



## **PRESS RELEASE**

### **The Expert Committee on Variable Capital Company submits its report to the International Financial Services Centres Authority(IFSCA).**

Dr. K.P. Krishnan headed expert committee on Variable Capital Company has submitted its report on the feasibility of Variable Capital Companies in the International Financial Services Centres to the Chairperson of the International Financial Services Centres Authority, Shri. Injeti Srinivas.

International Financial Services Centres Authority constituted a Committee of Experts ('the Committee') to examine the feasibility of the Variable Capital Company ('VCC') in India to examine the suitability of the Variable Capital Company as a vehicle for fund management in the International Financial Services Centre in India.

The IFSCA set up this Committee to explore the potential for allowing another legal structure – popularly known as a variable capital company (VCC) – as an additional option through which asset managers could pool the investors' funds. The VCC structure dispenses with some of the key limitations of companies and LLPs and provides for higher regulatory standards than those applicable to trusts

Fund management activities are an important pillar of the overall financial services ecosystem. In line with the mandate given to the Committee, it examined the relevance and adaptability of the VCC for the IFSC in India or alternative structures to attract fund business in the IFSC. Conventionally, pooling of funds in India is undertaken through three types of entities, namely, limited liability companies governed under the Companies Act, 2013; limited liability partnerships under the Limited Liability Partnership Act; and trusts governed under the Indian Trusts Act, 1882.

The Committee assessed the features of a VCC or its equivalent, in other jurisdictions such as the UK, Singapore, Ireland and Luxembourg. The Committee recommended the adoption of a VCC-like legal structure for the purpose of conducting fund management activity in IFSCs

The Committee recognized that the legal framework governing entities that undertake fund management should provide for certainty and clarity to investors, effective segregation and ring fencing of different pools of asset, the ability to issue different classes of shares, alterations to the funds' capital structure without regulatory approvals and the freedom to choose the appropriate accounting standards applicable to funds with different characteristics, the ability to wind up quickly.

Gandhinagar

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