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# Annex B

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# Format for providing public comments to DIFCA on Consultation Paper No. 2 of 2025

# Proposed Enactment of DIFC Variable Capital Company Regulations (the “Proposed Regulations”)

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| Note 1: DIFCA reserves the right to publish, including on its website, any comments you provide. However, if you wish to remain anonymous, you must expressly request at the time of making comments that this should be the case.  Note 2: The second column, ‘comments on proposed policy’ relates to the policy explained in the Consultation Paper paragraphs specified. The third column, ‘comments on legislation’ refers to the draft legislation reflecting the proposed policy.  Note 3: It is possible that you may not have any comments, either on the proposed policy or draft legislation, or may have comments on one and not the other. You may leave a blank column if you either agree to the proposed position, or you have no concerns relating it.  Note 4: If there are any ambiguities relating to the proposed policy or draft legislation, you may raise those in your comments. |

| **Name of individual / entity providing comments:** |  |
| --- | --- |

| No. | Comments on proposed policy | Comments on legislation |
| --- | --- | --- |
| Key features of DIFC VCC regime | | |
| Q1: Do you have any concerns as to possible adverse consequences for the DIFC if it were to legislate to provide for establishment of variable capital companies either generally or specifically as contemplated in the Proposed Regulations? If so, what are they and how should they be addressed? | | |
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| Qualifying requirements | | |
| Q2: Do you have any concerns about the scope of the qualifying requirements and use of Variable Capital Companies in the context of doing business in the DIFC? If so, please provide details. | | |
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| Q3: Are there any restrictions in respect of the types of applicant that may establish a VCC that you think it would be appropriate to include? If so, please explain which restrictions should be included and why. | | |
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| Q4: Do you agree that the definition of Secondaries Structure sufficiently captures the proposed uses outlined in this consultation paper. If not, what changes would you make to the definition and why? | | |
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| **Segregated and Incorporated Cells** | | |
| Q5: Do you think that the categories of Cell provided for in the Proposed Regulations are suitable in the DIFC context? If not, what changes should be made? | | |
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| **Cellular and Non-Cellular Assets** | | |
| Q6: Are the specific characteristics attributed to Cellular Assets of each of the categories of Cells appropriate? If not, how could they be improved? | | |
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| Variable capital structure | | |
| Q7. Do you have any concerns about the procedures for the restructuring share capital provided in the Proposed Regulations? If so, please provide details. | | |
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| Other key features | | |
| Duties and Liabilities of Officers | | |
| Q8. Do you agree that Officers should not have a right of indemnity against the Variable Capital Company where they have acted knowingly, recklessly, negligently, or in bad faith in contravening the principles set out in Regulation 7 regarding the separation of assets between the Variable Capital Company and the individual Cells? If not, what standard do you consider more appropriate and why? | | |
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| Merger or consolidation of a Segregated Cell and transfer of Cellular Assets | | |
| Q9. Do you agree that there should be no right for minority shareholders to object to a proposed transfer, merger or consolidation of Segregated Cells? If not, please provide reasons why the right should be included. | | |
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| Conversion, continuation or transfer of a Variable Capital Company | | |
| Q10. Do you agree with the level of creditor protection on a conversion from a VCC to a Company (or vice versa) proposed under Regulation 10? If not, what changes should be made? | | |
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| Conversion or continuation of an Incorporated Cell | | |
| Q11. Do you have any comments on the procedures set out for converting an Incorporated Cell into a standalone company under Regulation 10.2? If so, please provide details. | | |
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| Transfer of an Incorporated Cell to another Variable Capital Company | | |
| Q12. Do you have any comments on the procedures set out for transferring an Incorporated Cell from one VCC to another VCC under Regulation 10.3? If so, please provide details. | | |
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| Miscellaneous | | |
| Q13. Do you have any other comments or concerns related to the Proposed Regulations? If so, what are they and how should they be addressed? | | |
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