IVCA
IVC ASSOCIATION
PROMOTING ALTERNATE CAPITAL ECOSYSTEM

The International Financial Services Centres Authority (Amendment) Bill, 2026
Public Comments on consultation paper on Variable Capital Companies ('VCC')

Sr No	Page No. of the Draft	Clause	Sub-clause	Comments/Suggestions/Suggested Modifications	Rationale
1	2			The paragraph provides that no assets, liabilities, income or expenditure shall be held to the account of the VCC. However, given that the VCC is a body corporate, it would ordinarily be expected to have its own capital, assets, liabilities, income and expenditure. Clarification may therefore be required regarding the intended scope and application of this provision.	
2	3			Management shares are required to be issued to the persons incorporating the VCC. However, the Bill does not clearly specify the minimum number of shareholders required for incorporation of a VCC. Clarification may therefore be required on the minimum shareholder requirement and the manner in which management shares are to be held upon incorporation.	
3	4			The provision states that the voting rights of participating shareholders shall be proportionate to their share in the NAV. However, where two participating shareholders have committed the same amount of capital but are subject to different commercial arrangements, the NAV attributable to each shareholder may differ. In such a scenario, it is unclear why NAV should be the basis for determining voting rights instead of committed capital or paid-in capital.	
4	4			The draft provides that the Board of the VCC shall appoint an FME. However, it is unclear what the precise role of the Board would be once the FME is appointed.	
5	7	13A	(1)(b)	If, as stated on page 1, the VCC cannot have any assets, liabilities, income or expenditure of its own, it is unclear how a right to receive dividends would arise at the VCC level. In this context, should the definitions of “beneficial interest” and “beneficial owner” instead be linked to the relevant sub-fund rather than the VCC itself? Further, reference may be made to page 16 (Regulation 13O(1)(a)(ii)), which provides that management share capital shall not carry any right to receive dividends, resulting in an apparent inconsistency that may require clarification.	
6	8	13A	(1)(n)	**Clarity is sought on who is intended to hold the management shares of the VCC (other than the FME).** The Explanation appears to suggest that a management shareholder of the VCC can only be an FME. However, the draft also contemplates the appointment of multiple FMEs within the same VCC. In such a scenario, it is unclear which FME would be entitled to hold the management shares of the VCC and the basis on which such determination would be made. We recommend that the Bill should exhaustively specify the categories of persons eligible to hold management shares so that the treatment of such holdings can be evaluated consistently under the foreign exchange and income tax regimes. Further, where the FME operates in IFSC through a branch of an Indian entity, further clarification is sought on whether such Indian parent entity is intended to be the management shareholder of the VCC, in view of the fact that the branch itself does not constitute a separate legal person.	This clarification will facilitate a coherent analysis of the implications under FEMA and the applicable income tax law, having regard to the status (resident / non resident) and nature (individual / entity / fund manager) of the management shareholder. The management shares confer voting rights and governance control, while economic participation is channeled through separate participating shares and fee arrangements; the identity and residency of the persons holding these governance rights is therefore central to any look through analysis of ownership and control under FEMA and will enable a clear assessment on whether and when the VCC (and its sub funds) is to be regarded as foreign owned or foreign controlled, and how downstream investments should be treated under the non debt instrument rules and applicability of sectoral caps. Further, under the income-tax legislation, the scope of charge and the rate of tax depend on the status and residential position of the assessee (resident / non resident; individual, domestic company or foreign company), and on the head and character of income (dividend, capital gains, business income, or income from other sources) arising from shares An explicit and exhaustive articulation of who may hold management shares will therefore allow a consistent evaluation from an income tax perspective.

7	9	13A	(1)(s)	The definition of "related party" under Regulation 13A(1)(s) may be more appropriately linked to the relevant sub-fund and its FME. Given that a VCC may have multiple sub-funds managed by different and potentially unrelated FMEs, the framework should ensure that related party transactions are identified, monitored and regulated at the sub-fund level rather than solely at the VCC level.	
8	9	13A	(1)(u)	13A(1)(u) refers to a 10% threshold. However, it is unclear whether this threshold is required to be computed at the level of the VCC as a whole or separately for each sub-fund. Clarification on the manner of computation would be helpful, particularly in cases where the VCC comprises multiple sub-funds.	
9	10	13B	(b)	the Draft Bill reads as follows: “(b) shall have one or more sub-funds” Suggested modifications (in bold and underline) – “(b) **<u>may</u>** shall have one or more sub-funds” This section does not provide for a stand-alone VCC structure, as permitted across foreign jurisdictions.	The ‘Report of the Expert Committee on feasibility of the Variable Capital Company in International Financial Services Centres in India’ dated May 2021 and the ‘Report of the Expert Committee for drafting a Legal Framework for allowing Variable Capital Company Structure in the IFSCs’ dated October 2022 provided for a VCC structure wherein the VCC may be a stand-alone VCC or an umbrella VCC containing sub-funds. However, the Draft Bill does not expressly provide for a stand-alone VCC construct. Jurisdictions like Singapore, the United Kingdom, Mauritius and Ireland provide for both stand-alone VCCs and umbrella VCCs.
10	11	13C	(1)(b)	Draft Bill states that a VCC may exercise rights of set-off, if any, as between its sub-funds as if each sub-fund were a separate legal person. This provision creates ambiguity between the strict segregation of assets and liabilities and the ability of the VCC to exercise set-off rights.	The ‘Report of the Expert Committee on feasibility of the Variable Capital Company in International Financial Services Centres in India’ dated May 2021 stated that in order to address the key risk of cross-cell contagion, that is, to prevent the assets of one sub-fund from being utilised for/ set-off against the liabilities of another sub-fund, the requirements of asset and liability segregation should override all other requirements applicable to the VCC. The Variable Capital Companies Act, 2022 of Mauritius does not provide set-off rights to VCCs. However, the Irish Collective Asset Management Vehicles Act, 2015 ("Ireland ICAV Act") permits ICAVs to have rights of set-off, if any, as between its sub-funds. Clarity is sought as to how the segregation of the assets and liabilities of the sub-funds can be maintained while permitting VCCs to exercise set-off rights between its sub-funds.
11	12	13C(1)	Clause (d) to Proviso to 13C(1)	**<u>Income tax treatment:</u>** The proposed amendment Act should indicate that each sub fund should be treated as a separate “person” for legal and tax purposes, and include a deeming provision that ensures such treatment consistently across company law, regulatory, tax, and insolvency contexts. For instance, under the current Income tax law, a sub fund is not recognised as a separate “person,” even though the proposed amendment Act contemplates each sub fund obtaining a separate PAN. Therefore, the Income tax Act will need to be specifically aligned with the proposed VCC regime, including: (a) recognition of each sub fund as a "separate taxable person" and eligible to be treated as a "tax resident"; (b) explicit extension of the existing “specified fund” regime and associated tax holiday provisions to sub funds along with VCC, where applicable, rather than limiting such benefits to traditional IFSC fund structures. **<u>GST treatment:</u>** Further, the proposed amendment Act should also provide to treat each sub fund as a separate “person” under GST law. Provisions for registration, input credit ring fencing and cross sub fund supplies and mechanism for dealing with residual GST credits.	The recommendation seeks to ensure that the legal, regulatory, and tax treatment of sub-funds is clear, consistent, and operationally workable across all relevant laws. In the absence of harmonised treatment, a sub-fund could be recognised as distinct under one law (e.g., regulatory framework) but not under another (e.g., tax or insolvency law). Such fragmentation increases compliance complexity, creates conflicting outcomes, and undermine the structural integrity of the proposed VCC regime. A cross-cutting deeming provision promotes coherence and reduces inter-regulatory or legislation friction. Also, clarity on GST treatment of sub funds is essential to avoid interpretational disputes and operational inefficiencies. In the absence of explicit recognition as separate “persons,” there may be uncertainty around registration, attribution of supplies, and eligibility of input tax credits. This could lead to unintended tax leakage or denial of credits across sub funds, undermining segregation. Further, transactions between sub funds may be inconsistently treated without clear rules on cross supplies. Specifying mechanisms for handling residual GST credits and liabilities on restructuring events (such as mergers, redomiciliation, or winding up) would ensure continuity, reduce compliance risk, and align the GST framework with the economic reality of ring fenced sub fund structures. Just for reference, Singapore VCC regime also recognises each sub-fund as seperate person for the purposes of GST.
12	13	13E	(1), (2) & (3)	The Bill specifies that an application for incorporation of a VCC is required to be filed with the Registrar, along with the memorandum, articles and other documents in the manner specified under the regulations, pursuant to which the registrar will issue a certificate of registration upon its satisfaction of compliance with the requirements as prescribed under the regulations. However, the Bill does not prescribe a statutory timeline within which the registrar will issue a certificate of incorporation upon the filing of the application. We recommend including an upfront statutory timelines in the proposed Bill itself. Additionally, clarification is sought on whether the incorporation process under the VCC framework will be subject to the same consular/apostille requirements for foreign document verification that apply to other entities in the IFSC, or whether a simplified self-certification regime will apply.	To ensure operational efficiency, statutory timelines (e.g., 30 working days) must be codified in the Bill itself, with a fast track mechanism, akin to the SEBI framework for registration of AIF and/or launch of scheme. Similarly, the fund management regulations in IFSC has green channel mechanism for the launch of its schemes. Currently, foreign sponsors/ managers setting up structures in GIFT IFSC face document consular/ apostille requirements that cause significant delays. In light of this, we recommend explicitly providing a simplified document verification process under the Bill.

13	15	13L	(1)	The Bill specifies that the VCC is required to launch a sub-fund through the fund management entity as specified under the regulations. We recommend including an outer limit, with a green channel route for launching the sub-fund through the fund management entity under the Bill or the regulations. Additionally, under the extant fund management regime in IFSC each Letter of Allotment from SEZ Authority is effectively issued on a one trust one scheme basis, as the LOA cannot be consolidated across multiple schemes. In contrast, the Bill envisages a variable capital company (VCC) with a two-tier structure, where one VCC may constitute and operate one or more sub-funds, with pooling of funds occurring only at sub-fund level. In light of this, we request clarification on whether the "one trust one scheme" limitation that arises under the current LOA framework will continue to apply mutatis mutandis to sub-funds launched under the VCC by a fund management entity, or whether a different approach is intended for VCCs whereby multiple sub-funds can be operated under a single VCC without any analogous restriction.	To ensure operational efficiency, statutory timelines (e.g., 30 working days) and cost efficiency, the same must be codified in the Bill itself, with a fast track mechanism, akin to the SEBI framework for registration of AIF and/or launch of scheme. Similarly, the fund management regulations in IFSC has green channel mechanism for the launch of its schemes.
14	18	13P		**Voting rights design for management shareholders is potentially problematic** Management shares carry "only voting rights and no economic rights." However, under Section 13P, total voting power is calculated as paid-up management share capital plus aggregate NAV of participating shares (when participating shareholders are entitled to vote). For very large sub-funds, the NAV-weighted vote of participating shareholders could structurally overwhelm management shareholder votes on any resolution involving variation of rights. This is by design for investor protection — but the mechanism for protecting the fund manager's governance rights in practice (e.g., entrenchment provisions) is left entirely to regulations. Given that fund managers typically negotiate governance protections in LPAs, the absence of any minimum statutory floor for management shareholder rights (beyond voting on general resolutions) could create LP pressure in negotiation like we have seen on indemnity and carry clawback negotiations. The Bill should at minimum anchor that management shareholder vote cannot be diluted below a specified floor.	The Bill permits management shares to carry voting rights without economic rights, but the voting framework may result in management shareholder voting power being significantly diluted where participating shareholder votes are determined based on the NAV of the relevant sub-fund. While this approach appropriately safeguards investor interests, the absence of a minimum statutory protection for management shareholder governance rights may create uncertainty and lead to protracted negotiations on governance arrangements. Providing a minimum statutory floor for management shareholder voting rights would help preserve effective fund governance while maintaining adequate investor protection.
15	19	13Q	(1)	Section 13Q(1) requires calls on participating shares to be made on a 'uniform basis' across all shares of a class/sub-class. Such requirement may not capture the legitimate need for differentiated drawdown structures across investor types (for example, DFIs and other institutional investors seeking flexibility) in drawdown schedules. Typically, uniform capital calls are also not applicable to open-ended funds as they provide an upfront capital contribution.	Considering the varied nature of funds, this should be left to the discretion of investment manager since global investors can, as per cash flow management intend to invest upfront and/or in a staggered manner. However, bringing uniformity principle may impact the fund raising capability of the investment manager.
16	20	13U		**Listing mechanics are incomplete** Section 13U permits listing of VCC securities on a recognised stock exchange. However, there is no corresponding framework for: (a) public disclosure obligations for listed VCCs (which conflict with the confidentiality framework in Section 13W.16), (b) continuous disclosure obligations, or (c) how NAV-based redemption interacts with secondary. The Bill creates a potential conflict between its own confidentiality provision and listing obligations without resolving it.	Clarification would enhance legal certainty and facilitate effective implementation of the listing framework.
17	25	13ZA		13ZA – the FME should be given the authority to appoint Valuers and not the Board of the VCC. The Board should not be saddled with routine work of this kind . the Contract can be entered into by the VCC on behalf of the sub fund	
18	27	13ZC	-	The proposed amendment Act should provide that all solvent VCC or sub fund restructurings, mergers, and closures are administered primarily by the Registrar through streamlined, non litigative procedures. Under the proposed amendment Act, removal of the name of a VCC and dissolution is proposed to be under the jurisdiction of the Registrar, however, mergers between two VCCs and winding-up of VCC or its sub-funds are routed through NCLT mechanisms which are designed for classic company schemes of arrangement.	Routine commercial reorganisations should not be required to undergo NCLT processes designed for corporate insolvency or complex schemes of arrangement. Judicial / NCLT involvement should be reserved for cases involving insolvency, disputes, or other contentious matters. This approach would ensure procedural efficiency, reduce costs and delays, and better align the regulatory framework with the commercial nature of sub fund operations, while preserving court oversight only where necessary.

19	27	13ZC	(1)(e)	<u>**The "just and equitable" winding up ground needs safeguards**</u> Section 13ZC(1)(e) permits NCLT to wind up a VCC when it considers it "just and equitable" — a standard borrowed from Companies Act jurisprudence. However, Indian company law case law on "just and equitable" winding up is extensive and often unpredictable, with courts applying the standard broadly. For fund structures, this creates a litigation risk: a disgruntled minority investor could potentially seek NCLT winding up on "just and equitable" grounds, disrupting the entire VCC (and by extension all sub-funds). The Bill should either narrow the standard for VCCs (e.g., requiring that the applicant hold a minimum percentage of shares) plus management shares or explicitly provide that sub-fund ring-fencing prevents the "just and equitable" ground from being invoked in respect of one sub-fund's affairs spilling into the entire VCC	The broad scope of the "just and equitable" winding-up ground may create litigation risk and uncertainty for VCCs. Appropriate safeguards are required to prevent disputes relating to a single sub-fund from adversely affecting the entire VCC structure.
20	27	13ZC	(1)(a)	13ZC(1)(a) permits winding up upon approval of three-fourths of the members of the VCC. It is not clear whether this reference is intended to mean the management shareholders. If so, given that the management shares would typically be held by the person(s) or entity(ies) establishing the VCC and may therefore be concentrated within the same group, it would be helpful to clarify whether this is the intended outcome.	
21	27	13ZC	(1)(3)	13ZC(1)(3) for sub fund winding up should there not be an application to be made to the authority to wind up ? its not clear and it appears that authority has to act suo moto.	
22	28	13ZE	-	The proposed amendment Act should provide that all solvent VCC or sub fund restructurings, mergers, and closures are administered primarily by the Registrar through streamlined, non litigative procedures. Under the proposed amendment Act, removal of the name of a VCC and dissolution is proposed to be under the jurisdiction of the Registrar, however, mergers between two VCCs and winding-up of VCC or its sub-funds are routed through NCLT mechanisms which are designed for classic company schemes of arrangement.	Routine commercial reorganisations should not be required to undergo NCLT processes designed for corporate insolvency or complex schemes of arrangement. Judicial / NCLT involvement should be reserved for cases involving insolvency, disputes, or other contentious matters. This approach would ensure procedural efficiency, reduce costs and delays, and better align the regulatory framework with the commercial nature of sub fund operations, while preserving court oversight only where necessary.
23	28	13ZD		<u>**The IBC classification as a "financial service provider" creates significant uncertainty due to the untested structure for insolvency resolution**</u> Section 13ZD classifies both VCC and its sub-funds as financial service providers under IBC 2016. When insolvency triggers the IFSCA, RBI-supervised FSP framework, not the standard corporate insolvency process. The FSP framework under IBC is significantly under-tested and the resolution timelines are non-standard. For institutional LPs underwriting credit risk in a VCC sub-fund, this creates valuation uncertainty on default. The Bill should explicitly clarify: (a) which authority supervises FSP resolution for IFSCA VCCs (IFSCA vs RBI), and (b) whether each sub-fund is independently an FSP or only the VCC entity. The current language ("each sub-fund shall be treated as a separate legal person" only for IBC purposes) creates interpretive ambiguity.	Clarifying these aspects would enhance legal certainty, facilitate risk assessment, and improve investor confidence in the VCC regime.
24	28	13ZF		<u>**Adjudicating Authority**</u> Currently for adjudication the bill refers to the matters to NCLT / NCLAT inter alia for various matters such as alteration to rights, cancellation of shares, transfer of shares. However, operations of VCC and FME will be intertwined across various aspects and multiple regulatory body overseeing such function can cause jurisdictional confusion.	This is very pertinent from institutional investors and global investors who would look forward to jurisdictional power of IFSCA to encompass any issue relating to funds set up in IFSCA. If there is a dispute on transfer of shares and a global investor has to approach NCLT with paperwork (including disclosing identification number and other aspects) to proceed with dispute, the ground rule of confidentiality and no exposure to India regulatory body directly will need to be revisited.
25	10 & 12	13A & 13C	13A(1)(w) & 13C(d)	We suggest specifying the categorization of VCC sub-funds/schemes in terms that correspond to existing products (e.g. Category I/II/III AIFs, retail schemes, restricted non-retail schemes, etc). Additionally, clarity is sought on whether a single VCC may host both retail and non-retail sub-funds/schemes. Further, operational modalities on open ended and close ended scheme will be also be required.	In the existing domestic framework, many substantive benefits are conferred by reference to category of the fund (including any tax pass through status that currently apply with reference to AIFs; particularly category I and category II AIFs). The Bill clearly contemplates that sub funds function in substance as 'schemes' launched by FMEs, "akin to schemes or funds as prevalent under extant fund management regime in IFSC" and acknowledges that such sub funds can be of "various kinds". At the same time, the Bill provides that each sub fund is a separate person for tax purposes. Hence, relevant changes in Income Tax Act may also be undertaken to provide taxation clarity.

26	16,17,18	13O		**Subscription / Redemption** Considering the categories of AIF, in case of Cat I & II AIF, the subscriptions are done at face value and compensatory contribution is collected and paid to existing investors to bring them at par. In case of Category III AIF, the subscription/redemption is usually undertaken at NAV.	Clarity to be provided on operational modalities for such subscription/redemption since the fund structure is a corporate structure and not a trust structure the entire operational process will undergo change including the tax implications for such funds.
27	17 & 18	13O	(3)	Bill requires the written consent of holders of not less than three-fourths of the issued participating shares of each class or sub-class whose rights are proposed to be varied, and of each class or sub-class whose rights are affected by such variation. In light of the above, clarification is sought on the nature and scope of “variation of rights” for which the aforesaid consent requirement is intended to apply. We recommend clarifying either in the Bill or in the regulations that only “material” variations of rights trigger 3/4th approval requirement and exit related requirements, and to set out, illustratively or exhaustively, what would constitute a “material variation of rights” for this purpose. We would also recommend that the reference in clause 13O(3) to the application, mutatis mutandis, of sub sections (2), (3) and (4) of section 48 of the Companies Act, 2013 for cancellation of a variation of rights of a class or sub class of participating shareholders where not less than fifteen per cent of such class do not consent, be deleted. There is also no provision addressing how variation-of-rights consent is obtained from investors in a sub-fund where participating shares are held through nominees, depositories, or offshore feeder structures. We recommend clarifying whether members will include the registered holders or the beneficial owners.	Without specifying a materiality threshold for triggering shareholder approval, routine, operational or non prejudicial changes would also trigger consent mechanism, resulting in operational inefficiencies. Such amendment would also be in line with the material change framework of the SEBI (Alternative Investment Funds) Regulations, 2012. Section 48 of the Companies Act, 2013 proceeds on the basis that dissenting shareholders may apply to the National Company Law Tribunal for an order confirming or cancelling a variation of class rights, with such order being binding on the company. In the proposed VCC framework, however, (i) VCC share capital and classes are already subject to bespoke voting and consent thresholds, including a three fourths approval requirement and mandatory exit offers on variation of rights at the sub fund level; and (ii) the Bill vests primary regulatory and supervisory responsibility for fund structures, governance, and investor protection mechanisms in the IFSCA. Accordingly, importing section 48 in this context would unnecessarily replicate the traditional NCLT based shareholder protection mechanism and dilute the intended IFSCA centric regulatory model for VCCs, and we therefore suggest that the reference to section 48 in clause 13O(3) be deleted. DFIs and sovereign wealth funds typically invest through nominee structures.
28	18 (fifth para)	13O	(4)	The draft requires the VCC to provide an exit opportunity to dissenting shareholders. However, it is not clear at what price such exit is required to be offered. Further, where the proposed variation has been approved by three-fourths or more of the shareholders, it is unclear why the variation should not automatically be binding on all shareholders, including the dissenting shareholders.	
29	8 (second para	13O	(3)	It may be considered whether the prescribed threshold of fifteen percent should be specified in the regulations itself or whether the determination of such threshold should be left to the FME and the LPs to agree contractually, having regard to the specific commercial arrangements of the fund.	
30	18 (third para)	13O	(4)	Similarly as above, it may be considered whether the requirement of approval by three-fourths of the shareholders should be prescribed under the regulations or whether the threshold should be left to be determined contractually between the FME and the LPs based on the specific terms of the fund.	
31	25 & 26	13ZB	(1)	The proposed amendment Act should provide that all solvent VCC or sub fund restructurings, mergers, and closures are administered primarily by the Registrar through streamlined, non litigative procedures. Under the proposed amendment Act, removal of the name of a VCC and dissolution is proposed to be under the jurisdiction of the Registrar, however, mergers between two VCCs and winding-up of VCC or its sub-funds are routed through NCLT mechanisms which are designed for classic company schemes of arrangement.	Routine commercial reorganisations should not be required to undergo NCLT processes designed for corporate insolvency or complex schemes of arrangement. Judicial / NCLT involvement should be reserved for cases involving insolvency, disputes, or other contentious matters. This approach would ensure procedural efficiency, reduce costs and delays, and better align the regulatory framework with the commercial nature of sub fund operations, while preserving court oversight only where necessary.

Other Recommendations not currently captured in the VCC framework					
1	NA	New	New	**SEZ Compliance:** Currently the FME has to get itself registered with SEZ and the funds thereafter launched get faster approval. Each Fund launched by the FME has to seek for separate PAN, GST registration.	Clarification to be enabled under the SEZ provisions for the VCC structure including its sub-funds since there is no separate legal identification granted under the VCC Regulations. Also, from costing perspective it would be relevant to reduce the costing for PLOA, SEZ and IFSCA approvals for sub-funds to make it more competitive.
2	NA	New	New	**Offering Documents** While the VCC provides for MOA and AOA which is a constitutional document. Every Sub-Fund will be launched with varied investment objective and accordingly subscription documents will need to be framed.	MOA and AOA can only provide broad framework and operational requirements under specific Sub-Fund will be framed only upon launch. Hence, MOA and AOA will be framed at a holistic level and the sub-fund offering documents will be separate and curated for each of the sub-fund basis its investment objective and strategy. Considering the fund will be a private placement offer, it cannot be made available to public. Also, any changes to the sub-fund due to operational requirements should not be construed as material change to MOA / AOA and trigger consent mechanism. Further, there should not be restriction on 1000 investors across VCC since such count should be seen at sub-fund level.
3	NA	New	New	**Amendment to Stamp Duty Act** Exemption to be created for transaction of shares under VCC for each Sub-Fund to create more cost efficiency for transactions in GIFT City.	Currently the Gujarat Stamp Act is silent on the stamp duty implications for various documents i.e. subscription agreement and issue / redemption of Units. Hence, to ensure scalability of VCC structure relevant exemptions should be carved out from the stamp duty implications on execution of documents and transfer / transmission of shares of VCC.
4	NA	New	New	**Accounting Policies** Clarification on which accounting policy to be followed by VCC will be a good guiding point to ensure uniformity of disclosures and accounting principles.	
5	NA	New	New	**Form Filing feasibility** We understand that a VCC will be operating like a corporate entity which will entail filing of forms periodically for subscription / redemption / transfer etc. The forms needs to be designed in user friendly manner and with adaptability to provide clarifications / comments.	Currently all forms are either approved / rejected by ROCs. This creates a lot of operational burden on VCC structure since any lag in approval of forms and may create back log in approval further forms if there subscriptions / redemptions are not undertaken more frequently by the funds. Hence a user friendly approach may be taken while mandating form filings for VCC.
6	NA	New	New	**Confidentiality of investors** The details of investors holding participating shares should not be downloadable in any form or shape through any website / portal. This triggers confidentiality obligations across global investors and institutional clients.	
7	NA	New	New	**Voting Mechanism** Across various categories of funds, clarity should be provided on various modes of voting mechanism. In practical scenario some of the most commonly used voting mechanism : i)E-voting ii)Postal ballot iii)Dissenting mechanism where investors who do not agree and the proposal not meeting the minimum threshold should be given an exit iv)Deemed consent Clarification needs to be provided which matters require voting at VCC level and at sub-fund level and how will the mechanism work. Since the MOA/AOA is a constitutional document and will need modifications to suit the sub-fund requirements, such operational changes should be outside the purview of voting across all sub-funds. It is important to create such bifurcation to ensure efficiency in operations.	Clarity in the regulations towards voting mechanism is an important element since at various locations in the draft regulations, the hinge is towards casting of vote which may create practical challenge for the investment manager considering global investors / institutional investors.

8	NA	New	New	**<u>Re-domiciliation of Existing Funds</u>** The Bill currently does not contain any provisions enabling the re-domiciliation of existing funds from other jurisdictions into an IFSCA Variable Capital Company (VCC). As a result, the proposed framework may not be able to attract a significant number of established funds that may otherwise consider migrating their domicile to the IFSC. Given that re-domiciliation has been a key driver of the success of comparable fund regimes in other jurisdictions, it is important that the framework expressly facilitates the migration of existing funds into the IFSC. Accordingly, suitable provisions may be incorporated either directly within the Bill or through an explicit statutory enabling provision authorizing IFSCA to formulate and administer a re-domiciliation framework through regulations.	to attract a significant number of established funds that may not otherwise consider migrating their domicile to the IFSC.
9	NA	New	New	**<u>Corresponding amendments in legislations from where provisions are borrowed:</u>** The proposed amendment Act should be supported by corresponding and harmonised amendments across all relevant legislations, including company law, the Insolvency and Bankruptcy Code (IBC), and other applicable regulatory frameworks. Such amendments should expressly recognise the distinct features of the proposed VCC structure - particularly sub fund segregation, limited recourse, and functional independence and ensure that these principles are consistently reflected across legal, regulatory, and insolvency regimes.	This alignment is necessary to avoid interpretational inconsistencies, ensure enforceability of the proposed VCC framework in practice, and provide a coherent cross statutory foundation for its effective implementation.
10	NA	New	New	**<u>Conversion of existing fund structures into VCC:</u>** The proposed amendment Act should clearly set out the framework governing the conversion of existing IFSC fund structures into a VCC, including the scope of eligible entities and the processes involved. In particular: a) Conversion should be permitted for substantially similar corporate fund vehicles within the IFSC framework; b) Foreign corporate funds should be allowed to continue or redomicile into a VCC structure; c) Clarity on eligibility of non corporate vehicles such as trusts/ LPs/ LLPs for conversion to VCC should be provided;	The Explanatory Note acknowledges that current IFSC funds operate predominantly as trusts, with LLPs and companies used sparingly, and that these structures are adaptations rather than bespoke fund vehicles, but the proposed amendment Act itself does not set out a statutory pathway for migration into the VCC structure. Permitting conversion for substantially similar corporate vehicles aligns with the legal nature of VCCs and ensures continuity without complex restructuring. Allowing foreign corporate funds to redomicile enhances the IFSC's attractiveness as a global fund domicile. At the same time, clarifying the position for non corporate vehicles (trusts, LPs, LLPs) avoids ambiguity and prevents unintended legal or tax consequences. Overall, a clear framework promotes certainty, reduces transition friction, and supports wider uptake of the VCC regime.
11	NA	New	New	**<u>Conversion of existing fund structures into VCC:</u>** The proposed amendment Act should clearly set out the framework governing the conversion of existing IFSC fund structures into a VCC, including the scope of eligible entities and the processes involved. In particular: a) Conversion should be permitted for substantially similar corporate fund vehicles within the IFSC framework; b) Foreign corporate funds should be allowed to continue or redomicile into a VCC structure; c) Clarity on eligibility of non corporate vehicles such as trusts/ LPs/ LLPs for conversion to VCC should be provided;	The Explanatory Note acknowledges that current IFSC funds operate predominantly as trusts, with LLPs and companies used sparingly, and that these structures are adaptations rather than bespoke fund vehicles, but the proposed amendment Act itself does not set out a statutory pathway for migration into the VCC structure. Permitting conversion for substantially similar corporate vehicles aligns with the legal nature of VCCs and ensures continuity without complex restructuring. Allowing foreign corporate funds to redomicile enhances the IFSC's attractiveness as a global fund domicile. At the same time, clarifying the position for non corporate vehicles (trusts, LPs, LLPs) avoids ambiguity and prevents unintended legal or tax consequences. Overall, a clear framework promotes certainty, reduces transition friction, and supports wider uptake of the VCC regime.
12	NA	New	New	**<u>Tax Neutrality for Redomiciliation / Conversion:</u>** One would need to explicitly ensure full tax and stamp duty neutrality for the redomiciliation from foreign jurisdictions to GIFT-IFSC and conversion of existing IFSC fund structures into VCCs. This should cover income tax (including capital gains and carry forward of losses), GST (including treatment of residual credits), and stamp duty, so that no unintended tax costs arise purely from migration or conversion.	Providing explicit tax and stamp duty neutrality for redomiciliation and conversion is essential to ensure that the transition into the VCC regime is commercially viable and does not create unintended fiscal costs. Without such clarity, the migration of existing fund structures could trigger capital gains, loss of tax attributes (such as carry forward losses), GST inefficiencies, or stamp duty liabilities, effectively penalising funds for undertaking a structural reorganisation. Clear neutrality provisions would help reduce uncertainty, minimise structuring complexity, and significantly enhance the attractiveness of the proposed VCC structures for existing funds seeking to transition.
13	NA	New	New	**<u>VCC Launch and Redomiciliation Grant Scheme:</u>** A time bound grant scheme should be introduced, administered by the IFSCA, to incentivise early adoption of the VCC regime. The scheme should partially defray the costs of incorporating new VCCs or redomiciliation or conversion of existing fund structures, including legal, regulatory, and operational expenses. This approach would accelerate market uptake, attract fund managers to the IFSC, and help establish a critical mass of VCC structures in the initial phase of the regime.	International experience shows that such incentives play a pivotal role in building early momentum and confidence. Establishing an initial base of VCCs creates ecosystem effects, driving service provider readiness, standardisation, and investor familiarity. A grant scheme would therefore not only accelerate uptake but also help position IFSC as a competitive and attractive jurisdiction for fund domiciliation. The SFC in Hong Kong administers a grant scheme which covers 70% of the eligible expenses subject to cap prescribed (HK$ 300,000 for public OFC and HK$ 150,000 for private OFC). The MAS in Singapore also provides VCC grant up to 30% of eligible expenses, capped at SGD 30,000 for first-time qualifying fund managers incorporating or re-domiciling VCCs.