

# Positioning Singapore as a Pre-eminent Financial Centre in Asia

## Executive Summary

**ECONOMIC REVIEW COMMITTEE  
SUB-COMMITTEE ON SERVICES INDUSTRIES  
FINANCIAL SERVICES WORKING GROUP**

**SEPTEMBER 2002**

# EXECUTIVE SUMMARY

---

## BACKGROUND

### Context

1. The financial services industry is a significant component of Singapore's economy. Its share of nominal GDP has risen from an average of 6% in the 1970s to 13% in 2001. Among the services industries, the financial sector contributes the highest value-added and is the largest source of tax revenue.

### Financial Sector Development and Liberalisation

2. In 1997-98, Singapore undertook a strategic review of the financial sector. In a series of calibrated measures, the Monetary Authority of Singapore (MAS) liberalised key financial industries, including retail banking, insurance and stock-broking activities, and took steps to broaden and deepen the local debt markets and asset management activities. MAS took on the function of developing Singapore as a financial centre, and established a new department with offices in London and New York for this purpose.

### Global and Regional Positioning

3. With more than 600 financial institutions in Singapore, the financial services industry is a significant contributor to the Singapore economy and an important centre in Asia. Globally, however, it is small with notable positions only in foreign exchange trading (4<sup>th</sup> largest), cross-border lending (10<sup>th</sup> largest) and OTC derivatives trading (13<sup>th</sup> largest). Singapore's position in these areas is being challenged by global consolidation and advances in technology. In addition, regional economic weakness in recent years has dragged down the Asian share of global MSCI indices, challenging Singapore's relevance in global financial market activities.
4. Regionally, Singapore's safe-haven status has nurtured the wealth management industry. Capital market activities, however, are inhibited by the small domestic base, weak entrepreneurial culture, and bleak regional economic and financial prospects. At the same time, competition from other financial centres is increasing. Hong Kong is an established Asian financial centre while Sydney is gaining strength in specific niches, like processing and electronic financial services. Shanghai is emerging as a financial centre on the back of China's economic growth.

## CHALLENGES AND DIRECTIONS

5. The road ahead is challenging. The traditional businesses that have driven Singapore's success as a financial centre have matured. The global and Asian financial landscape has also changed substantially. While past efforts<sup>1</sup> to restructure Singapore's financial sector focused on enhancing domestic competitiveness, there is now a need to look outwards and develop new, externally-focused growth opportunities.

### **Decline in Traditional Financial Services**

6. Traditional financial services such as foreign exchange trading and capital market activities have declined in volume and significance in today's financial markets. According to the BIS triennial survey<sup>2</sup>, average daily turnover in traditional foreign exchange markets has declined by 19% over in April 2001 compared with April 1998. Various factors have led to this decline – the introduction of the Euro, consolidation in the banking industry, which has reduced the number of trading desks, and the expanding role of electronic brokers, and the small domestic market. Growth in derivatives trading turnover has also slowed significantly to an average of 10% p.a. over 1998-2001 from an average of 44% over 1995-98.
7. There is thus a need for Singapore to look for new engines of growth and develop distinctive competencies and niches in “sunrise” services.

### **The North-South Divide**

8. Post Asian financial crisis, North Asia has emerged as a favoured investor destination and a region of accelerated business opportunity. The size of Greater China's markets, along with China's entry into the WTO, and South Korea's progress in corporate restructuring, have boosted investor confidence and created new business and investment opportunities. The financial centres of Hong Kong and Tokyo, and over the longer-term Shanghai, are expected to benefit from the increased business activity in North Asia.
9. Southeast Asia, on the other hand, has been saddled with high levels of distressed assets and bad debt post-crisis. More recently, the US war on terrorism has further delayed economic recovery and dampened investor interest relative to North Asia.
10. Singapore should leverage on opportunities in both North and Southeast Asia. Singapore-based financial institutions may have a role to play in servicing foreign businesses investing in Greater China, financing Chinese

---

<sup>1</sup> Previous reviews of the financial services industry in Singapore include the Financial Sector Review Group (1997), the Committee on Singapore's Competitiveness (1998), and the Financial Centre Advisory Group (1999-2000).

<sup>2</sup> BIS Triennial Central Bank Survey of Foreign Exchange and Derivative Market Activity.

enterprises and managing offshore Chinese wealth. Singapore can also offer Indian businesses high quality legal, technology and financial infrastructure to assist their fund-raising and overseas expansion efforts. In Southeast Asia, Singapore-based financial institutions can intermediate in the region's economic recovery by financing or underwriting the risks of investing in these companies.

### **Developing Distinctive Competencies and Niches**

11. In the light of these challenges, Singapore needs to develop new competencies that are less location dependent, more technology and knowledge intensive. Over time, these competencies should drive the creation of regional or global niches in financial services that become associated with Singapore, much as wealth management is associated with the Swiss, or retail fund management with Luxembourg. Singapore's small domestic market also makes the development of externally oriented "niches" a more appropriate longer-term strategy.
12. As financial services are information and technology-intensive in nature, Singapore's strengths in IT and market infrastructure are a comparative advantage which should be leveraged with emerging opportunities in financial services to move up the knowledge-based value-chain.

## **VISION**

13. Against the backdrop of structural changes in Asia, and Singapore's competitive advantages as a business and financial hub, the Financial Services Working Group (FSWG) has articulated the following vision for Singapore's next phase of financial centre development:

***To position Singapore as a pre-eminent financial centre in Asia for select regional/global niches***

The vision captures the imperatives for Singapore to:

- Develop regional and global niches in financial services to increase its depth and international market share of select financial activities, and
- Anchor itself as a centre to attract finance and ancillary professionals to study, research, work and live.

## **STRATEGIC THRUSTS**

14. We have identified four strategic thrusts:
  - Develop Singapore as a Regional Leader in Wealth Management
  - Develop Singapore as a Regional/Global Processing Centre

- Develop Singapore as the Asia Pacific Risk Management Centre
  - Create an Attractive Business Environment
15. We have identified wealth management, processing and risk management as the regional or global niches that Singapore should develop. An attractive world-class business environment will facilitate the development of these niches, as well as allow Singapore to proactively capitalise on emerging opportunities in financial services. The following section outlines our specific recommendations.

## RECOMMENDATIONS

### Thrust 1 Develop Singapore as a Regional Leader in Wealth Management

16. We identify wealth management as a source of good growth potential and competitive advantage for Singapore's financial sector. A well-developed wealth management industry, encompassing both institutional and private wealth management will reinforce capital market and treasury activities, and provide business to the suppliers of trust and custody services.
17. To remain competitive as a private wealth management centre, Singapore needs to maintain its existing advantages of political strength, economic stability and a well-regulated financial sector. To increase competitiveness as an institutional asset management hub, Singapore must accelerate efforts to increase the depth and breadth of the industry. This can be done by increasing assets available for management, building a critical mass of players and creating a conducive environment. A forward-looking and responsive legal and regulatory framework, availability of specialised ancillary services and high levels of professional expertise and investor sophistication are important.

#### Recommendation 1

##### Expand Government's Role in Developing Asset Management Industry

18. The government has so far played an effective role in developing asset management activities in Singapore. It can do more by complementing the current strategy of attracting large international fund management companies with a strategy to develop indigenous start-ups and attracting small and medium-sized fund management companies. This will help to build up a critical mass of players in Singapore. We thus recommend that:
- The government **provide seed capital and/or take equity stakes in start-ups and small and medium-sized fund managers;**

- **GIC and MAS extend fund management mandates** over and above Asia ex-Japan mandates to be managed by Singapore-based fund managers; and
- The government broaden the scope of the Technopreneurship Investment Fund (TIF) **to attract all types of private equity fund managers**, besides venture capital firms, to Singapore. TIF has had much success in attracting venture capital firms to Singapore and creating a technopreneurship community in Singapore.

## Recommendation 2

### Boost Competitiveness as a Pre-eminent Asset Management Centre

19. Singapore should leverage on domestic sources of assets under management to boost the vibrancy of the industry.
20. We recommend that Singapore attract the portion of resident institutional and private wealth that is currently invested offshore for tax reasons. Under the current Singapore tax system, interest income derived by a Singapore resident investing in Singapore interest-bearing instruments will be taxed at the individual's highest applicable marginal tax rate. As unremitted interest income from offshore investments is not subject to Singapore tax, residents are motivated to move savings offshore and not repatriate them. We therefore recommend the **exemption of tax on domestic source investment income and foreign source income remitted to Singapore**.
21. We also made specific recommendations to the ERC Sub-committee on Land, Wages, Taxes and CPF on **restructuring the CPF**. The main aim of our recommendations is to ensure an investment return that can meet the long-term retirement needs of CPF members. We agree with the Sub-committee's recommendations to reduce investment costs under the CPF Investment Scheme (CPFIS) and increase returns on members' CPF balances. We therefore recommend that CPF members be given the choice to invest CPF funds in a professionally managed aggregated pool which has an allocation of assets that is appropriate to the member's investment time horizon (this is commonly known as the "life-cycle" approach to investment).
22. To cultivate a conducive environment, we will need to promote enhanced investor sophistication and higher levels of professional training. We recommend a joint private-public sector effort to **improve investor education** so as to promote basic financial planning and money management skills. We also recommend a joint effort between industry associations and tertiary institutions in Singapore to **improve professional training** in key areas like asset management, research analysis and private banking to address skill shortages in these areas. Accreditation systems, where appropriate, should be established for institutions providing financial services education and training programmes.

### Recommendation 3

#### Increase Focus on Developing Alternative Assets Cluster

23. Alternative assets encompassing private equity (including venture capital and leveraged buyouts), hedge funds, mezzanine securities and distressed debt and real estate investment securities, constitute an increasingly important asset class in mature markets like the US and Europe. As the markets for alternative assets are relatively young in Asia, Singapore should **raise its developmental focus and regulatory responsiveness** to capitalise on the opportunity to position itself as a significant hub within Asia for alternative assets.
24. As alternative investment firms are typically structured as limited partnerships, we endorse the recommendation of the Company Legislation and Regulatory Framework Committee to **establish the Limited Partnership Structure in Singapore**.
25. We also recommend the **Trustees Act be reformed** so as to enable institutional investors to undertake alternative investments.
26. A vibrant private equity industry is a critical and valuable component of developing the alternative assets clusters. On a “per dollar of funds under management”, the employment opportunities generated from private equity are greater than those of other investment industries, such as traditional asset management or hedge funds. Attracting private equity managers, US/European buyout funds and fund management companies to Singapore will therefore generate spin-offs for the financial markets as well as ancillary services such as the legal, accounting and professional services fields.
27. To strengthen Singapore’s value proposition in the private equity business, we recommend improving the tax framework by **streamlining tax incentives into a single package** for all types of private equity funds, as well as harmonising the objectives and criteria for eligibility. Specifically, we propose that the MAS administer incentives that apply to private equity firms as well as for all types of private equity funds. We further propose that the EDB administer separate incentives targeted at enhancing the competitiveness of investee companies in Singapore.
28. The government should also **increase the tax certainty** for private equity investments by granting favourable tax treatment on gains made by a fund and investors in the fund from divestment, the carried interest payments made to fund management companies and private equity professionals, and management fees paid to fund management companies.
29. Alternative investment managers are generally smaller outfits and are thus disadvantaged vis-à-vis mainstream fund managers in terms of tax incentive schemes. We recommend the removal of the minimum fund size requirement of S\$100 million and the requirement of two investment

professionals under the qualifying criteria for the Approved Fund Manager (AFM) incentive. This would level the playing field for all fund managers.

30. Efforts by the Singapore Venture Capital and Private Equity Association to **upgrade the professional skills** of private equity professionals should also be supported, possibly through funding.
31. To give effect to Temasek Holdings' charter, we recommend the **use of Private Equity as an option to help Government-Linked Companies (GLCs) spin-off non-core assets** as they venture beyond Singapore. The increased deal flow will help attract private equity professionals to Singapore.

#### Recommendation 4

##### Develop Ancillary Services

32. We recommend that Singapore **develop trustee and custody services** to support the growth of the wealth management industry. Singapore is well-positioned to develop a niche industry in trust services.
33. We recommend the following initiatives:
  - Modernise trust and company legislation;
  - Introduce regulatory framework for trust companies, which should include provisions for privacy of information of trusts;
  - Further enhance the Approved Trustee Company Tax Incentive Scheme;
  - Raise education and professional standards in trust law and related disciplines; and
  - Promote industry dialogue with the Society for Trust and Estate Practitioners and Singapore Trustees Association.
34. With the increasing sophistication of investment instruments, we recommend **developing specialised legal, custody and other ancillary services**. The availability of specialised custody, fund administration, legal and accounting services is important to enhance the depth of the wealth management industry.
35. We recommend that Singapore take concerted steps to attract specialised ancillary services providers, through proactive promotion and incentives.

## Thrust 2 Develop Singapore as a Regional/Global Processing Centre

36. Processing activities remain largely fragmented with no clear regional/global centre for such activities. However, as financial institutions face intensifying pressures to cut costs and refocus on core activities, they will look increasingly towards centralising their processing activities into cost-effective locations, as well as outsourcing some of these activities. Such trends could result in the loss of a substantial number of back-office jobs in Singapore over the next 1-2 years.
37. Although disadvantaged by relatively higher factor costs, Singapore has a number of compelling advantages as a processing hub. These include world-class telecommunications and physical infrastructure, a large number of global bank regional headquarters, a stable political environment, a sound and progressive regulatory framework, a strong culture of process efficiency, an educated English-speaking workforce, and a vibrant IT sector.
38. Given this competitive profiling, Singapore should actively retain and pursue high value-added, technology-intensive processing activities.

### Recommendation 5

#### Establish Regional/Global Universal Processing Centres (UPCs)

39. We recommend that the government **sponsor the establishment of universal processing centres (UPCs)** by facilitating discussions between strategic partners and injecting investment capital. UPCs are outsourcing facilities that aggregate transactional volumes for activities that are highly commoditised, technology-intensive, and associated with large scale economies. UPCs will allow Singapore to overcome factor cost disadvantages through scale economies, and exploit the 2 to 3-year window of opportunity arising from the global trends of centralisation and outsourcing.
40. The long-term vision is for Singapore to become a one-stop intermediary for processing services through the development of a world-class cluster of UPCs, technology companies and related services. Under this business model, Singapore will focus on technology development, high value-added processing and middle-office activities, while outsourcing lower value-added processing activities to low-cost countries such as India and China.
41. Given the relatively low upfront capital investment that is required, this is an inexpensive initiative that could generate substantial benefits, as well as mitigate the current threat of job losses. In particular, it will support Singapore's efforts to develop front-office and middle-office activities, and could lead to the anchoring of strong financial services technology companies in Singapore.

### Thrust 3 Develop Singapore as the Asia Pacific Risk Management Centre

42. Globally, there is insufficient capacity in traditional insurance markets to absorb sudden and specialised risks. The September 11 attacks have severely constrained capacity, and traditional coverage is not available for some terrorism-related risks. Financial institutions are responding by pooling capital together to underwrite sudden event and unusual risks to meet the needs of clients, and to co-share the risks of providing coverage.
43. At the same time, there are increasing links between banks and insurers through the rapidly growing markets for risk transfer. The past decade has seen a growing range of new techniques and markets for transferring risk, such as loan trading, portfolio securitisation, derivatives and other alternative risk transfer (ART) methods.
44. Singapore should capitalise on these developments to position itself as the premier risk management centre in the Asia Pacific region, by leveraging on the growing maturity of capital markets and the critical mass of international financial institutions here.

#### Recommendation 6

##### Establish Asia Pacific Risk Management Facility

45. We recommend that Singapore establish a risk management facility – Asia Risk Exchange (ARX) – that will provide the physical facility and capital to accept, take and facilitate the exchange of risks between financial institutions and capital markets.
46. ARX will allow banks to hedge residual portfolio and credit risks, and insurers to hedge/insure catastrophe and sudden event risks. This will enhance Singapore's risk taking ability and fill a market gap in Asia.
47. We recommend **conducting a feasibility study** to further develop ARX's business plan and structure, as well as identify possible consortium partners and sources of seed capital (both private and public) to establish it. We also recommend that the authorities **develop a regulatory structure** for ARX.

### Thrust 4 Create an Attractive Business Environment

48. An attractive world-class business environment will facilitate the development of the three identified niches, as well as allow Singapore to proactively capitalise on emerging opportunities in financial services. We highlight recommendations and action steps on four focal areas, namely

financial services promotion, education and training, taxation and business infrastructure to create an attractive business environment for financial institutions and professionals to work in Singapore.

## **Financial Services Promotion**

### Recommendation 7

#### Enhance Public-Private Sector Co-operation in Promotion

49. To leverage on the network of people who have spent time in the financial services industry in Singapore, we propose the government **establish the “Friends of Singapore” Network**. By strengthening the relationships with these professionals, and updating them on key developments in Singapore, the network can be an effective means of raising the profile of Singapore overseas.
50. The private sector and the MAS should **establish regular forums and dialogue sessions** to build a deeper symbiotic relationship, and to draw industry associations to play a more proactive role in development and promotion activities. While MAS is already taking the lead in promoting Singapore’s financial sector, it should continue to use **private sector endorsement**, where appropriate, to increase the effectiveness of its promotion initiatives.

### Recommendation 8

#### Increase the International Profile of Singapore’s Financial Sector

51. The international profile of the financial sector should be raised through **attracting more high-profile conferences**, particularly those that are associated with the identified niches, to Singapore. The government should be prepared to provide financial support and endorsement, and participate in leading conferences that are hosted in Singapore.
52. Singapore should also combine efforts of government agencies to jointly commission and implement initiatives to **improve its public relations and brand internationally**. We believe that Singapore’s strong value proposition in financial services should be effectively communicated internationally.

## **Education and Training**

### Recommendation 9

#### Sharpen Focus and Raise Priority of Education and Training Initiatives

53. There is an urgent need to deepen the domestic pool of financial sector expertise to support the immediate development of the identified niches, and the long-term development of the financial services industry.

54. To develop Singapore as a centre of excellence for financial education and training, we recommend that **a clear national mandate and strategic vision be established for effective oversight of education and training initiatives. Accountability for progress**, in the form of tangible targets and results for education and training initiatives, should be introduced.
55. We recommend that the MAS **increase its working level resources** to support and expedite the implementation of these recommendations with the industry.
56. In order to raise the overall competency level of the industry workforce, we recommend that industry groups **review the need to establish minimum standards** for financial sector professionals. **Industry associations should play a bigger role** in driving and sponsoring professional education programmes as they best understand the needs of their members.
57. We also recommend establishing **an accreditation system** for the providers of educational and training programmes to enhance overall quality and standards.
58. As research is a source of innovative industry applications, we recommend **strengthening the quality of financial services research** and reinforcing the relationship between the industry and the universities here.

#### Recommendation 10

##### Raise International Profile of Singapore's Education and Training Environment

59. Singapore is not well recognised as a hub for education in financial services even though it hosts the Asian campuses of world-class institutions like the University of Chicago and INSEAD. We recommend that Singapore actively **promote itself as a premier education hub** to those interested in financial services careers.

#### **Taxation**

##### Recommendation 11

##### Further Enhance Singapore's Tax Environment

60. In an age of increasing labour and capital mobility, tax-friendly conditions are essential to attract firms and professionals. While the financial services industry views the reduction in corporate and personal tax rates, and incentives introduced for the financial sector in Budget 2002 positively, we propose additional measures to enhance Singapore's tax competitiveness as a financial centre.
61. First, to reverse the flow of excess capital offshore, we recommend **tax exemption on domestic source investment income and foreign**

**source income remitted to Singapore resident individuals** as a catalyst to develop the wealth management industry in Singapore.

62. Second, we recommend enhancing **the proposed group relief provisions**, which allow financial institutions to group tax gains and losses to reduce overall business costs, by removing the requirement to have a Singapore holding company as a criterion. Many foreign financial institutions based in Singapore do not have such a structure due to administrative and tax issues with their home countries.
63. We also recommend **improving the foreign tax credit mechanism** beyond the first tier of investment to minimise the loss of foreign tax credits in Singapore when remitting foreign source income.
64. To attract global talent to relocate to Singapore, we propose **enhancing the Not Ordinarily Resident (NOR) Taxpayer Scheme, by allowing tax deduction on contributions by non-citizen NOR taxpayers to overseas pension funds.**
65. We also recommend the authorities **clarify the withholding tax treatment** on OTC financial derivative transactions, with an eye to facilitating financial innovation, by exempting withholding tax in respect of bona fide derivative payments.
66. Finally, we recommend **allowing mark-to-market accounting for profits by Approved Finance and Treasury Centres**, a concession already granted to banks, for tax purposes.

## **Business Infrastructure**

### Recommendation 12

#### Provide State-of-the-Art Building Facilities for the Financial Sector

67. We recognise the merit of developing state-of-the-art building facilities and amenities that cater to the dynamic requirements of Singapore's financial sector. Similar projects undertaken in other financial centres such as London and New York include the development of Canary Wharf and World Financial Centre respectively.
68. The development of such facilities would underscore Singapore's commitment to remain competitive and develop as a pre-eminent financial centre in Asia.

# SUMMARY OF KEY RECOMMENDATIONS

S/No	Recommendations	Objectives
<b>Develop Singapore as a Regional Leader in Wealth Management</b>		
1.	<p><b><i>Expand Government’s Role in Developing the Asset Management Industry</i></b></p> <p>a) Develop start-ups and small and medium-sized fund managers to form a cluster of indigenous companies over time</p> <p>b) Extend the fund management mandates granted by GIC and MAS to cover global as well as Asian mandates for fund managers located in Singapore</p> <p>c) Provide funds, through extending the scope of the Technopreneurship Investment Fund (TIF), to attract all types of private equity players, besides venture capital firms, to Singapore</p>	<ul style="list-style-type: none"> <li>• Build critical mass of players</li> <li>• Build breadth and depth in the asset management industry</li> </ul>
2.	<p><b><i>Boost Competitiveness as a Pre-eminent Asset Management Centre</i></b></p> <p>a) Improve tax treatment by exempting tax on:</p> <p style="margin-left: 20px;">i) Domestic source investment income;</p> <p style="margin-left: 20px;">ii) Foreign source income remitted to Singapore resident individuals; and</p> <p style="margin-left: 20px;">iii) Management fee income earned by fund managers from managing funds sourced overseas</p> <p>b) Review the Central Provident (CPF) structure to ensure investment returns that can meet the long-term retirement needs of CPF members</p> <p>c) Forge a private-public sector effort to improve investor education in basic financial planning and money management skills</p> <p>d) Forge a joint industry-academia effort to improve professional training in key areas like asset management, research analysis and private banking</p>	<ul style="list-style-type: none"> <li>• Increase the assets available for management in Singapore</li> <li>• Develop a more sophisticated investment culture</li> </ul>

S/No	Recommendations	Objectives
3.	<p><b><i>Increase Focus on Developing Alternative Assets Cluster</i></b></p> <p>a) Raise developmental focus and regulatory responsiveness to advance Singapore’s push to be the alternative assets hub in Asia</p> <p>b) Establish Limited Partnership structure in Singapore</p> <p>c) Reform the Trustees Act to provide an unconstrained environment for institutional investment into alternative assets</p> <p>d) Streamline tax incentives for private equity into one single package with MAS administering the incentives that apply to private equity firms and funds, and EDB administering separate incentives to target investee companies in Singapore</p> <p>e) Increase tax certainty for private equity by granting favourable tax treatment on gains made by funds and investors, “carried interest” payments, and management fees</p> <p>f) Establish a favourable tax environment by removing the minimum fund size requirement of S\$100 million and the requirement of two investment professionals under the qualifying criteria for the Approved Fund Manager (AFM) incentive</p> <p>g) Support the efforts of the Singapore Venture Capital and Private Equity Association to upgrade professional skills</p> <p>h) Encourage the use of private equity as an option to help Government-Linked Companies (GLCs) spin-off non-core assets, e.g. through management buyouts</p>	<ul style="list-style-type: none"> <li>• Position Singapore as the alternative assets hub in Asia</li> <li>• Deepen the base of alternative asset management activities</li> </ul>

S/No	Recommendations	Objectives
4.	<p><b><i>Develop Ancillary Services</i></b></p> <p>a) Develop trustee and custody services to support the growth of the wealth management industry, including</p> <ul style="list-style-type: none"> <li>i) Modernise trust and company legislation;</li> <li>ii) Introduce regulatory framework for trust companies, including provisions for privacy of information of trusts;</li> <li>iii) Further enhance the Approved Trustee Company tax incentive scheme;</li> <li>iv) Raise education and professional standards in trust law and related disciplines; and</li> <li>v) Promote industry dialogue with the Society for Trust and Estate Practitioners and Singapore Trustees Association</li> </ul> <p>b) Develop specialised legal, custody and other ancillary services such as fund administration and accounting in order to service increasingly sophisticated investment instruments</p>	<ul style="list-style-type: none"> <li>• Establish Singapore as a high quality trust jurisdiction</li> </ul>
<b>Develop Singapore as a Regional/Global Processing Centre</b>		
5.	<p><b><i>Establish Regional/Global Universal Processing Centres (UPCs)</i></b></p> <p>a) Government to sponsor the establishment of UPCs by facilitating discussions between strategic partners and injecting investment capital</p>	<ul style="list-style-type: none"> <li>• Leverage Singapore's strengths in business and IT infrastructure to develop a world-class processing cluster</li> </ul>
<b>Develop Singapore as the Asia Pacific Risk Management Centre</b>		
6.	<p><b><i>Establish Asia Pacific Risk Management Facility – the Asia Risk Exchange (ARX)</i></b></p> <p>a) Conduct a feasibility study to develop ARX, including its business plan, structure, consortium partners and sources of seed capital</p> <p>b) Develop the regulatory structure for the ARX</p>	<ul style="list-style-type: none"> <li>• Provide platform and capital to position Singapore at the forefront of risk management in Asia</li> </ul>

S/No	Recommendations	Objectives
<b>Create an Attractive Business Environment</b>		
7.	<p><b><i>Enhance Public-Private Sector Co-operation in Promotion</i></b></p> <p>a) Establish the “Friends of Singapore” network to continue to engage finance professionals who have had working stints in Singapore</p> <p>b) Establish regular forums and dialogue sessions between the MAS and the private sector to strengthen the latter’s involvement in development and promotion activities</p> <p>c) Use private sector endorsement for the promotion of Singapore as a financial centre</p>	<ul style="list-style-type: none"> <li>• Forge a stronger private-public sector partnership to promote Singapore as a pre-eminent financial centre in Asia</li> </ul>
8.	<p><b><i>Increase the International Profile of Singapore’s Financial Sector</i></b></p> <p>a) Attract more high-profile conferences, especially those related to wealth management, processing and risk management activities, to Singapore</p> <p>b) Improve Singapore’s public relations and brand internationally</p>	<ul style="list-style-type: none"> <li>• Increase international awareness of Singapore as a pre-eminent financial centre in Asia</li> </ul>
9.	<p><b><i>Sharpen Focus and Raise Priority of Education and Training Initiatives</i></b></p> <p>a) Establish a clear national mandate and strategic vision for effective oversight of education and training initiatives, and introduce accountability for progress</p> <p>b) Increase working-level resources at the MAS to implement education and training initiatives</p> <p>c) Review the need for minimum standards for financial sector professionals</p> <p>d) Establish accreditation systems for financial education and training institutions in specific, high-priority areas like fund management and risk management</p> <p>e) Strengthen financial services research between academia and the financial services industry</p> <p>f) Co-opt industry associations to play a bigger role in professional and consumer education</p>	<ul style="list-style-type: none"> <li>• Deepen the pool of skilled financial sector talents</li> </ul>

S/No	Recommendations	Objectives
10.	<p><b><i>Raise the International Profile of Singapore's Education and Training Environment</i></b></p> <p>a) Promote Singapore as a premier education hub to those interested in financial services careers</p>	<ul style="list-style-type: none"> <li>• Distinguish Singapore as a hub of excellence for financial services education and training</li> </ul>
11.	<p><b><i>Further Enhance Singapore's Tax Environment</i></b></p> <p>a) Exempt from tax domestic source investment income and foreign source income remitted to Singapore resident individuals</p> <p>b) Enhance group relief provisions by removing the Singapore holding company structure requirement and extending the provisions to branches of foreign companies</p> <p>c) Improve foreign tax credit mechanism</p> <p>d) Enhance the Not Ordinarily Resident (NOR) Taxpayer scheme by allowing tax deduction on contributions by non-citizen NOR taxpayers to overseas pension funds</p> <p>e) Clarify withholding tax treatment by considering a broad-based exemption of withholding tax for bona fide derivative payments</p> <p>f) Allow mark-to-market accounting for approved Finance and Treasury Centres in computing profits for tax purposes</p>	<ul style="list-style-type: none"> <li>• Ensure Singapore's tax competitiveness vis-à-vis other financial centres</li> </ul>
12.	<p><b><i>Provide State-of-the-Art Building Facilities for the Financial Sector</i></b></p> <p>a) Plan strategically for development of infrastructure and building facilities that cater to the needs of financial institutions</p>	<ul style="list-style-type: none"> <li>• Ensure that Singapore's business infrastructure remains competitive</li> </ul>

