



Suruhanjaya Sekuriti
Securities Commission
Malaysia

Single Family Office Scheme in Malaysia

AN INTRODUCTION

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Why Malaysia?

A Destination for Legacy, Lifestyle & Investment



Central location in Southeast Asia makes it a gateway to the fast-growing ASEAN market. Its proximity to Singapore, China and Indonesia enhances investment opportunities in the region.



Well developed infrastructure including world-class airports, ports, highways, and telecommunication networks ensuring smooth logistics and connectivity.



Robust common law framework, effective governance and regulatory infrastructure, complemented by a competitive talent pool and strong global reputation in Islamic Finance.



Lower cost of doing business compared to other regional hubs including affordable office spaces, labor and utilities.



Mature capital market ecosystem providing access to wide range of expert advisers including wealth managers, legal advisers, trust companies, tax specialist and Shariah advisors, offering tailored solutions for wealth preservation and succession planning.

Types of Family Offices

A family office serves primarily as an investment office for ultra-high-net-worth (UHNW) families



Single Family Office (SFO)

- Serves one UHNW family, allowing them full control over decisions and more personal services

(e.g. dealing or fund management in respect to related corporations)



Multi Family Office (MFO)

- Serves more than one family
- Often resulting in lower costs due to shared resources but potentially less personalisation

(e.g. investment advice, fund management, dealing in securities)

Family Office manages a wide range of solutions for its clients, including;

Wealth management

Legal, bookkeeping and tax planning

Insurance and risk management

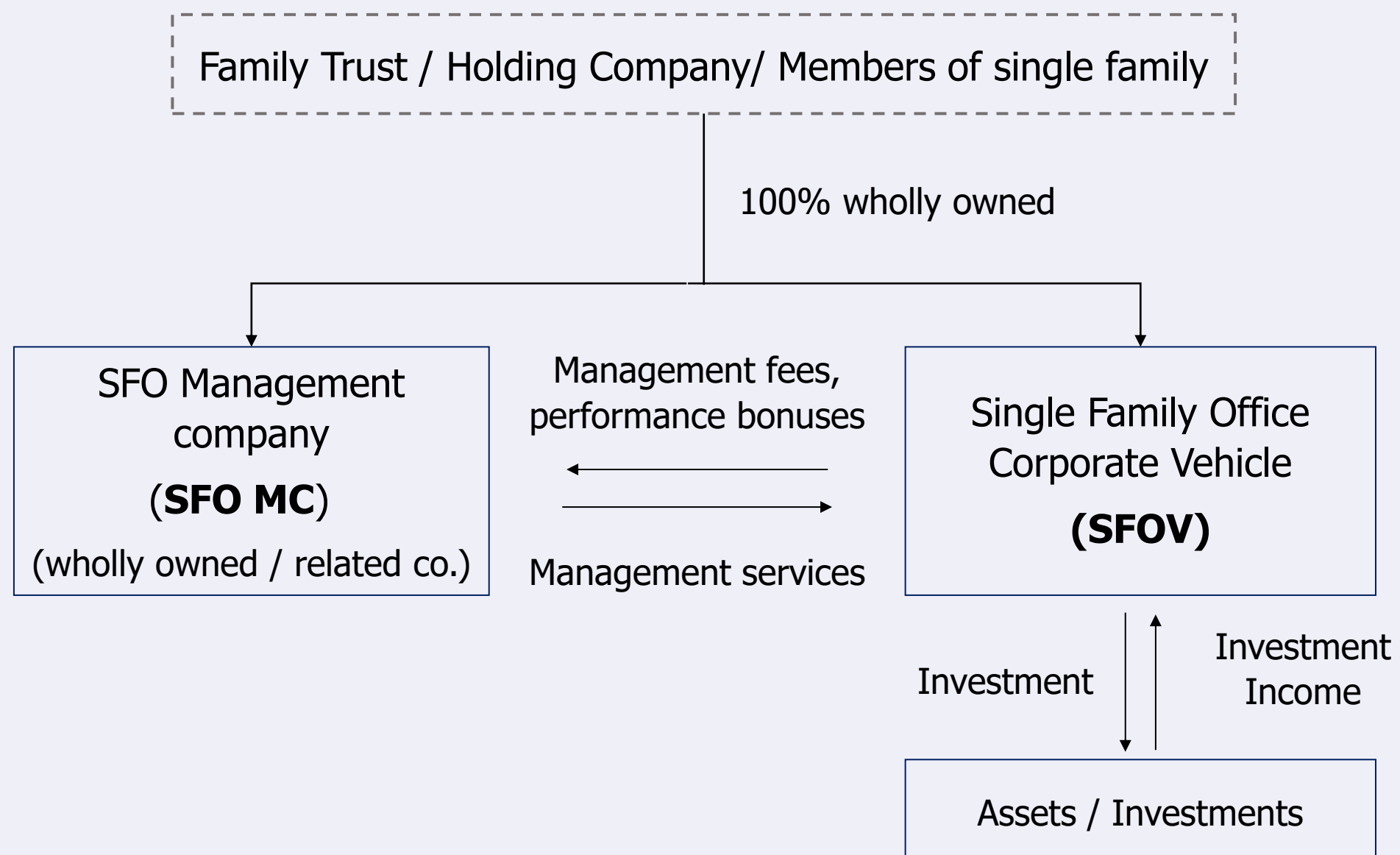
Concierge and family services

Governance, education and succession planning

Philanthropy

SFO is exempted from licensing under the Capital Market and Services Act 2006 (CMSA) on the condition that it only provides services to its related company

Key Definitions



SINGLE FAMILY

A family which its members are individuals who are **lineal descendants** of a single ancestor including the spouses and children of these individuals

SINGLE FAMILY OFFICE VEHICLE (SFOV)

A **new company** incorporated under the Companies Act 2016 which is—

- Wholly owned, directly or indirectly, by one or more individuals, all of whom are members of a single family;
- Operating in Pulau 1, Forest City Special Financial Zone; and
- Established solely for the purposes of holding the assets and investments for the interests of members of a single family.

SINGLE FAMILY OFFICE MANAGEMENT COMPANY (SFO MC)

Malaysian company wholly owned, directly or indirectly by members of a single family and **established for the purposes of managing the assets and investments for the interest of members of the single family.**

Summary of the Tax Incentive Scheme

Family Trust / Holding Company/ Members of a single family

100% wholly owned

SFO Management company
(SFO MC)
(wholly owned / related co.)

Management fees,
performance bonuses
←
→
Management services

Single Family Office Corporate
Vehicle
(SFOV)

Investment

Investment
Income

SFO MC requirements

- All AUM to be managed out of Malaysia by SFO MC and SFOV
- Although investment for the 90% of the AUM can be overseas, it must be managed with or by related co and can be delegated to fund managers licensed by SC

Permitted Assets

For the first 10 years:

- Minimum **AUM of RM30 million**
- Composition to include **local and promoted investment of RM10 million or 10% of AUM whichever lower**

Conditions for subsequent 10 year exemption

1. Minimum AUM of RM50 million
2. Local and promoted investment of RM10 million or 10% of AUM, whichever higher
3. Minimum 4 FTEs
4. Annual local expenditure of min RM650k

Tax incentives

Application period: 2024 - 2034

- 1 0% Concessory Tax Rate (includes CGT & FSI)**
10 years + 10 years extension
- 2 One Off Stamp Duty Exemption**
Asset transfers into SFOV
- 3 One Off CGT Exemption**
Unlisted share transfers into SFOV

Substance Requirements

- 1 Physical Office in Pulau 1, Forest City SFZ**
min 450 square feet
- 2 Minimum 2 FTEs where:**
 - i. At least 1 Investment Professional, and
 - ii. At least 1 Director/FTE
- 3 Local operating expenditure**
Min. RM500k annual

Bank Negara Flexibility on Foreign Exchange Policy

- Bank Negara through the Forest City Special Financial Zone (FC SFZ) offers **flexibilities for capital flows, tailored to both local and foreign nationals family offices to facilitate unrestricted capital flows for their offshore borrowings and foreign currency (FCY) investments provided investments are sourced from abroad.**
- BNM will implement these flexibilities through a **one-time registration process** for eligible family offices and **yearly compliance reporting**
- The flexibilities will be granted for an initial five-year period, with an option for renewal subject to compliance with the relevant requirements.

These flexibilities allow:

No limit on offshore borrowing

Free to obtain FCY borrowing in any amount from non-resident financial institutions (NRFIs) and other non-related non-residents, including through issuance of securities or Islamic securities denominated in FCY. Proceeds obtained from the borrowing shall be utilised abroad or for business operations carried out within the FC-SFZ only. On-lending to resident entities outside of the zone is not permitted.

No limit on investment in FCY assets

Free to invest any amount in FCY assets onshore and abroad, provided that funds for investments are sourced from non-residents or abroad. Examples of eligible sources of funds include but not limited to:

- Offshore borrowing obtained from non-residents
- Funds managed on behalf of non-residents originating from abroad
- Funds repatriated from abroad by residents
- Capital injection received from non-residents

Only family offices which expect to **actively invest abroad beyond the permissible limit** (RM50 mil p.a. for those with domestic ringgit borrowing) **may apply for the flexibilities**, as those with smaller annual transaction size can already invest abroad within the current limit.

Substance Requirements

Initial 10-years

1. Employee: **Minimum two Full Time Employee (FTE) in SFOV** where:
The FTE must meet the following criteria:
 - Receive salary of at least RM10,000 per month
 - Malaysian tax resident throughout incentive period
 - At least **1 Investment Professional (IP)**
 - have **2 years relevant working experience, AND**
 - holds at a minimum, a **degree OR** holds a **globally recognised professional qualification** (including but not limited to MBA, CFA, Chartered Accountant, Chartered Banker, Certified Financial Planner or equivalent certifications)
2. Expenses: **Min. RM500,000 per year** local spending to be incurred by the SFOV in Malaysia. Local spend include but not limited to wages, rent, management fees and fees to local service providers in Malaysia
3. SFOV **must set up and operate out of Pulau 1, Forest City Special Financial Zone**

Subsequent 10-years

1. Employee: **Minimum four FTE in SFOV**
2. Expenses: **Min. RM650,000 per year** local spend to be incurred by SFOV in Malaysia

Asset Under Management

AUM of RM30 million, composition of the AUM can be invested in Malaysia or abroad including but not limited to—

- Shares that are listed on any exchange
- Bonds notes, commercial papers and treasury bills
- Islamic capital market products
- Private companies in Malaysia (excluding SPV holding property only)
- Real estate holdings limited to Forest City
- Derivatives that are either listed or quoted on a stock exchange, or dealt in the OTC market (Structured products)
- Bank deposits in foreign or local currencies
- Forex instruments
- Future contracts
- Local and global collective Investment Scheme
- Global Venture Capital and Private Equity funds
- Portfolio management by SC-licensed FM

10% or RM10 million of the total AUM, whichever is lower, must comprise of local investments

Eligible Local Investments

1. Listed securities on Bursa Malaysia
2. Islamic capital market products in Malaysia
3. Ringgit-denominated debentures and Malaysia Government Securities (MGS)
4. Exchange traded derivatives on Bursa Malaysia Derivatives
5. Private Equity (PE) and Venture Capital (VC) funds by SC registered VC & PE managers
6. Portfolio management, where underlying is 70% in Malaysia, offered by SC licensed FMs
7. Shares of tech and SRI companies incorporated in Malaysia

Promoted Investments: These investments will count as 1.5x multiple towards the local AUM requirements

1. Sustainability funds, bonds and sukuk that align with Malaysia or ASEAN standards for underlying Malaysian projects
2. *Waqf* –featured framework funds
3. ECF & P2P campaigns on SC registered Recognised Market Operators (RMOs)
4. Shares of companies approved by MIDA under the JS-SEZ Tax Incentive Package.
5. Shares of companies that align with the NIMP prioritized sectors.

Key requirements of SFO MC

The terms and conditions for SFO MC imposes governance, operational, and compliance requirements on the SFO MC, ensuring accountability, proper management of assets, and adherence to the regulatory framework of the SFO Scheme.

Terms and Conditions

Agreement between SFOV and SFO MC

- The SFO MC must have a Service Level Agreement (SLA) or Investment Management Agreement (IMA) with the SFOV setting out the scope of services, including but not limited to investment management, advisory, reporting obligations, and compliance.

Management of SFOV assets

- All assets under management (AUM) of the SFO MC must be managed in Malaysia. The AUM must be assets -
 - a) owned directly by the SFOV; or
 - b) held by the SFOV as beneficial owner through:
 - i. a bank licensed by BNM; or
 - ii. a capital market intermediary, whether the assets are maintained with a local or foreign custodian.
- The SFO MC may delegate any part of the management of the SFOV's assets to a holder of a Capital Market Services Licence for fund management undertaking portfolio management.
- Where management of the SFOV's assets is not delegated, the SFO MC must convene at least one Investment Committee meeting and one Board of Directors meeting in Malaysia annually.

Collaborative Management

- An SFO MC may carry out other services outside the scope of the SLA or IMA provided that the services are provided to family members directly or other entities owned by the same single family.
- The SFO MC may enter into an arrangement to jointly manage the assets of the SFOV with the investment professional employed by the SFOV or in collaboration with other Single Family Offices managing the wealth of the same single family.
- The SFO MC is permitted to outsource non-investment management activities to a service provider.

Two-Step Process for SFO Scheme Tax Certification

Step 1 | Consultation, Establishment and Conditional Approval with the SC

Consultation with the SC & Establishing a SFO

The consultation is aimed to deliberate on SFOV's fund structure, proposed assets composition and any other arising matters to ensure that it is expected to satisfy the requirements to claim for the tax incentive.

Prospective applicants are encouraged to request for a consultation session with the SC by writing to SFOScheme@seccom.com.my

Upon consultation with the SC or in parallel, prospective applicants may establish the two entities and other requirements required under this scheme.

Conditional Approval

pre-requisite for annual tax certification

Submission of completed SFOV Conditional Approval documents to the SC.

Upon complete documentation, the SC shall issue a Conditional Approval letter to the SFOV.

Submission for One-off exemptions upon establishment of SFOV

Submission of completed forms and supporting documents for one-off exemption for Capital Gains Tax (CGT) and Stamp Duty on the transfer of qualifying assets into the SFOV as part of its establishment.

Upon complete documentation, the SC shall issue a verification letter for this exemption.

Step 2 | Annual tax certification

Submission of SFOV Tax Certification Form

At the end of each financial year (FY), the SFOV is required to apply for tax certification with the SC

Documents required:

- SFOV Tax Certification Form
- Audited accounts and any supporting documents at FY

Issuance of Tax Certification Letter

If all requirements are met, **SC will issue a tax certification letter** to certify that the SFOV has met the necessary condition and therefore are eligible for the tax exemption for the year of assessment

SFOV to claim tax incentive directly with Inland Revenue Board (IRB)

For more information

please contact

SFOScheme@seccom.com.my

Forest City Special Financial Zone



Forest City is a mixed development project comprising four man-made island along the Johor strait. Pulau Satu is the most developed out of the four planned island and is a designated duty-free zone since 2016.

Other incentives for promoted sectors¹ under the FC SFZ includes, but not limited to:

- Industrial Building Allowance of 10%
- Deduction on relocation expenses up to RM500,000
- 10 years' withholding tax exemption services
- 50% stamp duty exemption on transfer of property and mortgage financing
- Foreign exchange flexibilities by BNM
- 15% personal tax rate for returning experts and knowledge workers

FC SFZ, as part of the Johor-Singapore Special Economic Zone (J-S SEZ), enables family offices to tap into cross-border synergies and investment opportunities, further enhancing the attractiveness of establishing operations in a promising locality.

¹ Promoted sectors comprises family office, fintech companies (insurtech, regulatory fintech and Islamic fintech), foreign payment system operation, financial institutions, banks, capital market participants and insurance/ takaful companies