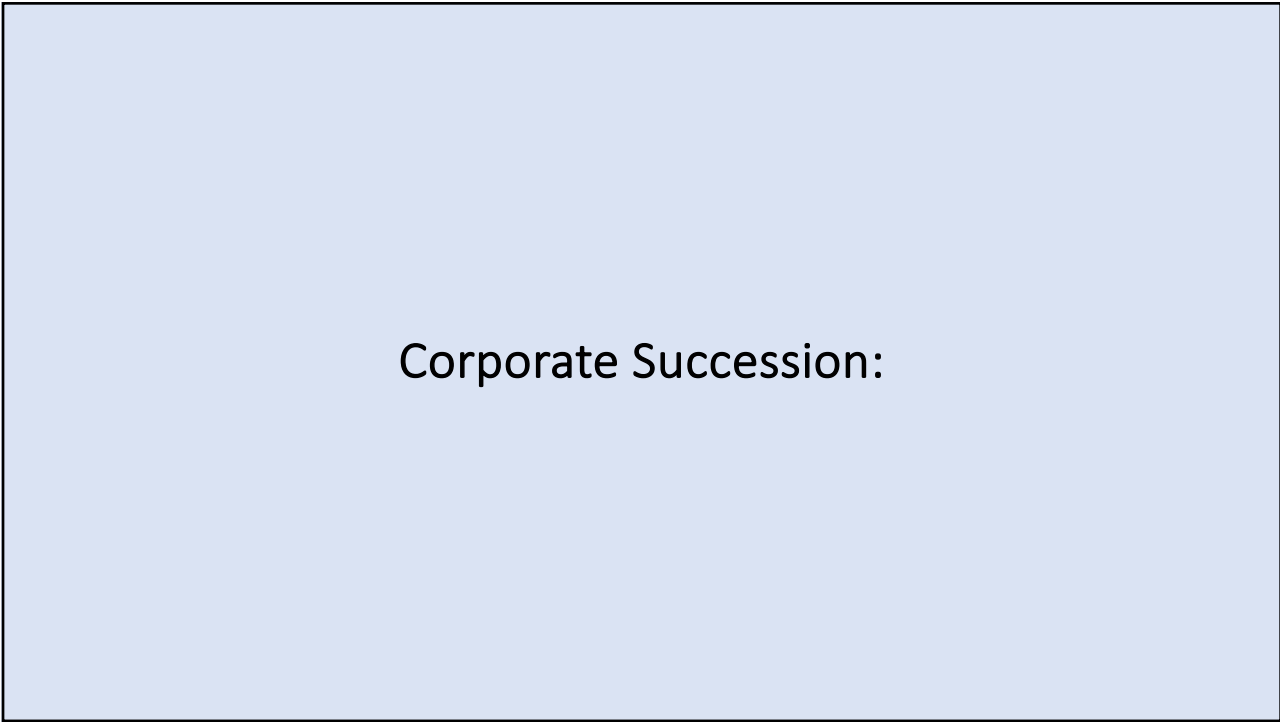


- Adoption and use?
- Legal implications? ➡

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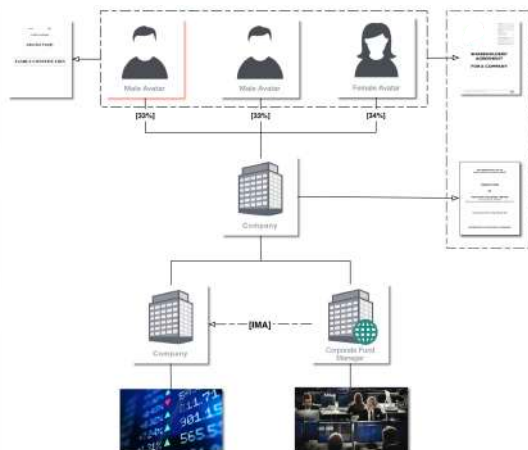


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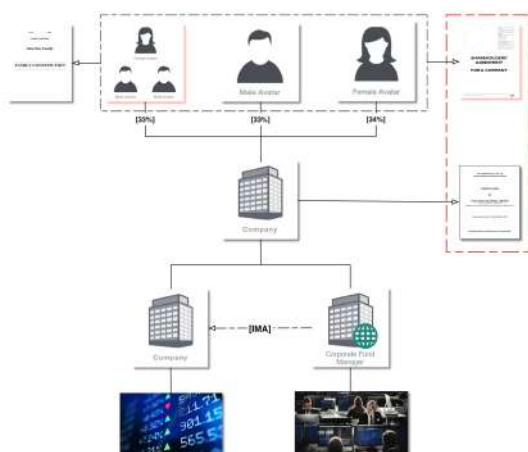
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## Succession:



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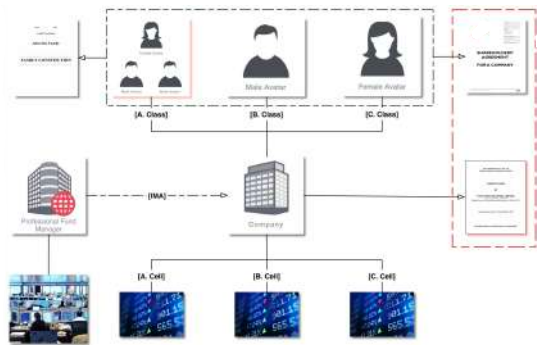
## Succession - Governance Implications:



- Share Transmission on Death
- Shareholder Agreement Based Governance Framework
- Successor Refusal to Adhere to Existing Shareholder Agreement
- Director Discretion to Refuse Registration?
- Court Proceedings? ➡

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## Succession - Governance Implications:

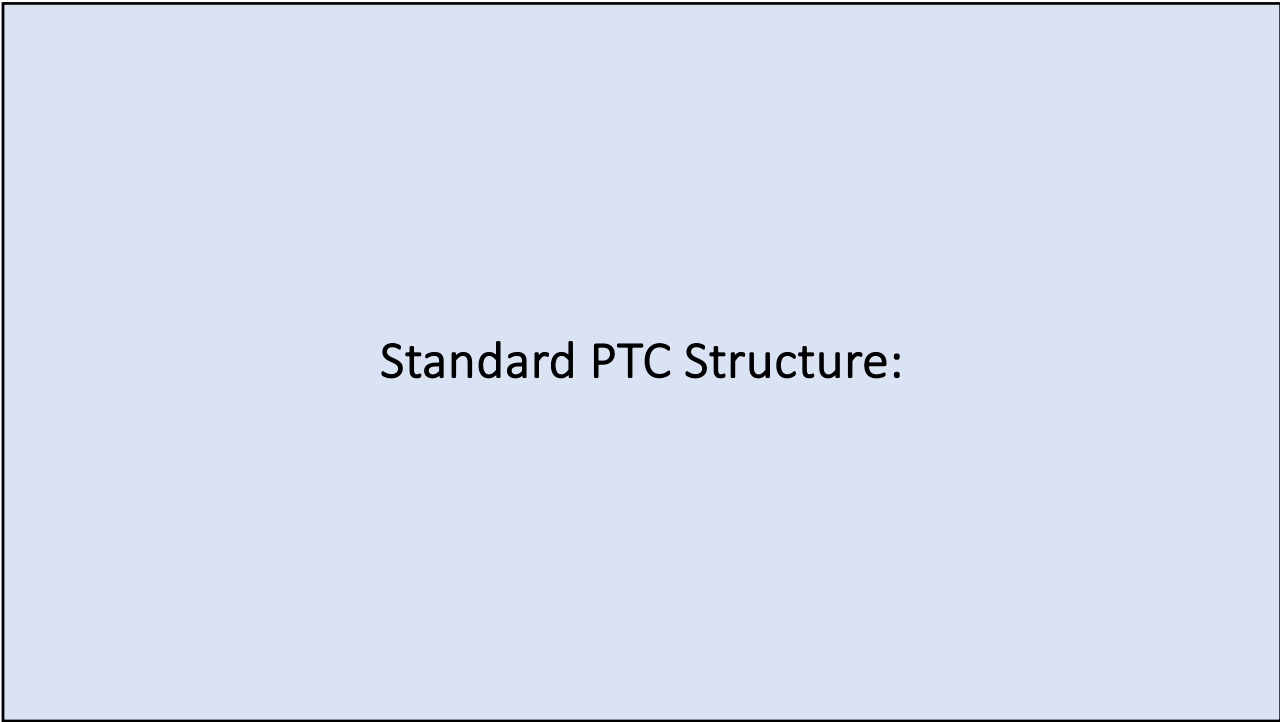


- Private Company Constitution
- Private Members Register
- Company Constitution Governance Framework
- Entrenched Provisions – No Separate Shareholder Deed of Adherence Required ➡

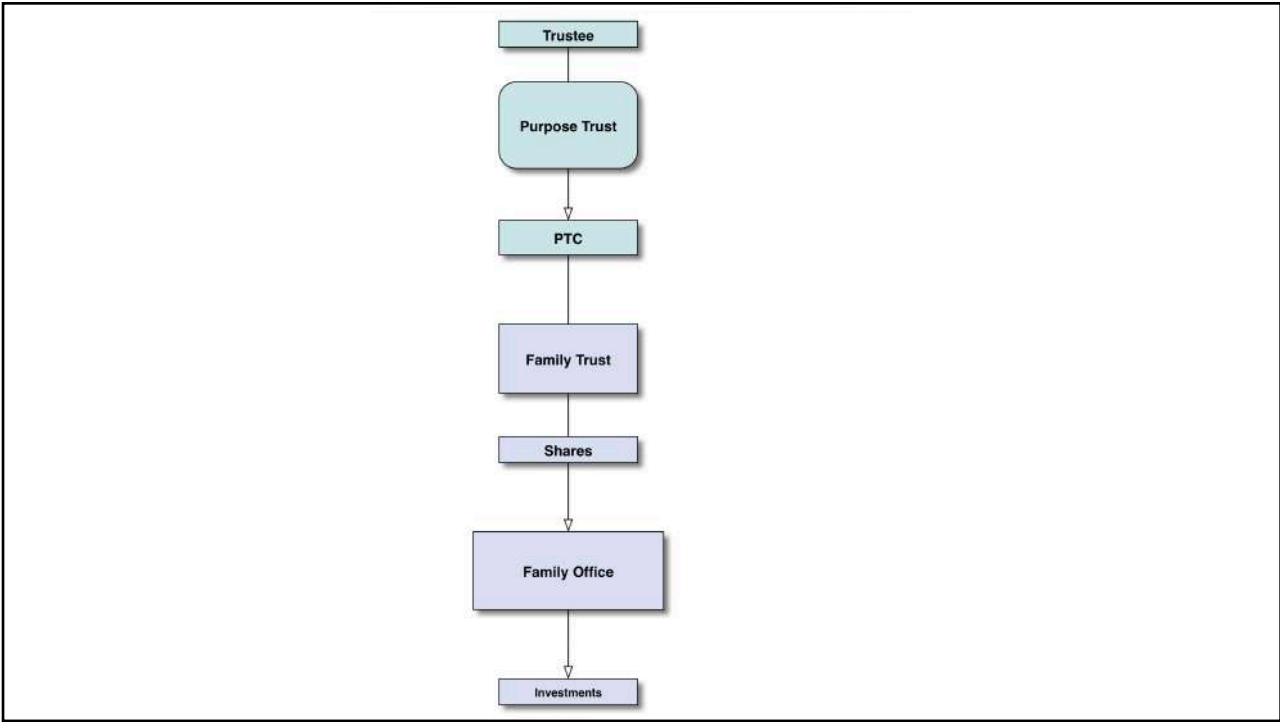
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## Trust Family Office:

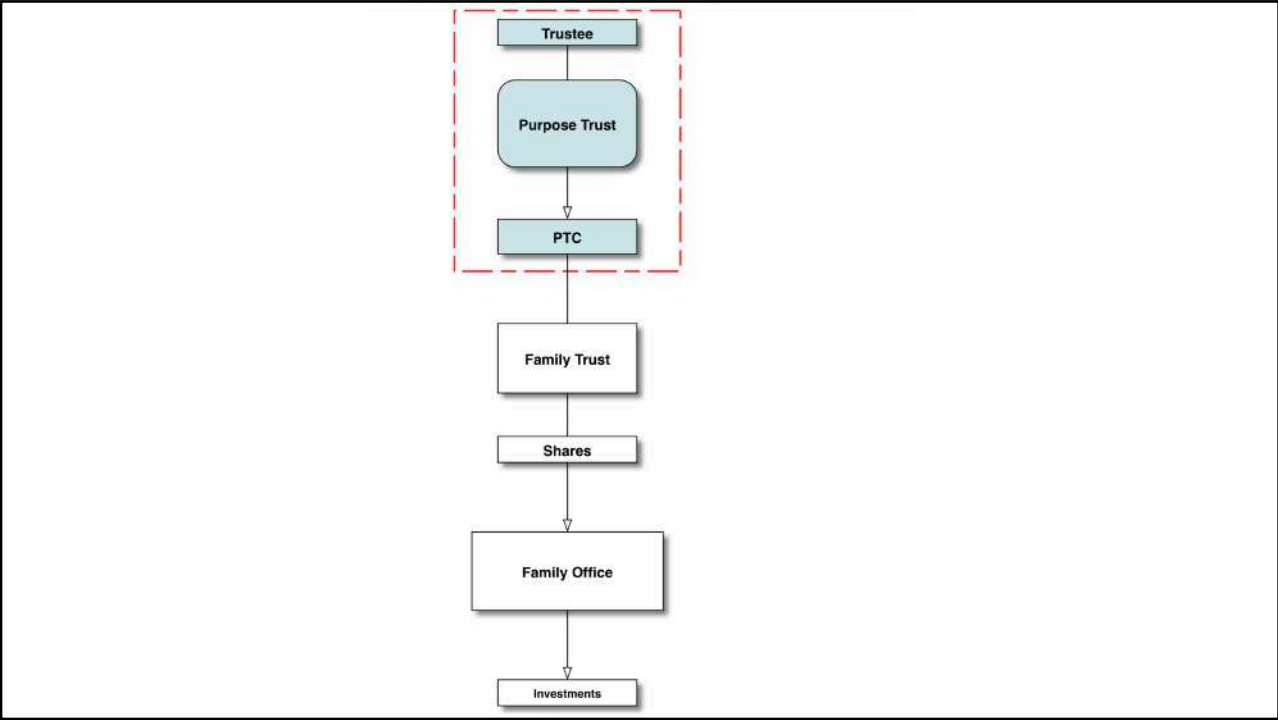
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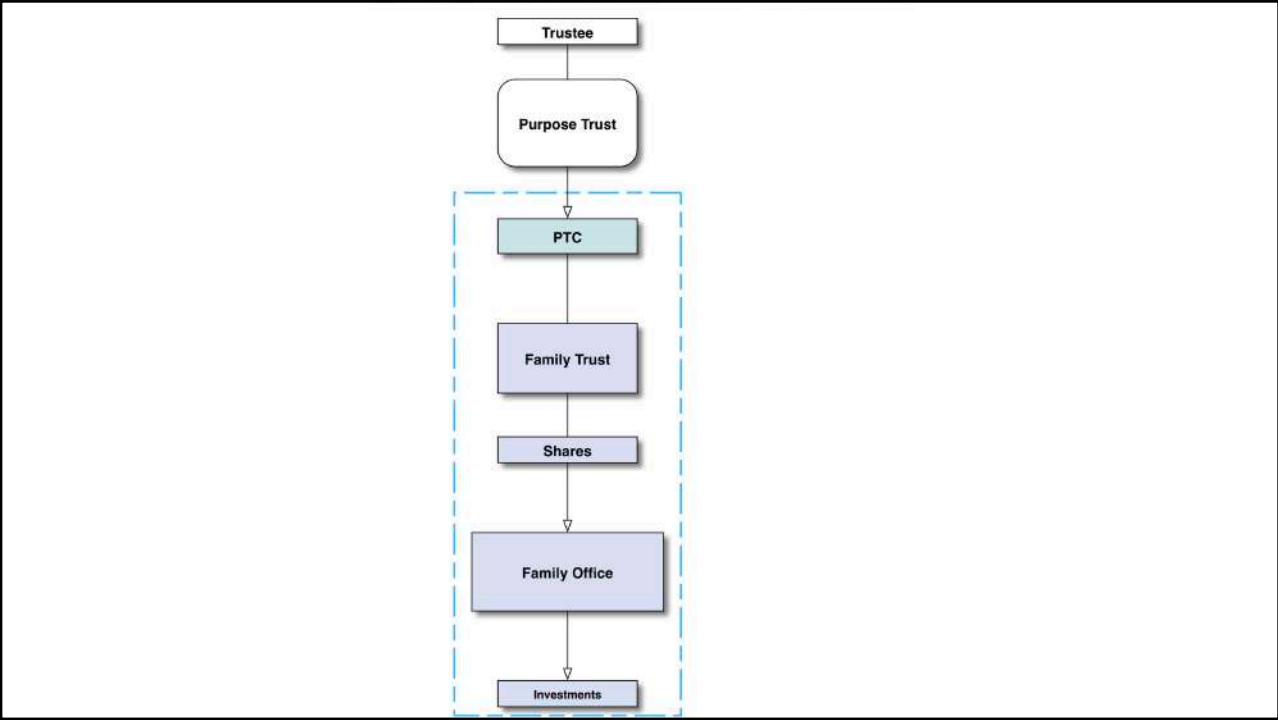
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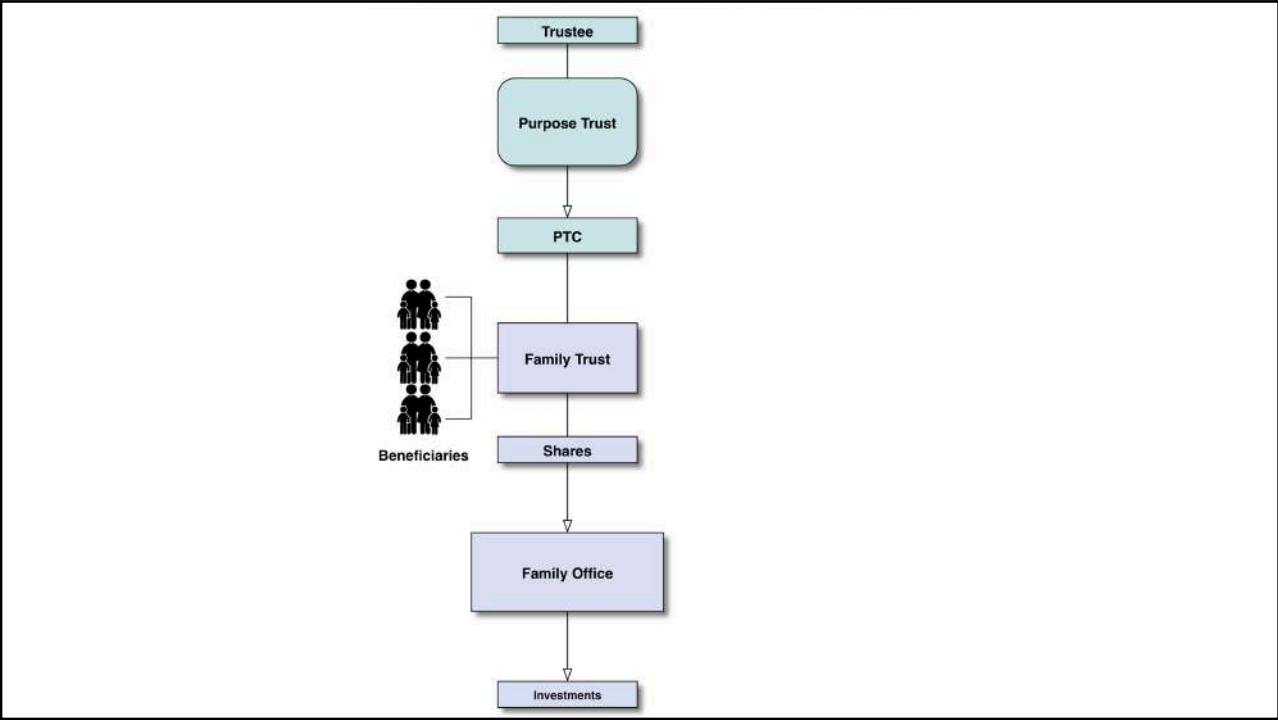


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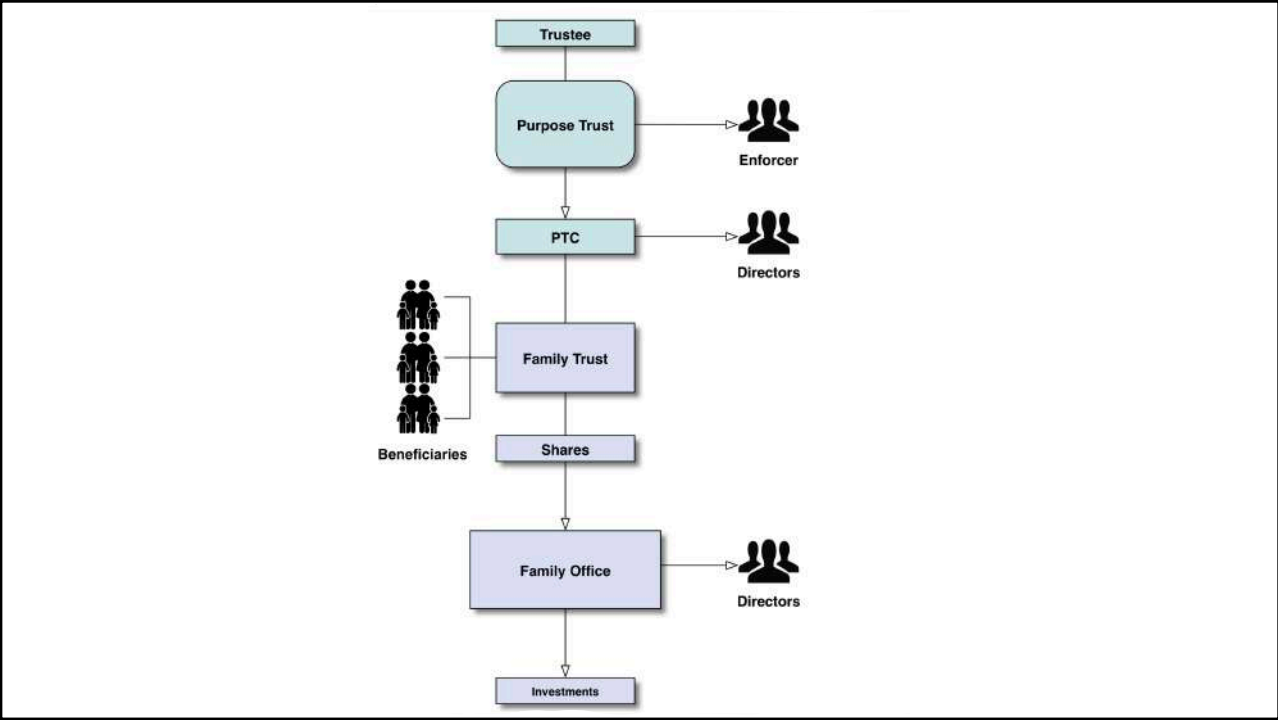


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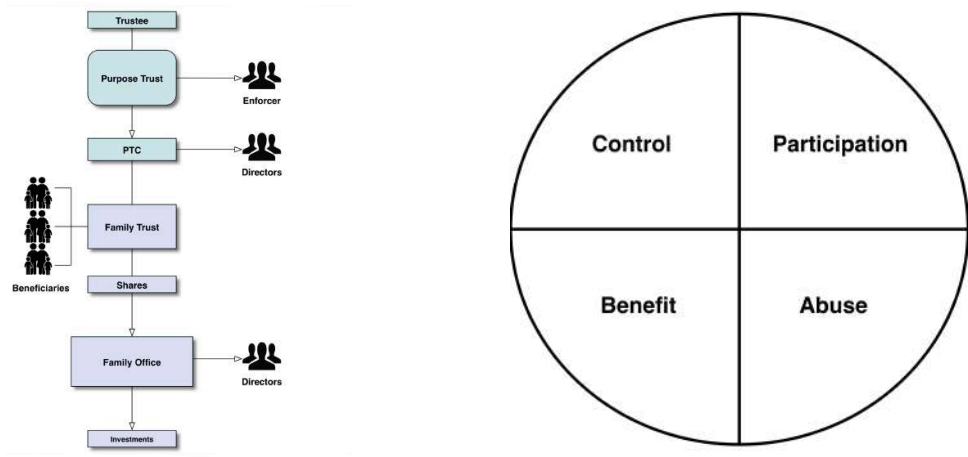


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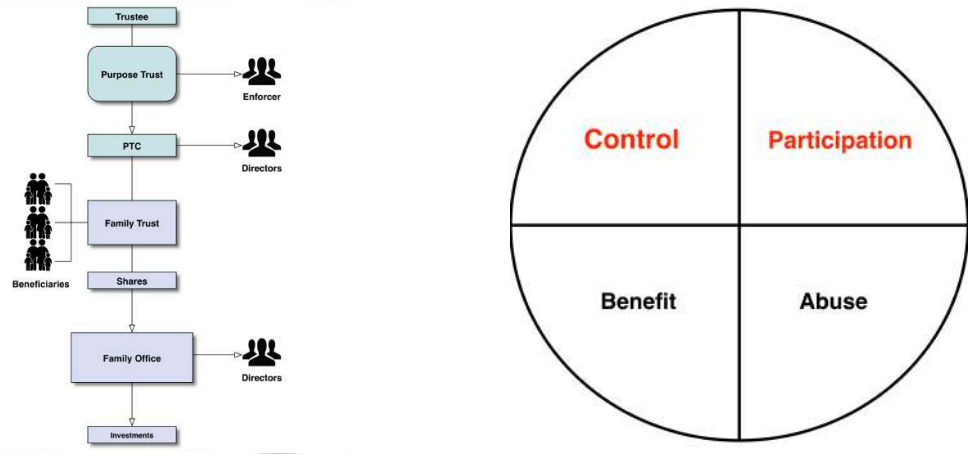
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Governance Framework:



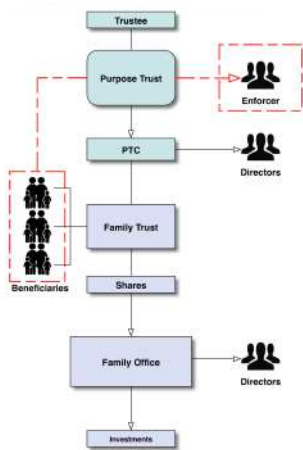
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Control | Participation:



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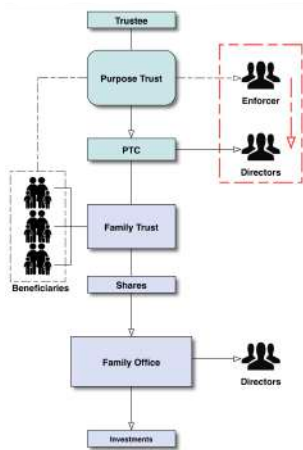
## Control | Participation:



- Enforcer Committee: Beneficiary Branch Representation
- Beneficiaries Ultimate Locus of Control ➡

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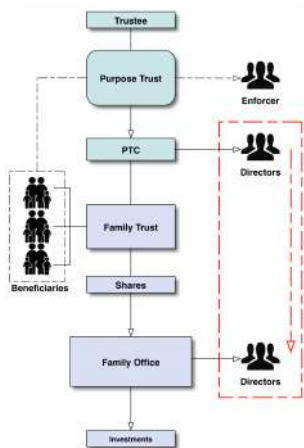
## Control | Participation:



- Enforcer Committee Power to Appoint PTC Directors
- Purpose Trust Contain PTC Director Criteria Requirements (Office of Director Rules) ➡

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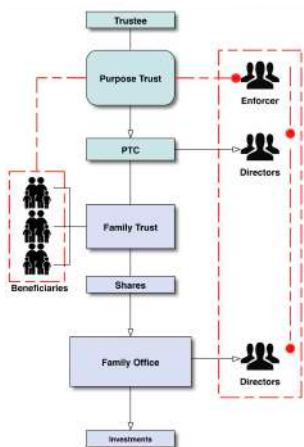
Control | Participation:



- PTC Directors Power to Appoint Family Office Directors
- Family Trust Contain Family Office Director Criteria Requirements (Office of Director Rules) ➡

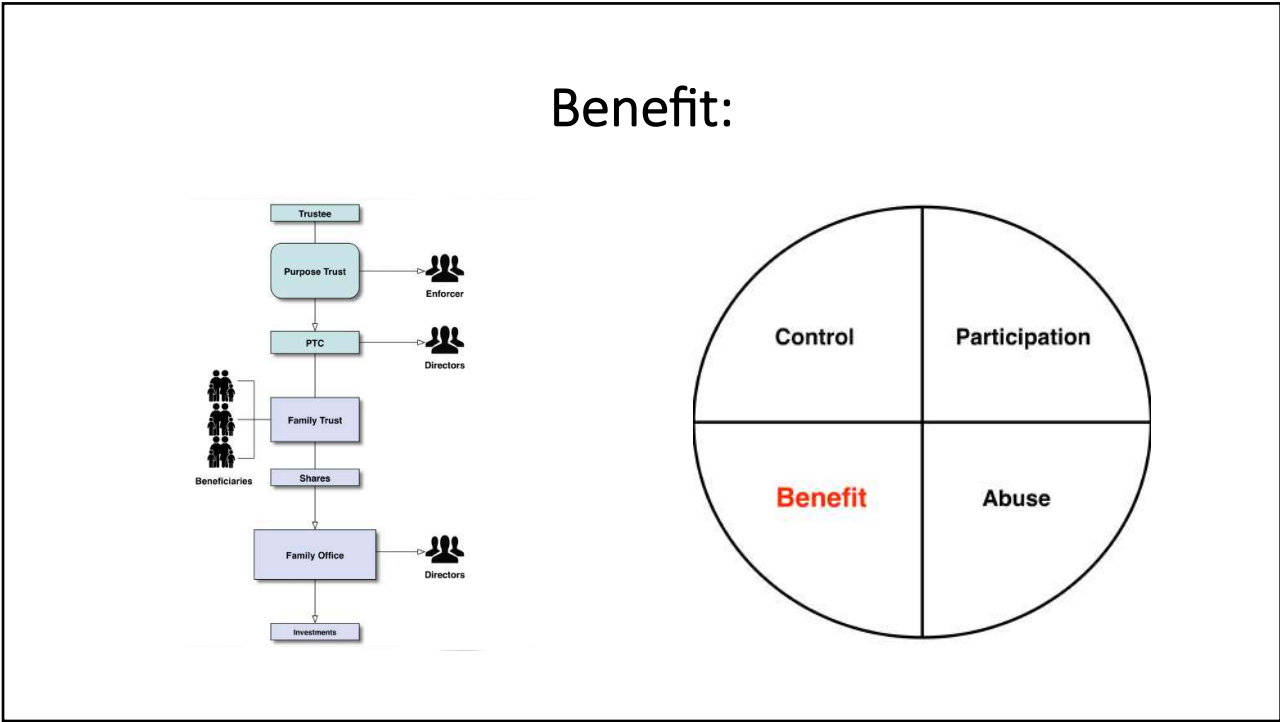
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Control | Participation:

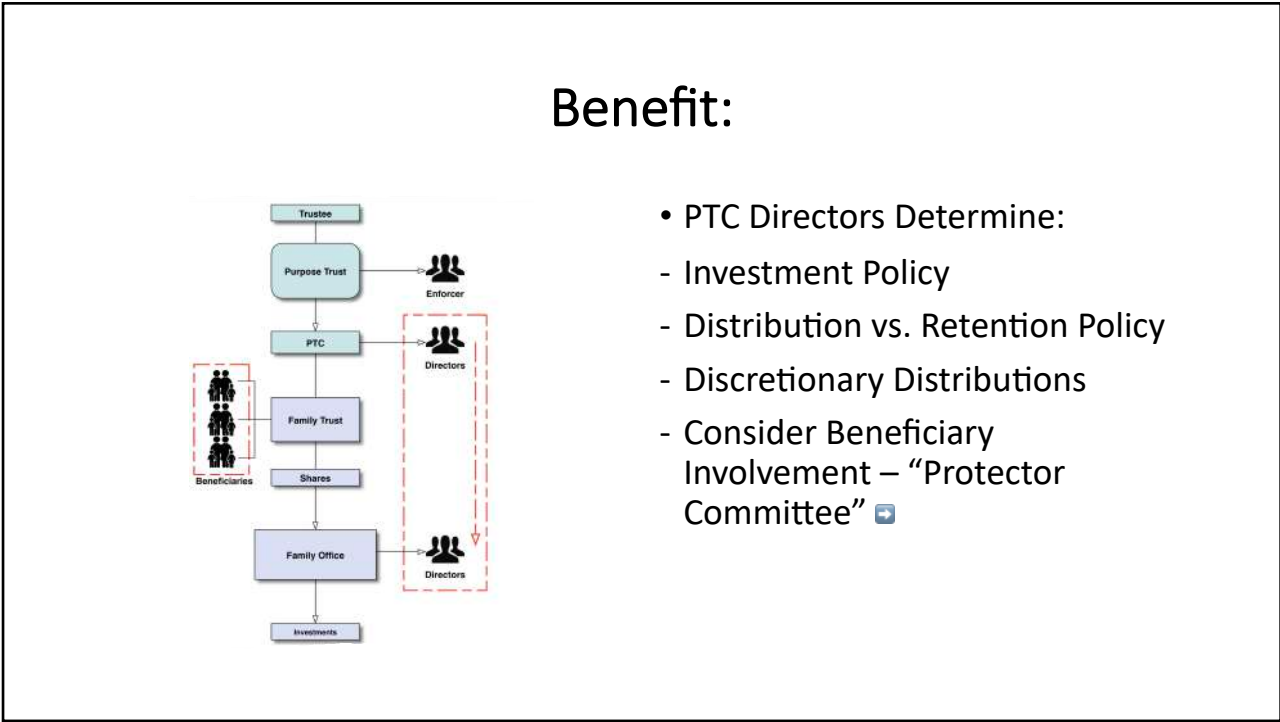


- Establish Chain of Accountability and Control
- Avoid Circular or Concentrated Power
- Establish Effective Chain of Supervision
- Plan Ahead to Next Generation Control ➡

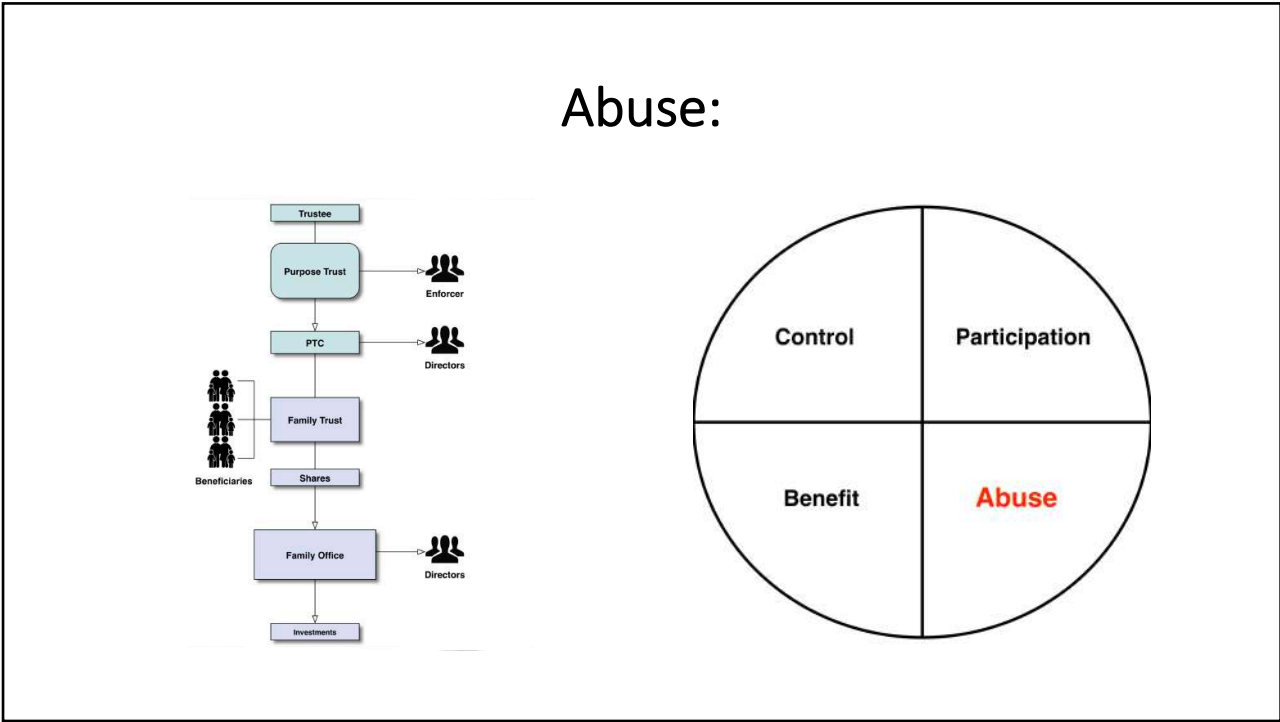
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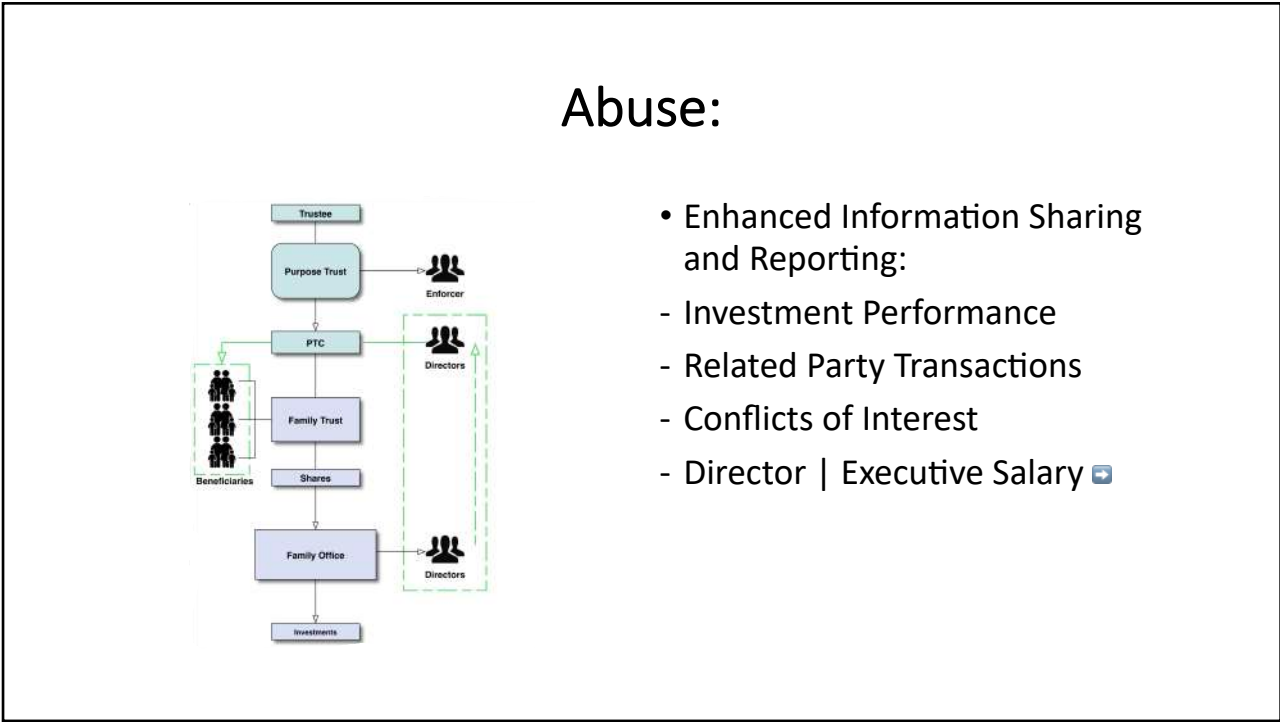
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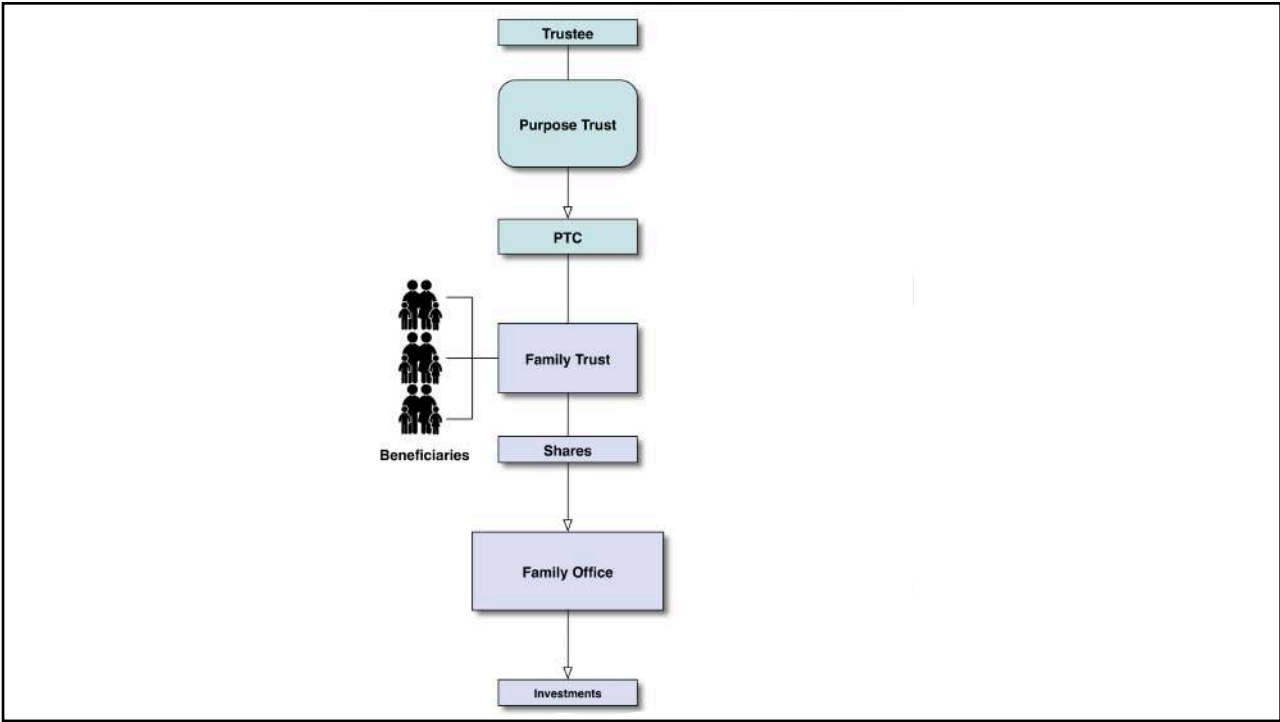
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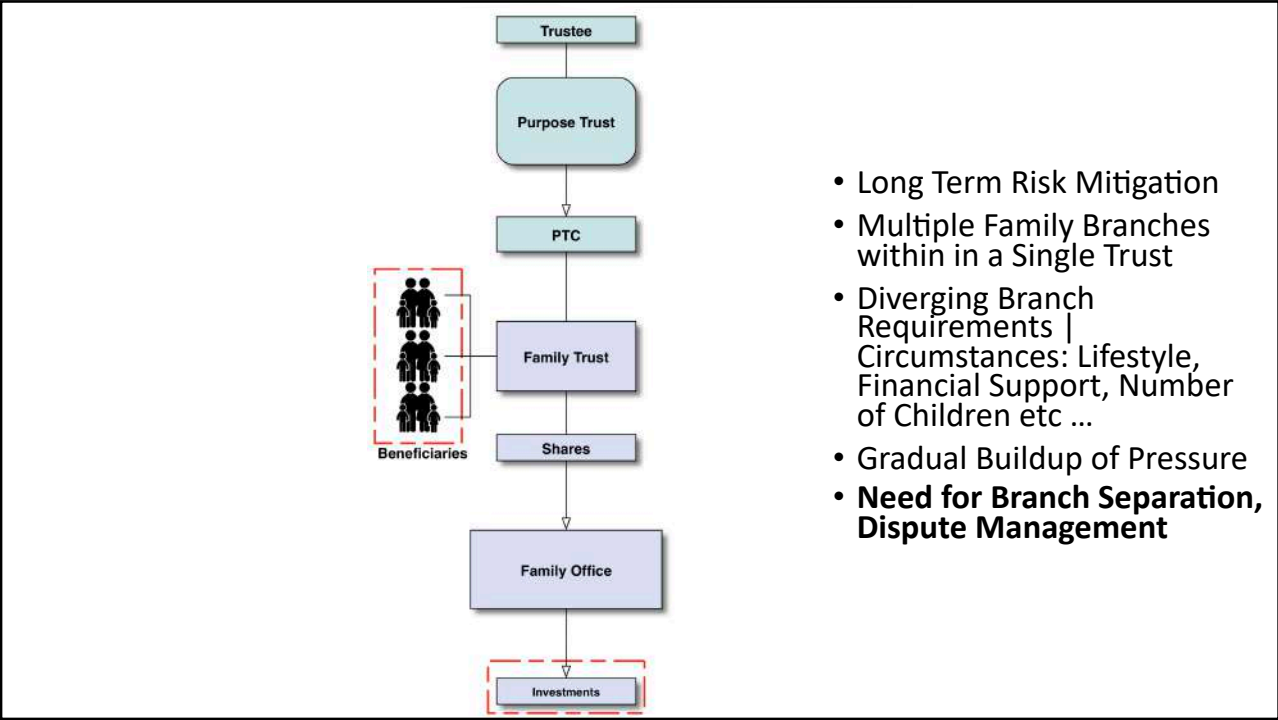
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Multi-Branch  
Trust Planning:

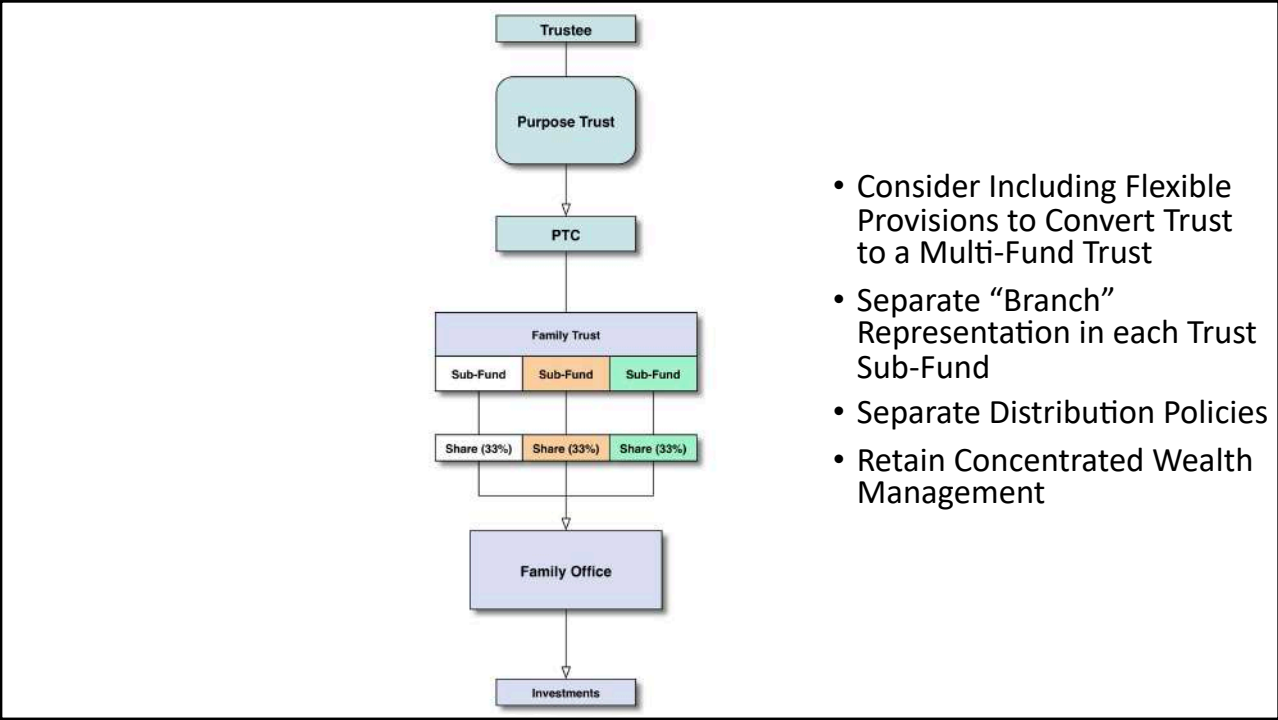
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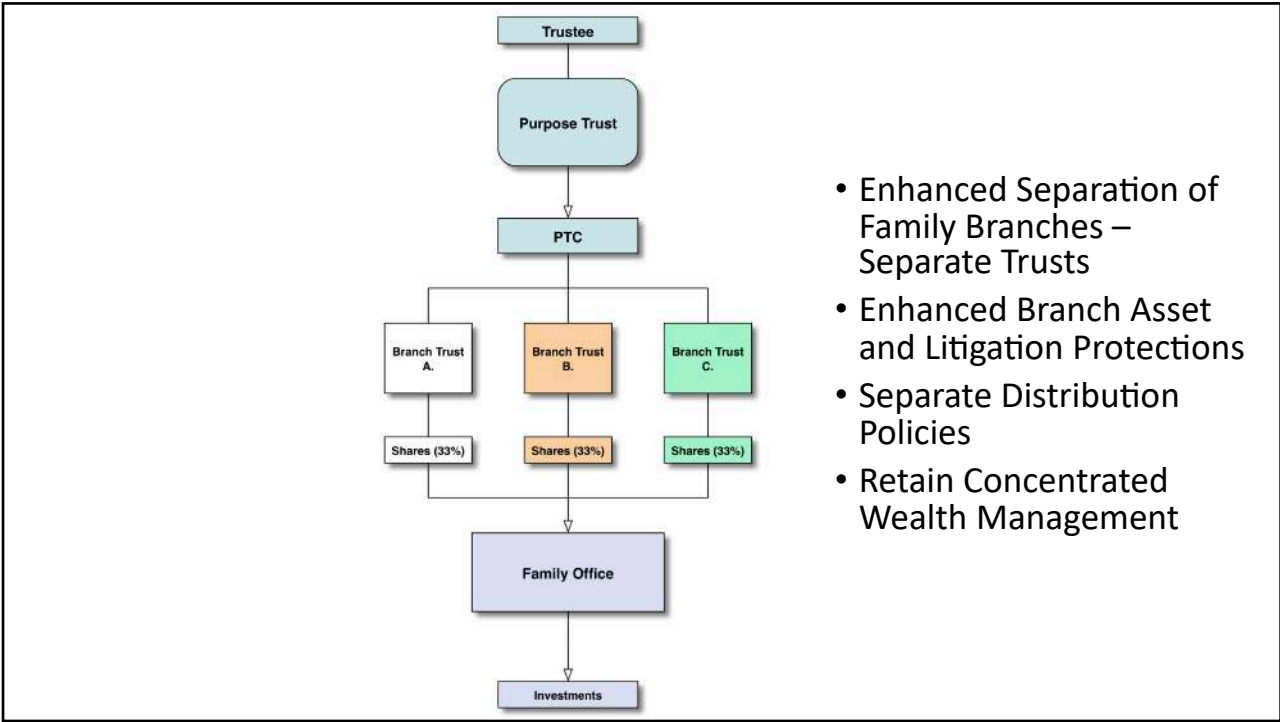


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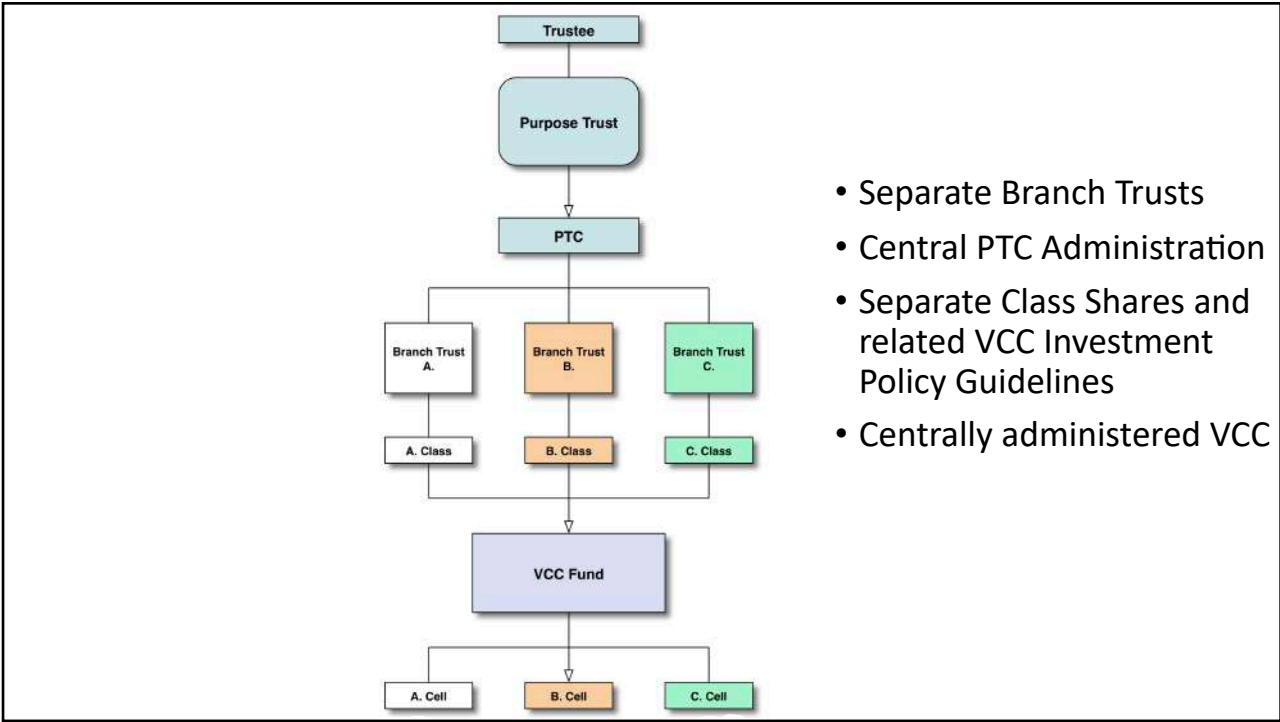


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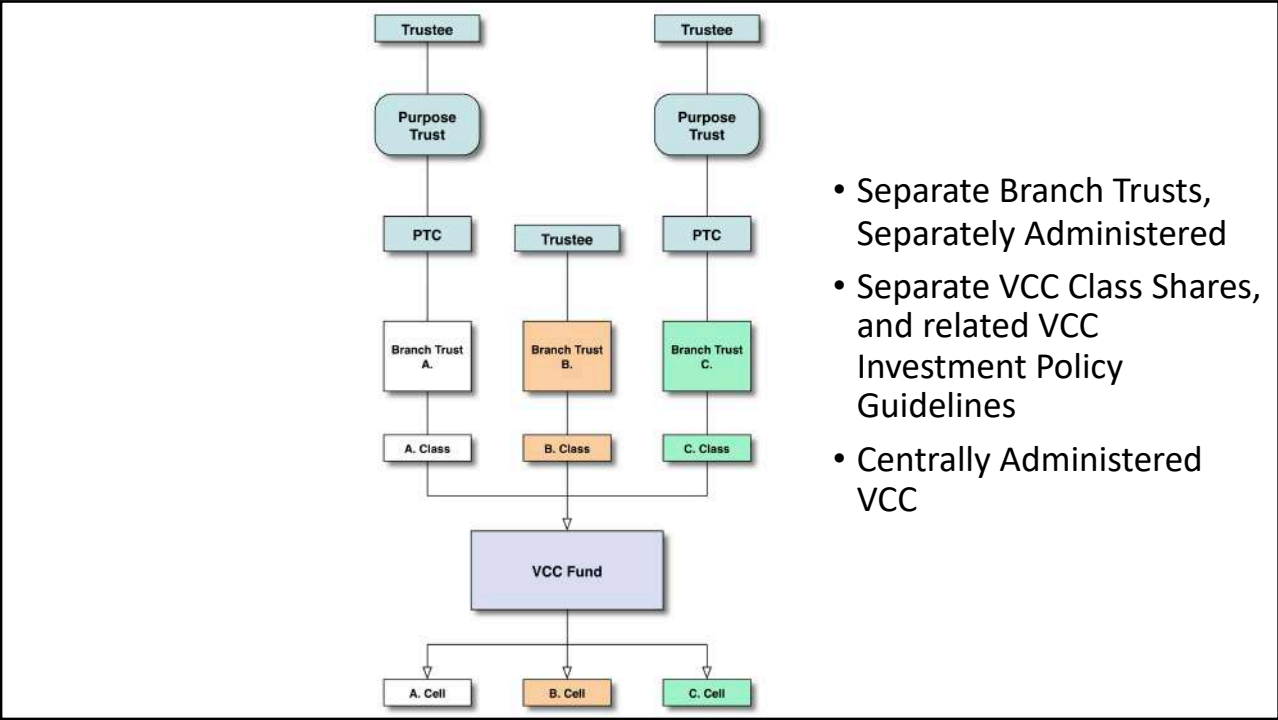




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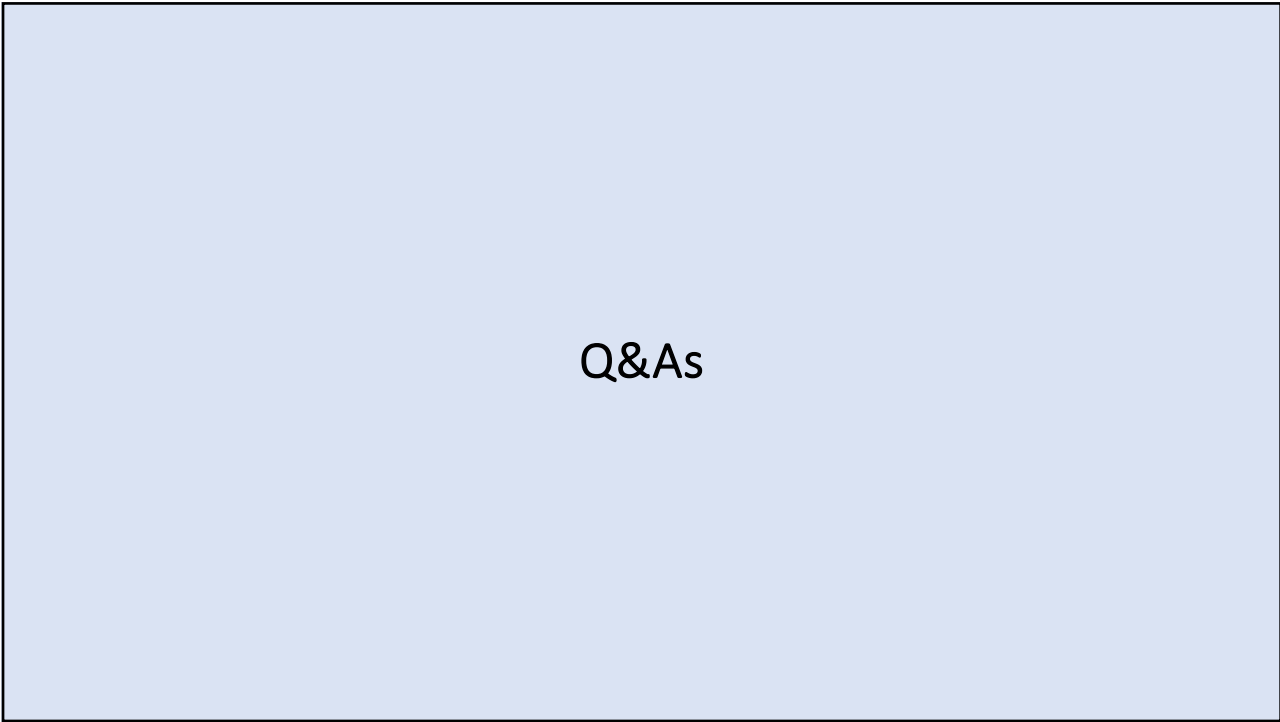
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Succession | Tax Implications:

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