Managing Activities Related to Global Entity Portfolio Management

Singapore is ranked the top jurisdiction for multinational companies to base subsidiaries or ‘entities’ from a governance and regulatory standpoint, according to an inaugural report ranking over 160 jurisdictions globally on both the cost and speed of doing business.

The Mercator Entity Management (MEM) Report 2021 outlines the challenges that business leaders, General Counsels and corporate secretarial teams face in countries where multinationals with global portfolios have their entities. It includes the busiest regions in terms of regulatory activity, the average cost of regulating entities in each jurisdiction and the overall time taken to complete activities (click here to download the report). The rankings are based on data from Mercator®’s proprietary Global Entity Portfolio Management (GEPM) platform, Entica™, which holds data on thousands of entities globally – down to the number of hours it takes for regulatory filings.

Singapore was followed closely by Australia and the United Kingdom as the most favourable jurisdictions. The report highlights that all three have the ideal combination of low cost levels and shorter timeframes for completing a range of regulatory activities such as Board of Director/ shareholder decisions, officer changes and Power of Attorney activities. Kazakhstan had the lowest ranking, with South Korea as the next lowest, followed by Indonesia; all have a combination of relatively higher cost levels, and less competitive timeframes or ‘duration’.

Kariem Abdellatif, Head of Mercator, said: “It should be noted that the purpose of this inaugural report is not to advise multinationals on where to base entities or subsidiaries – this is obviously dictated by necessity – but to set expectation and provide foresight on the relative cost and time it will take to manage entities in each jurisdiction.

"Singapore, Australia and the United Kingdom are all global financial centres with a long-established history of managing international trade, and this translates into the ease with which multinationals can manage entities in these locations. Interestingly, Singapore is often cited for its government's efforts in working with businesses and industry partners to step up their resilience during the COVID-19 pandemic and this is no doubt reflected in its ranking.

"We hope this data will assist multinational companies in serving as a benchmark for their company secretarial expenditure and efficiency in operating globally; it may also serve as a useful practical guide when setting up new overseas entities in their structure."

The report shows that while Europe has the highest number of entities overall – based on client portfolios featured on Entica™ – activity per entity is comparable to the Middle East and North America. Europe is followed by APAC, which has half as many entities based there – but these have an overall activity rate of almost two-thirds that of European levels. APAC was also the top region overall on cost and duration.

The cost of operating in different regions is affected by factors including the complexity of local legislation and the language requirements for filings; for example, relatively high prices in the LATAM region are influenced by higher local professional costs due to complex procedures and requirements for documents to be in the local language. Subsequently, translations and legalizations for bilingual documents need to be arranged.

Mercator is named after Gerardus Mercator (1512- 1594), a cartographer most famous for the “Mercator Projection” – regarded as the greatest advance ever made in marine cartography; it facilitated navigation on trans-oceanic voyages and played a significant role in shaping global trade today. As the trans-oceanic merchants of the past are the multinational conglomerates of the present, Mercator aims to provide them with the metrics they require to manage their global portfolio of entities.