



Setting Up a Business in Dubai International Financial Centre

Facts Sheet

Financial activities that may be carried out within the DIFC

- Accepting deposits
- Providing Credit
- Dealing in Investments as Principal
- Dealing in Investments as Agent
- Arranging credit or deals in Investments
- Managing Assets
- Advising on Financial Products
- Operating a Collective Investment Scheme
- Providing Custody
- Arranging Custody
- Effecting Contracts of Insurance
- Carrying out Contracts of Insurance
- Insurance Broking
- Insurance Management
- Providing money services
- Managing profit sharing investments

What does the DIFC offer?

- 100 percent foreign ownership;
- zero percent tax rate on income and profits;
- the freedom to repatriate capital and profits without restrictions;
- operational facilities encompassing modern office accommodation, business continuity facilities, state of the art technical support and data protection facilities, a low cost environment, and the availability of a skilled labour force and highly trained professionals who can be easily outsourced in the region;
- an extensive tax treaty network for UAE incorporated entities;
- internationally accepted laws and regulatory processes;
- a world-class, independent, regulatory agency working alongside other financial regulatory agencies located in major global jurisdictions;
- a wholly transparent operating environment, complying with global best practices;
- a dollar denominated environment;
- an international stock exchange with primary and secondary listings of debts and equity instruments; and
- a variety of legal vehicles that may be established with capital structuring flexibility.

DIFC licensees will not be subject to the relevant UAE or Dubai financial and banking legislation, except for the UAE Central Bank's anti-money laundering regulations and the Federal Penal Code, imposed within the UAE, which also extend to the DIFC.

Procedure for setting up in DIFC

Financial Institutions are required to provide:

1. A business plan;
2. Names of key staff, major shareholders (above 5%) and controllers, as well as confirmations as to their fitness and propriety to conduct the Institution's business;
3. The organizational structure of the proposed institution;
4. Information on operating systems and controls;
5. The Institution's compliance system and internal audit functions;
6. Anti money laundering procedures and controls; and
7. The financial position and regulatory history of the applicant institution.

Capital Requirements for Authorized firms

An Authorized Firm's capital requirement varies, and is determined depending on the activities carried out, as follows:

	Base Capital Requirement
Category 1	US \$ 10 Million
Category 2 (other than those Category 2 firms included elsewhere in this table)	US \$ 2 Million
Category 3 (other than those Category 3 firms included elsewhere in this table)	US \$ 500,000
Categories 2 and 3 that are depositaries of mutual funds/OEICs or provide custodial services to other collective investment schemes	US \$ 10 Million
Category 4	US \$ 250,000
Category 5	US \$ 10 Million

Who is the individual client?

- (a) an individual who:
 - (i) has at least \$1 million in liquid assets and has provided the Authorized Firm with written confirmation of this fact;
 - (ii) appears to the Authorized Firm, after analysis, to have sufficient financial experience and understanding to participate in financial markets; and
 - (iii) has consented in writing to being treated as a Client;
- (b) an individual who:
 - (i) is an Employee of the Authorized Firm; and
 - (ii) meets the conditions in (a)(i)(ii) and (iii);
- (c) an Undertaking which has had, or any of whose Holding Companies or Subsidiaries has had, in the last two years, called up share capital or net assets of at least \$5 million. In the case of a limited liability Partnership calculated without deducting loans owing to any of the partners;
- (d) a trustee of a trust or pension fund which has had in the last two years assets of at least \$5 million calculated by aggregating the value of the cash and Investments forming part of the trust's or fund's assets, but before deducting its liabilities;

- (e) a properly constituted government, government agency, central Bank or other national monetary authority of any country or jurisdiction;
- (f) a public authority or State Investment body;
- (g) a supranational organization whose Members are either countries, central banks or national monetary authorities;
- (h) an Authorized Firm or regulated Financial Institution;
- (i) an Authorized Market Institution, regulated Exchange or regulated clearing house;
- (j) an Undertaking which is a Holding Company or Subsidiary of an undertaking in (h) or (i) with that undertaking's consent;
- (k) a Body corporate whose Shares are listed or admitted to trading on any regulated Exchange of an IOSCO Member country; or
- (l) a Restricted Profit Sharing Investment Accounts¹ or Special Purpose Vehicle. (2) Any Person who does not meet the criteria in (1) is a Retail Customer.

The Application Fees

The application fees vary according to the provided Financial Services, and the number of employees holding Authorized Individual status. The maximum overall application fee is capped at *US\$ 150,000*.

The Financial Services application fee will range from *US\$ 10,000* to *US\$ 50,000* depending on the Financial Services a firm intends to conduct.

The application fee for each Authorized Individual is *US\$ 1,000* (up to a maximum of *US\$ 50,000*).

The Ongoing Annual Fees

The initial annual fee for the first year will be based on the application fee stipulated above, pro-rated to the end of the year, after which annual fees will be based on the activities outlined in an Authorizes Firm's license, the number of Authorized Individuals within it, and an amount based on turnover subject to an overall maximum of *US\$ 150,000*.

Please refer categories 1 to 5.

Ancillary Service Providers ("ASPs")

An Ancillary Service Provider is one who provides any of the following:

1. Legal Services
2. Accountancy Services
3. Market information Services
4. Compliance Services
5. Local Services Office
6. Management Office

Procedure for Registering an ASP

- Copy of most recent audited accounts or management accounts;
- Principal Representative's employment details for the last 10 years;
- Anti Money Laundering Reporting Officer's (AMLO) employment details for the last 10 years;
- In most cases, a copy of the firm's anti money laundering procedures; and
- A completed 'fit and proper' questionnaire for both the Principal Representative and the AMLO.

What does it cost to become registered?

US\$ 2,000 application fee is to be paid to the DFSA when application is lodged. Once registration is affected, an annual fee of US\$ 1,000 becomes due. However, this fee is not applicable to those Ancillary Service Provider that are also registered as Authorized Firms.

Fees for registering Limited Liability Companies at the DIFC

Fees for establishing a non-regulated business in the DIFC are US\$ 2,000 to register the Company, US\$ 3,000 to obtain a license (note that this is renewable each year) and US\$ 200 for reserving the company's name (please note that reserving a company name is optional).

Categories of Ancillary Service Providers

The Categories of Ancillary Service Providers, who provide any of the following:

1. **Legal Services:** Providing Legal Services means the application of legal principles or judgment with regard to the circumstances of another Person who is an Authorized Firm, Authorized Market Institution or Ancillary Service Provider, including but not limited to:
 - (a) Giving legal advice or counsel to such a Person as to their legal rights or the legal rights or responsibilities of others;
 - (b) Giving legal advice or counsel to such a Person in relation to any DIFC law or legislation made thereunder;
 - (c) Drafting or completion of legal documents or agreements which affect such a Person's legal rights;
 - (d) Representation of such a Person in Court proceedings or in an administrative adjudicative procedure in which legal pleadings are filed or a record is established as the basis for judicial review; or
 - (e) Negotiation of legal rights or responsibilities on behalf of such a Person; but excluding acting as a lay representative authorized by an administrative agency or tribunal, serving as a judge, mediator, arbitrator, conciliator or facilitator; and participation in employment negotiations, arbitrations or conciliations.
2. **Accountancy Services:** Providing Accountancy Services means the application of accounting principles or judgment with regard to the circumstances of another Person who is an Authorized Firm, Authorized Market Institution or Ancillary Service Provider, including but not limited to the following:

- (a) Performing audit, examination, verification, investigation, certification, presentation or review of financial transactions and accounting records for such a Person;
- (b) Preparing or certifying reports on audits or examinations of books or records of account, balance sheets, and other financial, accounting and Related documents for such a Person; or
- (c) Advising such a person on matters relating to accounting procedure and the recording, Presentation or certification of financial information or data, including financial information or data required by legislation applicable in the DIFC.

3. Market Information Services

Providing Market Information Services means providing broadcast, online or other services which provide real time information on the prices of Investments on the basis of which Persons conducting Financial Services are or may be accustomed to deal in those investments.

A Person does not Provide Market Information Services if that Person is an Authorized Market Institution.

4. Compliance Services

Providing Compliance Services means providing advice, consultancy or other services, to another Person who is an Authorized Firms, Authorized Market Institution or Ancillary Service Provider in relation to compliance matters arising from, or interpretation of the Regulatory Law 2004, the Market Law 2004 or the Law Regulating Islamic Financial Business 2004 or any legislation made there under.

A Person does not Provide Compliance Services in circumstances where the Person providing the advice, consultancy or other services falls within the definition of Providing Legal Services or Providing Accountancy Services.

5.1. Local Services Office – Operating a Local Services Office means:

- (a) Seeking, or offering generic advice to, potential customers with a view to the provision of Financial Services, either directly or by a Member of the same Group, from an establishment outside the DIFC; or
- (b) Marketing and other activities relating to (a), but not falling within the definition of Financial Services in GEN Chapter 2.

A Person does not Operate a Local Services Office if that Person is an Authorized Firms.

5.2. Management Office

- (1) Operating a Management Office means managing one or more Members of the same Group who are Regulated Financial Institutions.
- (2) A Person does not Operate a Management Office if that Person is an Authorized Firms.

Note: An Ancillary Service Provider cannot be registered unless it nominates and puts in place two “Designated Persons”; a Principal Representative and an Anti-Money Laundering Officer (AMLO), both who should be ordinarily resident in the United Arab Emirates. The DFSA must be satisfied that these persons are ‘fit and proper’, and the Firm shall bear the consequences of failing to ensure that such is the case. If a Firm appoints one person only to perform both roles, then the DFSA must also be satisfied that these persons can perform adequately and without an unacceptable conflict of interests.

An Ancillary Service Provider may not carry on any Financial Services in the DIFC unless it is also licensed as an Authorized Firm, and the DFSA shall take action against any violations of this limitation.