



DIFC

**SPECIAL PURPOSE COMPANY
REGULATIONS
(SPCoR)**

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The Board of Directors of the DIFCA, in the exercise of the powers conferred on them by:

- (i) Articles 114 and 140 of the Companies Law 2006, and
- (ii) Article 93 of the Insolvency Law 2004;

hereby make these Regulations.

1. INTRODUCTION

1.1 Application and Interpretation

1.1.1 These Regulations (SPCoR) apply to:

- (a) a Special Purpose Company;
- (b) the Registrar of Companies; and
- (c) any other Person to whom the Laws apply.

1.1.2 Provisions of the Laws shall apply to a Special Purpose Company unless otherwise specified hereunder.

1.1.3 References to Articles are references to articles in the relevant Law unless otherwise specified.

1.1.4 Defined terms are identified throughout these Regulations by the capitalisation of the initial letter of a word or phrase. Where capitalisation of the initial letter is not used, an expression has its natural meaning.

1.1.5 To the extent that a Special Purpose Company also qualifies as a Special Purpose Vehicle, the provisions of these Regulations shall not exempt such Special Purpose Company from any requirements resulting from any DFSA legislation applicable to Special Purpose Vehicles, including but not limited to, any provision in the Collective Investment Law 2006, the Investment Trust Law 2006 or any Rules made under the Regulatory Law 2004 for the purpose of such legislation. To the extent any provision in these Regulations conflicts with any provision in any DFSA administered legislation, the relevant DFSA provision shall prevail.

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1.1.6 The following defined terms have the meaning given below:

Defined Term	Definition
Articles of Association	Means the articles of association of a Special Purpose Company as filed with the Registrar of Companies.
Collective Investment Law 2006	Means the Collective Investment Law 2006, being the DIFC Law No. 1 of 2006 issued by the Ruler.
Collective Investment Rules	Means the Rules in the Collective Investment Rules (CIR) module of the DFSA Rulebook.
Companies Law 2006	Means the Companies Law 2006, being the DIFC Law No. 3 of 2006 issued by the Ruler.
Companies Regulations	Means the Companies Regulations (COR).
Corporate Service Provider	Means an entity: (a) registered in the DIFC, or (b) licensed in any Recognised Jurisdiction or any other jurisdiction as approved by the Registrar of Companies to undertake corporate services business.

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DIFC	Means the Dubai International Financial Centre.
DFSA	Means the Dubai Financial Services Authority.
Exempt Activity	<p>Means any of the following activities undertaken by a Special Purpose Company, regardless whether undertaken in an Islamic or conventional way:</p> <p>(a) the acquisition (by way of leasing, title transfer, risk transfer or otherwise), the holding and the disposal of any asset (tangible or intangible, including but not limited to receivables and shares) in connection with and for the purpose of a Transaction;</p> <p>(b) the obtaining of any type of financing (banking or capital markets), the granting of any type of security interest over its assets, the providing of any indemnity or similar support for the benefit of its Shareholder(s) or any of its subsidiaries, or the entering into any type of hedging arrangements, in connection with and for the purpose of a</p>

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	<p>Transaction;</p> <p>(c) the financing of the Initiator or another Special Purpose Company;</p> <p>(d) the acting as trustee or agent for any participant in the Transaction;</p> <p>(e) any other activity approved in writing by the Registrar; or</p> <p>(f) any ancillary activities which are related to the activities set out under (a) to (e) above.</p>
Financial Services	Means financial activity prescribed in the General Module of the DFSA Rulebook as constituting a Financial Service, as amended from time to time.
Fund	Means any arrangement amounting to a Collective Investment Fund under Article 15 of the Collective Investment Law 2006.
Incorporator	Means the person incorporating the Special Purpose Company which shall either be a Shareholder, the Corporate Service Provider or any law or accounting firm.

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Initiator	Means the entity for whose Transaction the Special Purpose Company has been established.
Insolvency Law 2004	Means the Insolvency Law 2004, being the DIFC Law No. 7 of 2004 issued by the Ruler, as amended from time to time.
Investment Company	Means an open or closed ended company established for the sole purpose of collective investment which is incorporated under Article 114 of the Companies Law 2006 in accordance with chapter 13 of the Regulations made under that Law.
Investment Partnership	Means a limited partnership established for the sole purpose of collective investment which is formed and registered under the Limited Partnership Law 2006 in accordance with the regulations made under that Law.
Investment Trust	Means a Trust created under the Investment Trust Law 2006 for the purpose of collective investment.
Investment Trust Law 2006	Means the Investment Trust Law 2006, being the DIFC Law No. 5 of 2006 issued by the Ruler, as amended from time to time.

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Laws	<p>Means each of the following laws:</p> <p style="text-align: center;">(a) the Companies Law 2006; and</p> <p style="text-align: center;">(b) the Insolvency Law 2004.</p>
Nominee	<p>Means a regulated entity:</p> <p style="text-align: center;">(a) registered in the DIFC, or</p> <p style="text-align: center;">(b) licensed in any Recognised Jurisdiction or any other jurisdiction as approved by the Registrar of Companies</p> <p>to undertake trust business.</p>
Recognised Company	<p>Means a Recognised Company as defined in the Companies Law 2006.</p>
Recognised Jurisdiction	<p>Means a jurisdiction which has been recognised by the DFSA under Article 20 of the Collective Investment Law 2006.</p>
Registrar of Companies	<p>Means the Registrar of Companies as defined in the Companies Law 2006.</p>
Shareholder	<p>Means a shareholder of a Special Purpose Company.</p>

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Special Purpose Company	Means a company limited by shares and incorporated within the DIFC pursuant to these Regulations.
Special Purpose Company Register	Means the Special Purpose Company Register as defined in Regulation 3.3.2.
Special Purpose Vehicle	Means a Special Purpose Vehicle as defined in the Glossary Module of the DFSA Rulebook.
Standard Articles	Means the standard articles for Special Purpose Companies as published by the Registrar at the time of incorporation of a Special Purpose Company.
Transaction	Means the Islamic or conventional structured finance transaction for the benefit of the Initiator in connection with which the Special Purpose Company has been established, which shall include, without limitation, any type of securitisations or other capital markets transaction.
Trustee	Means, in relation to an Investment Trust, the Person described under Article 18 of the Investment Trust Law 2006.

1.2 References to Writing

- 1.2.1 If a provision in these Regulations refers to a communication, notice, agreement or other document 'in writing' then, unless the contrary intention appears, it means in legible form and capable of being reproduced on paper, irrespective of the medium used. Expressions related to writing must be interpreted accordingly.
- 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.

1.3 General interpretative provisions

- 1.3.1 Where reference is made in these Regulations to a statutory provision, it is a reference to the provision as amended, and includes a reference to that provision as extended or applied by or under any other provision, unless the contrary intention appears.
- 1.3.2 Unless the contrary intention appears:
- (a) words in these Regulations importing the masculine gender include the feminine and words importing the feminine gender include the masculine;
 - (b) words in these Regulations in the singular include the plural and words in the plural include the singular; and
 - (c) references to Chapters, Sections and Appendixes are to Chapters, Sections and Appendixes of these Regulations.

2. PURPOSE AND ACTIVITIES OF A SPECIAL PURPOSE COMPANY

2.1 Exempt Activities

The purpose of a Special Purpose Company as set out in the company's articles of association must be limited to Exempt Activities. A Special Purpose Company is prohibited from undertaking any activities other than Exempt Activities.

2.2 Financial Services

A Special Purpose Company may be used by (i) a Trustee of an Investment Trust, (ii) an Investment Company, or (iii) an Investment Partnership, to hold the property of the relevant Fund. A Special Purpose Company may not be (i) the Trustee of an Investment Trust, (ii) the general partner of an Investment Partnership, or (iii) an Investment Company. A Special Purpose Company shall not undertake any Financial Services unless it is authorised by the Dubai Financial Services Authority to do so.

2.3 Revocation of Status

If a Special Purpose Company undertakes any activities which are not Exempt Activities, the Registrar of Companies shall, after the giving of notice to the Special Purpose Company and the lapse of a reasonable grace period (to be determined in the sole discretion of the Registrar of Companies), be entitled to revoke the status of the company as a Special Purpose Company. If the status as a Special Purpose Company is thus revoked, the Special Purpose Company shall cease to be a Special Purpose Company and shall no longer be exempt by these Regulations but become subject to all provisions of the Laws.

3. SPECIAL PURPOSE COMPANY FORMATION AND REGISTRATION

3.1 Method of formation

3.1.1 For the purposes of Article 11(2) of the Companies Law 2006, the application filed with the Registrar of Companies shall also include a confirmation from the Incorporator that the Special Purpose Company will only undertake Exempt Activities.

3.1.2 For the purposes of Article 11(2)(d) of the Companies Law 2006, the minimum share capital required for a Special Purpose Company shall be USD 100 or multiples thereof.

3.1.3 The fees for the incorporation shall be payable as per Regulation 13 of these Regulations.

3.2 Articles of Association

- 3.2.1 For the purposes of Article 12 of the Companies Law 2006 and Regulation 2.4.1 of the Companies Regulations, a Special Purpose Company shall adopt the Standard Articles.
- 3.2.2 The Shareholders shall be entitled to modify the Standard Articles. The Registrar of Companies shall be entitled to object to any modification of the Standard Articles if these modifications are not in line with the status of a Special Purpose Company or its Exempt Activities.
- 3.2.3 Following any amendment of its Articles of Association, a Special Purpose Company shall file its amended Articles of Association with the Registrar of Companies within one month of the amendment. The Registrar of Companies shall be entitled to object to any amendment of the Articles of Association if such amendment is not in line with the status of a Special Purpose Company or its Exempt Activities.

3.3 Registration

- 3.3.1 Where an application for incorporation of a Special Purpose Company, fulfilling all conditions required for the application under (i) the Companies Law 2006 and the Companies Regulations (both as modified by these Regulations), and (ii) these Regulations, is made, the Registrar of Companies shall register the Special Purpose Company.
- 3.3.2 For the purposes of Article 13 of the Companies Law 2006 and Regulation 5.4.1 of the Companies Regulations, the Registrar of Companies shall maintain a separate register of Special Purpose Companies (the "Special Purpose Companies Register"). Special Purpose Companies shall be registered in the register of Companies and Recognised Companies and in the Special Purpose Companies Register.

3.3.3 For the purposes of Article 14 of the Companies Law 2006 and Regulation 2.5.1 of the Companies Regulations, the certificate of incorporation of a Special Purpose Company shall expressly set out the status of the company as a "Special Purpose Company".

3.4 Registered office and conduct of business

3.4.1 A Special Purpose Company shall receive corporate administration services from a Corporate Service Provider. A Special Purpose Company may receive administration services for its assets from a third party asset administration or management provider.

3.4.2 A Special Purpose Company shall at all times have a registered office in the DIFC to which all communications can be delivered by mail, email and fax.

3.4.3 Article 20(2) of the Companies Law 2006 and Regulation 2.1.4 of the Companies Regulations shall not apply to a Special Purpose Company. A Special Purpose Company will be considered to be carrying on its principal business within the DIFC.

3.4.4 A Special Purpose Company shall not require a commercial license.

4. SHARES

4.1 A Special Purpose Company shall not have more than three Shareholders. Every Shareholder must be:

4.1.1 a Nominee holding the shares in the Special Purpose Company on trust for discretionary purposes;

4.1.2 the Initiator or another participant in the Transaction; or

4.1.3 another Special Purpose Company.

4.2 If the shares of a Special Purpose Company are transferred to a person other than one specified in Regulation 4.1, the Special Purpose Company whose shares are transferred shall cease to be a Special Purpose Company and shall no longer be exempt by these Regulations but become subject to all provisions of the Laws.

4.3 Part 6 of the Companies Law 2006 shall not apply to a Special Purpose Company.

5. MEETINGS

5.1 For the purposes of Article 62 of the Companies Law 2006, a Special Purpose Company shall not be required to hold annual shareholder meetings.

5.2 Article 71 of the Companies Law 2006 shall not apply to a Special Purpose Company.

6. DIRECTORS AND SECRETARY

6.1 The Special Purpose Company shall have a minimum of two directors. The directors of a Special Purpose Company shall not be required to reside in Dubai.

6.2 The majority of directors of a Special Purpose Company shall be employees of its Corporate Service Provider.

6.3 The secretary of the Special Purpose Company shall be its Corporate Service Provider or any subsidiary of the Corporate Service Provider.

6.4 For the purposes of Regulation 4.2.1 of the Companies Regulations the Special Purpose Company shall file a notice of any change to its directors or its secretary within one month of the change of the director or secretary using the applicable form as prescribed by the Registrar of Companies.

7. ELECTRONIC FILING BY A SPECIAL PURPOSE COMPANY

7.1 A Special Purpose Company may file an application for incorporation via any electronic means.

7.2 For the purposes of Regulation 5.1.3(c) of Companies Regulations, Regulation 7.1 and any other filings made pursuant to the Companies Law, faxed and scanned signatures shall be considered valid when submitted by a Special Purpose Company provided that the Incorporator in the case of any filing made in connection with the formation of the Special Purpose Company or the Corporate Service Provider confirms in writing that originals will be delivered within one month of submission of faxed or scanned copies.

7.3 Where faxed or scanned documents are filed with the Registrar of Companies, the originals shall be delivered within one month of submission of faxed or scanned copies.

8. ACCOUNTS AND AUDIT

A Special Purpose Company shall not be required to maintain, audit or file its accounts and Part 9 of the Companies Law 2006 and Regulation 6 of the Companies Regulations shall not apply to a Special Purpose Company, unless the Special Purpose Company has obtained a listing on any stock exchange of securities issued by it.

9. ANNUAL RETURN

Article 22 of the Companies Law 2006 and Regulation 10 of the Companies Regulations shall not apply to a Special Purpose Company.

10. REPORTING

10.1 In January each year after the year of its registration a Special Purpose Company shall furnish to the Registrar of Companies:

10.1.1 a confirmation that since its registration or previous reporting, as the case may be, there has been no amendment of its Articles of Association;

10.1.2 the annual fee as per Regulation 13 of these Regulations.

10.2 In addition to the reporting requirements set out in Regulation 3.2.3 and Regulation 6.4, the Special Purpose Company shall file a notice of any of the following changes within one month of the relevant change using the applicable form as prescribed by the Registrar of Companies:

10.2.1 any change to its registered office or office details (address, telephone number, fax number);

10.2.2 any change to its Shareholders;

10.2.3 any change to its name; or

10.2.4 any change in its principal business activities.

10.3 No provision of these Regulations shall be interpreted as to exempt a Special Purpose Company from the reporting requirements of any listing authority or rating agency involved in the Transaction.

11. DISSOLUTION OF A SPECIAL PURPOSE COMPANY

11.1 For the purposes of Article 128(1) of the Companies Law 2006, a Special Resolution for the voluntary winding up of a Special Purpose Company may only be passed if there are no outstanding liabilities of the Special Purpose Company.

11.2 The Registrar of Companies shall publish the fact of dissolution of a Special Purpose Company on the website of the DIFC.

12. FEES

For the purposes of Articles 148(3) and (4) of the Companies Law 2006 and Regulation 5.3.1 of the Companies Regulations, the fees in respect of matters set out in Appendix 1 of these Regulations shall be paid to the Registrar of Companies by the relevant person.

13. FINES

For the purposes of Article 132 of the Companies Law 2006 and Regulation 11 of the Companies Regulations, the penalties listed in Appendix 2 of these Regulations shall be in addition to the Schedule 2 of the Companies Law 2006.

14. INSOLVENCY LAW

14.1 For the purposes of a Special Purpose Company, "company's property" shall mean any property of the Special Purpose Company other than that property administered by an administrative receiver.

14.2 A Special Purpose Company shall not have any "preferential creditors", wherever such term is used in the Insolvency Law.

14.3 For the purposes of Article 68(1) of the Insolvency Law 2004, Exempt Activities and obligations arising from Exempt Activities shall be exempt from disclaimer by a liquidator as onerous property.

14.4 Articles 9, 98 and 99 of the Insolvency Law 2004 shall not apply to a Special Purpose Company.

15. DISAPPLICATION OF OTHER PROVISIONS

15.1 Chapter 9 of Part 7, Part 8, Part 11 and Articles 117 to 121 of Part 12 of the Companies Law 2006 shall not apply to a Special Purpose Company.

15.2 Regulations 7, 8.1, 8.2, 12 and 13 of the Companies Regulations shall not apply to a Special Purpose Company.

APPENDIX 1
TABLE OF FEES

Upon receipt by the Registrar of:	
Application for reserving a name	\$200
Application for incorporation of a Special Purpose Company	\$1,000
Application for registering a change of name	\$200
Notice of change of registered address of Company	Nil
Notice of change of director or secretary	Nil
Notice of change in details of director or secretary	Nil
Notice of allotment of shares	Nil
Notice of appointment of auditor	Nil
Notice of cessation of auditor	Nil
Fee for lodging annual reporting	\$800
Upon performing the following functions:	
Providing an extract of information from the register of Companies	\$100
Providing a certified copy of any document	\$100

APPENDIX 2

CONTRAVENTIONS WITH FINES STIPULATED

Provision Contravened	General nature of contravention	Maximum fine
1.1.3	Special Purpose Company indulges in activities other than an Exempt Activity	US\$ 5000
8.3	Original documents not submitted with in one month of submitting faxed or scanned copy	US\$ 2000
11.1 or 11.2	Reporting requirements not fulfilled	US\$ 2000