
First published in the *Government Gazette*, Electronic Edition, on 13 January 2020 at 5 pm.

No. S 24

VARIABLE CAPITAL COMPANIES ACT 2018 (ACT 44 OF 2018)

VARIABLE CAPITAL COMPANIES (MAXIMUM AMOUNT PAYABLE IN PRIORITY IN WINDING UP) REGULATIONS 2020

ARRANGEMENT OF REGULATIONS

Regulation

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In exercise of the powers conferred by section 165 of the Variable Capital Companies Act 2018, the Minister for Finance makes the following Regulations:

Citation and commencement

1. These Regulations are the Variable Capital Companies (Maximum Amount Payable in Priority in Winding Up) Regulations 2020 and come into operation on 14 January 2020.

Prescribed amount where VCC is wound up

2.—(1) For the purposes of section 328(1)(b) and (c) of the Companies Act (Cap. 50) as applied by section 130(1) of the Variable Capital Companies Act 2018 (called in these Regulations the VCC Act), the maximum amount, in the case of the winding up of a non-umbrella VCC, is the lower of the following for each employee:

- (a) 5 months' salary in respect of services rendered by the employee to the VCC;

(b) an amount that is 5 times the amount mentioned in section 35(b) of the Employment Act (Cap. 91).

(2) Where the amounts in paragraph (1)(a) and (b) are the same, the maximum amount for each employee is equal to any of those amounts.

(3) For the purposes of section 328(1)(b) and (c) of the Companies Act as applied by section 130(1) of the VCC Act, the maximum amount, in the case of the winding up of an umbrella VCC, is the lower of the following for each employee:

(a) 5 months' salary in respect of services rendered by the employee to the VCC, after deducting from it the total amount of that salary that has been allocated to the sub-funds of the VCC under section 29(3) of the VCC Act;

(b) the amount A in paragraph (4).

(4) The amount A mentioned in paragraph (3) is computed by the formula

$$B \times \frac{C}{D},$$

where —

(a) B is an amount that is 5 times the amount mentioned in section 35(b) of the Employment Act;

(b) C is 5 months' salary in respect of services rendered by the employee to the VCC, after deducting from it the total amount of that salary that has been allocated to the sub-funds of the VCC under section 29(3) of the VCC Act; and

(c) D is 5 months' salary in respect of services rendered by the employee to the VCC.

(5) Where the amounts in paragraph (3)(a) and (b) are the same, the maximum amount for each employee is equal to any of those amounts.

Prescribed amount where sub-fund is wound up

3.—(1) For the purposes of section 328(1)(b) and (c) of the Companies Act as applied by section 33(2) of the VCC Act, the maximum amount is the lower of the following for each employee:

- (a) the part of 5 months' salary in respect of services rendered by the employee to the umbrella VCC of the sub-fund, that has been allocated under section 29(3) of the VCC Act to the sub-fund being wound up;
- (b) the amount F in paragraph (2).

(2) The amount F mentioned in paragraph (1) is computed by the formula

$$G \times \frac{H}{I},$$

where —

- (a) G is an amount that is 5 times the amount mentioned in section 35(b) of the Employment Act;
- (b) H is the part of 5 months' salary in respect of services rendered by the employee to the umbrella VCC of the sub-fund, that has been allocated to the sub-fund under section 29(3) of the VCC Act; and
- (c) I is 5 months' salary in respect of services rendered by the employee to the umbrella VCC of the sub-fund.

(3) Where the amounts in paragraph (1)(a) and (b) are the same, the maximum amount for each employee is equal to any of those amounts.

Made on 13 January 2020.

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[F14.1.47; AG/LEGIS/SL/341A/2015/16 Vol. 1]