

## Variable Capital Company Fund Structures in the DIFC, Singapore, Mauritius and GIFT-IFSC – A Comparison

In October 2022, an Expert Committee led by Dr. M.S. Sahoo, former Chairperson of IBBI, submitted a report to IFSCA, with recommendations for a legal framework that would facilitate the incorporation of Variable Capital Companies in India's International Financial Services Centres (**Expert Committee**). The Expert Committee proposed that the VCC regime should be introduced through amendments to the International Financial Services Centres Authority Act, 2019 (**IFSCA Act**), instead of through standalone legislation or amendments to the Companies Act, 2013. The Department of Economic Affairs (**DEA**) has now published the draft International Financial Services Centres Authority (Amendment) Bill, 2026 (**Draft Amendment Bill**), which inserts Chapter III-A into the IFSCA Act to provide a legal framework for the incorporation of VCCs. We have reviewed and analysed the Draft Amendment Bill in our previous Update dated June 15, 2026. In this Update, we have compared the VCC structure proposed by the Draft Amendment Bill with VCC frameworks in the Dubai International Financial Centre (**DIFC**), Singapore and Mauritius.

### DIFC

#### ▪ Regulatory framework and responsible authorities

- The DIFC Variable Capital Company regime is established under the Variable Capital Company Regulations 2026. A DIFC VCC is incorporated and maintained by the DIFC Registrar of Companies, which is part of the DIFC Authority. In basic terms, the VCC is a corporate and investment-holding vehicle; it does not automatically operate as a DFSA-regulated fund merely because it is a VCC
- Accordingly, a DIFC VCC does not automatically require authorisation from the Dubai Financial Services Authority (**DFSA**) merely because it is incorporated as a VCC. DFSA authorisation becomes relevant where the VCC, its operator, manager or related persons carry on financial services in or from the DIFC, such as managing a collective investment fund, arranging investments, dealing in investments, advising on financial products, or making offers that fall within the DFSA regulatory perimeter.
- For proprietary investment, family-office, intra-group, holding-company or similar private investment arrangements, the DIFC VCC may therefore operate without a DFSA-licensed fund manager, provided the structure does not conduct regulated financial services or amount to a regulated collective investment arrangement requiring DFSA oversight.

#### ▪ Structure and capital mechanics

- A DIFC VCC may be established either as a standalone company or as an umbrella structure. The umbrella structure may comprise segregated cells or incorporated cells. Segregated cells operate as separate statutory compartments within the same legal entity, whereas incorporated cells have separate legal personality. This distinction is important for liability analysis, creditor recourse and transaction structuring.
- The assets and liabilities of each cell are intended to be ring-fenced from those of the VCC itself and from those of other cells, subject to the terms of the applicable legislation and constitutional documents. This allows different cells to pursue separate investment strategies, accommodate separate investor groups, or hold distinct pools of assets without commingling economic exposure.
- The VCC's share capital is variable and is linked to its net asset value. This permits subscriptions, redemptions, repurchases and distributions to be managed more flexibly than in an ordinary fixed-capital company. The regime can support both open-ended and closed-ended structures, depending on the constitutional documents and the commercial terms applicable to the relevant VCC or cell.

### ▪ Investor categories and offering restrictions

- The DIFC VCC Regulations do not themselves create retail, professional-client or institutional-investor categories for VCCs. Investor categorisation and offering restrictions arise from the DFSA regulatory framework where interests in the VCC are marketed, offered or sold in a manner that falls within the DFSA financial-services or collective-investment-fund regime.
- In practice, DIFC VCCs are expected to be used primarily for non-public, proprietary, family-office, private investment, holding and structured investment purposes. If a VCC or a cell is used to raise capital from external investors, the structure must be analysed separately under the DFSA rules on collective investment funds, financial promotions, offers of securities, fund management and related regulated activities. Depending on how the VCC structure is used in practice, it may have to be operated as a DFSA regulated fund, or it may only be marketed on a private placement basis to professional clients within the DFSA rules.

### ▪ Governance and service-provider requirements

- DIFC VCCs are subject to corporate governance obligations under the DIFC regime. Where the VCC does not qualify for an exemption, it must appoint a corporate service provider to perform specified administrative, compliance and liaison functions with the Registrar of Companies. Exempt VCCs, including certain vehicles controlled by DIFC registered persons, authorised firms, government entities or listed companies, may benefit from relaxed requirements.
- The appointment of a corporate service provider should not be confused with the appointment of a DFSA-regulated fund manager. A corporate service provider supports corporate administration and compliance. A DFSA-regulated manager is required only where the activities undertaken by or for the VCC fall within the DFSA regulatory perimeter.

## SINGAPORE

### ▪ Regulatory framework and responsible authorities

- Singapore's VCC framework is governed by the Variable Capital Companies Act 2018. The Accounting and Corporate Regulatory Authority (ACRA) is responsible for incorporation, registration and corporate filings. The Monetary Authority of Singapore (MAS) regulates fund management, offers of collective investment schemes, anti-money laundering and countering the financing of terrorism obligations, and the conduct of regulated financial institutions involved in the VCC structure.
- A Singapore VCC is a corporate fund vehicle. Unlike the DIFC VCC, it cannot be used as a completely unregulated investment-holding company. Every Singapore VCC must appoint a permissible fund manager. In practice, this means that the VCC must be managed by a Singapore-regulated or exempt fund manager that is permitted to carry on fund management under the Securities and Futures Act 2001.

### ▪ Structure and capital mechanics

- A Singapore VCC may be established as a standalone fund or as an umbrella VCC with one or more sub-funds. Each sub-fund must maintain a separate pool of assets and liabilities. The statutory ring-fencing of sub-fund assets and liabilities is a core feature of the regime.
- Singapore sub-funds do not have separate legal personality. They are compartments within the same VCC. This differs from regimes that permit incorporated cells or incorporated sub-funds with separate legal identity. The distinction is material for contractual capacity, counterparty analysis and insolvency planning.
- As with other VCC regimes, the share capital of a Singapore VCC is variable and moves with net asset value. The VCC may issue, redeem and repurchase shares in accordance with its constitution and the applicable fund documents. It may also make distributions out of capital, subject to the requirements of the VCC Act and the fund's constitutional documents. Both open-ended and closed-ended strategies may be housed within a Singapore VCC.

### ▪ Investor categories and offering restrictions

- Investor access to a Singapore VCC is governed primarily by Singapore's collective investment scheme rules under the Securities and Futures Act 2001 (SFA), not by the VCC Act. A VCC or sub-fund offered to the general public (retail investors) will ordinarily need to be authorised or recognised by MAS and accompanied by a registered prospectus and required disclosures. By contrast, where the VCC is offered only to accredited investors or institutional investors or other qualifying categories which cover wealthier or more sophisticated investors who meet MAS thresholds on assets or income, the offer can typically be made under prospectus exemptions or as a restricted scheme subject to applicable conditions and selling restrictions in the SFA and MAS regulations.

### ▪ Fund-management requirement

- Every Singapore VCC must appoint a permissible fund manager. The manager will typically be a holder of a capital markets services licence for fund management, a registered fund management company, or another MAS-regulated or exempt entity permitted to manage the VCC. The VCC itself is not treated as a self-managed fund vehicle unless the relevant licensing or exemption requirements are satisfied through an appropriately regulated manager.
- This requirement is a central distinction between Singapore and DIFC. In Singapore, the VCC structure is inseparable from MAS-regulated fund management. The fund manager remains subject to the applicable MAS requirements on licensing, conduct, governance, custody, valuation, audit, risk management, anti-money laundering and countering the financing of terrorism.

## MAURITIUS

### ▪ Regulatory framework and responsible authority

- The Mauritius VCC framework is established under the Variable Capital Companies Act 2022, read together with the Companies Act 2001, the Financial Services Act 2007, the Securities Act 2005 and the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008. The Financial Services Commission of Mauritius (FSC) is the principal regulator.
- A Mauritius VCC must be authorised by the FSC. Where the VCC conducts global business or operates as an investment fund, it may also require the relevant global business licence and must comply with the applicable substance, governance, anti-money laundering and fund-regulatory requirements.

### ▪ Structure and capital mechanics

- A Mauritius VCC carries on its activities through sub-funds and special purpose vehicles. Subject to FSC approval, each sub-fund may operate as a collective investment scheme or as a closed-end fund. Mauritius law also permits a sub-fund or special purpose vehicle to elect separate legal personality where the statutory conditions are met. This provides greater structuring flexibility than the Singapore VCC, where sub-funds do not have separate legal personality.
- The assets and liabilities of each sub-fund or special purpose vehicle are segregated from those of the VCC and from those of other sub-funds or special purpose vehicles. This statutory ring-fencing is central to the commercial utility of the Mauritius VCC, particularly for umbrella structures housing multiple strategies or investor pools.
- The VCC's capital is variable and may be adjusted through the issue, redemption or repurchase of shares in accordance with the VCC Act, the applicable fund rules and the constitutional documents. Cross-investment between sub-funds or special purpose vehicles of the same VCC may be permitted, subject to the applicable legal and regulatory conditions and the terms of the offering documents.

### ▪ Investor categories and offering restrictions

- Each Mauritius VCC sub-fund must be analysed by reference to the fund category under which it is approved by the FSC. A sub-fund may operate as a collective investment scheme, a closed-end fund or another permitted category, subject to FSC approval.
  - Mauritius recognises several categories of collective investment schemes, including global schemes, professional collective investment schemes, specialised collective investment schemes and expert funds. These categories differ materially in terms of eligibility criteria for investors, minimum investment thresholds, offering restrictions, disclosure requirements and ongoing regulatory obligations.
  - An expert fund is generally targeted at expert or sophisticated investors and is subject to minimum subscription and eligibility requirements. A professional collective investment scheme is offered by private placement to sophisticated investors and is not available to the public. A specialised collective investment scheme may be used for particular asset classes or investment strategies, subject to FSC approval. A global scheme is more closely associated with wider distribution and more extensive disclosure and regulatory requirements.
  - Closed-end funds are regulated separately from open-ended collective investment schemes but remain within the FSC regulatory perimeter. Public offerings, listings, private placements and offers to qualified or sophisticated investors must be structured in accordance with the relevant FSC rules and offering restrictions.
- **Fund-management and service-provider requirements**
- A Mauritius VCC operating as a collective investment scheme or closed-end fund will require FSC-approved service providers. These typically include a CIS manager or investment manager, administrator, custodian where applicable, auditor and other functionaries required by the applicable fund category.
  - The manager and other service providers must hold the appropriate FSC licences or approvals for the relevant role, and the precise licensing requirements depend on the category of fund, its investor base, its investment strategy and whether it is open-ended or closed-ended.

#### PROPOSED VCC FRAMEWORK FOR GIFT-IFSC UNDER THE DRAFT AMENDMENT BILL

The Draft Amendment Bill provides for the following:

- **Regulatory framework**
- IFSCA shall function as the single regulatory and administrative authority for VCCs. Accordingly, IFSCA would be responsible not only for regulating the activities of VCCs and the funds managed by them, but also for incorporation, registration, supervision and dissolution of VCCs and their sub-funds. The Draft Amendment Bill has provided for the appointment of a dedicated Registrar of VCC by IFSCA and confers on IFSCA broad powers relating to incorporation, launch of sub-funds, governance, mergers, winding up and ongoing supervision of VCCs and their sub-funds.
  - The Draft Amendment Bill contemplates VCCs primarily as vehicles for pooled investment funds, including collective investment schemes, mutual funds and other pooled investment structures launched by Fund Management Entities (**FMEs**). The business activities carried out through a VCC would continue to be regulated under the IFSCA (Fund Management) Regulations, 2025 (**IFSCA FM Regulations**). Under the Draft Amendment Bill, a VCC is required to carry on, as its principal object, the business of investment of funds through one or more sub-funds, which are to be launched through an FME registered with IFSCA.
- **Structure and capital mechanics**
- The Expert Committee recommended that a VCC should be constituted as a body corporate with separate legal personality, perpetual succession and limited liability. The Draft Amendment Bill expressly provides that a VCC shall be a body corporate having perpetual succession, having the capacity to acquire, hold and dispose of property, to contract, and to sue and be sued in its own name and/or on behalf of its sub-funds, with the liability of members limited to the amount unpaid on their shares, if any.

- Unlike the Expert Committee's recommendation on adoption of both stand-alone and umbrella VCC structures, the Draft Amendment Bill provides only for umbrella VCCs whereby every VCC shall have one or more sub-funds.
- Each sub-fund within a VCC would constitute a segregated pool of assets and liabilities. The assets of one sub-fund would not be available to satisfy liabilities of another sub-fund. Similarly, creditors and investors of a particular sub-fund would have recourse only against the assets attributable to that sub-fund. The Expert Committee emphasized the need for strict statutory segregation between sub-funds and the Draft Amendment Bill has expressly provided that liabilities allocated to a particular sub-fund shall be discharged solely out of the assets of that sub-fund, including during the winding up of the VCC or any other sub-fund. Further, each sub-fund is proposed to be treated as a separate person for tax purposes.
- The VCC structure is intended to support both open-ended and closed-ended fund strategies. The Expert Committee further recommended flexibility for conversion between open-ended and closed-ended structures, subject to applicable investor-consent and exit requirements. The Draft Amendment Bill specifically empowers IFSCA to prescribe different kinds of sub-funds and permits conversion of one kind of sub-fund into another, subject to regulatory conditions, investor consent requirements and exit rights for dissenting investors.
- The share capital of a VCC would be variable in nature and may comprise management shares and participating shares. Participating shares would carry economic rights linked to the distributable proceeds and assets of the VCC or relevant sub-fund, while management shares would primarily carry voting rights with limited or no economic entitlement. The Draft Amendment Bill has made this distinction by providing that management shareholders generally have voting rights but no entitlement to dividends and limited rights to refunds, whereas participating shareholders hold economic rights, including rights to dividends, redemptions, buy-backs and distributions attributable to the relevant sub-fund.
- In addition, the Draft Amendment Bill also permits the issuance of redeemable debentures and borrowings attributable to specific sub-funds and allows a VCC to alter participating share capital through issuance, redemption, conversion and buy-back mechanisms in accordance with the investment strategy of the relevant sub-fund.
- Where the VCC is structured as an umbrella VCC, separate classes of shares would be issued in respect of each sub-fund, thereby ensuring segregation between investor interests in different sub-funds. The Draft Amendment Bill further permits a VCC to issue multiple classes and sub-classes of participating shares within a sub-fund, enabling different economic and voting rights among investors.

#### ■ Governance and service-provider requirements

- The Expert Committee recommended that every VCC should have constitutional documents, i.e. a memorandum of association and articles of association, which would govern its internal administration and operations. The Draft Amendment Bill prescribes detailed requirements regarding the contents of the memorandum and articles of association and further provides that a VCC may adopt model articles to be specified by IFSCA.
- Each VCC would be required to have a board of directors. The Expert Committee recommended that the governance standards applicable to directors should broadly align with the standards applicable to FMEs under the IFSCA FM Regulations. The Draft Amendment Bill prescribes a common board of directors at the VCC level and empowers IFSCA to prescribe, through regulations, the qualifications, fit and proper criteria, duties, powers, code of conduct and obligations applicable to directors.
- The Expert Committee further recommended that the operational and compliance requirements applicable to FMEs, custodians, auditors and related service providers should primarily flow from the IFSCA FM Regulations rather than being separately duplicated within the VCC legislation itself. Consistent with this approach, the Draft Amendment Bill requires the appointment of an FME registered with IFSCA and designates the fund manager

as a key managerial personnel of the VCC, while leaving detailed eligibility, governance and operational requirements to be prescribed through regulations.

- In relation to administration and management, the Expert Committee recommended that IFSCA should have broad flexibility to prescribe governance, accounting, audit and compliance standards through subordinate legislation. While the framework may draw guidance from the Companies Act, 2013, the Expert Committee recommended a more flexible and commercially efficient compliance regime suitable for investment-fund structures operating within IFSCs.
- The Expert Committee also recommended confidentiality provisions in relation to investor information and beneficial ownership disclosures, with access to such information being restricted primarily to IFSCA and other competent regulatory or enforcement authorities.

#### COMPARATIVE ANALYSIS

Issue	DIFC	Singapore	Mauritius	IFSC (Proposed VCC Framework)
<b>Primary legislation</b>	Variable Capital Company Regulations 2026	Variable Capital Companies Act 2018	Variable Capital Companies Act 2022, read with the companies, financial services and securities legislation	Proposed amendments to the IFSCA Act and IFSCA FM Regulations. The Draft Amendment Bill proposes insertion of a dedicated Chapter III-A governing VCCs.
<b>Primary regulator</b>	DIFC Registrar of Companies for corporate matters; DFSA only where regulated financial services are conducted	ACRA for registration and corporate filings; MAS for fund management and securities offering regulation	FSC	IFSCA as a unified regulator for incorporation, registration, regulation, supervision and dissolution of VCCs and sub-funds supported by a dedicated Registrar of VCCs.
<b>Default regulatory character</b>	Corporate investment-structuring vehicle; not automatically a regulated fund	Corporate fund vehicle requiring a permissible fund manager	FSC-authorized fund-oriented vehicle operating through sub-funds or special purpose vehicles	Intended for schemes/funds structures managed by FMEs under the IFSCA FM Regulations.
<b>Umbrella structure</b>	Permitted, with segregated or incorporated cells	Permitted, with sub-funds that do not have separate legal personality	Permitted, with sub-funds and special purpose vehicles; separate legal	Proposed, with segregated sub-funds forming separate

			personality may be available where elected and approved	pools of assets and liabilities.
<b>Asset segregation</b>	Available through segregated or incorporated cells	Available through statutory segregation of sub-fund assets and liabilities	Available through statutory segregation of sub-funds and special purpose vehicles	Statutory segregation between sub-funds. Creditors and investors of one sub-fund have recourse only to assets of that sub-fund. The Draft Amendment Bill also clarified that each sub-fund to be treated as a separate person for tax purposes.
<b>Variable capital</b>	Yes; capital linked to net asset value	Yes; capital linked to net asset value	Yes; capital linked to net asset value	Proposed, variable share capital structure comprising of management shares and participating shares.
<b>Need for regulated fund manager</b>	Not required merely by incorporation; required where regulated financial services or fund-management activities are conducted	Required; every VCC must appoint a permissible fund manager	Required for fund structures, subject to the relevant FSC licensing or approval requirements	VCCs can be launched only by FMEs. In addition, the Draft Amendment Bill requires VCCs to have a “fund manager”, which will be an individual who is appointed or designated by the FME to manage investments made by the VCC on behalf of its sub-funds.  The fund manager along with the fund management entity shall be collectively responsible for carrying out the fund management activities for a VCC.

				<p>The fund manager may be an officer of the FME.</p> <p>Separate fund managers may also be appointed or designated for each of the sub-funds, if required.</p>
<b>Retail distribution</b>	Not the principal design objective; retail or public offers require separate DFSA analysis	Possible only within MAS-authorized or recognised scheme framework and prospectus requirements	Possible for appropriate FSC-approved fund categories, subject to disclosure and regulatory requirements	At present there is no clarity on which of the categories of schemes provided for in the IFSCA FM Regulations can be launched in the form of VCC since the Expert Committee and the Draft Amendment Bill have been silent on this point.
<b>Private or sophisticated-investor use</b>	Well suited for proprietary, family-office, intra-group and private investment structures	Commonly used for accredited, institutional and restricted schemes	Commonly used for professional, expert, specialised and closed-end fund structures	At present there is no clarity on what type of investors would be eligible to invest in a VCC.

## CONCLUSION

- DIFC, Singapore and Mauritius each provide a variable-capital investment vehicle, but they are not functionally identical. The DIFC VCC is the most flexible from a regulatory-perimeter perspective because DFSA regulation is activity-based and is not triggered merely by incorporation as a VCC. Singapore offers a mature and well-recognised VCC fund platform, but the mandatory permissible-fund-manager requirement makes it inherently MAS-linked. Mauritius provides a flexible umbrella fund platform with sub-funds and special purpose vehicles, but it is squarely within the FSC authorisation and fund-regulatory framework.
- For proprietary investment, family-office and private holding structures, the DIFC VCC may offer the most efficient regulatory profile. For institutional fund management strategies requiring a recognised Asian fund vehicle, Singapore remains a strong option. For global business, emerging-market, private fund and treaty-sensitive structures, Mauritius remains relevant, subject to FSC approval, substance requirements and the applicable fund-category rules.
- The proposed VCC framework for GIFT-IFSC by the Draft Amendment Bill appears to adopt elements from each of these jurisdictions while tailoring the structure for the Indian IFSC ecosystem. Similar to Singapore and Mauritius, the proposed framework envisages VCCs primarily as pooled investment vehicles operating through regulated FMEs. At the same time, the proposal adopts a single-window regulatory model under IFSCA, which would be responsible not

only for fund regulation but also for the incorporation, registration, supervision, restructuring and winding up of VCCs and their sub-funds through a dedicated Registrar of VCCs.

- Overall, the Draft Amendment Bill seeks to establish a modern and internationally competitive investment funds framework in GIFT-IFSC, aligning India more closely with leading global fund domiciles while balancing regulatory oversight, investor protection and operational flexibility.

The Draft Amendment Bill can be found [here](#).

Our previous Update dated June 15, 2026 in which we reviewed and analysed the Draft Amendment Bill can be found [here](#).

We hope you have found this information useful. For any queries/clarifications please write to us at [insights@elp-in.com](mailto:insights@elp-in.com) or write to our authors:

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**Disclaimer:** ELP does not advice on any law other than the laws of India. The description of the features of VCCs in DIFC, Singapore and Mauritius should not be treated as legal advice. We have provided this information solely in order to compare the proposed VCC regime for GIFT-IFSC with VCC regulations in other jurisdiction.