

RASMANDATE

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LEGISLATIVE & REGULATORY UPDATES
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This Issue:

»»» Cover Story

Page 1-3

»»» Thought Leadership

Page 4-7

»»» Team Spotlight

Page 8

The Dubai International Financial Centre (DIFC) has concluded its public consultation on the proposed Variable Capital Company (VCC) Regulations, a new corporate framework designed to provide investors with greater flexibility in structuring proprietary investment activities. The consultation ran from 25 June to 24 July 2025, and the DIFC Authority is now reviewing stakeholder feedback ahead of finalizing the regulations later this year.

Cover Story

DIFC PROPOSES FRAMEWORK FOR VARIABLE CAPITAL COMPANIES

The proposed VCC regime is intended to offer a versatile and efficient vehicle for managing investment holdings, complementing existing DIFC structures such as Protected Cell Companies (PCC) and Incorporated Cell Companies (ICC).

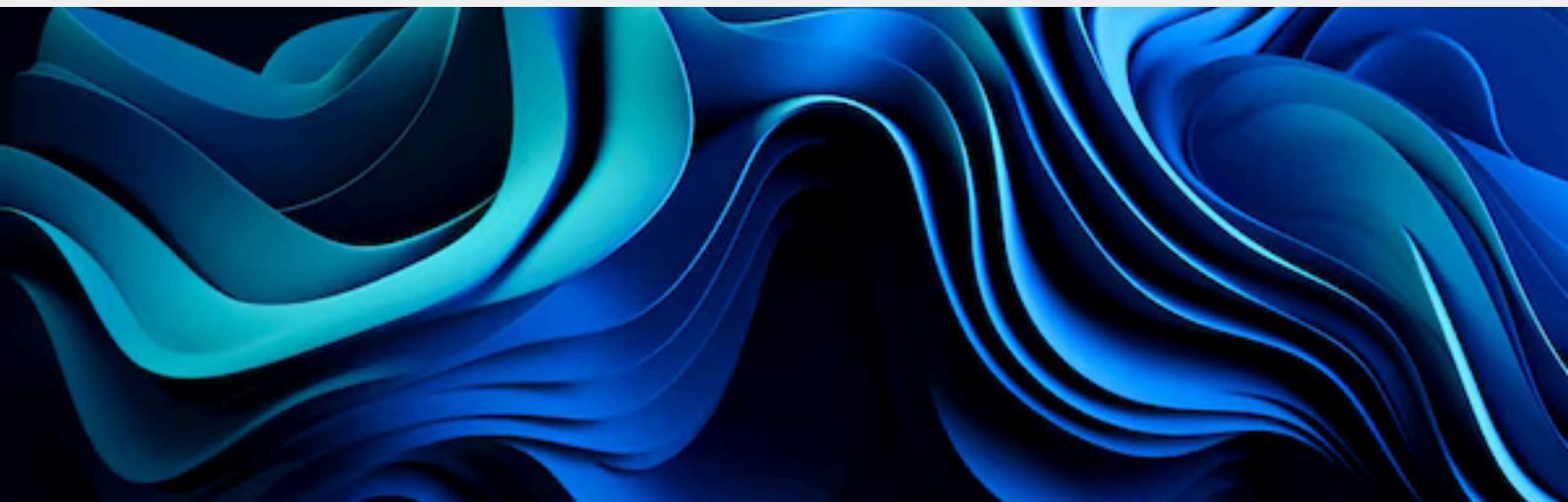
Purpose and Objectives

The VCC framework aims to:

- Provide a flexible structure for proprietary investment activities.
- Enable segregated investment strategies under one umbrella while maintaining ring-fencing of assets and liabilities.
- Offer legal clarity, operational efficiency, and scalability for investors.
- Strengthen DIFC's position as a regional and global hub for investment and asset management.

Key Features of the Proposed VCC Regulations

- **Structure:** A VCC is a private limited company that can be established as either a standalone entity, or an umbrella structure with multiple cells, which can either be segregated cells (not separate legal entities), or incorporated cells (each a separate legal entity). However, both types of cell companies cannot coexist within the same VCC.
- **Flexible Share Capital:** The share capital equals Net Asset Value (NAV) of the company, and shares and cell shares can be issued, redeemed, or repurchased at NAV, allowing efficient capital movements.
- **Distributions:** VCCs can make distributions from profits or capital, based on NAV, removing the traditional restriction of paying dividends only from profits.
- **Asset Segregation:** Cellular assets are ring-fenced from other cells and from the VCC's non-cellular assets, ensuring creditor protection. Creditors of a particular cell may only have recourse to that cell's assets, and not to the non-cellular assets of the VCC or other cells. Likewise, non-cellular creditors cannot pursue cellular assets. These protections are embedded as implied terms in every transaction entered into by or on behalf of a VCC or its cells.
- **Regulatory Scope:** No DFSA authorization or regulated fund manager is required, unless the VCC engages in regulated financial services activities.



- **Qualifying Criteria:** A VCC (and its cells) must meet at least one of the following:
 - Controlled by GCC Persons, authorized firms, or DIFC registered persons;
 - Established for a specific qualifying purpose, including holding GCC registrable assets, aviation, maritime, intellectual property structures, crowdfunding structures, structured financing, or secondaries structures.
- **Corporate Actions:** Segregated cells can merge, consolidate, or transfer assets between them, subject to regulatory requirements with creditor objection rights. Incorporated Cells can be transferred between VCCs under a Transfer Agreement approved by both VCCs and the Registrar. VCCs can also convert between segregated and incorporated cell structures, convert into or from a DIFC company, or redomicile to or from a foreign jurisdiction. Incorporated cells may become independent companies with continuity of rights and liabilities, with creditor protections applying throughout.
- **Governance:** Officers must maintain asset segregation and disclose the nature of transactions. They may be indemnified from the VCC's non-cellular assets, but remain personally liable where breaches involve negligence, recklessness, fraud, or bad faith.
- **Employment Restrictions:** VCCs are not permitted to employ any employees.
- **Winding Up and Insolvency:** A VCC cannot be wound up until all cells are resolved.

Target Audience

The VCC model is expected to appeal to:

- Family offices and high-net-worth families seeking ring-fenced structures for diverse assets.
- Private equity and investment managers requiring multi-strategy platforms.
- DIFC Registered Persons and Authorized Firms for proprietary investment or structured financing.
- Legal and corporate service providers offering formation and management services.

Next Steps

The DIFC Authority is reviewing consultation feedback, with final VCC Regulations expected to be enacted later in 2025. Once implemented, the regime will provide investors with a flexible, legally secure, and operationally efficient framework for structuring and managing proprietary investments.



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THOUGHT LEADERSHIP

Stored Value Facilities - ADGM

During the last decade, the United Arab Emirates has rapidly positioned itself as a leader in digital innovation and financial technology over the MENA region. In this fast-paced environment, and in parallel with the fast evolution of its payment infrastructure, Stored Value Facilities (SVFs) have become a daily necessity for the financial activities of both individuals and entities.

In terms of definition, (SVFs) are prepayment systems that allow customers to digitally store funds for future use. These facilities enable users to make payments either online, typically through mobile applications, or in physical locations using associated debit or credit cards. Common examples of SVFs include Apple Pay Cash, prepaid gift cards, Google Pay Balance, and e-wallets such as PayPal Balance. These tools offer convenience, speed, and flexibility in managing everyday transactions without the need for a traditional bank account.

Legally speaking, a new era for SVFs emerged as their significance in the fintech landscape grew, particularly during the COVID-19 pandemic. In recognition to this shift, the Central Bank of the UAE (UAE CB) issued specialized regulations for SVFs operating within the UAE's onshore jurisdiction on 30 September 2020. These new regulations marked a significant update, effectively replacing the previous Regulatory Framework for Stored Values and Electronic Payment Systems issued on 13 December 2016.

In context, these regulations include provisions related to SVF licensing requirements, guidelines for regulated SVF businesses, corporate governance, and anti-money laundering procedures. Accordingly, based on Article (65) of the Central Bank Law, the provision of (SVFs) is considered a licensed financial activity. Every applicant must meet the licensing requirements set by the Central Bank to issue SVFs and must continue to comply with these requirements on an ongoing basis as a licensed entity. In order to obtain an SVF license from the UAE Central Bank, an entity must be UAE-incorporated (including free zones), maintain minimum capital of AED 15 million as well as a minimum of 5% capital funds of the total float received from the customers, meet governance, risk, and AML standards, and comply with float safeguarding and customer protection requirements

These regulations govern any SVF operating on UAE's mainland excluding Financial Free zones. However, any financial institution registered within the financial free zones, can run a SVF business in the State, after obtaining a license from the Central Bank.

In Abu Dhabi Global Market (ADGM), the Financial Services Regulatory Authority(FSRA) is the supervising and overseeing authority over SVFs in terms of providing the Authorized Permission for SVF Providers, setting general guidelines for their work, assigning the minimum capital for them.



Based on ADGM's Financial Services and Markets Regulations enacted in 2015, the term "Stored Value" means that it is

"electronically, including magnetically, stored monetary value as represented by a claim on a Stored Value Provider which is issued by that Stored Value Provider on receipt of Money for the purpose of making Payment Transactions and which is accepted by a Person other than the Stored Value Provider."

And a Stored Value means:

"an Authorized Person Selling or issuing Stored Value."

Accordingly, we will discuss the needed authorization and adequate requirements for stored value facilities to be legally operational within the ADGM.

1.Licensing and Classification of SVFs

Any entity intending to issue or operate Stored Value Facilities (SVFs) within the Abu Dhabi Global Market (ADGM) must obtain a Financial Services Permission (FSP) from the Financial Services Regulatory Authority (FSRA). This permission must specifically cover the regulated activity of "Providing Money Services", which include the operation of SVFs.

Under the FSRA's regulatory framework, such activities are classified under Category 3(c). As such, applicants must secure Category 3(c) authorization to be fully licensed and permitted to practice activities of SVFs within ADGM.

In order to obtain an ADGM Category 3C License from the Financial Services Regulatory Authority (FSRA), entities must pay specific application and annual supervision fees, which vary based on the regulated activities they intend to conduct. Based on the FSRA's Fees Rulebook, under Rule 3.9.1 the Category 3 (c) Application Fee costs USD 25,000.

The application process for obtaining a Category 3C license involves the following essential key steps.



- 1.Pre-Application Consultation: Engage with the FSRA to discuss the business model and understand regulatory requirements.
- 2.Prepare Documentation: Submit a comprehensive business plan, financial projections, and compliance policies.
- 3.Submit Application: File the application through the ADGM portal, including all required documents and fees.
- 4.FSRA Review: The FSRA will assess the application, conduct due diligence, and may request additional information.
- 5.Approval and Licensing: Upon satisfactory review, the FSRA will grant the Category 3C license, allowing the firm to commence operations. The entire process typically takes several months, depending on the complexity of the application and the firm's preparations.

1. Capital Adequacy Requirements — Variable Capital Requirement (VCR)

In principle, any entity wishing to be a holder of Category 3(c) license, shall have a base capital requirement worth of \$ 250,000 as a minimum. Actual capital required will depend on the nature, quantum of business and forecasted annual expenditure, as per the financial model of the proposed firm.

In accordance with Article 3.6A.6 of the FSRA Prudential Rulebook (PR), an authorized SVF provider must maintain a Variable Capital Requirement (VCR) calculated as follows:

a- For Ongoing Operations (Established Entities):

The VCR shall be equal to 2.5% of the average daily outstanding Stored Value.

This average must be calculated on the first Business Day of each calendar month.

The calculation is based on the daily outstanding Stored Value at the end of each day over the preceding six calendar months.

Read [here](#) the full article.



Authored By:
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TEAM SPOTLIGHT

We are happy to welcome Ribal Salem on board as a junior associate.



RIBAL SALEM

Junior Associate

Ribal has built a solid foundation in litigation and dispute resolution across civil, criminal, labor, real estate, and commercial law. He also handles corporate matters including due diligence, contracts, licensing, and company registration, with experience in Lebanon and the UAE. Trilingual, he combines legal expertise with strong communication skills.





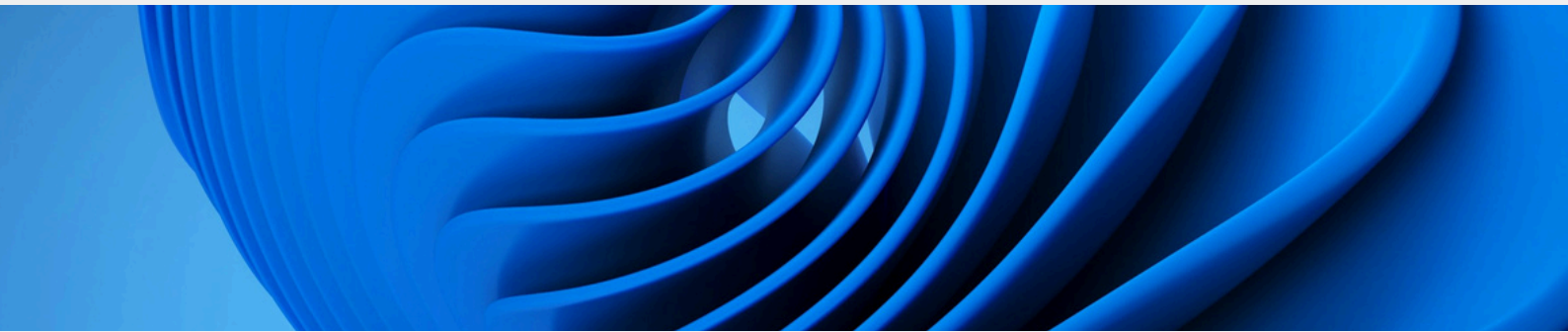
Driving Change Through Innovative Expertise

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Rasma Legal is a multi-service law firm catering to the innovation economy. The firm is headquartered in the United Arab Emirates (UAE) and has branches in Saudi Arabia (KSA) and Lebanon. Led by the expertise and leadership of Mazen Rasamny, Rasma Legal stands as a beacon of legal excellence, equipped to guide clients through their diverse legal undertakings. Having an extensive legal background spanning over 23+ years, Mazen Rasamny brings a wealth of knowledge and experience to the table.

The firm is focused on innovation and growth and has been instrumental in providing comprehensive legal services to entrepreneurs and start-ups in areas such as M&A, Corporate and Commercial laws, Debt & Equity Capital Markets, Banking & Finance (including Project Finance), Corporate & Financial Restructuring, Energy, Infrastructure, and Project Development.

The firm has also been recognized by several leading legal publications such as Asian Legal Business, IFLR1000, The Legal 500, Legal Era, The Law and more.



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