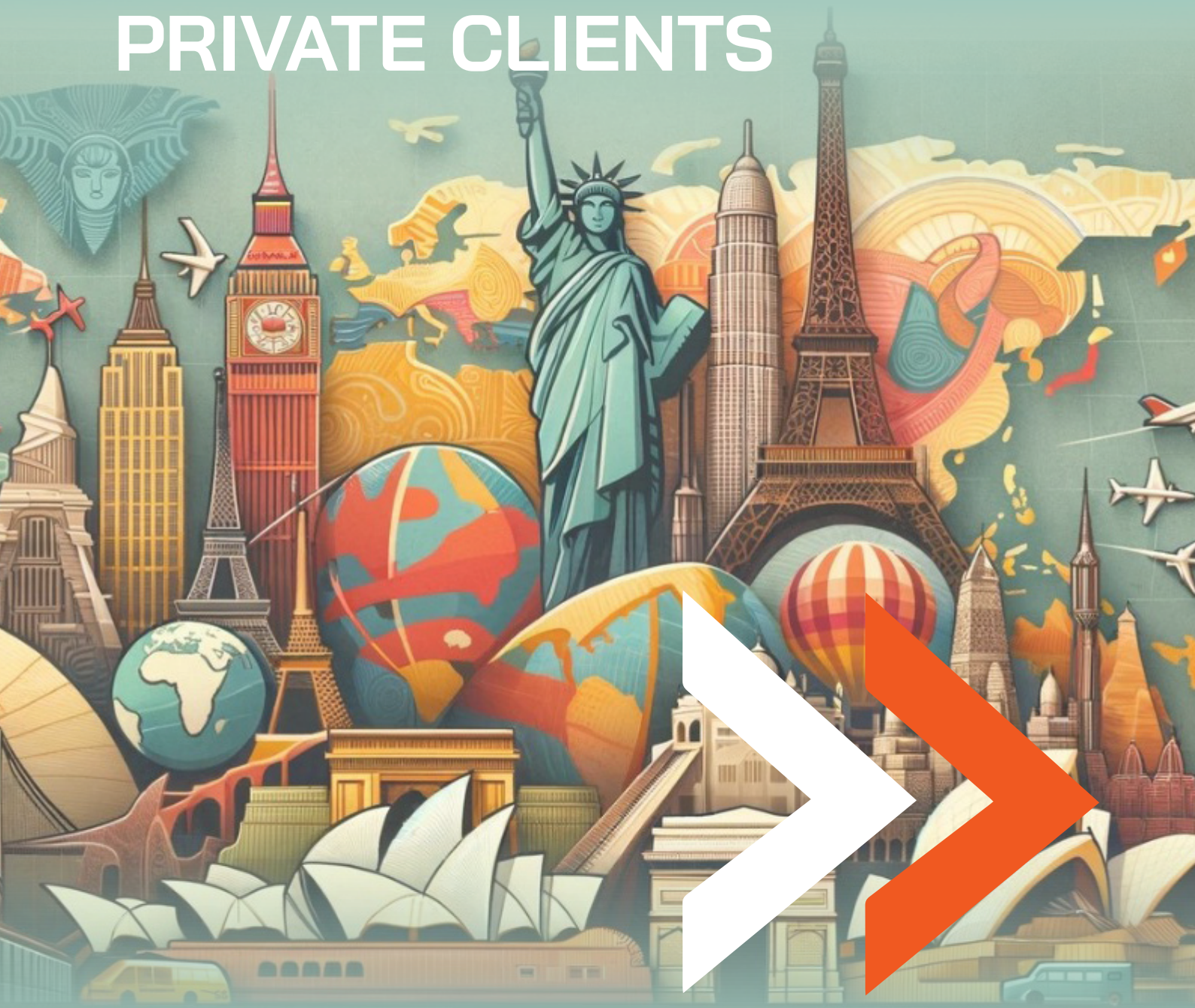


INVESTMENT MIGRATION, RESIDENCY & CITIZENSHIP KEY TRENDS RELEVANT TO HNW AND UHNW PRIVATE CLIENTS



SUMMARY

■ *The global market for alternative residence and citizenship continues to thrive. This is driven by wealthy private investors who prioritise personal, family, and estate planning. As the investment migration industry continues to expand, demand is evolving rapidly. Historically, it came from emerging countries with weaker passports seeking more robust, well-governed countries with less political and geopolitical risk. But nowadays, even wealthy clients in the US are showing remarkable interest in diversifying their residence and/or citizenship options for themselves and their families.*

Many wealthy and ultra-wealthy individuals build a portfolio of residence and citizenship alternatives simply in preparation for the unforeseen—be it economic, social-political, family, or lifestyle.

This diverse array of motivations is matched by the numerous opportunities and schemes that clients may wish to explore around the globe. Countries and regions have matured and liberalised – for example, the Middle East is no longer just an exit point; it’s opening up for inward migration due to liberalisation, economic diversification and the appeals of lifestyle and infrastructure in the UAE in particular. There is lots of demand for Asia, headed by Singapore, Malaysia and Thailand as destinations, but there is also ongoing demand from Asia for other parts of Asia, Australia/New Zealand, Europe (especially EU countries), and the perennial US.

In Asia, Singapore’s market for inward migration of uber-wealthy clients, often establishing large single-family offices, remains robust. However, it has become more exclusive to the ultra-rich due to the high cost of living. Hong Kong is a source of more outward demand as locals seek alternatives outside China’s influence. China and other emerging markets in Asia, like the Philippines, Indonesia, India, and Vietnam, continue to generate strong demand for options around the world. Clients of all types are exploring opportunities in Europe, the Americas, the Caribbean, the Middle East, and Australia/New Zealand.

The Hubbis Digital Dialogue event on April 11th offered delegates a diverse panel of experts to examine the key trends, review existing options, and look ahead to upcoming opportunities for alternative residence and citizenship via investment migration around the globe.

SPEAKERS



DOMINIC VOLEK
Henley & Partners



FIONA LAU
Hywin International



BRUNO L'ECUYER
Investment Migration



PAUL KNOX
J.P. Morgan Private Bank



ZAC LUCAS
Spencer West

PARTNERS



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*Key Observations & Insights***THESE ARE SOME OF THE QUESTIONS THE PANEL ADDRESSED:**

- » What are the emerging global mobility and investment migration trends in the past year?
- » Where is the current demand coming from compared to historical trends?
- » Is Asia a source of outward or inward activity, or both, and why?
- » Which countries in Asia Pacific have the greatest and growing client demand, and why?
- » Which countries are launching new programs, and which have stopped existing programs?
- » How does the wealth management industry collaborate with the investment migration industry, and what are the advantages?
- » How does investment migration align with estate and legacy planning?
- » What considerations are essential for making the right investment migration decisions and achieving desired results?
- » Which jurisdictions around the world are offering the most appealing residence- or citizenship-by-investment options today?
- » How much does it all cost and how long does it all take?
- » What information is required of clients and their families? What does the process entail? Is my data secure?
- » Will there be new regulation of the investment migration industry in light of the OECD/FATF joint report: 'Misuse of Citizenship and Residency by Investment Programmes'?



Key Trends - Diversified Demand, the Quest for Greater Optionality and the Rising Number of Valid Programmes Worldwide

An expert explained that the investment migration industry is dynamic and continually expanding due to increasing global demand for residence and citizenship by investment. This growth is evident from the aggressive expansion of major investment migration advisory firms such as Henley & Partners, which now has 55 offices worldwide, and is seeing significant growth across the globe, notably in the US and South America.

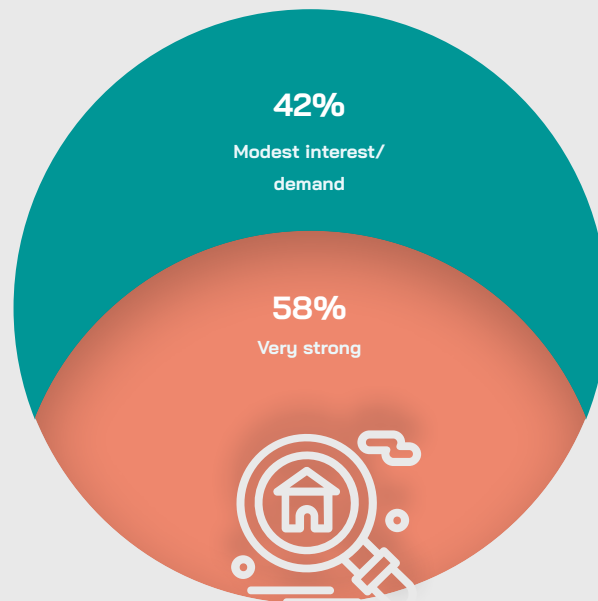
He highlighted the growing demand for and the increasing range of citizenship-by-investment (CBI) and residence-by-investment (RBI) programs. He explained that historically, the demand has primarily come from emerging markets where individuals seek stability against political, economic, or environmental uncertainties. However, there has been a noticeable shift in the market dynamics, with more developed markets showing increased interest, especially post-Brexit, with UK residents looking towards European Golden Visas.

The industry's focus has transitioned from merely acquiring travel documents to enhancing 'optionality' for affluent individuals who seek to diversify their residency as they do their assets. This includes the growing trend of securing residence in politically stable countries while maintaining the ability to hold multiple citizenships.

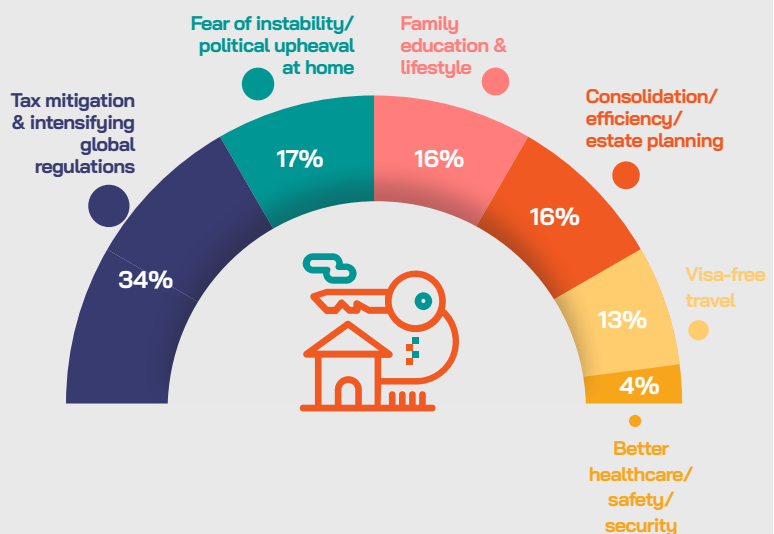
The supply side of the market is equally fluid, with program changes making residence

The Hubbis Post-Event Survey

HOW WOULD YOU DESCRIBE INTEREST AND DEMAND AMONGST ASIA'S HNWI'S AND UHNWI'S AND FAMILIES FOR ALTERNATIVE RESIDENCES OR CITIZENSHIPS?



WHAT ARE THE KEY DRIVERS FOR ASIA'S HNWI AND UHNW PRIVATE CLIENTS IN TAKING UP RESIDENCE OR CITIZENSHIP OVERSEAS?



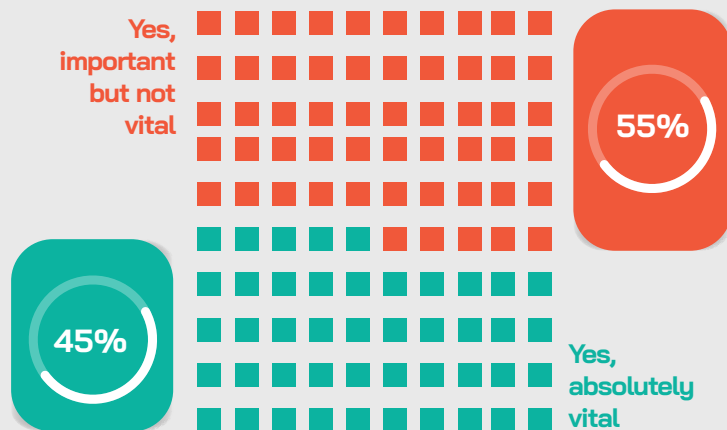
options sometimes more costly and complicated, evidenced by recent adjustments in Portugal and potential changes in Spain’s real estate investment criteria. This urgency has driven a surge in applications, as potential changes might restrict options or increase costs.

The investment migration industry is evolving from merely offering another passport for visa-free travel to providing a more sophisticated and comprehensive service that encompasses estate planning and broader motives beyond travel. This shift reflects the industry’s response to more educated and sophisticated clients who seek detailed planning around their residency and citizenship. The focus is now on working closely with private banks, family offices, and legal professionals to ensure that the advisory services align with the clients’ diverse needs and that due diligence processes are thorough and adapted to the complexities of each case.

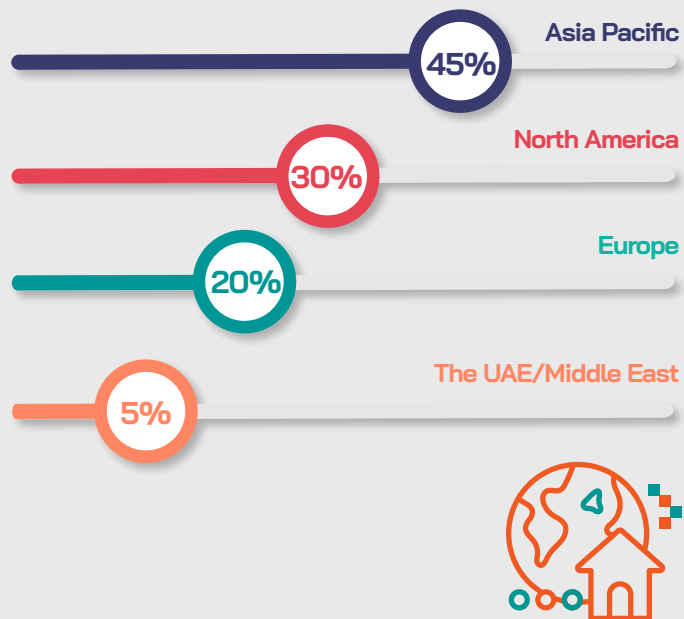
Another expert explained that in the dynamic world of HNW and UHNW investment migration, a range of complex issues affect those moving jurisdictions, particularly from China to Singapore. While tax implications are a primary concern during such moves, less scrutinized are the legal aspects like the non-binding nature of prenuptial agreements under Singapore law, unlike in civil law jurisdictions where they are binding and can determine asset ownership between couples.

These overlooked aspects underscore the importance of holistic advisory that extends beyond tax considerations to

DO YOU CONSIDER INVESTMENT MIGRATION A KEY ELEMENT OF ROBUST ESTATE & LEGACY PLANNING FOR HNW/UHNW CLIENTS?



WHICH REGIONS AROUND THE WORLD ARE ASIA’S PRIVATE CLIENTS MOST INTERESTED IN FOR ALTERNATIVE RESIDENCE OR CITIZENSHIP?



include broader legal and familial implications, especially in light of high divorce rates among migrating HNW and UHNW individuals. This comprehensive approach is becoming more critical as the advisory services evolve to cover a broader spectrum of international law, enhancing the support offered to these clients during significant life transitions.

There is a Greater Array of CBI and RBI Options Today than Ever Before, but Demand has Been So Strong that Prices are Rising Fast, and Conditions are Toughening

Asian countries such as Hong Kong and Singapore provide direct routes through their CIES and GIP programs, respectively, but whereas Hong Kong is relatively low cost and reasonable, Singapore's offering is remarkably pricey nowadays as demand has been so high for some years.

Thailand offers the Thailand Elite and long-term residence visas, but pricing has surged markedly, while Malaysia's My Second Home program is under revision. Indonesia's recently launched golden visa has not yet gained traction due to pricing issues. In Australia, the significant investor visa and VIIP are currently unavailable, though a global talent visa exists. New Zealand offers a premium visa ranging from \$5 to \$15 million for permanent residence without stringent residency requirements.

In Europe, Portugal's golden visa remains open but the government has removed real estate investment options, shifting demand more towards nations

Expert Opinion

DOMINIC VOLEK - Henley & Partners

"It is not just the current political landscape that's driving demand. Alternative citizenship and residence rights have always been seen as the ultimate insurance policy against economic and political uncertainties, but many of our clients are also using investment migration programs to diversify their assets and create new opportunities across multiple jurisdictions worldwide. And then, of course, as certain regional conflicts and wars intensify, citizens of major world powers are increasingly seeking the safety net of additional passports to travel on."

"The most sought-after investment migration options remain the Golden Visa programs for residence in Europe, namely Portugal, Spain and Greece as well as Malta's investment offering, which allows for the granting of citizenship by a certificate of naturalisation to foreign individuals and their families who contribute to the country's economic development. "These options require applicants to spend little to no time in the country, so they are particularly attractive to wealthy investors who still plan to spend the majority of their time in their home country while enjoying the benefits and security of holding a second residence or citizenship of another."

"Like with education, investment migration is an 'inter-generational enabler'. Successfully balancing wealth generation and opportunity creation are key characteristics of ascendant economies and vibrant societies. Tailored investment migration strategies can help families to clear pathways for their children and heirs to access the world's best schooling, most lucrative job markets, and enhanced quality of life through the privileges and flexibility of alternative residence and citizenship by investment options that give them the right to study, live, work, and invest in countries of their choice."



like Greece and Spain, but even they may before long alter their relatively low cost real estate investment criteria due to similar housing-for-local concerns, as in Portugal. Interestingly, Spain offers a unique fast-track to citizenship for residents with

historical ties to the country, enabling eligibility within two years under certain conditions.

Latvia is emerging as a lesser-known but rather competitive option in Europe with its golden visa. Malta continues to attract ultra-high-net-worth individuals

through its citizenship process, despite its high costs.

Meanwhile, Dubai and other UAE emirates are increasingly popular for their golden visa programs. In North America, Canada has reintroduced its investor visa in Quebec and maintains a popular startup visa program. The US continues to attract applicants through its EB5 program, with many families attracted to the US for lifestyle, investments, education and the potential for family members to thrive in a robust and dynamic economy.

Educational prospects also drive investment migration, with many Asian families using education pathways in the UK, US, and Canada to facilitate residency or citizenship for their children.

Demand from HNW and UHNW Clients and Families is Growing, Understandably and Seemingly Inexorably

Global families increasingly see the value in holding multiple residencies or citizenships, not just for asset protection or estate planning, but as a stable contingency plan. These plans are particularly popular among affluent individuals from regions like Mainland China moving into jurisdictions such as Singapore. As the investment migration industry matures, discussions around these programs have evolved to address both regulatory stability and private international aspects.

On the private international front, the implications of changing citizenship on estate planning and divorce laws are underexplored. For instance, changing citizenship in the Philippines could allow an

Expert Opinion

PAUL KNOX, JP Morgan:

"The interest and demand for residence and citizenship options from wealthy individuals are ever increasing. This is part of robust planning for an uncertain future that people see, leading them to seek flexibility and the ability to relocate at short notice."

"Hong Kong reintroduced its Capital Investment Entrants Scheme (CIES) on 1 March 2024. This allows individuals willing to invest HK\$30 million (circa US\$380,000) in permissible Hong Kong assets to be granted a residence permit in Hong Kong. After a period of seven consecutive years of maintaining the required assets and investments, the applicant can apply for permanent residence or an unconditional stay in Hong Kong. The range of permissible financial assets is broader than under the previous CIES scheme and non-residential real estate to a maximum value of HK\$10m can also be included. According to recent estimates, the scheme has attracted 50 applicants in the first month, and it is expected that 4000 people could join the scheme annually."



individual to bypass local forced heirship rules, provided the new citizenship does not impose similar constraints. Such nuanced benefits of citizenship changes are not widely discussed but present significant implications for personal asset management and legal rights in private international law contexts.

Another speaker observed that it is becoming increasingly common for HNWIs, UHNWIs and Family Offices to take advantage of second residency or citizenship to optimise taxation in estate and legacy planning. The primary focus is often to look for a low tax jurisdiction or a country with favourable tax policies; it may include features like the territorial tax system, non-domicile policies, or a flat-rate taxation scheme and so forth.

By obtaining citizenship or residency in multiple countries, individuals and their family members can enjoy the freedom to travel, live, work, and study in different jurisdictions. This can be advantageous for estate planning as it allows families to maintain connections and business interests in multiple countries, develop their international perspective and enhance their ability to manage family wealth across borders. This can contribute to effective succession planning and the smooth transfer of assets to the next generation."

China is a Major Source of Demand, and Hong Kong is Often the First Port of Call

The wealth management industry is well-versed in managing

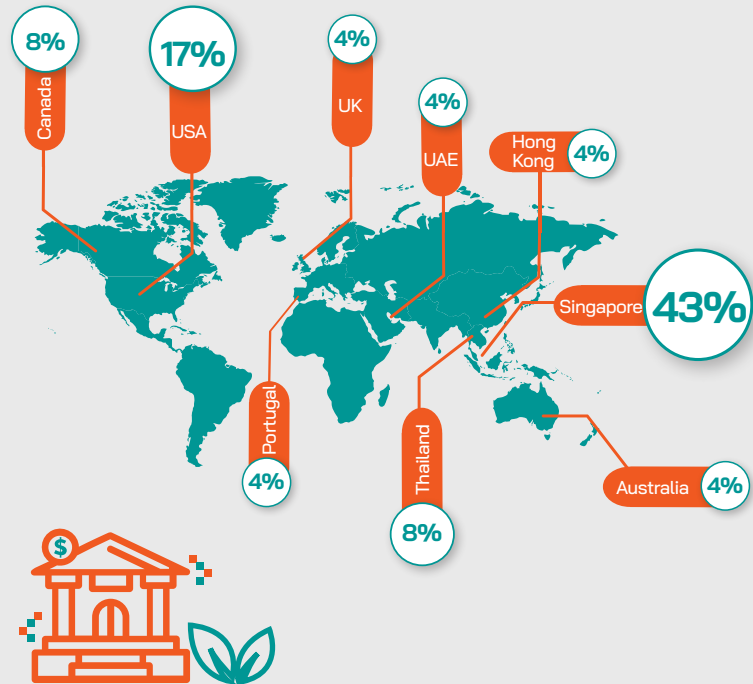
complex financial affairs, while the investment migration industry specialises in navigating the legal and administrative processes of obtaining residency or citizenship in another country.

A panellist explained that they were in Shanghai recently for a property and investment migration event and saw that there are increasing numbers of lawyers, accountants, real estate agents, and asset managers entering the field and working together with immigration consultants to provide one-stop services and comprehensive services. These services include cross-border wealth planning, which includes tax planning, wealth structuring, investment strategies, and compliance with immigration and regulatory requirements. The services also include access to global networks and other valuable resources, such as legal and tax professionals, real estate agents, business consultants, and education consultants. This type of access is particularly beneficial for individuals looking to establish a presence in a new country and navigate the complexities of international markets.”

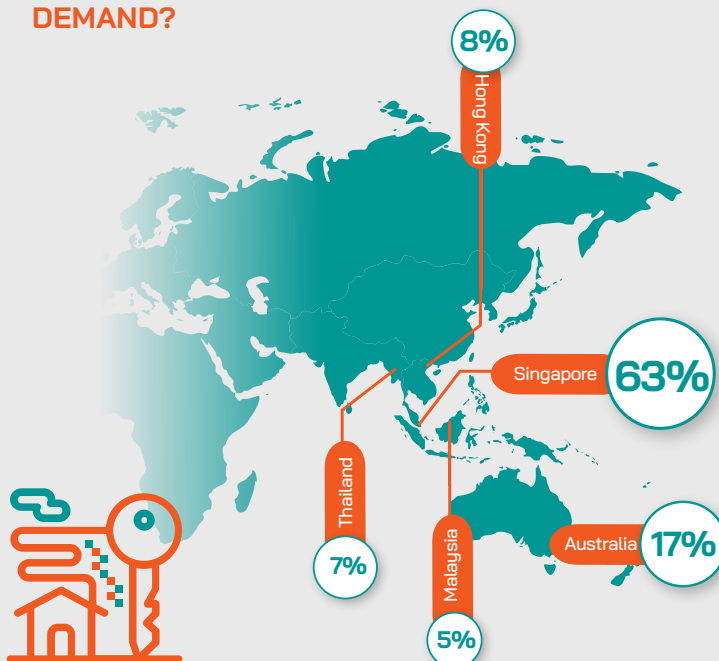
Policy Issues are also Central to the Evolution and Amelioration of the Investment Migration Industry

The Investment Migration Council, a nonprofit based in Switzerland since 2014, has 450 members across 53 countries, primarily in Europe, the Americas, and the Caribbean, with growing presence in Asia and Australia. It engages extensively in policy tracking within influential bodies like the

WHAT ARE THE TOP COUNTRIES FROM ANYWHERE ACROSS THE GLOBE THAT YOU WOULD PROMOTE FOR ALTERNATIVE RESIDENCE OR CITIZENSHIP FOR ASIA'S HNW AND UHNW FAMILIES?



AMONGST PRIVATE CLIENTS THAT YOU WORK WITH, WHICH APAC COUNTRIES' RESIDENCE OR CITIZENSHIP PROGRAMMES ARE IN MOST DEMAND?



EU, OECD, and FATF, focusing on developments in global mobility from a policy perspective.

In 2023, investment migration faced significant international scrutiny, especially from the EU and OECD, which criticised these programs as prone to corruption. Notable policy shifts included the EU's pressure on member states to end investment migration programs, with Malta remaining as the only EU country offering a direct citizenship path through investment amid increasing EU pressure.

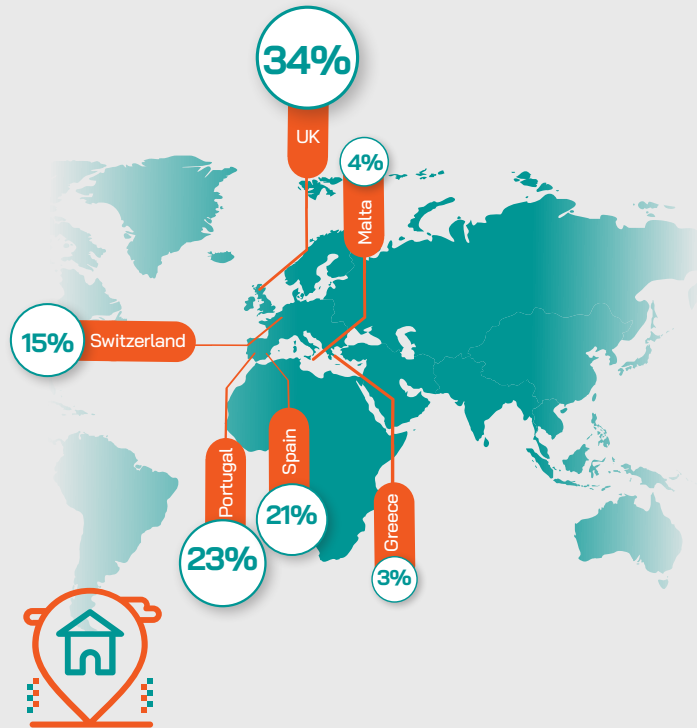
The Caribbean responded by tightening regulations and due diligence processes to enhance the credibility and security of their investment migration programs. These developments highlight a pivotal year for the sector, marked by both challenges and critical regulatory evolutions.

Regulation Might Impact the CBI and RBI Market as the US FATF and the OECD Pay Greater Attention to Potential Misuse of Programmes

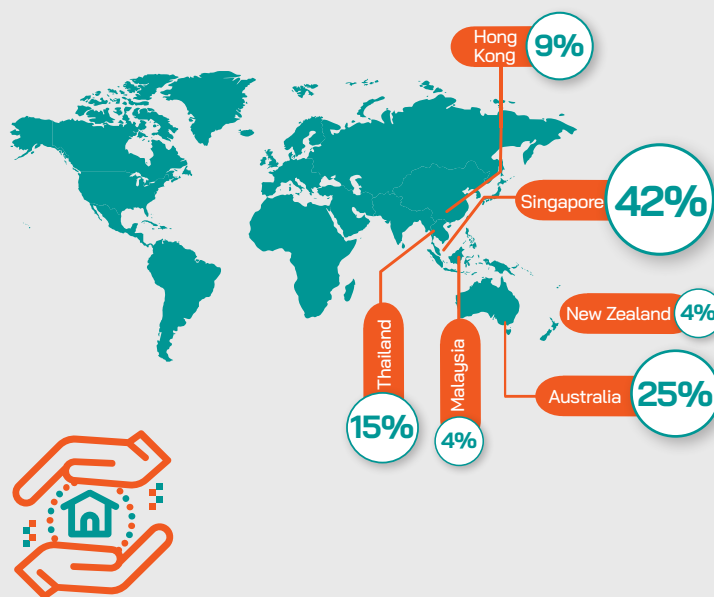
Various panel members took up this line of thought, indicating that the investment migration industry is currently facing intensified scrutiny and potential transformative changes due to critical reviews by the Financial Action Task Force (FATF) and the Organisation for Economic Co-operation and Development (OECD). These influential bodies have raised concerns about identity laundering and the misuse of CBI programs, prompting recommendations for stricter regulations.

The FATF and OECD propose that passports issued under these

AMONGST PRIVATE CLIENTS IN ASIA, WHICH EUROPEAN COUNTRIES' RESIDENCE OR CITIZENSHIP PROGRAMMES ARE IN THE MOST DEMAND?



NAME THE TOP COUNTRIES IN APAC THAT YOU WOULD PROMOTE FOR ALTERNATIVE RESIDENCE OR CITIZENSHIP FOR GLOBAL HNW AND UHNW FAMILIES COMING INTO THE REGION



programs should be distinctly marked from those obtained through naturalization and include extensive background data on holders, such as previous residencies and names. Such measures aim to make these passports more easily revocable if misuse is detected, enhancing global security and compliance.

Despite these significant recommendations, actual policy implementation has been sluggish. Countries with active CBI and residency-by-investment (RBI) schemes have shown little to no adoption of the proposed changes. In the European Union, the slow legislative process has delayed the integration of these recommendations into a coherent policy framework, leaving a gap between recommendation and practice.

The United States has exerted pressure, especially on Caribbean nations, to adopt some FATF recommendations, like conducting in-person interviews with applicants. Yet, even here, the uptake has been uneven and incremental. This patchy implementation underscores the challenges of aligning national immigration policies with international regulatory standards.

Looking ahead, the FATF and OECD reports are likely to continue influencing the strategic directions of CBI and RBI programs globally. For host countries, particularly those like the Caribbean nations, where such programs significantly contribute to the GDP, there is a pressing need to balance economic benefits with international obligations. This balance is crucial to sustain

Expert Opinion

FIONA LAU, Head of Business Development, Hywin International:

"Hywin International, as an advisory hub for Asian family offices and HNWIs, sees increasing demand for individuals and families to diversify their citizenship or residency options when planning their assets and wealth. Especially after the pandemic, wealthy clients from emerging countries aim to gain access to better education, healthcare, and business opportunities for themselves and their next generations. This trend is expected to continue as more individuals explore investment migration to broaden their options and secure their future and grow their wealth in a sustainable environment."

"Despite the economic headwinds and the decline in consumer confidence in China in the past year, demand for migration grows stronger and stronger. Chinese people continue to invest in better education and global business channels outside of China through overseas residence and citizenship. We also see growing demands from SE Asian countries like Indonesia, Vietnam and India. With the double-digit growth of upper-middle class populations in these countries, affluent consumers have higher demand and expectations for premium lifestyle, healthcare and education. SE Asia is also an attraction to many Western countries and North Asians, also attracting a lot of tech talent from the West with their fast-growing economies in recent years. And with their relatively low cost of living, education and premium healthcare, expats are more and more willing to set up their families or retire in these countries."

"Hong Kong has always been the first appealing option to Chinese mainlanders for its international status, the close proximity to from home and the mixed culture of east meet west. The various admission schemes for talent, professionals and entrepreneurs attracted over 80000 applicants since the schemes launched and we continue to see growth in demand. The recent launch of CIES on 1st March also excites the market, with 50 applicants in the first month and the with authorities expecting up to 4000 people to join the scheme in year oner, bringing about HK\$120billion (circa US\$15.3 billion) to the Hong Kong market annually, according to reports in the media."



the viability of these programs in the face of mounting global regulatory expectations.

As the industry faces potential regulatory challenges, including proposals influenced by the joint OECD-FATF reports suggesting that citizenships might be revoked if new citizens engage in undesirable activities, this creates a precarious situation where citizenship by investment (CBI) schemes might lack the constitutional protection typically afforded by citizenship, aligning them more closely with revocable residency by investment (RBI) schemes.

These evolving discussions highlight the need for the investment migration industry to advocate for clear regulations that protect investors and to educate clients on the broader implications of citizenship beyond mere travel freedom. The outcome of pending decisions, like the Malta case in the European Court of Justice, will be pivotal in shaping the future of the investment migration landscape.

As the global landscape of investment migration evolves, both service providers and host nations will need to navigate these regulatory waters carefully. Enhancing transparency, strengthening due diligence processes, and redefining the value

Expert Opinion

FIONA LAU, Head of Business Development, Hywin International:

"Hong Kong has a favourable tax environment, with a simple and competitive tax system. It offers low personal and corporate tax rates, no capital gains tax, no withholding tax on dividends, and no inheritance tax. These tax incentives make Hong Kong an attractive destination for individuals seeking to optimise their tax planning strategies. The Limited Partnership Fund (LPF) regime introduced in 2020 also provides a flexible and efficient framework for investment vehicles. The LPF regime allows fund managers to set up investment funds in a streamlined manner, and flexible underlying assets. Hong Kong is also recognised as a global financial hub and a gateway to the Asian market. It offers a dynamic business environment, a strong rule of law, and a free-market economy. Immigrants can leverage Hong Kong's connectivity, infrastructure, and international business network to continue their entrepreneurial activities and explore new business opportunities in the region."

BRUNO L'ECUYER, Co-founder & CEO of the Investment Migration Council:

"Investment Migration has been put on the fast track for re-invention, propelled in no small part by the increased pressure of international bodies to reform."

proposition of citizenship beyond mere travel freedom are essential steps. These efforts will not only align with international norms but

also ensure that investment migration continues to be recognised as a legitimate and valuable aspect of global mobility and security. ■

