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DRAFT STATUTORY INSTRUMENTS

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**2017 No.**

The Risk Transformation Regulations 2017

PART 4

Protected Cell Companies

CHAPTER 2

Registration

SECTION 1

*Obtaining registration*

**Instrument of incorporation: requirements**

- 19.**—(1) The instrument of incorporation of a protected cell company must include—
- (a) the statements set out in paragraph (3); and
  - (b) provision as to the matters mentioned in paragraph (4).
- (2) The instrument of incorporation must not include—
- (a) anything that conflicts with a statement required by paragraph (1)(a); or
  - (b) a statement to the effect that the protected cell company is a public company.
- (3) The statements required by paragraph (1)(a) are that—
- (a) the company is a protected cell company registered by the Financial Conduct Authority under the Risk Transformation Regulations 2017;
  - (b) the registered office of the protected cell company is situated in England and Wales (or Wales), Scotland or Northern Ireland (as the case may be);
  - (c) the objects of the protected cell company are the activities specified in regulation 57;
  - (d) the protected cell company is comprised of a core and the cells created by the protected cell company after its registration and authorisation;
  - (e) the core administers the protected cell company and the cells are used to assume risk from undertakings, issue investments to investors to fund the protected cell company's exposure to that risk, hold the proceeds of sale of those investments and, where permitted by the instrument of incorporation, enter into arrangements between cells (see regulation 68);
  - (f) the cells are segregated from each other and from the core;
  - (g) the assets held on behalf of a cell are treated as if they belong exclusively to that cell and shall not be used to discharge liabilities incurred on behalf of or attributable to the core or any other cell, and shall not be available for any such purpose;
  - (h) the protected cell company may issue non-voting and voting shares on behalf of the core;

- (i) the protected cell company may issue non-voting shares on behalf of a cell, but not voting shares;
  - (j) the liability of a person holding a share issued by the protected cell company is limited to the amount (if any) unpaid on the share.
- (4) The matters referred to in paragraph (1)(b) are—
- (a) the name of the protected cell company;
  - (b) the address of the protected cell company’s registered office;
  - (c) the procedure for creating and dissolving a cell;
  - (d) when the creation of a new cell takes effect;
  - (e) the way in which cells in the protected cell company are to be named or numbered;
  - (f) whether the protected cell company may make arrangements between cells and, if so, whether they may be amended or cancelled (see regulation 70);
  - (g) the rights attaching to shares issued on behalf of the core and the cells;
  - (h) the maximum and minimum sizes of the voting share capital in the core;
  - (i) the classes of shares which may be issued on behalf of the core and the cells;
  - (j) if the protected cell company is to have a company seal, the form, custody and use of the seal;
  - (k) the procedure for the appointment and removal of a director of the protected cell company (for which provision is not made in this Part); and
  - (l) the currency in which the accounts of the protected cell company must be prepared.
- (5) The way in which the cells of a protected cell company are given a name or number in accordance with the instrument of incorporation must not result in a cell having a name or number which would contravene the requirements of regulation 17(2) if it were the name of the protected cell company.