

**FREQUENTLY ASKED QUESTIONS
SINGLE FAMILY OFFICE SCHEME
(Issued: 23 September 2024)**

1. What is a single family office (“SFO”)?

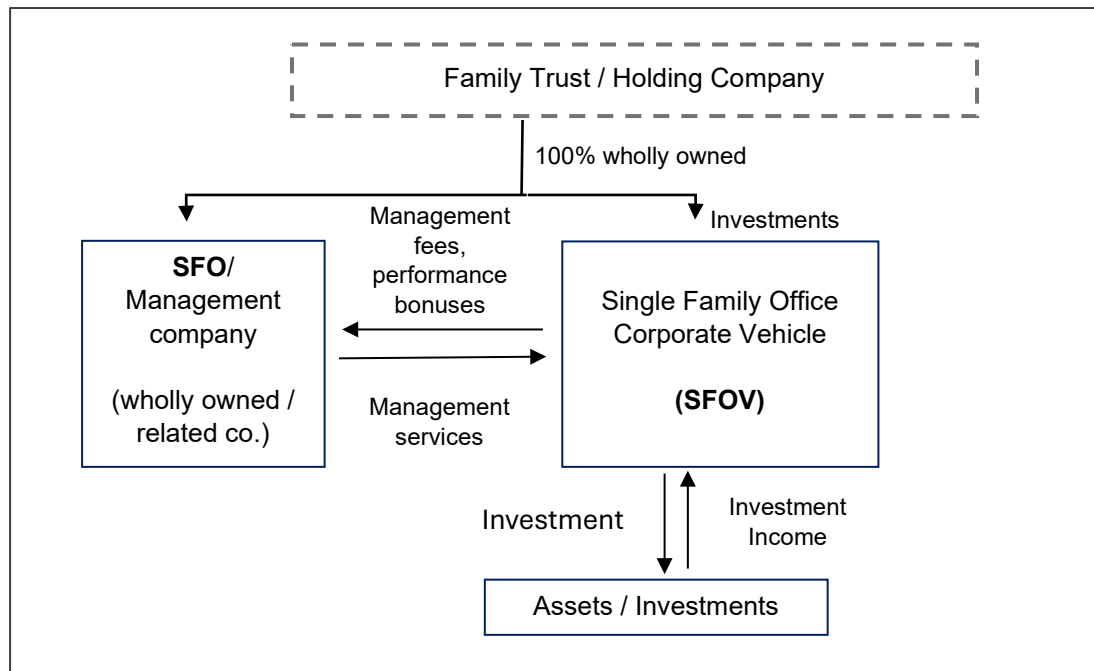
A SFO is a corporate vehicle, wholly owned or controlled by members of a single wealthy family, created to exclusively manage the assets, investments and long-term interests of that family. The SFO may also represent multiple generations and branches of the family.

2. Is a SFO required to be licensed by the SC?

As SFO is managing the assets which include capital market products, the SFO triggers the requirement to obtain a fund management license under the Capital Markets and Services Act 2007 (“CMSA”).

However, the SFO may be exempted from licensing requirements if the SFO can demonstrate that its management services is provided solely for the benefit of a single family office vehicle (“SFOV”) which is its related corporation.

Please refer to the diagram below for an illustration of the relationship between a SFO and a SFOV.



Notwithstanding the exemption, the SC may still impose terms and conditions on the SFO pursuant to section 58 of the CMSA.

In light of the above, a person intending to set up or operate a SFO is advised to seek legal advice in relation to the licensing obligations under the CMSA.

3. What constitutes a single family office vehicle (SFOV)?

A SFOV is a corporate vehicle, wholly owned or controlled by members of a single family and is established solely for the purposes of holding the assets, investments and long-term interest of members of the single family.

A single family is taken to mean individuals who are lineal descendants from a single ancestor, including the close relative of the individual.

4. What type of tax incentive is available for the SFOVs?

As announced recently, eligible SFOVs may enjoy a 0% concessionary tax rate on income generated by eligible investments for a period of 10 years ('initial period') which may be extended for an additional 10 years ('additional period') subject to fulfilling the relevant requirements.

5. What are the requirements for the SFOVs to be eligible to claim for the family office tax incentive?

To qualify for the tax incentive during the initial period, a SFOV must fulfil several conditions which include—

- (a) The SFOV must be a new investment holding company incorporated in Malaysia and seek pre-registration with the SC on the eligibility of the tax incentives;
- (b) The management company or SFO which is a related company of the SFOV must be established and operating in Pulau 1, Forest City Special Financial Zone with at least one investment professional with a minimum monthly salary of RM10,000.
- (c) The SFOV must hold asset under management (AUM) of at least RM30 million and meet minimum local investment in eligible and promoted investments of at least 10% of AUM or RM10 million whichever is lower;
- (d) The SFOV must incur an annual operating expenditure (OPEX) of a minimum of RM500,000 locally;
- (e) The SFOV must employ a minimum of two full-time employees with each employee receiving a minimum monthly salary of RM10,000 and of whom at least one is an investment professional; and

To qualify for the tax incentive during the additional period, the SFOV must fulfil the higher substance and financial requirements which include—

- (a) The SFOV must hold AUM of at least RM50 million and meet minimum local investment in eligible and promoted investments of at least 10% of AUM or RM10 million whichever is higher;
- (b) The SFOV must incur an annual OPEX (30% higher than during the Initial Period) of a minimum of RM650,000 locally; and
- (c) The SFOV must employ a minimum of four full-time employees.

The detailed conditions will be made available by the first quarter of 2025 on the SC's website <https://www.sc.com.my/development/single-family-office>. Interested SFOVs are encouraged to check the website regularly for updates.

6. What is SC's role in relation to the SFOV's application for the tax incentive?

Eligible SFOVs may apply to the SC for certification for purposes of the tax incentives subject to the SFOVs demonstrating that it has complied with the relevant requirements.

Interested SFOVs are welcome to seek pre-registration with the SC to confirm eligibility for the tax incentives. For more information or any queries regarding the Family Office Scheme, please email SFOScheme@seccom.com.my.