

GUIDANCE NOTE – INCREASE IN SHARE CAPITAL WITH NEW SHAREHOLDER(S)

In this Guidance Note, unless the context otherwise requires, words or expressions not defined have the same meaning and interpretation as in the Company Regulations 2020 of the Dubai Multi Commodities Centre Authority (“CR 2020”).

1. GENERAL

A. Concept

A DMCCA Company can apply for an increase of its Share Capital and add new Shareholder(s) in one process.

B. Applicable Business Rules

- ❖ This process is only applicable to Companies and is not applicable to Branches.
- ❖ A Company’s Licence must be valid at the time of submission of the application and until the process is completed. The application will be put on hold if the Licence expires during the process.
- ❖ A Company, that has voluntarily suspended its Licence (dormant), is not allowed to apply for this amendment.
 - Any transfer of shares, not being a transfer made to or with the Sanction of the liquidator and any alteration in the status of the Company’s Shareholders made after the commencement of a voluntary winding-up, is void (Please see CR 2020, Reg. 103).
- ❖ There should not be any active Company sanction. Please see Schedule 1 for the list of sanctions.
- ❖ A non-objection certificate (NOC) from a competent regulatory authority is required in case the Company carries out a regulated activity.
- ❖ In the case of minor Shareholders (below 18 years old), they shall be represented by a legal guardian.
- ❖ All new individual Shareholders, regardless of nationality, shall go through a security check.
- ❖ Rejection for security reasons may not be eligible for an appeal.
- ❖ During the process, the current value of each share may change.
- ❖ The current registered Share Capital of current Shareholder(s) may be increased in the process but should not be decreased.
- ❖ The new shares to be issued can be of different types.
- ❖ The newly issued shares can be paid in cash or in kind (non-cash consideration)
- ❖ Each Shareholder can hold different types of shares and may choose a different mode of payment for each share type.
- ❖ The company needs to make sure they have:
 - [Adopted the Articles of Association](#) as per DMCC rules & regulations of 2020 (only applicable if companies hold old MOA). Please apply for adopting non-standard Articles of Association if you would like to issue shares which are not ordinary and if you are choosing a non-cash payment mode.
 - [Subscribed and activated the e-signature](#) of all authorized signatories.
 - [Declared the new corporate shareholder directors](#), only applicable if the shareholder is a non-DMCC entity.

2. APPLICATION PROCESS

To apply for this new service, a service request (**SR 102**) for an Increase in Share Capital with New Shareholder will have to be raised by the Company through its portal account.

Process Owner	Action	Comments
Company	<p>Company to apply for the related service and do the following in the online portal:</p> <ol style="list-style-type: none"> 1. Provide the required information in the SR. 2. Provide information about the new Shareholder(s). 3. In case any of the shareholders will be represented by a Power of Attorney holder (POA), the POA is to be selected. 4. Declare the Directors of the Parent Company who will be signing the documents In case of a new corporate shareholder. 5. Upload the required documents (Please see the table below for a list of requirements). 6. Confirm payment. 7. Submit the SR. 	<p>You will receive a submission notification.</p>
DMCC	<p>Relevant DMCC Officers will verify the application by doing the following:</p> <ul style="list-style-type: none"> • Check the information provided by the client and verify all the uploaded documents. • Approves or returns the application. 	<p>SR may be returned to the client to submit additional information, re-upload a document, or activate an e-signature. In such cases, the client has to comply with the requirements to continue with the process.</p> <p>When additional requirements or information is provided, the client has to update the step in the SR.</p> <p>If the Application is declined:</p> <p>In case the application is declined, the Knowledge and Innovation fee (AED20/-) will be non-refundable. The rest of the fees are to be</p>

Data Classification: Open

		<p>returned to the portal account of the Company. SR will be closed at this stage.</p> <p>If Approved</p> <p>The client will receive a pre-approval notification and will be requested to proceed to the next steps.</p>
Company	<p>1. All authorized signatories electronically sign the document(s)</p> <p>Book an appointment through the DMCC Member Portal for submitting original sets of documents</p>	<p>If requirements are satisfied:</p> <p>Original documents will be accepted. Notification will be sent to download the E-documents.</p>
DMCC	<p>The relevant DMCC officer will:</p> <ul style="list-style-type: none"> • Update the account of the Company. <p>Generate the e-documents.</p>	
Company	<p>Download/ view the e-documents from the email notification or from the DMCC Member Portal.</p>	

3. REQUIRED DOCUMENTS

Documents	Remarks
<p>Board Resolution of current corporate Shareholder for consenting to issuance of new shares and adding of new Shareholder.</p>	<ul style="list-style-type: none"> • Only applicable if one of the existing shareholders of the DMCC Company is a corporate Shareholder. Please disregard this requirement if this is not the case. • The Board Resolution will be drafted to approve the issuance of new shares and the addition of a new Shareholder to the DMCC Company. • To confirm the appointed representative and signatory for the process and sign documents relevant to the issuance of new shares and addition of a new Shareholder such as resolution, share transfer form, Articles of Association, amendments, etc. • To be electronically signed by authorized signatory after the application is approved by DMCCA.
<p>Certificate of Incumbency (of current corporate shareholder)</p>	<ul style="list-style-type: none"> • Only applicable if the DMCC Company has a corporate Shareholder. Please disregard this requirement if this is not the case. • Certificate of Incumbency must be recently issued (not more than 1 year). Certificate of Incumbency must be notarized and legalized by the UAE Embassy/Consulate of the place of issue. Note: If publicly available the Certificate of Incumbency can be verified through an online registry from the respective Issuing Authority’s official website. In such cases, please provide the link for verification. (When the online verification is approved the notarization would not be required).
<p>Shareholders Resolution</p>	<ul style="list-style-type: none"> • Printed on the DMCC Company Letterhead and stamped. • To be electronically signed by all current (transferring, buying or consenting) and new Shareholders or their authorized representatives (POA holders) after the application is approved by DMCCA.
<p>Power of Attorney</p>	<ul style="list-style-type: none"> • If applicable. Please disregard this requirement if there is no POA issued. • If issued in UAE, validity is to be checked in the Dubai Court portal. • Notarized and legalized by the UAE Embassy of the place of issue (if issued outside of UAE). • If POA is issued outside UAE original POA is required to be presented for verification. • Original passport required to be presented.

<p>Memorandum and Articles of Association (for all old DMCC Companies) or Articles of Association (for Companies registered under Company Regulations 2020)</p>	<ul style="list-style-type: none"> The originals MOA/AOA for each shareholder are required to be submitted to DMCC. <i>Please disregard this requirement if Company has the Electronic Articles of Association (AOA) with QR code</i>
<p>Articles of Association</p>	<ul style="list-style-type: none"> To be electronically signed by (buying and/or consenting) Shareholders or their authorized representatives after the application is approved by DMCCA.
<p>Share Certificates</p>	<ul style="list-style-type: none"> Applicable only when original share certificates were issued to the shareholders. In such cases, the original is required. <i>Please disregard this requirement if e-share certificates were issued.</i> The share certificate of all shareholders is required to be submitted. The share certificate will be cancelled after the share transfer is completed.

Additional Document for Cash Injection

Document Name	Remarks
<p>Bank Confirmation Letter</p>	<ul style="list-style-type: none"> Confirming deposit of the increased amount. Original to be submitted along with the rest of the required documents.

Additional Document for Non-Cash Consideration or Payment “In-kind”

Document	Remarks
<p>Auditor’s confirmation</p>	<ul style="list-style-type: none"> • Valuation of the non-cash consideration by a DMCC-approved Auditor. • Confirming the conversion of the value of the non-cash consideration into the equivalent proposed increase in Share Capital of the DMCC Company.
<p>Director’s confirmation</p>	<ul style="list-style-type: none"> • Determine the reasonable cash value of the consideration for the shares. • Confirm that the consideration for the shares is fair and reasonable to the Company and to all existing shareholders, and <p>Confirm that the present cash value of the consideration to be provided for the shares is not less than the value to be credited for the issue of the shares.</p>

Additional Documents in case of new Individual Shareholders

Documents of the new individual shareholder	Remarks
Passport and visa page (if applicable)	<ul style="list-style-type: none"> • Should be valid for at least 6 months. • Copy of valid UAE residence visa page (if applicable) • Original to be presented for verification or a notarized copy is required.
Specimen Signature Form	<ul style="list-style-type: none"> • To be electronically signed after approval • POA holder cannot sign specimen signature.
KYC Form	<ul style="list-style-type: none"> • Filled out comprehensively including the business experience part and signed by the new shareholder. • POA cannot sign this form.
Proof of Address	<ul style="list-style-type: none"> • Any proof of billing, tenancy contract, etc. under the name of the new shareholder at the discretion of DMCC. • OR a proof of billing under the name of a relative/friend/landlord + a NOC confirming that the new officer lives at the address on the bill + passport copy of the bill holder with signature page • Dated recently (Not more than 6 months).

Additional Documents In case of new Corporate Shareholder

Documents of the new Corporate shareholder	Remarks
Board Resolution for a subscription of shares	<ul style="list-style-type: none"> • The Board Resolution will be drafted to approve the subscription of shares in the DMCC Company. • To confirm the appointed representative and signatory for the process and sign documents relevant to the subscription of shares such as resolution, share transfer form, Articles of Association, amendments, etc. • To be electronically signed by an authorized signatory after the application is approved by DMCCA
Certificate of Incumbency	<ul style="list-style-type: none"> • Recently issued (Not more than 1 year). • Must be notarized and legalized by the UAE Embassy of the place of issue.
Valid Company Licence	<ul style="list-style-type: none"> • Only if applicable • Only copy is required
Certificate of Registration	<ul style="list-style-type: none"> • A legal document issued by the Authority where the New Proposed Corporate Shareholder is registered. This confirms the registration details of the company i.e., date, company name, reg. no, etc.
Memorandum of Association (“MOE”)/Articles of Association (“AOA”)	<ul style="list-style-type: none"> • This confirms the constitution and by-laws of the company • Must be notarized
Ultimate Beneficial Ownership	<ul style="list-style-type: none"> • Filled up and signed by authorized signatory. • Declaring the ultimate beneficial owner (individual person) owning 25% of the company.
Parent Company Director passport copy	<ul style="list-style-type: none"> • Only a copy is required

Additional Documents in case the Company will choose to adopt a Non-Standard Articles in the process of increasing its Share Capital (Applicable for both Increase and Decrease of Share Capital)

<p>Non-standard Articles of Association</p>	<p>To be electronically signed by (buying &/or consenting) Shareholders or their authorized representatives after the application is approved by DMCCA.</p>
<p>Legal opinion</p>	<p>Issued by a UAE-based Law Firm Licenced by a competent authority in UAE. To contain the below confirmation: That the proposed Articles do not contain a provision, which is contrary to or inconsistent with the CR 2020.</p>

4. Output

The following documents will be generated by the system once the application is approved and closed

- Electronic AOA with the QR as per the latest amendment
- E-Share Certificate with the QR code for each new Shareholder and the current Shareholder.
- Bank Release Letter will be generated, only in case of cash injection.

5. APPLICABLE FEES

Please see the Schedule of Charges by clicking [here](#).

6. CANCELLATION OF AN APPLICATION

Cancellation of an application will be subject to the existing policy and procedure of SR cancellation.