

DMCC has announced a new regulations effective from January 2, 2020, to further enhance the ease of setting up and doing business in DMCC.

The new regulations update DMCC's existing company law framework, providing greater flexibility and ease of operations for businesses registered within DMCC and increasing the remit of their activities.

### Some of the key changes brought in by Regulations 2020:

Key Change	Remarks
<b>Drafting</b>	The Proposed Regulations are simpler, streamlined and drafted in plain English.
<b>Officeholders</b> The roles of Director, Secretary and manager are clarified	There will be new rules that provides officeholders with greater clarity of their roles & responsibilities. These new rules will provide for high-quality corporate governance standards that remains appropriate for the DMCC.
<b>Article of Association (Articles)</b> Companies are allowed to adopt nonstandard Articles, provided they meet the required standards and conditions as set out in proposed regulations	<ol style="list-style-type: none"> <li>1. Article of Association – Three options possible:               <ol style="list-style-type: none"> <li>a. Adopt Standard DMCC Articles.</li> <li>b. Amend clauses within Standard DMCC Articles.</li> <li>c. Adopt your own articles as Standard DMCC Articles.</li> </ol> </li> <li>2. Number of directors will be mentioned in Articles.</li> </ol>
<b>Share Types</b> Allowing different share types	<ol style="list-style-type: none"> <li>1. Shares can be paid by two methods – Cash &amp; Non Cash</li> <li>2. Previously DMCCA allowed only ordinary shares. Under proposed regulations, a company may issue other share types such as treasury shares, preference shares, redeemable shares &amp; bonus shares.</li> </ol>
<b>Directors</b> There is no requirement for a maximum number of directors.	<p>Unlike in the Current Regulations, the Proposed Regulations do not stipulate the maximum number of Directors.</p> <p>Subject to any limitations in the Articles, the business and affairs of a Company must be managed by one or more Directors.</p>
<b>Audited Financials</b> The timeframe for submission of audited financial statements has been extended	DMCC Member Company has to upload the auditor's signed and stamped Audited Financial Statements Summary Sheet and the Audited Financial Statements Report via a designated online service request on the member portal within 90 days to 180 days after the end of each financial year.
<b>Dormancy</b> Introduces a dormant company status to enable the voluntary suspension of a Commercial License	The change of status of dormant, allows a company to cease operations for a period of up to twelve months or longer period approved by the Registrar, remove employees, without being required to terminate its commercial license.

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<b>Transfer of Entity</b>	Easier transfer of non-DMCC entities into DMCC with all the property, rights and privileges it had before the continuation.
<b>Winding up &amp; Insolvency</b>  New sections on winding up and insolvency outline, among other things, the different methods of winding up a company and the specific obligations of the office holders.	Where it is proposed to commence a summary winding-up, a declaration of solvency in a form prescribed from time to time by the Registrar shall be signed by the Directors (or in the case of a Company having more than one Director, the majority of them).  The declaration of solvency must be made within the period of twenty Business Days before the date of passing the resolution for winding-up, or on that date but before passing the resolution.
<b>Certificate of establishment for branches</b>	Certificate issued by the Registrar to confirm the establishment of a Branch in the DMCC Free Zone.



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