

## DESCRIPTION OF UPDATES TO DMCC REGULATIONS AND RULES

This document is a description of the changes in the revised/new DMCC Company Regulations, DMCC Companies Limited by Guarantee Regulations, Licensing Rules and Family Office Rules, each of which came into effect on 10 October 2024.

These notes should be read in conjunction with the relevant Regulations and/or Rules. They are not, and are not meant to be, comprehensive descriptions of the relevant Regulations and/or Rules.

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<b>1. Companies Limited by Guarantee</b>	
<b><i>New Regulations</i></b>	<p>(a) The Companies Limited by Guarantee Regulations create a legal framework for companies limited by guarantee. A company limited by guarantee is a private company that has no share capital but the liability of a member is limited to such amount as he/she undertakes to contribute to the assets of the company in the event of its being wound up. Members of a company limited by guarantee generally do not, and are not required to, make any contribution to the company's capital for so long as the company remains a going concern.</p> <p>(b) Companies limited by guarantee are generally used where there is no immediate need for capital to carry out the business or purpose of the company but it is beneficial to:</p> <ul style="list-style-type: none"> <li>(i) incorporate;</li> <li>(ii) limit the liability of the members; and</li> <li>(iii) avoid the need to transfer a share every time a member leaves or joins.</li> </ul> <p>(c) The characteristics of a company limited by guarantee make them appropriate organisations such as:</p> <ul style="list-style-type: none"> <li>(i) commercial and social enterprises;</li> <li>(ii) property management companies;</li> <li>(iii) clubs and societies;</li> <li>(iv) trade and research associations; and</li> <li>(v) any other activity as per the DMCC Published License Activities.</li> </ul>
<b><i>Members' guarantee/ liability</i></b>	<p>(a) Upon formation of a company limited by guarantee, a statement of guarantee must be provided which is a statement from each member that if the company is wound up while they are still a member or within a year of them ceasing to be a member, they will contribute to the</p>

	<p>assets of the company such amount as may be necessary for the:</p> <ul style="list-style-type: none"> <li>(i) payment of the debts and liabilities of the company contracted before it ceased to be a member;</li> <li>(ii) payment of the costs, charges and expenses of winding up; and</li> <li>(iii) adjustment of the rights of the contributories among themselves, not exceeding a specified amount.</li> </ul> <p>(b) Members of a company limited by guarantee are generally only required to contribute to a company's capital (up to the amount of their guarantee) on its winding up and not while the company is a going concern.</p> <p>(c) The amount of the guarantee that members undertake to contribute is not an asset of the company but rather a contingent liability to contribute upon winding up of the company. It cannot be mortgaged or charged by the company.</p>
<p><b>Provisions applicable to companies limited by guarantee</b></p>	<p>(a) The Companies Limited by Guarantee Regulations generally mirror the Company Regulations (which relate to companies limited by shares), save for matters that are specific to a company limited by guarantee, such as:</p> <ul style="list-style-type: none"> <li>(i) <i>Method of registration:</i> as noted above, the member(s) must deliver a statement of guarantee (in lieu of a statement of the initial share capital); and</li> <li>(ii) <i>No shares or share capital:</i> a company limited by guarantee does not have share capital and there is generally no obligation on the members to contribute toward capital. This means that the Companies Limited by Guarantee Regulations do not include provisions relating to increase, decrease or other alterations in share capital.</li> </ul> <p>(b) A company limited by guarantee is required to have at least one director, a secretary (unless the company is an SPV) and a manager.</p> <p>(c) A non-DMCC company limited by guarantee may transfer its incorporation into the DMCC to continue as a company limited by guarantee, in accordance with the provisions of Section 4 of the Companies Limited by Guarantee Regulations.</p> <p>(d) Provisions regarding methods of winding up and insolvency that apply to companies limited by shares (under the Company Regulations) apply equally to companies limited by guarantee. These provisions have not been replicated in the Companies Limited by Guarantee Regulations and instead reference is made to the corresponding provisions in Sections 14 to 21 of the Company Regulations.</p>
<p><b>Articles</b></p>	<p>(a) The articles of a company limited by guarantee must contain certain information set out in the Companies Limited by Guarantee Regulations. The DMCCA has prescribed model form articles of association for a company limited by guarantee that companies can choose to adopt.</p> <p>(b) A company may adopt its own articles subject to confirmation that they do not contain provisions which are inconsistent with the Companies Limited by Guarantee Regulations.</p>

<p><b>Membership of a company limited by guarantee</b></p>	<ul style="list-style-type: none"> <li>(a) The first members of a company limited by guarantee are the initial members who incorporate the company and enter their names on the company's register of members as the initial members.</li> <li>(b) A company limited by guarantee must have at least one member. A member may be a legal and/or natural person.</li> <li>(c) Subsequent members must agree to become a member of the company and enter their names in the register of members before becoming a member of the company.</li> <li>(d) The articles of association will set out the membership requirements and any criteria for admission, such as holding a particular qualification, and the permissibility of transfers of interests by members.</li> <li>(e) The standard articles for a company limited by guarantee provide that: <ul style="list-style-type: none"> <li>(i) a member may at any time withdraw from the company by giving at least 30 calendar days' written notice to the company;</li> <li>(ii) membership may be transferred at the will of the existing member or by way of court intervention; and</li> <li>(iii) on the death of a member or on it ceasing to exist, the membership shall transfer to the legal heirs of the member in accordance with UAE law.</li> </ul> </li> <li>(f) Any transfer of member interests, or admission of new members, must comply with the DMCCA's established processes.</li> </ul>
<h2>2. Licensing Rules</h2>	
<p><b>Special purpose vehicles</b></p>	<ul style="list-style-type: none"> <li>(a) Under the new Company Regulations and the Companies Limited by Guarantee Regulations, it is now possible to incorporate a special purpose vehicle (<b>SPV</b>) in the DMCC. Companies may also now apply for a license to conduct activities as an SPV under the updated Licensing Rules.</li> <li>(b) An SPV is a passive holding company (incorporated as a private company limited by shares or by guarantee) that is used to fulfil specific objectives (rather than conducting operational business). SPVs cannot be used to conduct operational business or hire employees.</li> <li>(c) SPVs are used for various purposes including holding assets (such as real estate or intellectual property), the acquisition and/or financing of a project, or the establishment of a securitisation or a structured investment vehicle.</li> <li>(d) Under both the Company Regulations and the Companies Limited by Guarantee Regulations, SPVs are exempt from the following: <ul style="list-style-type: none"> <li>(i) requirement to have a secretary; and</li> <li>(ii) requirement to hold annual general meetings.</li> </ul> </li> <li>(e) An SPV is not required to lease premises in the DMCC Free Zone, but it must maintain a registered office address. This may be the address of a corporate services provider registered with the DMCC.</li> </ul>
<p><b>Holding</b></p>	<p>The updated Licensing Rules permit a company to apply for a holding</p>

<b>companies</b>	company licence. This additional licence category allows companies in the DMCC the flexibility to structure their corporate group in a manner most appropriate for their needs. A holding company does not conduct operational business but may conduct the activities of a head office and hire employees.
<b>Freelance licences</b>	<p>(a) Under the new Licensing Rules a natural person may apply for a licence to conduct business as a freelancer under a freelance licence. A freelance licence must be in respect of one or more approved freelance activities.</p> <p>(b) The list of approved freelance activities is available online at <a href="https://freelanceuae.com">https://freelanceuae.com</a>.</p> <p>(c) The freelance regime will allow individuals to conduct business from the DMCC independently without the need for an employment contract, sponsorship by an employer or incorporating a company. Freelancing provides professionals flexibility in their approach to work, without the need to secure an employment contract.</p> <p>(d) Applicants applying for a freelance license do not need to meet the criteria required for other licenses, for example, they are not required to have a lease of commercial premises in the DMCC Free Zone. The DMCCA will, through the issuance of additional rules and guidance, set out the licensing framework for freelancers.</p>

### 3. Updates to Companies Regulations

<b>Share capital</b>	<p><i>Currency of share capital</i></p> <p>(a) Under the previous Company Regulations, companies were required to denominate their share capital in UAE Dirhams (<b>AED</b>). Under the updated Company Regulations share capital may be denominated in AED or such other currency approved by the Registrar.</p> <p>(b) The option to denominate share capital in different currencies gives greater flexibility, particularly for international businesses that operate in multiple jurisdictions or have exposure to foreign markets and currencies.</p> <p><i>Bonus shares out of share premium</i></p> <p>(c) The provisions relating to alteration of share capital now allow companies to issue bonus shares out of both retained earnings and share premium.</p> <p>(d) The option to issue bonus shares out of share premium will give companies greater flexibility to pass value onto shareholders by using non-distributable reserves.</p> <p><i>Reduction of capital</i></p> <p>(e) The provisions regarding the reduction of share capital have been tweaked to state that a company may reduce its share capital <i>in any way</i>, and retains the examples of how share capital may be reduced:</p> <ul style="list-style-type: none"> <li>(i) extinguishing or reducing liability on any of its shares;</li> <li>(ii) cancelling any paid up share capital that is lost or is unrepresented by available assets;</li> <li>(iii) reducing the number of such shares;</li> <li>(iv) paying off any paid up share capital that is in excess of the</li> </ul>
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requirements of the company; or

- (v) reducing its share premium account or other reserves.
- (f) This change to the provisions on the reduction of share capital ensure the legislation does not limit the methods a company can employ in order to reduce its share capital.

*Issuing redeemable shares*

- (g) The previous Company Regulations did not make specific provisions for issuing redeemable shares.
- (h) Under the updated Company Regulations a company may, if authorised to do so by its articles, allot and issue shares which may be redeemed either in accordance with their terms or at the option of the company or the shareholder. The terms, conditions and manner of redemption of redeemable shares must be stated by the company before the shares are allotted.
- (i) A company may only redeem shares if they are fully paid and from the following sources:
  - (i) in the case of the nominal value of the shares to be purchased, from paid up share capital, share premium and other reserves of the company; and
  - (ii) in the case of any premium on the shares to be purchased, from realised or unrealised profits, share premium or other reserves of the Company.
- (j) Once redeemed, shares are treated as cancelled and the amount of the company's share capital is reduced accordingly by the nominal value of the shares redeemed.
- (k) The cancellation of shares following their redemption is not treated as a reduction of capital for the purposes of the Company Regulations.
- (l) If a company cancels shares following their redemption, it must give notice of the cancellation to the Registrar, within a period of twenty business days from the date on which the shares are cancelled.
- (m) The power to issue redeemable shares can facilitate adjustments to a company's capital structure as shares can be redeemed when it is beneficial to do so, such as when reducing equity and increasing debt for tax purposes. Additionally, the option to buy back redeemable shares can be used to prevent dilution of control among existing shareholders.

*Removal on restriction of share classes*

- (n) Based on previous DMCC guidance, where a company had multiple classes of shares, 80% of the total number of shares of a company had to be ordinary while the remaining 20% could be any other type or class of shares.
- (o) This 80% / 20% restriction on share classes has been removed from the guidance, which will enable companies to set up their preferred capital structures based on need (and potential tax requirements).

*Variation of class rights*

	<p>(p) The Company Regulations make provision for obtaining class consent in circumstances where there is a variation of rights attaching to a class of shares.</p> <p>(q) Unless the company's articles provide otherwise, rights attaching to a class of a company's shares may only be varied if either the holders of at least 75% of the nominal value of the shares of that class consent in writing or a special resolution is passed at a separate meeting of the holders of that class approving the variation.</p> <p>(r) This enhances protection for minority shareholders and ensures that where a company has more than one class of shares, any variations to the rights attaching to those classes of shares are appropriately sanctioned.</p>
<b>Share capital deposits</b>	<p>(a) The new guidelines relating to the Company Regulations no longer require share capital to be evidenced by deposit of a sum into a bank account, unless the share capital amount is greater than AED 50,000 (or the equivalent amount in the relevant currency if the share capital is denominated in a currency other than AED).</p> <p>(b) Where the share capital of a company is AED 50,000 or less (or the equivalent amount in the relevant currency if the share capital is denominated in a currency other than AED) the share capital amount may be deposited in the company's DMCC portal account during the company's incorporation process. Companies will thereby be able to use the amount of share capital deposited in their DMCC portal accounts for DMCC services such as registration, licensing, leasing, visas etc. Where companies deposit their share capital amount in the DMCC portal account, a Certificate of Share Capital Deposit may be requested from the DMCCA.</p> <p>(c) Removing the requirement to provide evidence that the share capital has been deposited in a bank account (where the share capital amount is AED 50,000 or less) will ensure that DMCC users do not face issues caused by delays opening bank accounts for purposes of depositing share capital.</p>
<b>Accounts and audited financial statements</b>	<p>(a) Under the Company Regulations and Companies Limited by Guarantee Regulations, the directors of each company must procure the preparation of accounts for each financial year of the Company.</p> <p>(b) The updated Company Regulations and the Companies Limited by Guarantee Regulations contain the following key changes in relation to the preparation of accounts:</p> <p>(i) where the company is a holding company, it must also prepare consolidated group accounts (in addition to individual accounts);</p> <p>(ii) companies that have been dormant throughout the whole of a given financial year are exempt from the requirement to prepare individual accounts and the requirements relating to the audit of accounts for that year, unless the shareholders of that company representing at least 10% of its share capital (or, in respect of a company limited by guarantee, members representing at least 10% in number of the members of the company) deliver a notice requiring the company to prepare</p>

	<p>individual accounts and obtain an audit of its accounts for that financial year; and</p> <p>(iii) reports on the accounts prepared by a company’s auditor must state the name of the auditor and be signed and dated by the senior statutory auditor in their own name, for and on behalf of the auditing firm. The senior statutory auditor means the individual identified by the firm as senior statutory auditor in relation to the audit.</p> <p>(c) The aforementioned updates are intended to ensure best practice with other leading jurisdictions in relation to the preparation and audit of accounts and, in relation to inactive entities, ease the administrative burden in relation to the preparation of accounts and audited financial statements.</p>
<p><b><i>Transfer of incorporation</i></b></p>	<p>(a) The provisions of the Company Regulations relating to the transfer of incorporation to the DMCC Free Zone have been updated to clarify that the certificate of continuation is to be issued by the DMCCA to the entity redomiciling to the DMCC Free Zone before the certificate of discontinuation is issued by the relevant authority of the jurisdiction from which the entity is transferring.</p> <p>(b) The certificate of continuation to be issued by the DMCCA is to state that continuation of the relevant entity in the DMCC Free Zone is subject to receipt of a certificate of discontinuation from the relevant authority of the jurisdiction from which the entity is transferring within ninety (90) days from the date of issuance of the certificate of continuation by the DMCCA.</p> <p>(c) These changes are intended to ensure that the process for transferring incorporation to the DMCC Free Zone is aligned with other jurisdictions that permit incorporation transfers. Such jurisdictions only issue certificates of discontinuation following receipt of a certificate continuation from the relevant authority of the jurisdiction to which the entity is transferring.</p> <p>(d) In terms of approval for the transfer of incorporation to the DMCC Free Zone, the Company Regulations have been updated to distinguish between entities owned by natural persons and entities owned by corporate shareholders and now stipulates that for entities owned by natural persons, a resolution approved by persons holding 75% or more of the voting interests in the non-DMCC entity is required and for entities owned by corporate shareholders, either a resolution approved by persons holding 75% or more of the voting interests in the non-DMCC entity or the directors of the non-DMCC entity is required.</p> <p>(e) Additionally, in respect of the articles of association proposed to be adopted by non-DMCC entities upon transfer of incorporation to the DMCC Free Zone, where the DMCC standard articles are not proposed to be adopted, the relevant entity may either provide a legal opinion or a declaration from the directors that the proposed articles of association do not contain provisions contrary to or inconsistent with the Company Regulations.</p> <p>(f) The above provisions also apply in respect of companies limited by guarantee under the Companies Limited by Guarantee Regulations.</p>

<p><b><i>Establishment of a Branch</i></b></p>	<p>(a) In relation to the establishment of branches, the updated Company Regulations clarify that any eligible entity, as opposed to only non-DMCC entities, may apply to establish a branch in the DMCC Free Zone.</p> <p>(b) This amendment to the legislation makes it clear that there are no restrictions on DMCC entities establishing branches within the DMCC Free Zone.</p>
<p><b><i>Articles of a company</i></b></p>	<p>(a) Under the previous Company Regulations, if a company adopted bespoke articles (i.e. it did not adopt the DMCCA standard articles), then it was required to provide the Registrar with a legal opinion that the company's articles were not contrary to the Company Regulations. Under the updated Company Regulations, companies that adopt their own articles of association may now (at the discretion of the Registrar) provide either a legal opinion or a declaration from the (proposed) shareholders or directors confirming that its articles do not contain provisions that are contrary to or inconsistent with the Company Regulations (in a form satisfactory to the Registrar).</p> <p>(b) The Registrar retains the right to require a company to amend its articles within twenty business days if the Registrar is of the opinion that they are not compliant with the Company Regulations.</p> <p>(c) The updates relating to articles of a company make it easier for companies to confirm compliance of the articles with the Company Regulations and allow companies themselves, along with shareholders, to determine whether the articles are compliant. In the event of any contradiction between a company's articles and the Company Regulations, the latter would in any case prevail.</p> <p>(d) The above also applies in respect of companies limited by guarantee.</p>
<p><b><i>DMCC standard articles</i></b></p>	<p>The following updates have been made to the new DMCC standard articles:</p> <p>(a) The definition of "Business Day" has been updated to align with the UAE Government's announcement that the official weekend will fall on a Saturday and Sunday weekend, rather than Friday and Saturday. The change to the official weekend took effect from 1 January 2022.</p> <p>(b) Consistent with the updates to the Company Regulations, the share capital of a company may be denominated in a currency other than AED that is approved by the DMCC Registrar.</p> <p>(c) Directors may now declare interim dividends, and shareholders may approve final dividends by way of ordinary resolution.</p>
<p><b><i>Additional plug-in points for non-standard articles of association</i></b></p>	<p>The additional plug-in points for non-standard articles contain provisions dealing with:</p> <p>(a) Pre-emptive rights on sale or issue of shares in respect of companies limited by shares and pre-emptive rights on transfer of membership for companies limited by guarantee;</p> <p>(b) Powers and delegatory powers of directors;</p> <p>(c) Board committees; and</p> <p>(d) Dispute resolution.</p>



<p><b>Directors and corporate governance</b></p>	<ul style="list-style-type: none"> <li>(a) The minimum age required for a person to be appointed as a director, secretary and/or manager has been reduced from 21 years to 18 years of age.</li> <li>(b) The change to the age requirements allows greater flexibility as to which individuals can be appointed as directors, secretaries and managers.</li> </ul>
<p><b>Pre-insolvency matters</b></p>	<ul style="list-style-type: none"> <li>(a) The previous Company Regulations provided that if the losses of a company exceeded 85% of share capital, the company had to send a report to the Registrar summarising the issue and the action the company proposed to take. This requirement has now been removed in the updated Companies Regulations.</li> <li>(b) The previous Company Regulations also provided that if the losses reached 75% or more of a company’s share capital, the company had to call a general meeting at which a resolution for voluntary wind up or a recapitalisation of the company would be proposed (and the threshold for passing the resolution depended on the size of the losses relative to the company’s share capital). This has been removed entirely from the new Company Regulations, and instead if the losses of a company reach 75% or more of the company's share capital, the company is only required to notify its shareholders within 21 days of becoming aware of the extent of its losses.</li> <li>(c) The updates relating to pre-insolvency matters give companies greater flexibility to consider whether any, and if so what, steps should be taken to deal with company losses without having to resort to immediate winding-up procedures. This is particularly beneficial for companies which have a relatively low share capital.</li> </ul>
<p><b>Liquidation – directors’ powers and appointment of liquidator</b></p>	<ul style="list-style-type: none"> <li>(a) Once a liquidator has been appointed to manage a winding-up, all the powers of a company’s directors cease, except to the extent the company at a general meeting or the liquidator sanctions their continuance.</li> <li>(b) Whereas the previous Company Regulations did not specify the consequences of the office of a liquidator becoming vacant by death, resignation or otherwise, the new Company Regulations clarify that, if such an event occurs, all the powers of the Directors are restored until a new liquidator is appointed.</li> <li>(c) In relation to the appointment of a liquidator in the event of a vacancy caused by death, resignation or otherwise, the company at a general meeting may, subject to any arrangement with its creditors, fill the vacancy. The Company Regulations have been updated to stipulate that if for any reason there is no liquidator acting the Registrar may appoint a liquidator.</li> </ul>
<p><b>4. Family Office Rules</b></p>	
<p><b>Single Family Offices and Multi-family Offices</b></p>	<ul style="list-style-type: none"> <li>(a) The incoming DMCC Family Office Rules (the <b>Family Office Rules</b>) seek to provide for two categories of license that a legal entity (an <b>entity</b>) that wishes to carry out certain family office-related services in or from the DMCC may apply for.</li> <li>(b) The Family Office Rules (a) codify existing DMCCA practices and guidelines in respect of the existing DMCC license to carry out single</li> </ul>

family office (**SFO**) services, and (b) expand on this by introducing a new license category for an entity that wishes to carry out multi-family office (**MFO**) services in or from the DMCC.

- (c) SFO services are non-regulated, non-financial services carried out by an entity in or from the DMCC in relation to the wealth management of a family, and may only be carried out in relation to a single family. MFO services are the same except that they are permitted to be carried out in relation to more than one family. These services cannot be carried out without a license.
- (d) Examples of the non-regulated, non-financial services in question include concierge, business management, technology and administrative services. Neither SFOs nor MFOs can provide financial services that are regulated by the UAE Securities and Commodities Authority.
- (e) For the avoidance of doubt, an entity can only hold an SFO or MFO license in the DMCC; SFOs and MFOs are not a new type of corporate vehicle in the same way that, for example, DMCC Companies Limited by Guarantee are. The entity licensed to provide SFO or MFO services will therefore be subject to the same company law provisions it is currently subject to.
- (f) DMCC-registered branches are not eligible to receive a license to carry out SFO or MFO services.
- (g) A **family** is defined as the individuals who are, at the time of the entity's submission of the application for an SFO or MFO license, the direct descendants or adoptees of a common parent or that parent's spouse (including any widows or widowers, whether or not remarried), going down to three generations from the common parent or spouse. The definition also includes any individuals who are the future descendants and spouses of existing members of the family.
- (h) An entity applying for an SFO or MFO license will be required to comply with the existing requirements in the DMCC Licensing Rules.
- (i) Both applicants for an SFO and an MFO license must meet the following criteria (in addition to the relevant criteria in the Licensing Rules):
  - (i) the applicant must be incorporated as a Free Zone Limited Liability Company;
  - (ii) the applicant must not hold any other active licenses in the DMCC; and
  - (iii) where the applicant employs or outsources any of its functions to persons who are performing professional or regulated roles (such as those of a lawyer or financial services advisor), each of these persons must be appropriately qualified, certified and regulated.
- (j) An applicant for an SFO license must hold a minimum of USD 1 million in investible or liquid assets. There is no corresponding minimum investible assets requirement for the applicant for an MFO license.
- (k) An applicant for an SFO license must additionally ensure that the applicant's shareholders, ultimate beneficiaries, and directors are all

	<p>members of the same family as the family in relation to which the SFO services are to be carried out.</p> <p>(l) An applicant for an MFO license must additionally have obtained prior written approval from the DMCCA in relation to each separate family the applicant intends to provide MFO services to.</p> <p>(m) The legal name of an entity holding an SFO license must end with 'SFO DMCC', while the legal name of an entity holding an MFO license must end with 'MFO DMCC'.</p> <p>(n) A private register containing prescribed information in relation to every entity that holds an SFO or MFO license will be kept by the DMCCA. The information collected will be similar to the information collected on DMCC-incorporated companies under the DMCC Company Regulations. This register is confidential and the information on it shall not be available to view on the public register of DMCC entities.</p> <p>(o) Any filings made by an entity holding an SFO or MFO license will be kept confidential. The only exception to this under the Family Office Rules is that the DMCCA may, at its discretion, reveal part of the information held on the private register to the licensed entity, a family member of the family to which the SFO or MFO services are being provided, or an authorized representative of either the entity or the family member.</p> <p>(p) An entity holding an SFO license may invest in businesses and corporate vehicles that are wholly owned by a member of that same family (directly or indirectly). An entity holding an MFO license may also invest in such wholly owned businesses and corporate vehicles, provided that these are wholly owned by member of a family that has been approved by the DMCCA.</p> <p>(q) An entity holding an SFO or MFO license is not permitted to act as a trustee or use a third party to provide the SFO or MFO services.</p> <p>(r) An entity holding an SFO or MFO license must notify the DMCCA should any of the following events occur (though note that the following are merely notification, not approval, requirements):</p> <ul style="list-style-type: none"><li>(i) there is a change in the entity's ultimate beneficial owner (even when the new owner is a member of the same family as the previous owner);</li><li>(ii) there is a material change in either the number of family members being served (for SFO licenses only) or the total number of families being served (for MFO licenses only) by the entity; or</li><li>(iii) there is a material change in the type of service being provided by the entity.</li></ul> <p>(s) An entity that breaches any of the aforementioned requirements, including the notification requirements listed immediately above, contravenes the Family Office Rules and may be subject to a sanction by the DMCCA, which may include the revocation of that entity's license.</p>
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