VARIABLE CAPITAL COMPANY REGULATIONS

In force on 9 February 2026

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The Board of Directors of DIFCA, in the exercise of the powers conferred on them by Article 132 and Article 151 of the Companies Law, make these regulations.

1. INTRODUCTION

1.1 Application and interpretation

1.1.1 These Regulations may be cited as the "Variable Capital Company Regulations 2026".

1.1.2 These Regulations apply to:

(a) every person who falls within the definition of a Variable Capital Company and each Cell thereof; and

(b) every person applying for the incorporation or continuation of a Variable Capital Company in the DIFC; and

(c) the Registrar.

1.1.3 The Relevant Laws apply to a Variable Capital Company and each Cell thereof, unless specified otherwise in these Regulations.

1.1.4 Defined terms are identified throughout these Regulations by the capitalisation of the initial letter of a word or phrase. Capitalised terms not defined herein are used in accordance with their definition in the applicable Relevant Laws. Where capitalisation of the initial letter is not used, an expression has its natural meaning.

1.1.5 The rules of interpretation in the Companies Law apply to these Regulations.

1.1.6 Any reference to enacted law or regulations is a reference to that enactment as amended from time to time, and includes a reference to that enactment as extended, applied or otherwise amended by or under another enactment.

1.1.7 The following defined terms have the meaning given below:

Defined Term	Definition
Affiliate	in relation to a Variable Capital Company, a Registered Person that is under the same Control as that Variable Capital Company.
AML Requirements	any requirements under applicable DIFC laws or a federal law in relation to anti-money-laundering, counter-terrorist financing and sanctions applicable to Registered Persons in the DIFC.
Applicable Law	includes: (a) the Relevant Laws; (b) AML Requirements; (c) Supra-National Requirements; (d) the DFSA Rules; and (e) the UBO Regulations.
Articles of Association	the articles of association of a Variable Capital Company or an Incorporated Cell as filed with the Registrar.

Defined Term	Definition
Authorised Firm	a person who holds a licence from the DFSA or a Recognised Financial Services Regulator to carry on one (1) or more Financial Services, excluding a Representative Office.
Board of Directors of DIFCA	the governing body of DIFCA.
Cell	a cell created by a Variable Capital Company, either as an Incorporated Cell or a Segregated Cell.
Cell Share Capital	comprises the proceeds of the issue of Cell Shares.
Cell Share	a share issued by a Variable Capital Company in respect of a Cell.
Cell Share Certificate	evidence of title to any relevant number of Cell Shares in documentary, electronic or digital form.
Cellular Asset	an asset of a Variable Capital Company attributable to a Cell thereof.
Cellular Distribution	a Distribution by a Variable Capital Company in respect of Shares of a specific Cell.
Companies Law	the Companies Law, DIFC Law No. 5 of 2018.
Companies Regulations	the DIFC Companies Regulations 2018.
Confirmation Statement	has the meaning given to the term in the Operating Law.
Control	in relation to a Variable Capital Company or any other person, the power to secure: (a) by means of the holding of shares or the possession of voting power, directly or indirectly; or (b) as a result of any powers conferred by the Articles of Association or other document regulating the Variable Capital Company or such other person, that the affairs of the Variable Capital Company or such other person are conducted in accordance with such person's wishes; and "Controlled" and "Controller" have corresponding meanings.
Corporate Service Provider	a person registered with the DFSA as a Designated Non-Financial Business or Profession and Licensed to undertake corporate services business in the DIFC.
Court Application Period	means fifteen (15) days from the date the relevant application was submitted to the Registrar.
Crowdfunding Platform	has the meaning given to the term in the Glossary Module of the DFSA Rules.
Crowdfunding Structure	a structure of one (1) or more persons established for the purpose of holding asset(s) acquired through a Crowdfunding Platform.
Decision Making Procedures	has the meaning given to the term in the Operating Law.
DFSA Rules	the Rulebook Modules published by the DFSA pursuant to the Regulatory Law, DIFC Law No. 1 of 2004.

Defined Term	Definition
Director	has the meaning given to the term in the Companies Law.
Distribution	has the meaning given to the term in the Companies Law, and includes reference, where applicable, to a Cellular Distribution.
Employee	has the meaning given to the term in the Employment Law, DIFC Law No. 2 of 2019.
Exempt VCC	a Variable Capital Company where the Controller is any of the following: (a) a Registered Person; (b) an Authorised Firm; (c) a Government Entity; or (d) a Publicly Listed Entity, and any Incorporated Cell thereof shall be deemed exempt.
Family Office	has the meaning given to the term in the Family Arrangements Regulations 2023.
Family Office Services	has the meaning given to the term in the Family Arrangements Regulations 2023.
Financial Service	has the meaning given to the term in the Regulatory Law.
Fund	has the meaning given to the term in the Glossary Module of the DFSA Rules.
Government Entity	any of the following: (a) the federal government of the UAE, the government of Dubai or the government of any UAE Emirate; (b) a government of a Recognised Jurisdiction; (c) a person Controlled by any of the government entities listed in (a) or (b) above; or (d) a person in which a government entity listed in (a) above owns (directly or indirectly) at least twenty five percent (25%), or such other percentage approved by the Board of Directors of DIFCA.
Incorporated Cell	has the meaning given to it in Regulation 2.2.2.
Insolvency Law	the Insolvency Law, DIFC Law No. 1 of 2019.
Insolvency Regulations	the DIFC Insolvency Regulations 2019.
Licence	has the meaning given to the term in the Operating Law.

Defined Term	Definition
Net Asset Value	in relation to a Variable Capital Company, or a Cell thereof, means: (a) the aggregate value of the total assets of the Variable Capital Company or, as the case may be, the Non-Cellular Assets or Cellular Assets relevant to the determination; (b) less the total liabilities of the Variable Capital Company, or the Cell concerned, as determined in accordance with applicable accounting standards and the provisions of Regulations 2.2.1, 2.2.2, 4.3, 5, 6.1, and 6.2.
Non-Cellular Assets	any assets of a Variable Capital Company which are not Cellular Assets.
Non-Cellular Share	a Share issued by a Variable Capital Company in respect of its Non-Cellular Assets.
Non-Cellular Share Capital	comprises the proceeds of the issue of Non-Cellular Shares.
Operating Law	means the Operating Law, DIFC Law No. 7 of 2018.
Protected Cell Company Regulations	the DIFC Protected Cell Company Regulations 2018.
Publicly Listed Entity	a body corporate that has any class of its securities listed on a securities exchange in a Recognised Jurisdiction.
Recognised Jurisdiction	the UAE, a Zone 1 Country, or a jurisdiction recognised as such by the DFSA.
Register Keeper	has the meaning given to it in Regulation 6.4.4.
Registered Person	has the meaning given to the term in the Operating Law, excluding: (a) a Prescribed Company; (b) a Non-Profit Incorporated Organisation; (c) a Foundation; or (d) another Variable Capital Company.
Registered Office	a registered office in the DIFC of a Registered Person pursuant to the requirements of the Relevant Laws, not including retail premises in the DIFC.
Registrar	the Registrar appointed under the Operating Law.
Regulatory Law	the Regulatory Law, DIFC Law No. 1 of 2004.
Relevant Laws	the Companies Law, the Insolvency Law, the Operating Law and the Regulations issued pursuant to these laws.
Segregated Cell	has the meaning given to it in Regulation 2.2.1.
Share	a Cell Share or a Non-Cellular Share, as applicable.

Defined Term	Definition
Share Capital	comprises the proceeds of the issue of Cell Shares, or Non-Cellular Shares, as applicable.
Shareholder	a holder of a Cell Share or Non-Cellular Share, as applicable.
Special Purpose Vehicle	a Special Purpose Vehicle as defined in the Glossary Module of the DFSA Rules.
Supra-National Requirements	any applicable DIFC law or a federal law imposing requirements on Registered Persons as a consequence of: (a) a bilateral or multilateral treaty or agreement to which the UAE is a party to; or (b) internationally recognised best practices and standards.
UAE	United Arab Emirates.
UBO Regulations	the Ultimate Beneficial Ownership Regulations 2018.
Ultimate Beneficial Owner	has the meaning given to the term in the UBO Regulations.
Variable Capital Company	a Variable Capital Company within the meaning of Regulation 2.1.
Zone 1 Country	Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom and the United States of America.

1.2 References

1.2.1 References in these Articles to "writing", in relation to any document, instrument, certificate, notice, register or communication means a legible form of the information that is capable of being reproduced in tangible form, in any medium (including electronic means and blockchain-based records and authenticated digital communications). For the avoidance of doubt, a Variable Capital Company, or a Corporate Service Provider or Register Keeper acting on its behalf, may communicate with Shareholders by electronic or digital means.

1.2.2 Regulation 1.2.1 does not affect any other legal requirements which may apply in relation to the form or manner of executing a document or agreement.

2. STATUS

2.1 Status of Variable Capital Companies

2.1.1 A Variable Capital Company is a Private Company that is:

(a) incorporated as a Variable Capital Company in the DIFC;

(b) a Private Company previously incorporated in the DIFC, and converted into a Variable Capital Company; or

(c) continued in the DIFC as a Variable Capital Company,

pursuant to the provisions of Article 132 or Article 140, as may be applicable, of the Companies Law and these Regulations.

2.1.2 A Variable Capital Company may create Segregated Cells or Incorporated Cells but may not have both.

2.1.3 Except as otherwise provided in these Regulations, the Relevant Laws apply to a Variable Capital Company as if it were a Private Company, including each Incorporated Cell thereof.

2.1.4 The provisions of Article 27(1)(b), Article 27(3) and Chapters 6, 7 and 8 of Part 7 of the Companies Law do not apply to a Variable Capital Company, or an Incorporated Cell, unless otherwise specified under these Regulations.

2.2 Variable Capital Companies as a type of Company

2.2.1 A Segregated Cell of a Variable Capital Company is a legally distinct cell within that Variable Capital Company, created in accordance with the Articles of Association of the Variable Capital Company for the purpose of holding and managing assets and incurring liabilities that are separate and distinct from those of the Variable Capital Company's other Segregated Cells and from the Variable Capital Company as a whole. A Variable Capital Company with Segregated Cells is a single legal person and the creation of a Segregated Cell does not create, in respect of that Cell, a separate legal person.

2.2.2 An Incorporated Cell of a Variable Capital Company is a legally distinct entity created under the framework of that Variable Capital Company, formed in accordance with the Articles of Association of the Variable Capital Company for the purpose of holding and managing assets and incurring liabilities that are separate and distinct from those of the Variable Capital Company and any other Incorporated Cells. An Incorporated Cell of a Variable Capital Company is deemed a separate Private Company incorporated under Article 132(1) of the Companies Law and the relevant requirements of the Relevant Laws apply thereto, unless otherwise specified in these Regulations.

2.2.3 A Variable Capital Company shall not hold any Cell Shares in respect of its Cells.

2.2.4 Separate Incorporated Cells in a Variable Capital Company do not have a subsidiary or parent relationship with the Variable Capital Company itself or to other Incorporated Cells of that Variable Capital Company.

3. ESTABLISHMENT

3.1 Corporate Service Provider Requirement

3.1.1 Unless it is an Exempt VCC, a Variable Capital Company must appoint a Corporate Service Provider to act on its behalf, and any of its Incorporated Cells, for the purposes set out in Regulations 11.1 and Regulation 12.

3.1.2 A Variable Capital Company that fails to comply with the requirement in Regulation 3.1.1, is liable to a fine not exceeding the amount set out in Appendix 2.

3.2 Financial Services and Public Offers of Securities

3.2.1 A Variable Capital Company, or a Cell thereof, shall not be used by an Authorised Firm in the provision of a Financial Service in or from the DIFC, or to establish a Fund, unless expressly permitted to do so by the DFSA.

3.2.2 Notwithstanding Regulation 3.2.1, a Variable Capital Company, or a Cell thereof, may be used to hold assets for:

(a) a Crowdfunding Structure;

(b) a Fund; and

(c) a Family Office providing Family Office Services.

3.2.3 Nothing in these Regulations shall be construed as exempting a Variable Capital Company, or a Cell thereof, from the general prohibition of public offers of its Securities under Chapter 4 of Part 7 of the Companies Law or the financial promotion restrictions or requirements in respect thereof imposed by applicable markets or securities laws and related regulations.

4. APPLICATION TO INCORPORATE OR CONTINUE

4.1 Application to incorporate, continue or convert

4.1.1 An application to incorporate, continue or convert a Variable Capital Company in the DIFC, or to continue a Variable Capital Company in a jurisdiction outside the DIFC, shall be made to the Registrar in accordance with the requirements set out in these Regulations in the prescribed form and shall be accompanied by the documentation required by the Registrar to be lodged in respect thereof.

4.1.2 The Licence of a Variable Capital Company and an Incorporated Cell thereof shall be restricted to the activity of a holding company.

4.1.3 Each Incorporated Cell of a Variable Capital Company shall have the same Registered Office and, if applicable, the same Corporate Service Provider as the Variable Capital Company.

4.1.4 A Variable Capital Company may have any number of Segregated Cells, or Incorporated Cells, or none, as provided for in its Articles of Association.

4.2 Name requirements

4.2.1 The name of a Variable Capital Company shall end with "VCC Limited" or "VCC Ltd."

4.2.2 Each Segregated Cell of a Variable Capital Company shall have its own distinct name that ends with the words 'VCC Segregated Cell' or 'VCC SC', which shall be identified and used in all communications and dealings of that Segregated Cell with the relevant Shareholders, debenture holders, creditors and contracting parties.

4.2.3 Each Incorporated Cell of a Variable Capital Company shall have its own distinct name that ends with the words 'VCC Incorporated Cell' or 'VCC IC', which shall be identified and used in all communications and dealings of that Incorporated Cell with the relevant Shareholders, debenture holders, creditors and contracting parties.

4.3 Articles of Association of a Variable Capital Company

4.3.1 The Articles of Association of a Variable Capital Company allowing for the establishment of Cells shall state whether its Cells will be Segregated Cells or Incorporated Cells.

4.3.2 The Articles of Association of a Variable Capital Company shall contain provisions:

(a) that the actual value of the paid-up share capital of the Variable Capital Company is at all times equal to the Net Asset Value of the Variable Capital Company;

(b) specify that the Net Asset Value of the property of the Variable Capital Company shall be determined:

(i) on a fair value basis;

(ii) in accordance with a valuation methodology set out in the Articles of Association in circumstances where fair value is not ascertainable or applicable; or

(iii) in accordance with a combination of (i) and (ii) above.

(c) indicating the extent to which its Shareholders are entitled to have Shares or Cell Shares issued, redeemed or purchased by the Variable Capital Company subject, in each case, subject to these Regulations.

4.3.3 Notwithstanding anything to the contrary in the Articles of Association of a Variable Capital Company, the value of any Share or Cell Share shall be determined with reference to the Net Asset Value of the relevant Non-Cellular Assets or Cellular Assets.

4.4 Articles of Association of an Incorporated Cell

4.4.1 Each Incorporated Cell shall have its own Articles of Association.

4.4.2 The Articles of Association of an Incorporated Cell may provide for it to be wound up on:

(a) the occurrence of a specified event; or

(b) the expiration of a specified period.

4.4.3 An Incorporated Cell may not own Shares:

(a) in the Variable Capital Company in which it is a Cell; or

(b) in another Incorporated Cell of that Variable Capital Company,

and its Articles of Association must contain provisions to the same effect.

4.4.4 Subject to the provisions of these Regulations and any Applicable Law, the Articles of Association of an Incorporated Cell may be amended:

(a) in the manner specified in the Articles of Association; or

(b) if not specified in the Articles of Association, by a Special Resolution of the Incorporated Cell.

4.4.5 Subject to the provisions in Regulation 4.4.2 to Regulation 4.4.4, the provisions in the Companies Law and Insolvency Law relating to the Articles of Association of a Private Company shall apply to the Articles of Association of an Incorporated Cell.

4.5 Permission to Incorporate

4.5.1 Upon deciding to grant permission to incorporate, continue or convert a Variable Capital Company, or to establish an Incorporated Cell, the Registrar shall without undue delay inform the applicant in writing of:

(a) such decision;

(b) the date on which it shall take effect; and

(c) any conditions or restrictions applicable thereto.

4.5.2 An application for incorporation, continuation or conversion of a Variable Capital Company, or to establish an Incorporated Cell, shall be accompanied by the applicable fee prescribed in Appendix 1.

4.5.3 Upon deciding to refuse to grant permission to incorporate, continue or convert a Variable Capital Company, or to establish an Incorporated Cell, or refusing to renew the Licence thereof, the Registrar shall without undue delay inform the applicant in writing of such refusal.

5. CELLULAR ASSETS AND NON-CELLULAR ASSETS

5.1 The assets of a Variable Capital Company shall be either Cellular Assets or Non-Cellular Assets.

5.2 The Cellular Assets of a Variable Capital Company consist of the assets of the Variable Capital Company attributable to each of its Cells, which shall comprise:

(a) the assets represented by the proceeds of Cell Share Capital and reserves, including (without limitation) retained earnings, capital reserves and Share premium, attributable to a Cell; and

(b) all other assets attributable to a Cell.

5.3 The Non-Cellular Assets of a Variable Capital Company consist of all assets of a Variable Capital Company that do not fall under Regulation 5.2.

6. SHARE CAPITAL AND CELLULAR DISTRIBUTIONS

6.1 Share Capital

6.1.1 For the purposes of application of the Relevant Laws to a Variable Capital Company, a reference to a Share therein shall include reference to a Cell Share.

6.1.2 The Share Capital of a Variable Capital Company, or Cell thereof, shall always be equal to the Net Asset Value of:

(a) the Non-Cellular Assets of the Variable Capital Company; or

(b) the Cellular Assets of each Cell,

(c) as applicable.

6.1.3 All Shares issued by a Variable Capital Company, or a Cell thereof, shall be redeemable in accordance with the terms of their issue, the applicable Articles of Association and these Regulations.

6.2 Issue, redemption and purchase of Shares

6.2.1 A Variable Capital Company may allot and issue:

(a) in respect of Non-Cellular Assets, Non-Cellular Shares at an issue price equal to the proportion of the Net Asset Value of the Non-Cellular Assets attributable to each Share; or

(b) in respect of a Segregated Cell, Cell Shares at an issue price equal to the proportion of the Net Asset Value of the Cellular Assets of the Segregated Cell attributable to each Cell Share.

6.2.2 An Incorporated Cell may issue Cell Shares at an issue price equal to the proportion of the Net Asset Value of the Cellular Assets of the Incorporated Cell attributable to each Cell Share.

6.2.3 A Variable Capital Company may redeem or purchase:

(a) Non-Cellular Shares at a price equal to the proportion of the Net Asset Value of its Non-Cellular Assets attributable to each Share, multiplied by the number of Shares being redeemed or purchased; or

(b) Cell Shares at a price equal to the proportion of the Net Asset Value of the Cellular Assets of a Segregated Cell attributable to each Cell Share, multiplied by the number of Cell Shares being redeemed or purchased.

6.2.4 An Incorporated Cell may redeem or purchase its Cell Shares, at a price equal to the proportion of the Net Asset Value of its Cellular Assets attributable to each Share, multiplied by the number of Cell Shares being redeemed or purchased.

6.2.5 A Variable Capital Company or a Cell may not redeem or purchase Non-Cellular Shares or Cell Shares, as the case may be, to the extent that this would result in it no longer having any Non-Cellular Shares or Cell Shares in issue.

6.2.6 Upon redemption or purchase, the Shares shall be cancelled forthwith, and the relevant Share Capital shall be reduced accordingly.

6.2.7 A Variable Capital Company or an Incorporated Cell shall not hold any of its own Shares as treasury shares.

6.2.8 A Variable Capital Company, or an Incorporated Cell thereof, that fails to comply with the requirements in this Regulation 6.2 is liable to a fine, not exceeding the amount set out in Appendix 2.

6.3 Distributions

6.3.1 A Distribution by a Variable Capital Company, or a Cell thereof, may be made in respect of Non-Cellular Shares or Cell Shares by reference only to the Net Asset Value of the Non-Cellular Assets of the Variable Capital Company, or the Cellular Assets of the relevant Cell, as applicable, provided that such Distribution shall only be made to the extent that it:

(a) has a positive Net Asset Value; and

(b) would not reduce the relevant Net Asset Value to below zero.

6.3.2 When determining whether an amount is available for the purpose of paying a Cellular Distribution pursuant to Regulation 6.3.1, no account shall be taken of:

(a) the profits and losses, or the assets and liabilities, attributable to any other Cell of the Variable Capital Company; or

(b) profits and losses, or assets and liabilities attributable to Non-Cellular Assets.

6.3.3 Where a Distribution, or part of a Distribution, made by a Variable Capital Company, or any of its Cells, to any of its Shareholders is made in contravention of this Regulation 6.3 and, at the time of the Distribution, a Shareholder knows or has reasonable grounds for believing that it is so made, the Shareholder is liable to repay it, or that part of it, to the Variable Capital Company or Cell, an amount equal to the value of the Distribution, or that part, at that time.

6.3.4 A Variable Capital Company or a Cell that makes a Distribution in contravention of this Regulation 6.3 is liable to a fine, as set out in Appendix 2.

6.4 Registers and records of Shareholders and debenture holders

6.4.1 The provisions of Chapter 5 of Part 7 of the Companies Law apply to a Variable Capital Company, provided that:

(a) reference to a "Share" and to a "Shareholder" therein shall include reference to a Cell Share and a Cell Shareholder;

(b) reference to a "debenture" and to a "debenture holder" therein shall include reference to a debenture issued in respect of a Cell and a holder thereof; and

(c) the reference to a fourteen (14) day period in Article 50(3) of the Companies Law shall be deemed to be a reference to such period specified in the Articles of Association or, in the absence of such period, fourteen (14) days,

and the duties related to keeping registers and records in accordance with Applicable Law, as well Regulations 6.4.2 and 6.5.3, shall be the responsibility of a Variable Capital Company in respect of itself and each Segregated Cell thereof, or that of each Incorporated Cell in respect of itself.

6.4.2 The registers of Shareholders and debenture holders of a Variable Capital Company shall be readily searchable by reference to an account of a Shareholder or debenture holder in which the interests of a

Shareholder or a debenture holder can be separately identified, either in respect of the Variable Capital Company, or in respect of a Cell.

6.4.3 The records and accounts of a Variable Capital Company shall ensure that the assets and liabilities relating to the Variable Capital Company, or that of a Cell, are segregated from other Cells and that the Net Asset Value thereof is reflected proportionally to the interests held by each Shareholder or debenture holder of the Variable Capital Company or the relevant Cell:

(a) in the account of each Shareholder or debenture holder of the Variable Capital Company or that Cell; or

(b) in such other similar means of separately identifying the interests of that Shareholder or debenture holder in respect of that Cell.

6.4.4 A Variable Capital Company, or an Incorporated Cell, may appoint:

(a) a Corporate Service Provider;

(b) an Authorised Firm; or

(c) a person approved by the Registrar as suitably experienced and regulated to administer the requirements of Applicable Law on behalf of the Variable Company or any of its Cells (each a "Register Keeper"),

without derogating from its responsibilities under Regulation 6.4.1.

6.4.5 In circumstances where a Register Keeper is appointed to keep a register of Shareholders or debenture holders for a Variable Capital Company, or any of its Cells:

(a) the name of the Register Keeper, or its permitted delegate or assignee, may be reflected in the register of Shareholders or debenture holders of the Variable Capital Company, or any Cell thereof, acting as nominee of the Shareholders or debenture holders;

(b) the Register Keeper may keep a sub-register of Shareholders or debenture holders in a manner provided for in the relevant Articles of Association;

(c) the provisions of Article 50(3) of the Companies Law, as well as Regulation 3.2(b) of the Companies Regulations shall not apply to the extent that the relevant Articles of Association provide otherwise for the registration or transfer of Shares or debentures or any interests relating thereto; and

(d) the Variable Capital Company shall ensure that the provisions of Regulations 6.4.1 to 6.4.3, and the applicable provisions of the Relevant Laws are adhered to by the Register Keeper to the extent that they are applicable within the scope of their appointment.

6.4.6 Nothing in this Regulation 6.4 shall be taken to remove the Variable Capital Company's obligations, or an Incorporated Cell's obligations, to identify, obtain and maintain information relating to Ultimate Beneficial Owners or Controllers of its Shareholders and Cell Shareholders in accordance with the requirements of Applicable Law, and the Registrar's powers to obtain such information, pursuant to Article 61 of the Operating Law or the UBO Regulations.

6.5 Cell Share certificates

6.5.1 Except as provided in Regulation 6.5.4, a Variable Capital Company must prepare each Cell Share Certificate as follows:

(a) in respect of any new Cell Shares issued by it;

(b) where a Shareholder has ceased to hold some of its Shares, in respect of the remainder of that holding;

(c) where a Variable Capital Company has registered a transfer of Cell Shares made to a person:

(i) in respect of the Cell Shares transferred to a transferee; and

(ii) in respect of any Cell Shares retained by the transferor which were evidenced by any certificates sent to the Company for the purposes of registering the transfer; and

(d) in respect of any Cell Shares for which the certificate has already been issued but where it appears to the Variable Capital Company that the certificate needs to be replaced as a result of being lost, stolen or destroyed, or having become damaged.

6.5.2 Cell Share Certificate need only be prepared in the circumstances referred to in Regulation 6.5.1(d) if the Company has received:

(a) a request for a new Cell Share Certificate;

(b) the old Cell Share Certificate, if there is one;

(c) such indemnity as the Variable Capital Company may require; and

(d) such reasonable sum as the Variable Capital Company may require in respect of the expenses incurred by it in complying with the request.

6.5.3 Each Cell Share Certificate must state:

(a) the Cell to which the Cell Shares relate;

(b) the number of Cell Shares, the title to which is evidenced by the Cell Share Certificate;

(c) where the Variable Capital Company has more than one class of Cell Shares, the class of Cell Shares, the title to which is evidenced by the Cell Share Certificate; and

(d) the name of the holder.

6.5.4 Nothing in these Regulations require a Variable Capital Company to prepare a Cell Share Certificate in the following circumstances:

(a) where the Articles of Association permit issuing Share certification in dematerialised form;

(b) where a Shareholder has indicated to the Variable Capital Company in writing that such Shareholder does not wish to receive a Cell Share Certificate;

(c) where the requirements in Regulation 6.5.2 are not satisfied; or

(d) where legislation applicable in the DIFC provides otherwise for evidencing an entitlement to Shares.

7. DUTIES AND LIABILITIES OF OFFICERS

7.1 In this Regulation 7, an 'Officer' means an Officer as defined in the Companies Law, as if references to a "Company" in such definition was to a Variable Capital Company or a Cell thereof.

7.2 Each Officer of a Variable Capital Company shall ensure:

(a) Cellular Assets are kept separate and separately identifiable from Non-Cellular Assets; and

(b) Cellular Assets are attributable to the relevant Cell and are separately identifiable from:

(i) Cellular Assets attributable to other Cells; and

(ii) Non-Cellular Assets.

7.3 The duty imposed by Regulation 7.2 is not breached by reason only that:

(a) an Officer of a Variable Capital Company causes or permits Cellular Assets and Non-Cellular Assets to be held:

(i) by or through a nominee; or

(ii) by a company, the Shares and capital interests of which may be Cellular Assets or Non-Cellular Assets, or a combination of both; or

(b) an Officer of a Variable Capital Company causes or permits Cellular Assets or Non-Cellular Assets, or a combination of both, to be collectively invested, or collectively managed by an investment manager, provided that the assets in question remain separately identifiable.

7.4 Subject to Regulation 7.7, in the event an Officer knowingly, recklessly or negligently contravenes Regulation 7.2, each such Officer:

(a) shall incur personal liability for any loss or damage suffered by the Variable Capital Company as a consequence of the contravention; and

(b) shall severally have a right of indemnity against the Non-Cellular Assets of the Variable Capital Company, unless that person was fraudulent, reckless or negligent, or acted in bad faith.

7.5 A Variable Capital Company transacting through a Cell shall, for the purposes of such transaction, identify or specify to any relevant counterparty, the Cell in respect of which it is transacting, unless that transaction is not a transaction in respect of a particular Cell.

7.6 Subject to Regulation 7.7 if, in contravention of Regulation 7.5, a Variable Capital Company:

(a) fails to inform a person that they are transacting with a Variable Capital Company or a Cell thereof, and that person is otherwise unaware that, and has no reasonable grounds to believe that, they are transacting with a Variable Capital Company or a Cell thereof;

(b) fails to identify or specify the Cell in respect of which a person is transacting, and that person is otherwise unaware of, and has no reasonable basis of knowing, which Cell they are transacting with; or

(c) fails to inform a person that the Cellular Assets of that Cell, and only those assets, are available to pay the obligations and liabilities of that Cell;

then, in any such case each Officer of the Variable Capital Company, or the relevant Cell thereof, in default shall:

(d) incur personal liability to that person in respect of the transaction; and

(e) severally have a right of indemnity against the Non-Cellular Assets of the Variable Capital Company, or the relevant Cell thereof, unless such Officer was fraudulent, or acted in bad faith.

7.7 The Court may relieve an Officer of all or part of such Officer's personal liability thereunder if the Court is satisfied that such Officer ought fairly to be so relieved, because the Officer:

(a) was not aware of the circumstances giving rise to the personal liability and, in being not so aware, was neither fraudulent, reckless or negligent, nor acted in bad faith; or

(b) expressly objected and exercised such rights as he had as an Officer, whether by way of voting power or otherwise, to try to prevent the circumstances giving rise to such personal liability.

7.8 Where, pursuant to Regulation 7.7, the Court relieves a person of all or part of personal liability under

Regulations 7.4 or 7.6, the Court may order that the liability in question shall instead be met from such of the:

(a) assets of the relevant Cell in respect of which the person was dealing or transacting; or

(b) Non-Cellular Assets of the Variable Capital Company,

as may be specified in the order.

7.9 Any provision in the Articles of Association of a Variable Capital Company, or a Cell thereof, or any other contractual provision under which the Variable Capital Company, or a Cell thereof, may be liable, which purports to:

(a) avoid the incurring of personal liability by an Officer in the circumstances described in Regulations 7.4 or 7.6; or

(b) indemnify such Officer in respect of conduct which would otherwise disentitle such Officer to an indemnity against Non-Cellular Assets by virtue of Regulations 7.4 or 7.6,

shall be void.

8. RIGHTS OF CREDITORS AND IMPLIED TERMS

8.1 In respect of any transaction entered into by or on behalf of a Variable Capital Company, or a Cell thereof:

(a) no party shall be entitled, whether in any proceedings or by any other means, to use or apply any Cellular Assets attributable to any Cell of the Variable Capital Company to satisfy a liability not attributable to that Cell;

(b) without prejudice to Regulation 8.1(a), if any party shall succeed by any means in using or applying any Cellular Assets attributable to any Cell of the Variable Capital Company to satisfy a liability not attributable to that Cell, that party shall be liable to the Variable Capital Company to pay a sum equal to the value of the benefit thereby obtained by that party; and

(c) without prejudice to Regulation 8.1(a), if any party shall succeed in seizing, attaching or otherwise levying execution against any Cellular Assets attributable to any Cell of a Variable Capital Company to satisfy a liability not attributable to that Cell, that party shall:

(i) hold those assets and their proceeds in a fiduciary capacity for the Variable Capital Company;

(ii) promptly pay or deliver them over to the Variable Capital Company; and

(iii) keep those assets or proceeds separate and identifiable for that purpose,

(iv) and each contract to which a Variable Capital Company, or any Cell thereof, is a party shall also have implied in its terms the provisions of this Regulation 8.1.

8.2 All sums recovered by a Variable Capital Company, or a Cell thereof, as a result of any such obligation as is described in Regulation 8.1(c) shall be credited against any concurrent liability imposed under Regulations 8.1(b).

8.3 Any asset or sum recovered by a Variable Capital Company or a Cell pursuant to Regulations 8.1(b) or 8.1(c) by any other means in the events referred to in these Regulations shall, after the deduction or payment of any costs of recovery, be applied by the Variable Capital Company, or the relevant Cell, so as to compensate the Cell affected.

8.4 In the event of any Cellular Assets attributable to a Segregated Cell of a Variable Capital Company being seized, attached, levied or otherwise taken in execution in respect of a liability not attributable to that Segregated Cell, and in so far as such assets or compensation in respect thereof cannot otherwise be

restored to the Segregated Cell affected, the Variable Capital Company shall:

(a) cause or procure its auditor, acting as expert and not as arbitrator, to certify the value of the assets lost to the Segregated Cell affected; and

(b) transfer or pay to the Segregated Cell affected, from the Cellular or Non-Cellular Assets to which the liability was attributable, assets or sums sufficient to restore to the Cell affected the value of the assets lost.

8.5 Where under Regulation 8.4(b) a Variable Capital Company is obliged to make a transfer or payment from Cellular Assets attributable to a Segregated Cell of the Variable Capital Company, and those assets are insufficient, the Variable Capital Company shall, so far as possible, make up the deficiency from its Non-Cellular Assets.

8.6 Without prejudice to the other provisions of this Regulation:

(a) Cellular Assets attributable to a particular Cell of a Variable Capital Company:

(i) are available only to the creditors of the Variable Capital Company who are creditors in respect of that Cell and who are thereby entitled to have recourse to the Cellular Assets attributable to that Cell; and

(ii) shall be absolutely protected from the Shareholders or creditors of the Variable Capital Company who are not Shareholders or creditors in respect of that Cell and who accordingly are not entitled to have recourse to the Cellular Assets attributable to that Cell; and

(b) Cellular Assets not attributable to a particular Cell of a Variable Capital Company shall not, be used to satisfy any liability attributable to that Cell.

8.7 Where any liability arises which is attributable to a particular Cell of a Variable Capital Company:

(a) only the Cellular Assets attributable to that Cell shall be used to satisfy the liability; and

(b) a creditor in respect of that Cell only shall not, in such capacity, be entitled to have recourse against the Cellular Assets of any other Cell or the Non-Cellular Assets of the Variable Capital Company.

8.8 Where any liability arises which is not attributable to a particular Cell of a Variable Capital Company:

(a) the liability shall be satisfied solely from the Variable Capital Company's Non-Cellular Assets; and

(b) a creditor in respect of that liability shall not be entitled to have recourse to the Cellular Assets of any Cell of the Variable Capital Company.

8.9 On the application of a Variable Capital Company, an Incorporated Cell, or by any other person the Court considers to have a sufficient interest, such as a shareholder, a creditor or a contracting party, the Court may in connection with a dispute, issue a declaration relating to any one or more of the following:

(a) whether any right, claim or action is, or is not in respect of a particular Cell;

(b) whether any creditor is or is not a creditor in respect of a particular Cell;

(c) whether any liability is or is not attributable to a particular Cell; or

(d) the extent to which any liability is limited,

without prejudice to any other right or remedy available to any person.

9. MERGER OR CONSOLIDATION OF CELLS AND TRANSFER OF CELLULAR ASSETS

9.1 A Variable Capital Company shall not:

(a) transfer a Cellular Asset attributable to a Segregated Cell of the Variable Capital Company to another Segregated Cell of the Variable Capital Company; or

(b) merge or consolidate a Segregated Cell of the Variable Capital Company with, or into, one or more other Segregated Cells of the Variable Capital Company,

except after:

(c) giving thirty (30) days' written notice of its intention to apply to the Registrar to register such transfer, or merger or consolidation to each of its creditors and persons with whom it has an outstanding contract; and

(d) publishing a notice in an Appointed Publication of its intention to transfer, or merge or consolidate at a date at least thirty (30) days but not more than forty-five (45) days prior to applying to the Registrar for such transfer, or merger or consolidation.

9.2 An application to:

(a) transfer a Cellular Asset attributable to a Segregated Cell of the Variable Capital Company to another Segregated Cell of the Variable Capital Company; or

(b) merge or consolidate a Segregated Cell of the Variable Capital Company with, or into, one or more other Segregated Cells of the Variable Capital Company,

shall, in each case, be made by the Variable Capital Company to the Registrar in the prescribed form and accompanied by the documents prescribed by the Registrar, including:

(c) a Special Resolution:

(i) of the Shareholders of the transferor and transferee of each Segregated Cell in the case of a transfer under Regulation 9.1(a) approving such transfer; or

(ii) each of the merging Segregated Cells in the case of a merger or consolidation under Regulation 9.1(b); and

(d) a declaration signed by each Director of the Variable Capital Company confirming that Regulations 9.1(c) and 9.1(d) have been adhered to, and that no objections to the transfer under Regulation 9.1(a) or the merger or consolidation under Regulation 9.1(b) have been raised by any creditor or contracting party of the Variable Capital Company.

9.3 A Shareholder, creditor or contracting party of the Variable Capital Company who objects to the proposed transfer under Regulation 9.1(a) or the merger or consolidation under Regulation 9.1(b), must notify the Variable Capital Company in writing of such objection within fifteen (15) days from the date on which the notice is published in an Appointed Publication pursuant to Regulation 9.1(d).

9.4 If a written objection is provided to the Variable Capital Company pursuant to Regulation 9.3, it shall not proceed with the proposed transfer, or merger or consolidation until such objection is withdrawn by the objecting Shareholder, creditor or contracting party, and if such objection is not withdrawn, the objecting Shareholder, creditor or contracting party fails to initiate court proceedings within fifteen (15) days from the date of the written objection.

9.5 If the objecting Shareholder, creditor or contracting party applies to the Court on the grounds that the transfer, or merger or consolidation, or any term of the transfer, or merger or consolidation, is or would be unfairly prejudicial to the objecting party's interests, the transfer, or merger or consolidation shall remain stayed until the Court renders its final judgement.

9.6 Any such application to the Court under Regulation 9.5 must be made within the period specified in Regulation 9.4 and a copy of the application must be submitted to the Registrar by the Shareholder,

creditor or contracting party, without delay and prior to the expiry of the period specified in Regulation 9.4.

9.7 If no written objection is raised by a Shareholder, creditor or a contracting party within the period specified in Regulation 9.3 or such Shareholder, creditor or contracting party fails to initiate court proceedings within the period specified in Regulation 9.4, the proposed transfer, or merger or consolidation shall become effective upon registration by the Registrar.

9.8 The Registrar shall approve the transfer, or merger or consolidation if he is satisfied that the requirements in this Regulation 9 are complied with.

9.9 Any transfer of a Cellular Asset attributable to an Incorporated Cell of a Variable Capital Company to another Incorporated Cell of the Variable Capital Company shall be subject to the statutory duties, approval and disposal requirements between separate legal persons as required by the Relevant Laws and the relevant Articles of Association.

9.10 Any transfer or merger or consolidation of Incorporated Cells of a Variable Capital Company shall be subject to the provisions of Part 8 of the Companies Law and the requirements set out in Regulation 5 of the Companies Regulations.

10. CONVERSION, CONTINUATION OR TRANSFER OF A VARIABLE CAPITAL COMPANY OR AN INCORPORATED CELL

10.1 Conversion or continuation of a Variable Capital Company

10.1.1 Subject to the provisions of these Regulations and Article 132(1) of the Companies Law:

(a) an existing Variable Capital Company with Segregated Cells may convert, if so authorised by its Articles of Association and by a Special Resolution, into a Variable Capital Company with Incorporated Cells;

(b) an existing Variable Capital Company with Incorporated Cells may convert, if so authorised by its Articles of Association and by a Special Resolution, into a Variable Capital Company with Segregated Cells;

(c) an existing Company may, subject to Regulation 10.1.3, if so authorised by its Articles of Association and by a Special Resolution, convert into a Variable Capital Company with either Segregated Cells or Incorporated Cells after:

(i) giving thirty (30) days' notice of its intention to apply to the Registrar for such conversion to each of its creditors and persons with whom it has an outstanding contract; and

(ii) publishing a notice in an Appointed Publication of its intention to convert at a date at least thirty (30) days but not more than forty-five (45) days prior to applying to the Registrar for such conversion;

(d) an existing Variable Capital Company, may, subject to Regulation 10.1.3, and if so authorised by its Articles of Association and by a Special Resolution, convert into a Company which is not a Variable Capital Company after:

(i) giving thirty (30) days' notice of its intention to apply to the Registrar for such conversion to each of its creditors and persons with whom it has an outstanding contract; and

(ii) publishing a notice in an Appointed Publication of its intention to convert at a date at least thirty (30) days but not more than forty-five (45) days prior to applying to the Registrar for such conversion;

(e) subject to Article 140 of the Companies Law, a Foreign Company may be continued as a Variable Capital Company with either Segregated Cells or Incorporated Cells inside the DIFC; or

(f) subject to the laws of the jurisdiction concerned and Article 145 of the Companies Law, a Variable Capital Company may be continued as a Foreign Company in a foreign jurisdiction after:

(i) giving thirty (30) days' notice of its intention to apply to the Registrar for such conversion to each of its creditors and persons with whom it has an outstanding contract; and

(ii) publishing a notice in an Appointed Publication of its intention to convert at a date at least thirty (30) days but not more than forty-five (45) days prior to applying to the Registrar for such conversion;

10.1.2 An application to convert:

(a) an existing Company into a Variable Capital Company in the DIFC or a Variable Capital Company into a Company in the DIFC;

(b) a Variable Capital Company with Segregated Cells into a Variable Capital Company with Incorporated Cells or vice versa; or

(c) a Foreign Company into a Variable Capital Company in the DIFC,

shall be made to the Registrar in the prescribed form and accompanied by the proposed Articles of Association to be adopted by the existing Company in order to comply with the requirements of Articles of Association applicable to a Variable Capital Company of the applicable type.

10.1.3 If a:

(a) Company applies under Regulation 10.1.1(c) to be registered as a Variable Capital Company;

(b) Variable Capital Company applies under Regulation 10.1.1(d) to be registered as a Company which is not a Variable Capital Company; or

(c) Variable Capital Company applies under Regulation 10.1.1(f) to be continued as a Foreign Company,

a creditor or contracting party of the Company or Variable Capital Company or a Cell thereof who objects to the proposed registration, may apply to the Court on the grounds that the registration, or any term of the registration, is or would be unfairly prejudicial to the objecting party's interests.

10.1.4 Any such application to the Court under Regulation 10.1.3 must be made within the Court Application Period and a copy of the application must be submitted to the Registrar by the creditor, contracting party or Cell that made the application, without delay and prior to the expiry of the Court Application Period.

10.2 Conversion or continuation of an Incorporated Cell

10.2.1 An Incorporated Cell may, and if so required by its Variable Capital Company shall, apply to the Registrar to be registered as a Company independent of the Variable Capital Company of which it is a Cell. Such application shall be made to the Registrar in the prescribed form and accompanied by the documentation required to be lodged in connection with an application for the incorporation or continuation of a Company.

10.2.2 The Incorporated Cell or Variable Capital Company shall approve such registration or requirement by a Special Resolution.

10.2.3 If an Incorporated Cell applies, or is required to apply, under Regulation 10.2.1 to be registered as an independent Company, a Shareholder of the Incorporated Cell or the Incorporated Cell who objects to the proposed registration, may apply to the Court on the grounds that the registration, or any term of the registration, is or would be unfairly prejudicial to the objecting party's interests. Any application to the Court must be made within thirty (30) days of the application, or the making of the requirement to apply under Regulation 10.2.1.

10.2.4 If an Incorporated Cell is registered as an independent Company under this Regulation, upon such registration:

(a) the independent Company shall be permitted to have the same Registered Office as the Variable Capital Company under which it had been an Incorporated Cell only in circumstances where it has the same Controller;

(b) unless otherwise provided by its Articles of Association, the first directors of the independent Company shall be the directors of the Incorporated Cell immediately prior to the time of registration;

(c) the holders of the Cell Shares in relation to the former Incorporated Cell shall be the Shareholders of the independent Company and the Share capital attributable to those Shares shall be the Share capital of the independent Company;

(d) all the rights and liabilities of the Incorporated Cell immediately before registration shall continue as rights and liabilities of the independent Company;

(e) any action or proceeding which was commenced against the Incorporated Cell before registration as an independent Company shall continue against the independent Company; and

(f) any action or proceeding that was commenced by the Incorporated Cell before registration as an independent Company shall continue as an action or proceeding commenced by the independent Company.

11. CONDUCT OF BUSINESS

11.1 Registered Office

11.1.1 A Variable Capital Company's Registered Office shall be either:

(a) in the case of an Exempt VCC, that of an Affiliate; or

(b) the Registered Office of a Corporate Service Provider appointed for this purpose.

11.1.2 The Registered Office of an Incorporated Cell shall be that of the Variable Capital Company that established it.

11.1.3 An Affiliate or Corporate Service Provider whose Registered Office is used under Regulation 11.1.1 shall consent in writing to such appointment in a format prescribed by the Registrar.

11.1.4 Nothing in this Regulation 11.1 shall preclude an Exempt VCC from using a Corporate Service Provider to provide it with a Registered Office.

11.2 Operation in the DIFC

Article 13(3) of the Operating Law (conducting principal business activity in the DIFC) and Regulation 2.1.4 of the Companies Regulations (establishment of operations in the DIFC) shall not apply to a Variable Capital Company.

11.3 Employees

A Variable Capital Company shall not be permitted to employ any Employees, or any other form of workers.

11.4 Accounting Records

11.4.1 A Variable Capital Company shall maintain Accounting Records, including those in relation to Segregated Cells, and prepare accounts as required under the Companies Law.

11.4.2 In the case of a Variable Capital Company with one (1) or more Incorporated Cells, the Variable Capital Company shall maintain Accounting Records and prepare accounts in relation to each Incorporated Cell in accordance with the requirements under the Companies Law.

11.4.3 A Shareholder of an Incorporated Cell shall only be entitled to be provided with accounts that relate to the Incorporated Cell in which it is a Shareholder, unless otherwise provided in the Articles of Association of the Variable Capital Company and the relevant Incorporated Cells.

11.5 Reporting and Disclosure

11.5.1 The Confirmation Statement filed by, or on behalf of, a Variable Capital Company shall:

(a) comply with the requirements of the Relevant Laws as they apply to a Private Company;

(b) confirm whether it is an Exempt VCC or not;

(c) comply with all compliance, governance and regulatory obligations, filings or other requirements pursuant to any requirements of Applicable Law;

(d) in the case of a Variable Capital Company with Segregated Cells, provide:

(i) the details of its Segregated Cells that continue to be active; and

(ii) the status of its Segregated Cells that are not active, insofar as it relates to their striking off or winding up; and

(e) in the case of a Variable Capital Company with Incorporated Cells, that the Incorporated Cells comply with the above requirements at Regulations 11.5.1(a) and 11.5.1(c).

11.5.2 Any report, disclosure or confirmation made by a Corporate Service Provider on behalf of a Variable Capital Company pursuant to this Regulation 11.5 shall be done as the Variable Capital Company's agent and the Corporate Service Provider may require self-certification of the content thereof by the Variable Capital Company's board of directors. The Corporate Service Provider shall not be liable to the Registrar in respect of any such report, disclosure or confirmation where it has acted with due care in ensuring their contents are correct and has not omitted any material facts or circumstances of which the Corporate Service Provider is aware of, or ought reasonably be aware of.

11.5.3 A Corporate Service Provider that fails to comply with any of the requirements in Regulation 11.5.2, is liable to a fine not exceeding the amount set out in Appendix 2.

12. CORPORATE SERVICE PROVIDERS

12.1 Duties and Obligations

12.1.1 Unless it involves an Exempt VCC, a Corporate Service Provider appointed by a Variable Capital Company in accordance with these Regulations shall:

(a) lodge or pay any document, form or fee required by these Regulations or the Applicable Law to be lodged with or paid to the Registrar for the incorporation or continuation of the Variable Capital Company in the DIFC, or in respect of a Cell thereof;

(b) except in the circumstances provided for in Regulation 12.1.3, provide any document, form, notice or make any filing that the Variable Capital Company, or a Cell thereof, is required to provide to the Registrar under these Regulations and Applicable Law; and

(c) maintain a copy of all records that a Variable Capital Company, or a Cell thereof, is required to keep under these Regulations and Applicable Law, and such copies shall be:

(i) regularly kept up to date; and

(ii) readily accessible in circumstances where the Registrar or any other party under Applicable Law may require access thereto.

12.1.2 A Variable Capital Company, or an Incorporated Cell thereof, shall:

(a) make available to its Corporate Service Provider such documents and information as is required to enable the Corporate Service Provider to comply with its duties and obligations under Regulation 12.1.1; or

(b) ensure that a Register Keeper does so on its behalf.

12.1.3 The provisions of Regulation 12.1.1 do not prohibit a Variable Capital Company, or an Incorporated Cell, from lodging or filing with the Registrar:

(a) a strike-off application under Article 32(5) of the Operating Law; or

(b) any documents related to its winding up under the Insolvency Law.

12.1.4 A Variable Capital Company, or an Incorporated Cell, that contravenes Regulation 12.1.2 is liable to a fine, as set out in Appendix 2.

12.1.5 A Corporate Service Provider acting on behalf of a Variable Capital Company, or an Incorporated Cell thereof, shall be authorised to represent each such entity in its dealings with a Register Keeper or with the Registrar, and a Register Keeper or the Registrar shall be permitted to communicate directly with such Corporate Service Provider with no need to directly communicate with the Variable Capital Company, or the Incorporated Cell thereof, unless it involves the circumstances referred to in Regulation 12.1.3.

12.1.6 An Exempt VCC, or an Incorporated Cell thereof, may enter into an arrangement with a Corporate Service Provider to perform some or all of the duties and obligations set out in Regulation 12.1.1 and 12.1.2 on its behalf, provided that such arrangement shall not relieve either of them from their primary duties and obligations under these Regulations and Applicable Law.

12.2 Appointment and cessation of Corporate Service Provider

12.2.1 A Corporate Service Provider appointment by a Variable Capital Company shall:

(a) be notified to the Registrar in the prescribed form;

(b) include the consent of the Corporate Service Provider concerned; and

(c) be deemed to include consent for the Corporate Service Provider to act on behalf of any Incorporated Cells established by the Variable Capital Company.

12.2.2 If a Corporate Service Provider ceases to act for a Variable Capital Company whether by resignation, dismissal or for any other reason, such Corporate Service Provider must notify the Registrar of such

change within ten (10) days from the date on which the cessation of its services took effect (a "Cessation Notice").

12.2.3 A Cessation Notice must contain:

(a) the date on which the Corporate Service Provider ceased to act (the "Cessation Date"); and

(b) details of any replacement Corporate Service Provider, or where a Corporate Service Provider is unable to provide such details, an explanation stating the reasons for its inability to do so; or

(c) a statement that the Variable Capital Company no longer has Variable Capital Company status.

12.2.4 Where a Corporate Service Provider ceases to act for a Variable Capital Company:

(a) it shall be obliged to retain the books and records of such entity it kept pursuant to Regulation 12.1.1(c) for the period of its appointment for a period of six (6) years from the Cessation Date and, upon receipt of a notice from the Registrar or any third party in accordance with Applicable Law, make such information available in the manner specified in such notice; and

(b) where the Corporate Service Provider acted as the Registered Office for the Variable Capital Company concerned and there is no replacement Corporate Service Provider appointed with effect from the Cessation Date onwards, the Registered Office of the Corporate Service Provider having provided such Cessation Notice shall remain as the Registered Office of the Variable Capital Company for all purposes under Applicable Law until:

(i) a replacement Corporate Service Provider is appointed for the Variable Capital Company with the requisite consent to act as Registered Office pursuant to Regulation 12.2.1(b);

(ii) the Variable Capital Company has provided notice to the Registrar of a new Registered Office in accordance with the requirements of the Relevant Laws; or

(iii) the Variable Capital Company is wound up or struck off,

whichever occurs first.

12.2.5 A person who fails to comply with the requirements in Regulation 12.2.2 is liable to a fine, as set out in Appendix 2.

12.3 Powers of the Registrar

12.3.1 The Registrar, or any Inspector appointed by the Registrar pursuant to the Operating Law, may require a Corporate Service Provider acting for a Variable Capital Company, or with continuing obligations in respect of a Variable Capital Company pursuant to Regulation 12.2, to provide such information, Documents, or access to premises as the Registrar reasonably considers necessary to ensure compliance with these Regulations or the Relevant Laws.

12.3.2 The Registrar may:

(a) inform the DFSA of any facts or circumstances that may amount to a breach of a Corporate Service Provider's duties under the DFSA Rules; and

(b) inform law enforcement agencies of any alleged or suspected criminal offences on the part of a Corporate Service Provider or its clients.

12.3.3 For the avoidance of doubt, the powers conferred by this Regulation 12.3 are in addition to, and do not limit or derogate from, any powers of inspection, investigation, or information gathering conferred on the Registrar by the Operating Law or any other Legislation administered by the Registrar.

13. REVOCATION OF STATUS

13.1 If a Variable Capital Company, or an Incorporated Cell thereof, fails to comply with these Regulations, the Registrar may, subject to Regulations 13.2 and 13.3 and after following the Decision-Making Procedures, suspend, vary or revoke its status as a Variable Capital Company.

13.2 The Registrar shall, prior to suspending, varying or revoking a Variable Capital Company's status under Regulation 13.1, provide it with a notice specifying:

(a) the grounds for non-compliance;

(b) the corrective action required and the prescribed period of rectification; and

(c) the process to be followed in case of any objections.

13.3 In the case of a Variable Capital Company, or Incorporated Cell, involved in providing Financial Services pursuant to Regulation 3.2.1 or holding assets for a Crowdfunding Structure or a Fund pursuant to Regulations 3.2.2(a) or (b), the Registrar shall notify the DFSA of any notice provided to a Variable Capital Company under Regulations 13.2.

13.4 If a Variable Capital Company's status is revoked under this Regulation 13, it shall:

(a) cease to be a Variable Capital Company;

(b) no longer be entitled to the benefit of any exemption or concession (including as to fees) in these Regulations; and

(c) be required to adhere to all the requirements of the Relevant Laws.

13.5 A reference to a Variable Capital Company in this Regulation 13 shall include a reference to an Incorporated Cell (as the context requires).

14. WINDING UP

14.1 A Variable Capital Company shall not be dissolved after being wound up until all its Cells are either transferred out of the Variable Capital Company, converted into another type of company, or wound up in accordance with the requirements in the DIFC Insolvency Law and the Insolvency Regulations, or struck off by the Registrar pursuant to the Operating Law. For the purposes of Article 32 of the Operating Law, a Segregated Cell shall be treated as a Registered Person.

14.2 The DIFC Insolvency Law and the Insolvency Regulations apply with all necessary adaptations to a Variable Capital Company with Segregated Cells. For the purposes of such application, Regulation 9 of the Insolvency Regulations applies as if:

(a) references to a Protected Cell Company were references to a Variable Capital Company with Segregated Cells; and

(b) Regulations 9.3.1(e) and 9.3.3(d) of the Insolvency Regulations were omitted.

15. FEES

For the purposes of Article 151(2)(h) of the Companies Law, Regulation 9.1 of the Companies Regulations and Regulation 2.3.2 of the DIFC Operating Regulations 2018, the fees in respect of matters set out in Appendix 1 of these regulations shall be paid to the Registrar instead of the fees specified in the Relevant Laws.

APPENDIX 1
FEES

Table of fees

Upon receipt by the Registrar:	**Fee (USD)**
Application for incorporation of a Variable Capital Company	$100
Application for incorporation of an Incorporated Cell of a Variable Capital Company	$100
Application for grant or renewal of a Licence of a Variable Capital Company	$1,000
Application for grant or renewal of a Licence of an Incorporated Cell of a Variable Capital Company	$1,000
Application for formation of a Segregated Cell	$300
Lodgement of a Confirmation Statement	$300
Application to continue incorporation of a Variable Capital Company in the DIFC	$1,000
Application to transfer incorporation of a Variable Capital Company from the DIFC	$1,000

APPENDIX 2
ADMINISTRATIVE FINES

Regulation	Contravention	Maximum Fine (USD)
3.1.1	Variable Capital Company failing to comply with requirements to appoint a Corporate Service Provider.	$20,000
6.2	Variable Capital Company or Cell failing to comply with requirements relating to the issue, redemption or purchase of its own Shares.	$15,000
6.3	Variable Capital Company or Cell making an unlawful Distribution	$20,000
11.5.3	Corporate Service Provider failing to act with due care to ensure the contents of a report, disclosure or confirmation filed by it on behalf of a Variable Capital Company, or a Cell thereof, is correct.	$20,000
11.5.3	Corporate Service Provider making a report, disclosure or confirmation on behalf of a Variable Capital Company, or a Cell thereof, that omitted material facts or circumstances which the Corporate Service Provider is aware of, or ought to reasonably be aware of.	$20,000
12.1.2	Variable Capital Company or Incorporated Cell that fails to make documents and information available to its Corporate Service Provider, or ensuring that a Register Keeper does so on its behalf.	$100,000
12.2.2	Corporate Service Provider that fails to provide Cessation Notice within ten (10) days of cessation of services.	$2,000